



**Dangote Sugar Refinery Plc**

**Consolidated and Separate Financial Statements**

**for the period ended September 30, 2019**

## **Dangote Sugar Refinery Plc**

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

The reports and statements set out below comprise the consolidated and separate financial statements presented to the shareholders:

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## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### General Information

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Country of incorporation and domicile	Nigeria
Nature of business and principal activities	Refining of raw sugar into edible sugar and selling of refined sugar
Directors	Alh. Aliko Dangote (GCON) Mr. Olakunle Alake Alh. Sani Dangote Mr. Uzoma Nwankwo Ms. Bennedikter Molokwu Dr. Koyinsola Ajayi Alh. Abdu Dantata Ms. Maryam Bashir
Registered office	GDNL Administrative Building Terminal E, Shed 20 NPA Apapa Wharf Complex Apapa Lagos
Holding company	Dangote Industries Limited, incorporated in Nigeria
Ultimate holding company	Dangote Industries Limited, incorporated in Nigeria
Auditors	PricewaterhouseCoopers Chartered Accountants Landmark Towers Plot 5B, Water Corporation Road Victoria Island Lagos
Bankers	Access Bank Plc Coronation Merchant bank Diamond Bank Plc Ecobank Plc Fidelity Bank Plc First Bank of Nigeria Limited First City Monument Bank Plc Guaranty Trust Bank Plc Jaiz Bank Plc Rand Merchant Bank Nigeria Ltd Stanbic IBTC Bank Plc Standard Chartered Bank Nigeria Limited Sterling Bank Plc Union Bank of Nigeria Plc Unity Bank Plc United Bank for Africa Plc Zenith Bank Plc
Company Secretary/Legal Adviser	Mrs. Chioma Madubuko 3rd Floor, GDNL Administrative Building Terminal E, Shed 20 NPA Apapa Wharf Complex Apapa Lagos
Registrars	Veritas Registrars Limited Plot 89A AJose Adeogun Street Victoria Island Lagos

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Consolidated and separate statement of profit or loss and other comprehensive income

Note(s)	GROUP					COMPANY				
	Qtr3, 2019 N'000	30/9/2019 N'000	Qtr3, 2018 N'000	30/9/2018 N'000	F/Yr, 2018 N'000	Qtr3, 2019 N'000	30/9/2019 N'000	Qtr3, 2018 N'000	30/9/2018 N'000	F/Yr, 2018 N'000
<b>Continuing operations</b>										
5	37,060,940	117,424,803	32,678,334	116,755,535	150,373,083	36,705,265	115,313,407	32,522,665	112,933,422	146,549,176
6	(29,156,577)	(88,405,979)	(26,315,644)	(87,096,449)	(110,687,723)	(27,913,872)	(85,171,406)	(24,661,384)	(80,893,484)	(104,589,978)
	<b>7,904,363</b>	<b>29,018,824</b>	<b>6,362,690</b>	<b>29,659,086</b>	<b>39,685,360</b>	<b>8,791,393</b>	<b>30,142,001</b>	<b>7,861,281</b>	<b>32,039,938</b>	<b>41,959,198</b>
11	45,388	122,059	33,385	341,223	569,237	37,122	83,807	25,672	118,394	234,074
7	(209,699)	(606,951)	102,691	(649,814)	(978,159)	(206,161)	(594,870)	119,539	(599,807)	(969,000)
7	(2,116,787)	(5,630,770)	(1,585,040)	(5,063,859)	(6,793,423)	(1,742,847)	(4,430,284)	(1,251,060)	(4,013,031)	(5,438,193)
23.3	-	-	-	-	201,308	-	-	-	-	201,308
14	<b>5,623,264</b>	<b>22,903,162</b>	<b>4,913,725</b>	<b>24,286,636</b>	<b>32,684,323</b>	<b>6,879,507</b>	<b>25,200,653</b>	<b>6,755,431</b>	<b>27,545,494</b>	<b>35,987,387</b>
10	(19,414)	(85,168)	(64,434)	(162,849)	(293,243)	20,343	36,682	(19,052)	(27,714)	(67,127)
8	5,506	593,692	481,836	2,162,066	2,535,271	5,505	593,691	481,836	2,162,066	2,535,270
9	326,769	(443,233)	971,295	(78,702)	(325,294)	-	-	-	-	-
12.1	<b>5,936,125</b>	<b>22,968,453</b>	<b>6,302,423</b>	<b>26,207,151</b>	<b>34,601,058</b>	<b>6,905,355</b>	<b>25,831,026</b>	<b>7,218,216</b>	<b>29,679,846</b>	<b>38,455,530</b>
	(2,209,714)	(8,265,928)	(2,309,829)	(9,497,550)	(12,624,589)	(2,209,714)	(8,265,928)	(2,309,829)	(9,497,549)	(12,624,589)
	<b>3,726,411</b>	<b>14,702,525</b>	<b>3,992,593</b>	<b>16,709,601</b>	<b>21,976,469</b>	<b>4,695,642</b>	<b>17,565,098</b>	<b>4,908,386</b>	<b>20,182,297</b>	<b>25,830,941</b>
<b>Profit attributable to:</b>										
	3,774,874	14,845,653	4,038,384	16,883,234	22,169,192	4,695,642	17,565,098	4,908,386	20,182,297	25,830,941
	(48,461)	(143,129)	(45,790)	(173,635)	(192,724)	-	-	-	-	-
	<b>3,726,413</b>	<b>14,702,524</b>	<b>3,992,594</b>	<b>16,709,599</b>	<b>21,976,468</b>	<b>4,695,642</b>	<b>17,565,098</b>	<b>4,908,386</b>	<b>20,182,297</b>	<b>25,830,941</b>
<b>Total comprehensive income for the year</b>										
	<b>3,726,413</b>	<b>14,702,524</b>	<b>3,992,594</b>	<b>16,709,599</b>	<b>21,976,468</b>	<b>4,695,642</b>	<b>17,565,098</b>	<b>4,908,386</b>	<b>20,182,297</b>	<b>25,830,941</b>
<b>Total comprehensive income attributable to:</b>										
	3,774,874	14,845,653	4,038,384	16,883,234	22,169,192	4,695,642	17,565,098	4,908,387	20,182,297	25,830,941
	(48,461)	(143,129)	(45,790)	(173,635)	(192,724)	-	-	-	-	-
	<b>3,726,413</b>	<b>14,702,524</b>	<b>3,992,594</b>	<b>16,709,599</b>	<b>21,976,468</b>	<b>4,695,642</b>	<b>17,565,098</b>	<b>4,908,387</b>	<b>20,182,297</b>	<b>25,830,941</b>
<b>Earnings per share</b>										
<b>Per share information</b>										
15	0.31	1.24	0.34	1.41	1.85	0.39	1.46	0.41	1.68	2.15
15	0.31	1.24	0.34	1.41	1.85	0.39	1.46	0.41	1.68	2.15

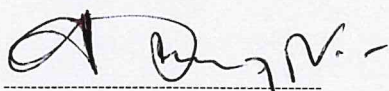
# Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

## Consolidated and separate statement of financial position as at September 30, 2019

		GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	COMPANY 31/12/2018 N'000	COMPANY 30/9/2018 N'000
<b>Assets</b>							
<b>Non-current assets</b>							
Property, plant and equipment	16a	68,648,222	64,256,096	67,314,882	28,127,072	29,963,120	35,689,559
Intangible assets	17	0	324	324	0	324	324
Other assets	19	209,246	11,605	50,706	209,246	11,605	38,318
Investment in subsidiary	21	-	-	-	3,610,923	3,610,923	3,214,923
Deferred tax assets	13	7,173,178	7,173,178	7,173,178	-	-	-
<b>Total non-current assets</b>		<b>76,030,645</b>	<b>71,441,203</b>	<b>74,539,091</b>	<b>31,947,241</b>	<b>33,585,973</b>	<b>38,943,124</b>
<b>Current assets</b>							
Inventories	22	37,353,052	37,676,080	28,426,184	28,103,219	31,499,654	24,980,352
Biological assets	18	1,703,445	1,840,686	2,342,160	-	-	-
Trade and other receivables	23	41,516,510	41,330,194	41,665,515	102,059,735	91,025,731	80,328,424
Other assets	19	624,651	377,510	305,657	591,165	375,903	318,045
Asset held for sale	20	868,642	868,642	868,642	868,642	868,642	868,642
Cash and cash equivalents	24	11,560,776	21,582,294	29,365,628	11,064,178	21,167,809	28,752,869
<b>Total current assets</b>		<b>93,627,076</b>	<b>103,675,405</b>	<b>102,973,787</b>	<b>142,686,940</b>	<b>144,937,738</b>	<b>135,248,333</b>
<b>Total assets</b>		<b>169,657,721</b>	<b>175,116,608</b>	<b>177,512,877</b>	<b>174,634,181</b>	<b>178,523,712</b>	<b>174,191,459</b>
<b>EQUITY</b>							
<b>Equity Attributable to Equity Holders of Parent</b>							
Share capital	25	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Share premium	25	6,320,524	6,320,524	6,320,524	6,320,524	6,320,524	6,320,524
Retained earnings	26	88,655,878	87,010,225	91,879,572	99,224,700	94,859,602	92,069,129
		<b>100,976,402</b>	<b>99,330,749</b>	<b>104,200,096</b>	<b>111,545,224</b>	<b>107,180,126</b>	<b>104,389,653</b>
<b>Non-controlling interest</b>	27	(498,689)	(355,561)	(336,472)	-	-	-
		<b>100,477,712</b>	<b>98,975,188</b>	<b>103,863,625</b>	<b>111,545,224</b>	<b>107,180,126</b>	<b>104,389,653</b>
<b>LIABILITIES</b>							
<b>Non-Current Liabilities</b>							
Deferred tax liabilities	13	5,309,996	5,309,997	5,212,819	5,309,996	5,309,996	5,212,819
Borrowings	28	1,319,341	1,425,543	1,491,130	-	-	-
		<b>6,629,338</b>	<b>6,735,540</b>	<b>6,703,949</b>	<b>5,309,996</b>	<b>5,309,996</b>	<b>5,212,819</b>
<b>Current Liabilities</b>							
Current tax liabilities	12.3	12,135,978	12,373,416	15,134,457	12,103,878	12,341,316	15,102,357
Borrowings	28	-	45,212	-	-	-	-
Employee benefits	29	974,568	969,931	975,252	799,921	794,802	798,215
Trade and other payables	30	48,727,846	54,497,733	50,430,949	44,162,846	51,428,634	48,283,758
Other liabilities	31	712,284	1,519,609	404,645	712,284	1,468,837	404,645
<b>Total current liabilities</b>		<b>62,550,676</b>	<b>69,405,901</b>	<b>66,945,303</b>	<b>57,778,929</b>	<b>66,033,590</b>	<b>64,588,975</b>
<b>Total liabilities</b>		<b>69,180,014</b>	<b>76,141,441</b>	<b>73,649,252</b>	<b>63,088,925</b>	<b>71,343,586</b>	<b>69,801,794</b>
<b>Total equity and liabilities</b>		<b>169,657,721</b>	<b>175,116,608</b>	<b>177,512,877</b>	<b>174,634,181</b>	<b>178,523,712</b>	<b>174,191,459</b>

The consolidated and separate financial statements on pages 3 to 43, were approved by the board on October 25, 2019 and were signed on its behalf by:



Alh. Aliko Dangote, GCON  
Chairman  
FRC/2013/IODN/00000001766



Mr. Olakunle Alake  
Director  
FRC/2013/ICAN/00000002214



Mrs. Adebola Falade  
Chief Finance Officer  
FRC/2016/ICAN/00000015167

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Consolidated and separate statement of changes in equity

Company	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total N'000
Balance as at 1 January 2018	6,000,000	6,320,524	86,886,834	99,207,358
IFRS 9 Impact	-	-	(2,858,173)	(2,858,173)
Profit for the period: Jan to September 2018	-	-	20,182,295	20,182,295
Total comprehensive income for the period	-	-	20,182,295	20,182,295
Transaction with owners:				
Dividend paid	-	-	-	-
Balance as at 30 September 2018	6,000,000	6,320,524	104,210,956	116,531,480
Profit for the period: October to December 2018	-	-	5,648,647	5,648,647
Total comprehensive income for the period	-	-	5,648,647	5,648,647
Transaction with owners:				
Dividend paid	-	-	(15,000,000)	(15,000,000)
Balance as at 31 December 2018	6,000,000	6,320,524	94,859,602	107,180,126
Profit for the period: January to September 2019	-	-	17,565,098	17,565,098
Total comprehensive income for the period	-	-	17,565,098	17,565,098
Transaction with owners:				
Dividend paid during the period	-	-	(13,200,000)	(13,200,000)
Balance as at 30 September 2019	6,000,000	6,320,524	99,224,700	111,545,224

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Consolidated and separate statement of changes in equity

Group	Share Capital	Share Premium	Retained Earnings	Total attributable to owners of parent company	Non-controlling interest	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Balance as at 1 January 2018	6,000,000	6,320,524	80,577,948	92,898,472	(162,837)	92,735,635
IFRS 9 Impact	-	-	(736,914)	(736,914)	-	(736,914)
Profit for the period: Jan to September 2018	-	-	16,883,234	16,883,234	(173,635)	16,709,599
Total comprehensive income for the period	-	-	16,883,234	16,883,234	(173,635)	16,709,599
Transaction with owners:						
Dividend paid	-	-	-	-	-	-
Balance as at 30 September 2018	6,000,000	6,320,524	96,724,268	109,044,792	(336,472)	108,708,320
Profit for the period: October to December 2018	-	-	5,285,957	5,285,957	(19,089)	5,266,868
Total comprehensive income for the period	-	-	5,285,957	5,285,957	(19,089)	5,266,868
Transaction with owners:						
Dividend paid	-	-	(15,000,000)	(15,000,000)	-	(15,000,000)
Balance as at 31 December 2018	6,000,000	6,320,524	87,010,225	99,330,749	(355,561)	98,975,188
Profit for the period: January to September 2019	-	-	14,845,653	14,845,653	(143,129)	14,702,524
Total comprehensive income for the period	-	-	14,845,653	14,845,653	(143,129)	14,702,524
Transaction with owners:						
Dividend paid	-	-	(13,200,000)	(13,200,000)	-	(13,200,000)
Balance as at 30 September 2019	6,000,000	6,320,524	101,855,878	100,976,402	(498,669)	100,477,712

**Dangote Sugar Refinery Plc.**

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

**Consolidated and separate statement of cash flows**

	Note(s)	GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	COMPANY 31/12/2018 N'000	COMPANY 30/9/2018 N'000
<b>Cash flows for operating activities</b>							
Profit before taxation		22,968,453	34,601,058	26,207,151	25,831,026	38,455,530	29,679,846
<b>Adjustments for non-cash income and</b>							
Depreciation of property, plant and equipment	16	4,262,563	5,238,602	4,262,792	2,924,631	3,519,930	2,327,132
Amortisation of intangible assets	17	324	2,240	2,240	324	2,240	
PPE Adjustments	16	-	684,533	1,258,553	-	684,353	2,240
Disposal		286,516	-	3,007,051	6,392	-	3,007,051
(Profit)/loss on sale of assets	11	-	-	-	-	-	-
Interest income	8	(593,692)	(2,535,271)	(2,162,066)	(593,691)	(2,535,270)	(2,162,066)
IFRS 9 Impact		-	(923,010)	-	-	(3,044,269)	-
Finance cost	10	-	-	-	-	-	-
Fair value gain on biological assets	9	443,233	325,294	78,702	-	-	-
<b>Changes in working capital</b>							
(Increase)/decrease in inventories		323,028	9,979,481	19,229,377	3,396,434	13,279,829	19,799,131
Decrease in biological assets		(305,992)	640,724	385,843	-	-	-
Increase in trade and other receivables		(186,316)	(5,893,595)	(4,401,475)	(11,034,003)	(20,130,185)	(6,088,759)
Increase in other assets		(444,782)	(33,133)	(1,827,823)	(412,903)	(31,526)	(3,344,503)
(Decrease)/increase in other liabilities		(807,325)	280,563	(834,401)	(756,553)	229,791	(834,401)
(Decrease)/increase in trade payables		(5,769,887)	(21,155,164)	(25,221,945)	(7,265,788)	(20,484,709)	(23,629,584)
Decrease in asset held for sale		-	-	-	-	-	-
Decrease in employee benefits		4,637	(14,544)	(9,223)	5,119	(11,980)	(8,567)
<b>Cash generated from operations</b>		<b>20,180,761</b>	<b>21,197,777</b>	<b>19,974,776</b>	<b>12,100,987</b>	<b>9,933,734</b>	<b>18,747,520</b>
Finance cost paid		-	-	-	-	-	-
Tax paid	12.3	(8,503,366)	(17,685,319)	(12,080,512)	(8,503,366)	(17,685,319)	(12,080,512)
<b>Net cash generated from operating activities</b>		<b>11,677,394</b>	<b>3,512,459</b>	<b>7,894,264</b>	<b>3,597,621</b>	<b>(7,751,585)</b>	<b>6,667,008</b>
<b>Cash flows from investing activities</b>							
Purchase of property, plant and equipment	16	(8,941,203)	(10,765,561)	(4,727,097)	(1,094,974)	(8,200,357)	(3,144,752)
Investment in subsidiary	21	-	-	(2,284,123)	-	(396,000)	(2,284,123)
Proceeds on disposal of property, plant and		-	-	-	-	9,627,821	-
Interest income received	8	593,691	2,535,270	2,162,066	593,691	2,535,270	2,162,066
<b>Net cash used in investing activities</b>		<b>(8,347,512)</b>	<b>(8,230,291)</b>	<b>(4,849,154)</b>	<b>(501,283)</b>	<b>3,566,735</b>	<b>(3,266,810)</b>
<b>Cash flows from financing activities</b>							
Dividends paid	26	(13,200,000)	(15,000,000)	(15,000,000)	(13,200,000)	(15,000,000)	(15,000,000)
Proceeds from borrowings	28	-	-	-	-	-	-
Repayment of borrowings	28	(151,414)	(67,404)	(47,029)	-	-	-
<b>Net cash used in financing activities</b>		<b>(13,351,414)</b>	<b>(15,067,404)</b>	<b>(15,047,029)</b>	<b>(13,200,000)</b>	<b>(15,000,000)</b>	<b>(15,000,000)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(10,021,532)</b>	<b>(19,785,236)</b>	<b>(12,001,904)</b>	<b>(10,103,662)</b>	<b>(19,184,849)</b>	<b>(11,599,787)</b>
Cash and cash equivalents at beginning of year		21,582,294	41,367,530	41,367,530	21,167,809	40,352,658	40,352,658
<b>Cash and cash equivalents at end of the year</b>	24	<b>11,560,776</b>	<b>21,582,294</b>	<b>29,365,629</b>	<b>11,064,178</b>	<b>21,167,809</b>	<b>28,752,869</b>

The accompanying notes on pages 8 to 43 form an integral part of the consolidated and separate financial statements.



## **Dangote Sugar Refinery Plc**

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### **Notes to the Consolidated and Separate Financial Statements**

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#### **1 General information**

Dangote Sugar Refinery Plc (the Company) was incorporated as a Public Limited Liability company on 4 January 2005, commenced operation on 1 January 2006 and became quoted on the Nigerian Stock Exchange in March 2007. Its current shareholding is 68% by Dangote Industries Limited and 32% by the Nigerian public.

The ultimate controlling party is Dangote Industries Limited.

The registered address of the Company is located at GDNL Administrative Building, Terminal E, Shed 20 NPA Apapa Wharf Complex, Apapa, Lagos

The consolidated financial statements of the Group for the period ended 30 September 2019 comprise the Company and its subsidiaries- Savannah Sugar Company Limited, Niger Sugar Company Limited, Taraba Sugar Company Limited, Adamawa Sugar Company Limited and Nasarawa Sugar Company Limited

The separate financial statements for the year ended 30 September 2019 comprise the Company only.

##### **1.1 The principal activity**

The principal activity of the Group is the refining of raw sugar into edible sugar and the selling of refined sugar. The Company's products are sold through distributors across the country.

##### **1.2 Going Concern status**

The Group has consistently been making profits. The Directors believe that there is no intention or threat from any party to curtail significantly its line of business in the foreseeable future. Thus, these financial statements are prepared on a going concern basis.

##### **1.3 Operating environment**

Emerging markets such as Nigeria are subject to different risks than more developed markets, including economic, political and social, and legal legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Nigeria and the country's economy in general. The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. These conditions could slow or disrupt Nigeria's economy, adversely affecting the Company's access to capital and cost of capital for the Company and more generally, its business, result of operation, financial condition and prospects.

##### **1.4 Financial period**

These financial statements cover the financial year from 1 January 2019 to 30 September 2019 with comparatives for the year ended 31 December 2018 and period ended 30 September 2018.

#### **2 Significant Accounting Policies**

The principal accounting policies applied 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.

##### **2.1 Statement of compliance**

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC) of IASB (together "IFRS") that are effective at 31 December 2017 and requirements of the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council (FRC) Act 2011 of Nigeria.

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

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#### 2.2 Basis of preparation

The consolidated and separate financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies are set out below:

#### 2.3 Consolidation of subsidiaries

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The results of subsidiaries acquired or disposed of during the year are included in the Group statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal as appropriate.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment that has been recognised in profit or loss.

#### 2.4 Revenue recognition

##### *Accounting policy from 1 January 2018*

Revenue is measured at the fair value of the consideration received or receivable for goods or services, in the ordinary course of the Group's activities and it is stated net of value added tax (VAT), rebates and returns. A valid contract is recognised as revenue after:

- The contract is approved by the parties.
- Rights and obligations are recognised.
- Collectability is probable.
- The contract has commercial substance.
- The payment terms and consideration are identifiable.

##### **Sale of goods**

Revenue is recognised when the control of the goods and service are transferred to the customer. This occurs when the goods are delivered to the customer and customer's acceptance is received or when goods are picked up by the customers.

Revenue from sale of sugar and molasses is recognised based on the price specified in the contract, net of the estimated rebates and returns. Rebates are estimated at the inception of the contract except where the time lag between the recognition of revenue and granting rebates is within one month. Returns on goods are estimated at the inception of the contract except where the timing between when the revenue is recognised and when the returns occur is considered immaterial. In these instances, the returns are accounted for when they occur.

The delivery service provided by the Group is a sales fulfillment activity and the income earned is recognised at the point in time when the goods are delivered to the customer.

Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and when the customer has accepted the products in accordance with the sales contract, or the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

Contract liability is recognised for consideration received for which the performance obligation has not been met.

##### **Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 2.5 Interest income Recognition

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that assets's net carrying amount on initial recognition.

## **Dangote Sugar Refinery Plc**

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### **Notes to the Consolidated and Separate Financial Statements**

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#### **2.6 Pensions and Other post-employment benefits**

The Group operates a defined contribution based retirement benefit scheme for its staff, in accordance with the amended Pension Reform Act of 2014 with employee contributing 8% and the employer contributing 10% each of the employee's relevant emoluments. Payments to defined contribution retirement benefit plans are recognised as an expense in statement of profit or loss when employees have rendered the service entitling them to the contributions.

#### **2.7 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted.

Current income tax is the expected amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA) using statutory tax rates of 30% at the reporting sheet date. Education tax is calculated at 2% of the assessable profits in accordance with the Tertiary Education Tax Act.

##### **Deferred tax**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 assets and liabilities on a net current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are recognised in other comprehensive income or directly in equity respectively. Where current tax and deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### **2.8 Property, plant and equipment**

##### **i. Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Fixed assets under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

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#### 2.8 Property, plant and equipment (continued)

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

##### ii. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

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

Item	Depreciation method	Average useful life
Buildings	Straight line	50 years
Plant and machinery	Straight line	15 years
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	4 years
Tools and equipment	Straight line	4 years
Computer equipment	Straight line	3 years
Aircraft	Straight line	25 years
Bearer plant	Straight line	5 years

Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

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

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

## **Dangote Sugar Refinery Plc**

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### **Notes to the Consolidated and Separate Financial Statements**

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#### **2.9 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Where there are no agreed lease terms, rent payable is recognised as incurred.

#### **2.10 Intangible assets**

##### **Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

##### **Derecognition of intangible assets**

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

#### **2.11 Impairment of tangible and intangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating-unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## Dangote Sugar Refinery Plc

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### Notes to the Consolidated and Separate Financial Statements

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#### 2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials, packaging materials, engineering spares and consumable stock is determined on a weighted average basis. Cost of finished goods is determined on the basis of standard costs adjusted for variances. Standard costs are periodically reviewed to approximate actual costs.

Goods in transit are valued at the invoice price. Cost of inventory includes purchase cost, conversion cost (materials, labour and overhead) and other costs incurred to bring inventory to its present location and condition. Finished goods, which include direct labour and factory overheads, are valued at standard cost adjusted at year-end on an actual cost basis.

Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on an average cost basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### 2.13 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

#### 2.14 Financial instruments

##### a) *Financial instruments accounting policy for 2018 in line with IFRS 9*

The Company's accounting policies were changed to comply with IFRS 9. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments disclosures.

##### i) **Classification and measurement**

Financial assets

It is the Company's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss.

Classification and subsequent measurement is dependent on the Company's business model for managing the asset and the cashflow characteristics of the asset. On this basis, the Company may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

The business models applied to assess the classification of the financial assets held by the company are;

- **Hold to collect:** Financial assets in this category are held by the Company solely to collect contractual cash flows and these cash flows represents solely payments of principal and interest. Assets held under this business model are measured at amortised cost
- **Fair value through other comprehensive income:** Financial assets in this category are held to collect contractual cash flows and sell where there are advantageous opportunities. The cash flows represents solely payment of principal and interest. These financial assets are measured at fair value through other comprehensive income.
- **Fair value through profit or loss:** This category is the residual category for financial assets that do not meet the criteria described above. Financial assets in this category are managed in order to realise the asset's fair value.

The financial assets of Dangote Sugar are held to collect contractual cashflows that are solely payments of principal (for non-interest bearing financial assets) or solely payments of principal and interest ((for interest bearing financial assets)

The Company's financial assets include trade and other receivables, cash and cash equivalents. They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in finance income/cost.

## Dangote Sugar Refinery Plc

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### Notes to the Consolidated and Separate Financial Statements

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#### 2.14 Financial instruments (continued)

##### Financial liabilities

Financial liabilities of the Company are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables and interest bearing loans and borrowings.

##### Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets measured at amortised cost or at fair value through other comprehensive income (FVOCI). The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The simplified approach is applied for trade receivables while the general approach is applied to staff loans, amounts due from related parties that are not trade related, balances with banks.

The simplified approach requires lifetime expected credit losses to be recognised on initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the receivable and adjusted for forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

##### Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

##### Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all categories of financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty, or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- It is becoming probable that the owner will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial assets original effective rate.

## **Dangote Sugar Refinery Plc**

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### **Notes to the Consolidated and Separate Financial Statements**

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#### **2.14 Financial instruments (continued)**

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

#### **Cash and cash equivalents**

Cash and cash equivalents consist of cash, highly liquid investments and cash equivalents which are not subject to significant changes in value and with an original maturity date of generally less than three months from the time of purchase.

#### **Financial liabilities and equity instruments issued by the Group**

##### **Classification as debt or equity**

Debts and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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

##### **Financial liabilities**

Financial liabilities are classified as either financial liabilities, at fair value through profit or loss (FVTPL) or other liabilities. The Group only operates the category of other financial liability .

##### **Other financial liabilities**

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly estimates future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate), a shorter period, to the net carrying amount on initial recognition.

##### **Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when the Group's obligations are discharged, cancelled, or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid, and payable is recognised in profit or loss.



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### **Notes to the Consolidated and Separate Financial Statements**

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#### **2.15 Earnings per share**

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

#### **2.16 Functional and presentation currency**

Items included in the consolidated and separate financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The consolidated and separate financial statements are presented in Naira which is the Group's functional and presentation currency.

##### **Foreign currency transactions and translation**

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 such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the transaction date and are not restated.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates prevailing at the dates the fair value was determined and are not restated.

#### **2.17 Borrowing costs**

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 time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

#### **2.18 Segment information**

An operating segment is a component of an entity:

- a) that engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- b) where operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;
- c) for which discrete information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Managing Director of Dangote Sugar Refinery

## **Dangote Sugar Refinery Plc**

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### **Notes to the Consolidated and Separate Financial Statements**

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#### **2.19 Biological assets**

A biological asset is defined as a living animal or plant while biological transformation comprises the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes in biological asset.

##### **Recognition of assets**

The Group recognises biological assets or agricultural produce when, and only when, all of the following conditions are met:

- the Group controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the Group; and
- the fair value or cost of the asset can be measured reliably.

Biological asset consists of growing cane which are yet to be harvested as at year end, and these are measured at fair value.

The basis of fair value determination of growing canes have been included in Note 18 respectively.

##### **Non-current biological assets**

Non-current biological assets are sugar cane roots which are stated at cost less accumulated depreciation and impairment charges are now included within property, plant and equipment. Depreciation is calculated using the same method as for property, plant and equipment.

#### **3 Significant judgements and sources of estimation uncertainty**

In the application of the Group's significant accounting policies, described in note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### **Critical judgements and sources of estimation uncertainty**

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### **Revenue Recognition**

In recognising revenue, critical judgement is made with respect to the mode of delivery. Where the customer opts to make personal arrangement to take delivery of goods by bringing his own truck, revenue is recognised as soon as the truck is loaded and a waybill is generated. However, where the customer opts for delivery to be made using DSR trucks, revenue is recognised only when the goods are delivered at the address provided and receipt of same is acknowledged on the waybill.

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### **Notes to the Consolidated and Separate Financial Statements**

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#### **3 Significant judgements and sources of estimation uncertainty (continued)**

##### **Fair values of biological assets**

The fair value of the biological asset is derived by internal experts, using the income approach. Growing cane is valued using the estimated yield in tons of sugarcane expected to be harvested from the existing cane roots, less estimated costs of harvest and transport. For this purpose, management is required to assess the estimated selling price. Cane price is determined using a formula that is based on the price of refined sugar. The cashflows are adjusted for time value of money and inflation based on prevailing market and economic conditions.

The carrying value of growing cane is disclosed in Note 18 of the financial statements

##### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

##### **Valuation of deferred tax**

The recognition of deferred tax assets requires an assessment of future taxable profit. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The availability of future taxable profits depends on several factors including the group's future financial performance and if necessary, implementation of tax planning strategies.

## **Dangote Sugar Refinery Plc**

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### **Notes to the Consolidated and Separate Financial Statements**

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#### **4 New Standards and Interpretations**

##### **4.1 Standards and interpretations effective and adopted in the current year**

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations.

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

The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets.

The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets.

The effective date of the standard is for years beginning on or after January 1, 2017.

The amendment does not have any impact on group consolidated and separate financial statements.

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

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

The effective date of the amendment is for years beginning on or after January 1, 2017.

The amendment does not have any impact on group consolidated and separate financial statements.

##### **4.2 Standards and interpretations not yet effective**

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after January 1, 2018 or later periods:

##### **IFRS 15 – Revenue from contracts with customers**

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

##### **Amendment to IFRS 15 – Revenue from contracts with customers.**

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

The Group has reviewed its revenue recognition policy and is expecting no material impact from the adoption of the new standard on 1 January 2018.

The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

## **Dangote Sugar Refinery Plc**

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### **Notes to the Consolidated And Separate Financial Statements**

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#### **4. New Standards and Interpretations (continued)**

##### **IFRS 9 – Financial Instruments (2009 & 2010), Financial liabilities, Derecognition of financial instruments and Financial assets - General hedge accounting**

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

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

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

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

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

The Group has reviewed its financial assets and liabilities and is expecting no material impact from the adoption of the new standard on 1 January 2018.

The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

##### **IFRS 16 – Leases**

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

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

##### **IFRIC 22 - Foreign currency transactions and advance consideration**

This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice. Effective for annual periods beginning on or after 1 January 2018. The Group is expecting no material impact from the adoption of the new standard on 1 January 2018.

##### **IFRIC 23 - Uncertainty over income tax treatments**

This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation. Effective for annual periods beginning on or after 1 January 2019. The Group is currently assessing the impact of this standard on the financial statements.

## Dangote Sugar Refinery Plc

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### Notes to the Consolidated and Separate Financial Statements

5	Revenue	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY
		30/9/2019 N'000	31/12/2018 N'000	30/9/2018 N'000	30/9/2019 N'000	31/12/2018 N'000	30/9/2018 N'000
	Revenue from the sale of sugar - 50kg	111,204,806	141,862,966	110,255,649	109,346,407	138,267,667	106,660,350
	Revenue from the sale of sugar - Retail	3,298,843	4,215,756	3,213,541	3,298,843	4,215,756	3,213,541
	Revenue from the sale of molasses	465,964	716,775	636,615	212,967	488,167	409,800
	Freight income	2,455,190	3,577,586	2,649,732	2,455,190	3,577,587	2,649,732
		<b>117,424,803</b>	<b>150,373,083</b>	<b>116,755,535</b>	<b>115,313,407</b>	<b>146,549,176</b>	<b>112,933,422</b>

#### 5.1 Segment information

Segment information is presented in respect of the group's reportable segments. For management purpose, the Group is organised into business units by geographical areas in which the group operates and the locations that comprise such regions represent operating segments.

The Group has 4 reportable segments based on location of the principal operations as follows: Northern Nigeria, Southern Nigeria, Eastern Nigeria and Lagos.

#### 5.1.0 Segmental revenue and results

Revenue from external customers by region of operations is listed below.

	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY
	30/9/2019 N'000	31/12/2018 N'000	30/9/2018 N'000	30/9/2019 N'000	31/12/2018 N'000	30/9/2018 N'000
<b>Nigeria:</b>						
Lagos	54,946,027	71,114,850	54,802,378	54,946,027	71,114,850	54,802,378
North	44,492,673	52,795,791	41,560,727	42,381,277	48,971,885	37,738,613
West	11,020,940	18,379,292	14,163,412	11,020,940	18,379,292	14,163,412
East	6,965,163	8,083,149	6,229,020	6,965,163	8,083,149	6,229,020
	<b>117,424,803</b>	<b>150,373,082</b>	<b>116,755,536</b>	<b>115,313,407</b>	<b>146,549,176</b>	<b>112,933,422</b>

Group	Segment Revenue		Segment Cost of Sales		Segment Results	
	30/9/2019 N'000	30/9/2018 N'000	30/9/2019 N'000	30/9/2018 N'000	30/9/2019 N'000	30/9/2018 N'000
<b>Nigeria:</b>						
Lagos	54,946,027	54,802,378	41,367,388	38,243,802	13,578,640	16,558,576
North	44,492,673	41,560,727	33,497,338	33,195,636	10,995,334	8,365,091
West	11,020,940	14,163,412	8,297,369	9,963,842	2,723,571	4,199,570
East	6,965,163	6,229,020	5,243,884	5,266,534	1,721,280	962,486
	<b>117,424,803</b>	<b>116,755,536</b>	<b>88,405,979</b>	<b>86,669,815</b>	<b>29,018,824</b>	<b>30,085,722</b>

Company	Segment Revenue		Segment Cost of Sales		Segment Results	
	30/9/2019 N'000	30/9/2018 N'000	30/9/2019 N'000	30/9/2018 N'000	30/9/2019 N'000	30/9/2018 N'000
<b>Nigeria:</b>						
Lagos	54,946,027	54,802,378	40,583,576	39,060,445	14,362,450	15,741,933
North	42,381,277	37,738,613	31,303,151	25,850,806	11,078,126	11,887,808
West	11,020,940	14,163,411	8,140,154	10,176,606	2,880,785	3,986,805
East	6,965,163	6,229,020	5,144,525	5,378,993	1,820,638	850,026
	<b>115,313,407</b>	<b>112,933,422</b>	<b>85,171,406</b>	<b>80,466,850</b>	<b>30,142,001</b>	<b>32,466,572</b>

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

#### 5.1 Segment information (Continued)

##### 5.1.1 Segment assets and liabilities

The amount provided to the chief operating decision maker with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the of the segment and the physical location of the asset.

Investments in shares held by the Group and deferred tax assets are not considered to be segment assets and are not allocated to segments.

Capital expenditure reflects additions to non-current assets, other than financial instruments, deferred tax assets, post employment benefit assets and rights arising under insurance contracts.

The amounts provided to the chief operating decision maker with respect to the total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's interest-bearing liabilities are not considered to be segment liabilities but rather are managed by the Group's treasury function.

The table below provides information on the segment assets and liabilities as well as a reconciliation to total assets and liabilities as per the balance as at 30 June 2019;

	Total Segment Assets			Total Segment liabilities		
	30/9/2019 N'000	31/12/2018 N'000	30/9/2018 N'000	30/9/2019 N'000	31/12/2018 N'000	30/9/2018 N'000
<b>Group</b>						
<b>Nigeria:</b>						
Lagos	158,983,986	158,983,986	137,299,810	57,778,929	66,033,590	64,588,975
North	3,500,556	8,959,443	33,039,889	6,091,088	4,797,854	3,847,458
West	-	-	-	-	-	-
East	-	-	-	-	-	-
<b>Sub-total</b>	<b>162,484,542</b>	<b>167,943,429</b>	<b>170,339,699</b>	<b>63,870,017</b>	<b>70,831,444</b>	<b>68,436,433</b>
Unallocated deferred tax	7,173,178	7,173,178	7,173,178	5,309,996	5,309,997	5,212,819
<b>Total</b>	<b>169,657,720</b>	<b>175,116,607</b>	<b>177,512,877</b>	<b>69,180,014</b>	<b>76,141,441</b>	<b>73,649,252</b>

	Total Segment Assets			Total Segment liabilities		
	30/9/2019 N'000	31/12/2018 N'000	30/9/2018 N'000	30/9/2019 N'000	31/12/2018 N'000	30/9/2018 N'000
<b>Company</b>						
<b>Nigeria:</b>						
Lagos	174,634,181	178,523,712	174,191,459	57,778,929	66,033,590	64,588,975
<b>Sub-total</b>	<b>174,634,181</b>	<b>178,523,712</b>	<b>174,191,459</b>	<b>57,778,929</b>	<b>66,033,590</b>	<b>64,588,975</b>
Unallocated deferred tax	-	-	-	5,309,996	5,309,996	5,212,819
<b>Total</b>	<b>174,634,181</b>	<b>178,523,712</b>	<b>174,191,459</b>	<b>63,088,925</b>	<b>71,343,586</b>	<b>69,801,794</b>

Included in the Lagos segment is asset held for sale of N868.6 million (2018: N864.6 million).

#### Information about major customers

There are two customers who buy industrial non- fortified sugar that represents more than 10% of total sales during the year. The customers are Nigerian Bottling Company Limited and Seven Up Bottling Company Limited operating from Lagos.

#### Large Corporate/Industrial Users

These are leading blue chip companies in Nigeria, and they include manufacturers of confectioneries and soft drinks. This group typically accounts for 30% of the Group's sales. They buy Non-Fortified sugar exclusively.

## Dangote Sugar Refinery Plc

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### Notes to the Consolidated and Separate Financial Statements

#### Distributors

The Group sells unfortified sugar mainly to pharmaceutical, food and beverage manufacturers, while Vitamin A-fortified sugar is sold to distributors who sell to small wholesalers, confectioners and other smaller value-adding enterprises who provide the distribution network to the Nigerian retail market. The Group sells a small amount of sugar directly to retail customers. Retail packaging comes in various sizes of 250g, 500g, and 1kg under the brand name "Dangote Sugar". Sales to distributors account for 70% of the Group's revenue.

The Group provides a delivery service to customers by transporting refined sugar to other destinations. Freight income represents revenue earned in this respect during the year. The associated cost of providing this service is included in Cost of sales.

6	Cost of sales	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY
		30/9/2019	31/12/2018	30/9/2018	30/9/2019	31/12/2018	30/9/2018
		N'000	N'000	N'000	N'000	N'000	N'000
	Raw material	66,172,752	78,987,451	63,262,047	64,906,746	77,710,948.23	61,410,672
	Direct labour cost	2,862,802	4,523,820	3,434,506	2,219,153	3,102,091	2,321,707
	Direct overheads	11,242,169	16,584,943	11,886,962	11,104,717	14,976,326	11,007,085
	Other overheads	39,842	235,557	554,756	33,375	74,158	0
	Depreciation	3,055,667	4,949,543	3,342,840	1,874,668	3,353,916	1,538,683
	Freight expenses	5,032,746	5,406,409	4,615,336	5,032,746	5,372,539	4,615,336
		<u>88,405,979</u>	<u>110,687,723</u>	<u>87,096,449</u>	<u>85,171,406</u>	<u>104,589,978</u>	<u>80,893,484</u>

Included in freight expenses is depreciation of fleet truck amounting to N908,624,857 for both Dangote Sugar Refinery, "Company" as well as for the Group as at 30th September 2019

#### 7 Administrative expenses

Management fees	737,595	1,090,312	946,551	737,595	1,090,312	946,551
Assessment rates and municipal charges	4,001	9,589	8,376	4,001	8,726	8,376
Auditors fee and remuneration	48,691	54,000	40,705	36,691	42,000	31,705
Cleaning	55,320	84,764	47,143	55,320	84,744	47,143
Legal, consulting and professional fees	888,663	413,559	263,174	861,081	362,177	241,567
Consumables	1,402	10,185	879	1,402	4,063	879
Depreciation	298,269	289,060	252,791	141,337	166,016	121,945
Amortisation of intangible assets	325	2,240	2,240	325	2,240	2,240
Donations, scholarship and subscription	21,631	302,061	308,644	20,101	302,061	307,221
Employee costs (note 36)	1,838,901	2,364,848	1,774,496	1,277,515	1,722,317	1,297,606
Entertainment	100,307	135,287	90,058	100,307	135,094	90,058
IT expenses	-	6,372	-	-	-	-
Insurance	196,165	218,049	156,519	130,593	117,728	61,163
Bank charges	154,845	210,021	165,706	154,845	203,659	165,706
Rental expenses	37,705	24,089	10,031	37,705	24,089	9,570
Magazines, books, print and and periodicals	27,814	32,200	35,390	23,236	24,239	29,832
Utilities	108,156	127,296	60,999	14,335	26,703	21,632
Petrol and oil	18,454	66,125	2,992	18,454	62,634	2,992
Repairs and maintenance	121,193	246,305	181,662	50,643	160,759	118,827
Secretarial fees	51,278	120,334	74,077	51,278	120,334	74,077
Security expense	131,724	165,219	115,602	90,713	123,243	84,265
Staff welfare	134,328	198,233	47,310	134,328	182,497	47,310
Subscriptions	26,457	9,062	3,214	26,457	6,415	3,214
Telephone and fax	99,911	176,015	101,897	99,911	136,876	101,897
Training	3,688	36,127	22,818	3,688	34,060	22,818
Travel-local	188,167	233,147	224,632	22,642	167,291	48,483
Travel-overseas	335,778	168,927	125,954	335,778	127,913	125,954
	<u>5,630,770</u>	<u>6,793,423</u>	<u>5,063,859</u>	<u>4,430,284</u>	<u>5,438,193</u>	<u>4,013,031</u>

#### Selling and Distribution expenses

Selling and marketing expenses	606,951	978,159	649,815	594,870	969,000	599,808
Carriage	-	-	-	-	-	-
	<u>606,951</u>	<u>978,159</u>	<u>649,814</u>	<u>594,870</u>	<u>969,000</u>	<u>599,807</u>



## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

	GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	COMPANY 31/12/2018 N'000	COMPANY 30/9/2018 N'000
<b>8 Investment income</b>						
Interest income on bank deposits	593,692	2,535,271	2,162,066	593,691	2,535,270	2,162,066
	<u>593,692</u>	<u>2,535,271</u>	<u>2,162,066</u>	<u>593,691</u>	<u>2,535,270</u>	<u>2,162,066</u>
Interest is earned on bank deposits at an average rate of 11.5 % p.a. on short term (30days) bank deposits.						
<b>9 Fair Value adjustments</b>						
Fair value gain/(loss) on biological assets (Note 18)	(443,233)	(325,294)	(78,702)	-	-	-
	<u>(443,233)</u>	<u>(325,294)</u>	<u>(78,702)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>10 Net finance (income)/expense</b>						
Exchange (gain)/loss	3,445	35,043	27,714	3,445	67,127	27,714
Interest from treasury bills	(40,127)	-	-	(40,127)	-	-
Interest on overdraft	-	-	-	-	-	-
Interest on bank loan	121,850	258,200	135,135	-	-	-
	<u>85,168</u>	<u>293,243</u>	<u>162,849</u>	<u>(36,682)</u>	<u>67,127</u>	<u>27,714</u>
<b>11 Other income</b>						
Insurance claim income	4,810	120,541	117,535	4,810	43,908	40,902
Sale of scrap	29,093	92,182	8,960	11,364	35,395	8,960
Bad debt recovered	-	10,000	10,000	-	10,000	10,000
Grant income	-	-	-	-	-	-
Haulage income	-	81,309	-	-	-	-
Rental income	70,331	92,310	62,164	50,625	67,500	50,625
Provision no longer required	-	65,831	57,201	-	52,000	-
Equipment hire to third parties	-	-	56,777	-	-	-
Profit/(loss) on sale of asset	17,008	-	-	17,008	-	-
Miscellaneous income	818	107,065	28,587	-	25,270	7,907
	<u>122,059</u>	<u>569,237</u>	<u>341,223</u>	<u>83,807</u>	<u>234,074</u>	<u>118,394</u>
<b>12 Taxation</b>						
<b>12.1 Major components of the tax expense</b>						
<b>Current Tax</b>						
Income tax based on profit for the year	7,749,308	11,507,625	8,903,953	7,749,308	11,507,625	8,903,953
Education tax expense	516,621	833,691	593,597	516,621	833,691	593,597
Prior years over-provision	-	-	-	-	-	-
	<u>8,265,928</u>	<u>12,341,316</u>	<u>9,497,549</u>	<u>8,265,928</u>	<u>12,341,316</u>	<u>9,497,549</u>
<b>Deferred tax</b>						
Deferred tax (income)/expense	-	283,273	-	-	283,273	-
	<u>8,265,928</u>	<u>12,624,589</u>	<u>9,497,549</u>	<u>8,265,928</u>	<u>12,624,589</u>	<u>9,497,549</u>

The tax rates used in the above comparative figures are the corporate tax rate of 30% payable by corporate entities in Nigeria. Education tax rate is also payable at 2% of assessable profit.

## Dangote Sugar Refinery Plc

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### Notes to the Consolidated and Separate Financial Statements

	GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	COMPANY 31/12/2018 N'000	COMPANY 30/9/2018 N'000
<b>12.2 Reconciliation of the tax expense</b>						
Reconciliation between accounting profit and tax expense						
Accounting profit before tax	26,207,150	34,601,057	8,393,570	25,831,026	38,455,530	29,679,845
Income tax expense calculated at 30%	8,903,953	10,380,317	2,919,860	7,749,308	11,536,658	8,903,953
Education tax expense calculated at 2%	593,597	833,692	194,657	516,621	833,691	593,597
Effect of investment allowance not recognised in accounting	-	(98,941)	-	-	(55,963)	-
Deferred education tax	-	-	-	-	-	-
Fines and penalties	-	18	-	-	-	-
Donations	-	1,192	-	-	624	-
Capital expenses and repayment	-	205,306	4,073,202	-	205,306	-
Other tax expense	-	102,243	-	-	104,273	-
Bad debt	-	-	-	-	-	-
Fair value gain on biological assets and agricultural products	-	97,588	-	-	-	-
Adjustment for prior years FA additions on which capital allowances now taken	-	1,103,174	-	-	-	-
Adjustments recognised in the current year in relation to the deferred tax of prior years	-	-	-	-	-	-
Adjustments recognised in the current year in relation to the current tax of prior years	-	-	-	-	-	-
<b>Income tax expense recognised in profit or loss</b>	<b>9,497,550</b>	<b>12,624,589</b>	<b>7,187,720</b>	<b>8,265,928</b>	<b>12,624,589</b>	<b>9,497,550</b>

### 12.3 Current tax liabilities

	GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	COMPANY 31/12/2018 N'000	COMPANY 30/9/2018 N'000
At January 1	12,373,416	17,717,419	17,717,419	12,341,316	17,685,319	17,685,319
Charge for the year	8,265,928	12,341,316	9,497,550	8,265,928	12,341,316	9,497,550
Payment made during the year	(8,503,366)	(17,685,319)	(12,080,512)	(8,503,366)	(17,685,319)	(12,080,512)
<b>Balance end of the period</b>	<b>12,135,978</b>	<b>12,373,416</b>	<b>15,134,457</b>	<b>12,103,878</b>	<b>12,341,316</b>	<b>15,102,357</b>

### 13 Deferred tax balances

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2018: 30%). The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction and the law allows net settlement.

#### Deferred tax assets

Deferred tax assets are attributable to the following:

Property plant and equipment @ 30%	138,972	138,972	138,972	-	-	-
Provisions	779,808	779,808	779,808	-	-	-
Unrelieved losses @ 30%	6,254,398	6,254,398	6,254,398	-	-	-
	<b>7,173,178</b>	<b>7,173,178</b>	<b>7,173,178</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

Property plant and equipment @ 30%	(5,649,279)	(5,649,279)	(5,552,101)	(5,649,279)	(5,649,279)	(5,552,101)
Property plant and equipment @ 10%	(121,878)	(121,879)	(121,879)	(121,878)	(121,878)	(121,879)
Exchange difference @ 32%	(205)	(205)	(205)	(205)	(205)	(205)
Provisions	461,365	461,365	461,365	461,365	461,365	461,365
	<b>(5,309,996)</b>	<b>(5,309,997)</b>	<b>(5,212,819)</b>	<b>(5,309,996)</b>	<b>(5,309,996)</b>	<b>(5,212,819)</b>

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

Deferred income tax credit in profit or loss ("P/L) are attributable to the following items:

Deferred tax reconciliation	Opening balance N'000	Credit to P/L N'000	IFRS 9 Retained earning Impact N'000	Closing balance N'000
<b>Group as at 31 December 2018</b>				
<b>Deferred tax (liabilities)/assets in relation to:</b>				
Property, plant and equipment @ 30%	(5,624,504)	114,199	-	(5,510,305)
Property, plant and equipment @ 10%	(121,878)	-	-	(121,878)
Exchange difference @ 32%	335,837	(336,042)	-	(205)
Provisions	1,116,507	(61,429)	186,096	1,241,174
Unrelieved losses @ 30%	6,254,397	-	-	6,254,397
	<u>1,960,359</u>	<u>(283,273)</u>	<u>186,096</u>	<u>1,863,182</u>

#### Company as at 31 December 2018

Deferred tax (liabilities)/assets in relation to:

Property, plant and equipment @ 30%	(5,763,478)	114,199	-	(5,649,279)
Property, plant and equipment @ 10%	(121,878)	-	-	(121,878)
Exchange difference @ 32%	335,838	(336,042)	-	(205)
Provisions	336,699	(61,429)	186,096	461,365
	<u>(5,212,819)</u>	<u>(283,273)</u>	<u>186,096</u>	<u>(5,309,996)</u>

#### 14 Operating profit

Profit for the year is arrived at after charging/(crediting):

	GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	COMPANY 31/12/2018 N'000	COMPANY 30/9/2018 N'000
Depreciation of property, plant and equipment	2,924,631	5,238,602	5,238,602	2,924,631	3,519,930	2,924,631
Profit/(loss) on sale of property, plant and equipment	(17,008)	-	(60)	-	-	(60)
Amortisation of intangible assets	325	2,240	2,240	325	2,240	2,240
Impairment loss recognised on trade receivables	-	401,563	3	-	-	-
Defined contribution plans	158,129	255,652	163,419	142,898	223,919	163,419
Auditors remuneration	48,691	54,000	52,920	42,000	42,000	42,000
Amortisation of intangible assets	325	2,240	10,189	325	2,240	10,189

**Dangote Sugar Refinery Plc**

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

**Notes to the Consolidated and Separate Financial Statements****15 Earnings per share****Basic and diluted earnings per share**

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders by the parent by weighted average number of ordinary shares outstanding during the year.

The earnings weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	COMPANY 31/12/2018 N'000	COMPANY 30/9/2018 N'000
Profit for the year	14,845,653	22,169,192	16,883,234	17,565,098	25,830,941	20,182,296
Earnings used in the calculation of basic earnings per share from continuing operations	<u>14,845,653</u>	<u>22,169,192</u>	<u>16,883,234</u>	<u>17,565,098</u>	<u>25,830,941</u>	<u>20,182,296</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>
Basic and diluted earnings per share from continuing operations (Naira)	1.24	1.85	1.41	1.46	2.15	1.68

## Dangote Sugar Refinery Pic

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

#### 16a. Property, Plant and Equipment

Company	Land N'000	Building N'000	Plant & Machinery N'000	Furniture & Fittings N'000	Motor Vehicles N'000	Computer Equipment N'000	Aircraft N'000	Tools & Equipment N'000	Capital Work In Progress N'000	Total N'000
<b>COST:</b>										
Balance, 1/1/2018	1,848,996	7,767,152	22,203,398	116,000	10,254,491	156,370	899,828	1,839,939	9,477,164	54,563,938
Additions during the year	-	-	535,268	17,724	1,230,341	28,353	-	1,765,483	4,623,188	8,200,357
Adjustments	-	-	(9,209)	-	(669,000)	-	-	-	(6,144)	(684,353)
Disposal of PPE to subsidiaries	(1,273,501)	-	-	-	-	-	-	-	(8,354,320)	(9,627,821)
Reclassification	-	217,335	(454,478)	-	-	-	-	-	237,143	-
<b>Balance, 31/12/2018</b>	<b>575,495</b>	<b>7,984,487</b>	<b>22,274,979</b>	<b>133,724</b>	<b>10,815,832</b>	<b>185,323</b>	<b>899,828</b>	<b>3,605,422</b>	<b>5,977,031</b>	<b>52,452,121</b>
Additions during the period	-	8,660.85	34,281.03	39,320	11,500	24,588	-	74,399	902,226	1,094,974
Reclassification	-	17,176	1,407,849	-	(221,912)	-	-	-	(1,425,025)	0
Disposal	-	-	-	-	-	-	-	-	-	(221,912)
<b>Balance, 30/9/2019</b>	<b>575,495</b>	<b>8,010,324</b>	<b>23,717,109</b>	<b>173,044</b>	<b>10,605,420</b>	<b>209,911</b>	<b>899,828</b>	<b>3,679,821</b>	<b>5,454,232</b>	<b>53,325,183</b>

#### ACCUMULATED DEPRECIATION AND IMPAIRMENT:

Balance, 1/1/2018	-	1,304,632	9,976,429	85,057	6,449,866	136,357	146,931	869,799	-	18,969,071
Charge for the year	-	157,164	1,511,520	15,239	1,366,649	14,821	35,993	418,544	-	3,519,930
Disposal	-	-	-	-	-	-	-	-	-	-
Balance, 31/12/2018	-	1,461,796	11,487,949	100,296	7,816,515	151,178	182,924	1,288,343	-	22,489,001
Charge for the year	-	120,208	1,200,021	13,127	954,119	17,240	26,995	592,921	-	2,924,631
Eliminated on disposal	-	-	-	-	(215,520)	-	-	-	-	(215,520)
Reclassified	-	-	-	-	-	-	-	-	-	-
<b>Balance, 30/9/2019</b>	<b>-</b>	<b>1,582,004</b>	<b>12,687,970</b>	<b>113,423</b>	<b>8,555,114</b>	<b>168,418</b>	<b>209,919</b>	<b>1,881,264</b>	<b>-</b>	<b>25,198,112</b>

#### NET BOOK VALUE:

Balance, 31/12/2018	575,495	6,522,691	10,787,030	33,428	2,999,317	34,145	716,904	2,317,079	5,977,031	29,963,120
Balance, 30/9/2019	575,495	6,428,319	11,029,139	59,621	2,050,306	41,494	689,909	1,798,557	5,454,232	28,127,072

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

Notes to the Consolidated and Separate Financial Statements

### 16a. Property, Plant and Equipment

Group	Bearer Plant	Land	Building	Plant & Machinery	Furniture & Fittings	Motor Vehicles	Computer Equipment	Aircraft	Tools & Equipment	Capital Work In Progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>COST:</b>											
Balance, 1/1/2018	2,923,063	1,848,996	16,681,763	29,738,334	295,211	17,241,747	195,799	899,828	4,472,842	13,219,995	87,517,578
Additions during the year	-	-	153,396	915,169	43,576	2,302,997	34,079	-	2,591,391	4,724,954	10,765,562
Adjustments	-	-	-	(9,209)	-	(669,000)	-	-	-	(6,324)	(684,533)
Reclassification	1,148,087	3,707,000	217,335	(140,965)	-	503,442	1,099	-	5,826	(5,441,824)	-
<b>Balance, 31/12/2018</b>	<b>4,071,150</b>	<b>5,555,996</b>	<b>17,052,494</b>	<b>30,503,329</b>	<b>338,787</b>	<b>19,379,186</b>	<b>230,977</b>	<b>899,828</b>	<b>7,070,059</b>	<b>12,496,801</b>	<b>97,598,607</b>
DSR Additions during the year	-	-	8,660,85	34,281,03	39,320,13	11,500	24,587,67	-	74,399	902,226	1,094,974
Addition to BIP	-	-	15,132,60	-	-	68,626	2,984,33	-	8,263,41	3,649,347,36	3,744,354
Addition SSC	734,265	-	2,315	77,705	-	265,968	1,443	-	20,589	2,999,592	4,101,876
Reclassification	-	-	17,176	1,407,849	-	-	-	-	-	(1,425,025)	0
Disposal	-	-	-	(286,562)	-	(221,912)	-	-	-	-	(508,474)
<b>Balance, 30/9/2019</b>	<b>4,805,415</b>	<b>5,555,996</b>	<b>17,095,776</b>	<b>31,736,602</b>	<b>378,108</b>	<b>19,503,367</b>	<b>259,992</b>	<b>899,828</b>	<b>7,173,310</b>	<b>18,622,941</b>	<b>106,031,336</b>

### ACCUMULATED DEPRECIATION AND IMPAIRMENT:

Balance, 1/1/2018	1,172,410	-	2,346,662	11,780,743	189,221	8,624,100	171,884	146,931	3,671,958	-	28,103,909
Charge for the year	671,265	-	351,759	1,770,306	83,324	1,633,551	17,359	35,993	675,045	-	5,238,602
Disposal	-	-	-	-	-	-	-	-	-	-	-
<b>Balance, 31/12/2018</b>	<b>1,843,675</b>	<b>-</b>	<b>2,698,421</b>	<b>13,551,049</b>	<b>272,545</b>	<b>10,257,651</b>	<b>189,243</b>	<b>182,924</b>	<b>4,347,003</b>	<b>-</b>	<b>33,342,511</b>
DSR Charge for the year	-	-	120,208	1,200,021	13,127	954,119	17,240	26,995	592,921	-	2,924,631
Eliminated on disposal	-	-	-	(6,438)	-	(215,520)	-	-	-	-	(221,958)
Bip Charges	-	-	129	806	-	12,333	564	-	1,657	-	15,490
SSC Charge for the year	659,623	-	147,948	(68,938)	45,284	311,497	2,985	-	224,042	-	1,322,442
<b>Balance, 30/9/2019</b>	<b>2,503,298</b>	<b>-</b>	<b>2,966,706</b>	<b>14,676,500</b>	<b>330,956</b>	<b>11,320,081</b>	<b>210,031</b>	<b>209,919</b>	<b>5,165,623</b>	<b>-</b>	<b>37,383,116</b>
<b>NET BOOK VALUE:</b>											
Balance, 31/12/2018	2,227,475	5,555,996	14,354,073	16,952,280	66,242	9,121,535	41,734	716,904	2,723,056	12,496,801	64,256,096
Balance, 30/9/2019	2,302,116	5,555,996	14,129,073	17,060,102	47,152	8,183,286	49,961	689,909	2,007,687	18,622,941	68,648,222

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

	GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	COMPANY 31/12/2018 N'000	COMPANY 30/9/2018 N'000
<b>17 Intangible assets</b>						
Computer software :						
<b>Cost</b>						
At 1 January	379,590	379,590	379,590	289,390	289,390	289,390
<b>At 30 September</b>	<b>379,590</b>	<b>379,590</b>	<b>379,590</b>	<b>289,390</b>	<b>289,390</b>	<b>289,390</b>
<b>Accumulated Depreciation</b>						
At 1 January	379,266	377,026	377,026	289,066	286,826	286,826
Charge for the period	324	2,240	2,240	324	2,240	2,240
<b>At 30 September</b>	<b>379,590</b>	<b>379,266</b>	<b>379,266</b>	<b>289,390</b>	<b>289,066</b>	<b>289,066</b>
Carrying amount at the end of the period	<b>0</b>	<b>324</b>	<b>324</b>	<b>0</b>	<b>324</b>	<b>324</b>
<b>18 Biological assets</b>						
<b>Cost</b>						
Carrying value at the beginning of the period	1,840,686	2,806,705	2,806,705	-	-	-
Net usage	305,992	(640,725)	(385,843)	-	-	-
Fair value adjustments	(443,233)	(325,294)	(78,702)	-	-	-
<b>Carrying value at the end of the period</b>	<b>1,703,445</b>	<b>1,840,686</b>	<b>2,342,160</b>	<b>-</b>	<b>-</b>	<b>-</b>
Current	1,703,445	1,840,686	2,342,160	-	-	-
	<b>1,703,445</b>	<b>1,840,686</b>	<b>2,342,160</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Description of biological assets and activities

Biological assets comprise of growing cane. The growing cane represents biological assets which are expected to be harvested as agricultural produce, intended for production of sugar. The biological assets have been measured at fair value less cost to sell.

#### Basis for measurement of fair value

The Group adopted the multi-period excess earnings method (MPEEM) under the income approach to estimating the fair value of the Biological Assets. The MPEEM estimates the fair value of an asset based on the cash flows attributable to the asset after deducting the cash flows attributable to other assets (contributory assets). This approach is commonly used for sugarcane considering that land, plant and machinery and the bearer plant are accounted as PPE in line with IAS 16 and considered as contributory assets for the purpose of MPEEM valuation.

The fair value of biological assets are determined based on unobservable inputs, using the best information available in the circumstances and therefore falls within the level 3 fair value category. Growing cane were valued using the income approach.

#### Key assumptions and inputs

Industry out-grower price. (N)	8,610	13,810
Yield per hectare (tonnes)	46	60
Discount rate (%)	12.09%	15.37%

Changes in fair value of the biological asset are recognised in the statement of profit and loss.

#### Sensitivity to changes in key assumptions and inputs

Reasonably possible changes at the reporting date to one of the key assumptions, holding other assumptions constant, would have affected the biological assets valuation by the amount shown below.

Discount rate	13.09%	11.09%
Selling price of refined sugar	N9,210	N8,010

The Company currently does not have biological assets with restricted titles.

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

	GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	COMPANY 31/12/2018 N'000	COMPANY 30/9/2018 N'000
<b>19 Other assets</b>						
Prepaid rent	125,757	167,503	114,615	93,604	165,896	114,615
Prepaid insurance	88,027	2,697	18,283	88,027	2,697	18,283
Prepaid housing allowances	239,905	8,302	134,828	239,905	8,302	134,828
Prepaid lease NPA	323,440	167,480	-	323,440	167,480	-
Prepaid medicals	4,200	41,904	82,512	4,200	41,904	82,512
Others	52,569	1,229	6,125	51,235	1,229	6,125
	<b>833,897</b>	<b>389,115</b>	<b>356,363</b>	<b>800,411</b>	<b>387,508</b>	<b>356,363</b>
Current	624,651	377,510	305,657	591,165	375,903	318,045
Non-current portion	209,246	11,605	50,706	209,246	11,605	38,318
	<b>833,897</b>	<b>389,115</b>	<b>356,363</b>	<b>800,411</b>	<b>387,508</b>	<b>356,363</b>

	GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	GROUP 31/12/2018 N'000	COMPANY 30/9/2018 N'000
<b>20 Asset held for sale</b>	868,642	868,642	868,642	868,642	868,642	868,642
This represents land held for sale.						

#### 21 Investments in subsidiary

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

Company Name of Company	Held by	Carrying amount	
		Sept 2019 N'000	Sept 2018 N'000
Savannah Sugar Company Limited	Dangote Sugar Refinery Plc	3,214,923	3,214,923
Taraba Sugar Company Limited	Dangote Sugar Refinery Plc	99,000	-
Adamawa Sugar Company Limited	Dangote Sugar Refinery Plc	99,000	-
Niger Sugar Company Limited	Dangote Sugar Refinery Plc	99,000	-
Nassarawa Sugar Company Limited	Dangote Sugar Refinery Plc	99,000	-
		<b>3,610,923</b>	<b>3,214,923</b>

The Company owns 95% shareholding in Savannah Sugar Company Limited. The principal activities of Savannah Sugar Company Limited are planting of sugar cane, processing, packaging and selling of refined sugar and molasses and registered address is Km 81, Yola Gombe Road (near Numan) Adamawa State. The company also owns 99% shareholding in Taraba Sugar Company Limited, Adamawa Sugar Company Limited, Niger Sugar Company Limited and Nassarawa Sugar Company Limited.

There are no significant restrictions on the use of the subsidiary assets.

Dangote Sugar Refinery Plc provides financial support to Savannah Sugar Company Limited in terms of payment of salaries and wages, purchase of assets and settlement of liabilities.

	GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	COMPANY 31/12/2018 N'000	COMPANY 30/9/2018 N'000
<b>22 Inventories</b>						
Raw materials	13,786,025	12,399,951	11,216,501	13,786,025	12,383,330	11,216,501
Raw material in transit	4,920,504	5,385,269	1,215	4,920,504	5,385,269	1,215
Work-in-process	169,789	346,551	282,085	169,787	224,459	282,085
Finished goods	2,638,520	7,281,860	5,750,137	310,498	7,079,103	5,749,269
Production supplies	12,316,437	9,480,304	9,997,550	6,183,918	5,163,280	6,654,946
Chemicals and consumables	3,520,007	2,752,154	1,693,420	2,488,998	1,055,742	878,173
Packaging materials	345,846	374,066	322,414	243,490	208,470	198,163
	<b>37,697,128</b>	<b>38,020,156</b>	<b>29,263,322</b>	<b>28,103,219</b>	<b>31,499,654</b>	<b>24,980,352</b>
Allowance for obsolete inventory	(344,076)	(344,076)	(837,138)	-	-	-
	<b>37,353,052</b>	<b>37,676,080</b>	<b>28,426,184</b>	<b>28,103,219</b>	<b>31,499,654</b>	<b>24,980,352</b>

No inventory was pledged as security for any liability.



## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

23 Trade and other receivables	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY
	30/9/2019	31/12/2018	30/9/2018	30/9/2019	31/12/2018	30/9/2018
	N'000	N'000	N'000	N'000	N'000	N'000
Trade receivables	6,764,970	7,535,807	5,391,658	6,767,625	7,535,807	5,391,658
Allowance for doubtful debts and impairments	-765,531	(646,964)	(601,924)	(646,964)	(646,964)	(483,357)
	<b>5,999,439</b>	<b>6,888,843</b>	<b>4,789,734</b>	<b>6,120,661</b>	<b>6,888,843</b>	<b>4,908,301</b>
Staff loans and advances	155,452	166,148	185,901	116,150	138,012	160,078
Advance payment to contractors	8,423,477	5,455,123	5,812,407	2,152,251	1,802,584	2,376,606
VAT receivable	-	-	(289,628)	-	-	(289,628)
Insurance claim receivable	361,998	361,998	361,998	361,998	361,998	361,998
Negotiable Duty Credit Certificates (Note 23.2)	805,683	805,683	805,683	805,683	805,683	805,683
Other receivables	7,588,833	1,042,894	790,003	1,384,717	1,346,705	671,436
Allowance for impaired other receivables	(80,095)	(198,662)	(80,095)	(80,095)	(80,095)	(80,095)
Amount due from related parties (Note 35)	12,351,739	11,579,007	12,932,519	87,409,644	66,654,100	55,057,054
Other financial assets (23.1)	6,230,122	15,549,298	16,356,992	6,230,122	15,549,298	16,356,992
Allowance for impaired staff loans	(22,875)	(22,875)	-	(22,875)	(22,875)	-
Allowance for impaired -related parties Trade	(56,528)	(56,528)	-	(56,528)	(56,528)	-
Allowance for impaired -related parties Non-Trade	(240,736)	(240,736)	-	(2,361,995)	(2,361,995)	-
	<b>41,516,510</b>	<b>41,330,194</b>	<b>41,665,515</b>	<b>102,059,735</b>	<b>91,025,731</b>	<b>80,328,424</b>

23.1 Other financial asset is in respect of the deposit for open Letters of Credit with the banks.

Trade receivables disclosed above include amounts (see note 32 for aged analysis) that are past due more than 30 days as at the reporting date for which the company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

23.2 Negotiable duty credit certificate

The Company has received certificates for N805.7 million termed as Negotiable Duty Credit Certificate (NDCC). The NDCC is an instrument of the government for settling of the EEG receivables. The NDCC is used for the payment of Import and Excise duties in lieu of cash. For more than one year, the Company and other industry players have not been able to use the certificates in settlement of customs duties.

Though, a significant component of the NDCC/EEG receivable have been outstanding for more than one year, no impairment charge has been recognised by the Company in the current year because they are regarded as sovereign debt since it is owed by the government. Moreover, the government has not communicated or indicated unwillingness to honour the obligations. On the contrary, the government has earmarked up to N20 billion in the 2017 budget to be used to settle outstanding grants and has also announced a resumption of the scheme in 2017. Thus, the outstanding balances are classified as current assets accordingly.

24 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and short term deposits with 30 days tenure. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY
	30/9/2019	31/12/2018	30/9/2018	30/9/2019	31/12/2018	30/9/2018
	N'000	N'000	N'000	N'000	N'000	N'000
Cash in hand	3,679	4,780	4,780	2,500	4,630	4,630
Bank balances	10,181,249	8,416,238	13,130,204	9,685,913	8,001,986	12,517,595
Short term deposits	1,375,848	13,161,276	16,230,644	1,375,765	13,161,193	16,230,644
	<b>11,560,776</b>	<b>21,582,294</b>	<b>29,365,628</b>	<b>11,064,178</b>	<b>21,167,809</b>	<b>28,752,869</b>

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

#### 25 Share capital and Premium

The balance in the share capital account was as follows:

	GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	COMPANY 31/12/2018 N'000	COMPANY 30/9/2018 N'000
Authorised: 12,000,000,000						
Ordinary shares of 50k each	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Allotted, called up issued and fully paid: 12,000,000,000 Ordinary shares of 50k each	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
<b>Share premium</b>						
Authorised: 12,000,000,000 ordinary shares of 50k each issued at 52.67k premium	6,320,524	6,320,524	6,320,524	6,320,524	6,320,524	6,320,524

Share premium represents the excess of the shareholders' value over the nominal share capital at the point of the commencement of operations in January 2006.

	GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	COMPANY 31/12/2018 N'000	COMPANY 30/9/2018 N'000
<b>26 Retained earnings</b>						
Balance at January 1	87,010,225	80,577,948	80,577,948	94,859,602	86,886,834	86,886,834
Impact of IFRS transition (Note 23.2)	-	(736,914)	-	-	(2,858,173)	-
Revaluation reserves	-	-	9,418,389	-	-	-
	87,010,225	79,841,034	89,996,337	94,859,602	84,028,661	86,886,834
Profit for the year	14,845,653	22,169,191	16,883,234	17,565,098	25,830,941	20,182,295
Payment of dividend	(13,200,000)	(15,000,000)	(15,000,000)	(13,200,000)	(15,000,000)	(15,000,000)
<b>Balance at June 30</b>	<b>88,655,878</b>	<b>87,010,225</b>	<b>91,879,572</b>	<b>99,224,700</b>	<b>94,859,602</b>	<b>92,069,129</b>
<b>27 Non-controlling interest</b>						
Balance brought forward	(355,561)	(162,837)	(162,837)	-	-	-
Share of profit/(Loss)	(143,129)	(192,724)	(173,635)	-	-	-
<b>Total</b>	<b>(498,689)</b>	<b>(355,561)</b>	<b>(336,472)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>28 Borrowings</b>						
<i>Held at amortised cost</i>						
Bank loan	1,371,984	1,470,755	1,491,130	-	-	-
	<b>1,371,984</b>	<b>1,470,755</b>	<b>1,491,130</b>	<b>-</b>	<b>-</b>	<b>-</b>
Non-current liabilities	1,319,341	1,425,543	1,491,130	-	-	-
Current liabilities	-	45,212	-	-	-	-
	<b>1,319,341</b>	<b>1,470,755</b>	<b>1,491,130</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Movement of borrowings</b>						
Balance brought forward	1,470,755	1,538,159	1,538,159	-	-	-
Additions	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Payments	(151,414)	(67,404)	(47,029)	-	-	-
	<b>1,319,341</b>	<b>1,470,755</b>	<b>1,491,130</b>	<b>-</b>	<b>-</b>	<b>-</b>

In 2016, the Group received a 10-year loan of N2 Billion from Zenith Bank Plc, with two years moratorium on principal, at an interest of 9% per annum payable quarterly. It is secured on fixed and floating assets of Savannah Sugar Limited.

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

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#### 29 Employee benefits

##### Defined benefit plan

The Group operated a defined benefit plan for all qualifying employees up till 30 September 2013. Under the plan, the employees were entitled to retirement benefits which vary according to length of service. At the date of discontinuation, qualified staff as at this date are to be paid their retirement benefit at the point of exit hence the recognition as a current liability as it is payable on demand. The amounts stated in the financial statement as at 2013 are based on actuarial valuation carried out in 2013. For the purpose of comparison the present value of the defined benefit obligation, and the related current service cost and past service cost stated in the books up till 30 September 2013 was measured using the Project Unit Credit Method.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Project Unit Credit Method.

The most recent Actuarial Valuation was carried out in 2013 using the staff payroll of 30 September 2013.

In calculating the liabilities, the consultant took the following into recognition:

- \*\* length of service rendered by each member of staff at the review date
- \*\* discounting of the expected benefit payments.

##### Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

##### Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

##### Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

##### Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

#### 29 Retirement benefit (continued)

Movement in gratuity	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY
	30/9/2019	31/12/2018	30/9/2018	30/9/2019	31/12/2018	30/9/2018
	N'000	N'000	N'000	N'000	N'000	N'000
Balance as at 1 January	969,931	984,475	984,475	794,802	806,782	806,782
Benefits paid from plan	4,637	(14,544)	(9,223)	5,119	(11,980)	(8,567)
	<u>974,568</u>	<u>969,931</u>	<u>975,252</u>	<u>799,921</u>	<u>794,802</u>	<u>798,215</u>

As at the date of the valuation, no fund has been set up from which payments can be disbursed. Dangote Sugar Refinery expects to settle its obligations out of its existing reserves. The contribution into the gratuity scheme was discontinued in 2013.

#### Defined contribution plan

The Group operates a defined contribution retirement benefit plan for all qualifying employees. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

The employees contribute 8% of their gross salary (basic, housing and transport) while the Group contributes 10% on behalf of the employees to the same plan.

30 Trade and other payables	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY
	30/9/2019	31/12/2018	30/9/2018	30/9/2019	31/12/2018	30/9/2018
	N'000	N'000	N'000	N'000	N'000	N'000
Trade payables	21,506,886	30,734,474	25,695,956	20,940,894	30,414,713	26,585,041
Accruals and sundry creditors	9,507,767	11,206,070	7,060,753	8,158,037	10,230,759	10,072,258
Other credit balances	10,980,233	2,316,197	5,739,202	10,070,520	2,211,662	1,240,057
Due to related parties (Note 35)	6,732,960	10,240,991	11,935,038	4,993,396	8,571,500	10,386,402
	<u>48,727,846</u>	<u>54,497,733</u>	<u>50,430,949</u>	<u>44,162,846</u>	<u>51,428,634</u>	<u>48,283,758</u>

The average credit period on purchases of goods from suppliers is 90days. No interest is charged on the trade payables.

#### 31 Other Liabilities

Advance payment for goods	<u>712,284</u>	<u>1,519,609</u>	<u>404,645</u>	<u>712,284</u>	<u>1,468,837</u>	<u>404,645</u>
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## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

#### 32 Risk management

##### Capital risk management

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

The capital structure of the Group is made up of equity comprising issued capital, share premium and retained earnings. The Group is not subject to any externally imposed capital requirements.

The Group's risk management committee reviews the capital structure of the Group on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group is not geared as at 31 December 2017 (see below).

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position as at 31 December 2017) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the as at 31 December 2017 plus net debt.

The gearing ratio at 2017 and 2016 respectively were as follows:

	GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	COMPANY 31/12/2018 N'000	COMPANY 30/9/2018 N'000
<b>Total borrowings</b>						
Borrowings (Note 28)	1,319,341	1,425,543	1,491,130	-	-	-
Less: Cash and cash equivalent (Note 24)	11,560,776	21,582,294	29,365,628	11,064,178	21,167,809	28,752,869
Net Cash	<u>10,241,435</u>	<u>20,156,751</u>	<u>27,874,498</u>	<u>11,064,178</u>	<u>21,167,809</u>	<u>28,752,869</u>
Total Equity	<u>100,477,712</u>	<u>98,975,188</u>	<u>103,863,625</u>	<u>111,545,224</u>	<u>107,180,126</u>	<u>104,389,653</u>
Gearing ratio	-	-	-	-	-	-

##### Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

##### Liquidity risk management

The Company monitors its risk to a shortage of funds by maintaining a balance between continuity of funding and by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. To manage liquidity risk, our allocation of Letters of Credit on raw sugar and spares/chemicals are spread over dedicated banks. Therefore, the establishment of these Letters of Credit which are commitments by the banks provide security to our funds placed on deposit accounts. In other words our funds placed are substantially tied to our obligations on raw sugar and spares.

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

#### 32 Risk management (continued)

Group			
At 30 September 2019	Less than one year	More than one year	Total
Borrowings	-	1,319,341	1,319,341
Trade and other payables	48,727,846	-	48,727,846
	<u>48,727,846</u>	<u>1,319,341</u>	<u>50,047,187</u>
At 31 December 2018			
Borrowings	-	-	-
Trade and other payables	54,497,733	-	54,497,733
	<u>54,497,733</u>	<u>-</u>	<u>54,497,733</u>
Company			
At 30 September 2019	Less than one year	More than one year	Total
Borrowings	-	-	-
Trade and other payables	44,162,846	-	44,162,846
	<u>44,162,846</u>	<u>-</u>	<u>44,162,846</u>
At 31 December 2018			
Borrowings	-	-	-
Trade and other payables	51,428,634	-	51,428,634
	<u>51,428,634</u>	<u>-</u>	<u>51,428,634</u>

Financial liabilities that can be repaid at any time have been assigned to the earliest possible time period. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

#### Credit risk

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

The Group is exposed to credit risk from its investing activities (primarily for trade receivables) and from its financing activities, including deposits with banks and other financial institutions. The Group has a credit management committee that is responsible for carrying out preliminary credit checks, review and approval of bank guarantees to credit customers. A credit controller also monitors trade receivable balances and resolves credit related matters.

The average credit period on sales of goods is 30 days. Allowances for doubtful debts are recognised against trade receivables outstanding beyond 365 days based on estimated irrecoverable amounts. Previous experience has shown that receivables that are past due after 365 days are doubtful of recovery. Allowances for doubtful debts are recognised against trade receivables due over 180 days and below 365 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of their current position.

Before accepting any new customer to buy on credit, the customer must have purchased goods on cash basis for a minimum period of six months in order to test the financial capability of the customer. Based on good credit rating by the credit committee of the Company, the customer may be allowed to migrate to credit purchases after the presentation of an acceptable bank guarantee which must be valid for one year.

#### Concentration of risk

About 32% of the trade receivables are due from a single customer whose credit history is good. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are otherwise diverse including both corporate entities and lots of individual end users. The requirement for impairment is analysed at each reporting date on an individual basis for corporate and individual customers.

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

#### 32 Risk management (continued)

##### Deposits with banks and other financial institutions

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with its corporate treasury policy that spells out counterparty limits, lists of financial institutions that the Group deals with and the maximum tenure of fixed term funds. Surplus funds are spread amongst these institutions and funds must be within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Corporate Treasurer periodically and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through the potential counterparty's failure.

##### Maximum exposure to credit risks

The carrying value of the Group's financial assets represents its maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

Financial instrument	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY
	30/9/2019	31/12/2018	30/9/2018	30/9/2019	31/12/2018	30/9/2018
	N'000	N'000	N'000	N'000	N'000	N'000
Trade receivables	5,999,439	6,888,843	4,789,734	6,120,661	6,888,843	4,908,301
Other receivables	7,425,874	832,276	1,257,807	1,182,457	1,226,518	1,113,417
Deposit for open Letter of credit	6,230,122	15,549,298	16,379,491	6,230,122	15,549,298	16,379,491
Amount due from related party	12,054,475	11,281,743	12,932,519	84,991,121	64,235,577	55,057,054
Cash and cash equivalents	11,560,776	21,582,294	29,365,628	11,064,178	21,167,809	28,752,869
	<u>43,270,687</u>	<u>56,134,454</u>	<u>64,725,180</u>	<u>109,588,539</u>	<u>109,068,045</u>	<u>106,211,133</u>

Excluded from the other receivables balance shown above are the VAT and NDCC receivables, these are not financial instruments.

##### Impairment of financial assets

Under IFRS 9, the Company is required to revise its previous impairment methodology under IAS 39 and adopt the new expected credit loss model for financial assets (See Note 2.13 for accounting policies on financial instruments). The company's financial assets that are subject to IFRS 9's new expected credit loss model are:

- Trade receivables
- Amount due from related parties
- Staff loans and;
- Cash and cash equivalent.

The category of trade and other receivables and related impairment allowances at the reporting date was:

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY
	30/9/2019	31/12/2018	30/9/2018	30/9/2019	31/12/2018	30/9/2018
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at January 1, 2019	664,186	262,623	270,656	245,401	245,401	245,401
Impairment loss recognised	-	401,563	-	-	401,563	-
Impairment loss written off as uncollectible	-	-	(8,033)	-	-	-
Balance at June 30, 2019	<u>664,186</u>	<u>664,186</u>	<u>262,623</u>	<u>245,401</u>	<u>646,964</u>	<u>245,401</u>

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

#### 33 Financial assets by category

The accounting policies for financial instruments have been applied to the line items below

	GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	COMPANY 31/12/2018 N'000	COMPANY 30/9/2018 N'000
<b>Assets</b>						
Trade and other receivables	41,516,510	41,330,194	41,665,515	102,059,735	91,025,731	80,328,424
Cash and cash equivalents	11,560,776	21,582,294	29,365,628	11,064,178	21,167,809	28,752,869
	<u>53,077,286</u>	<u>62,912,488</u>	<u>71,031,144</u>	<u>113,123,912</u>	<u>112,193,540</u>	<u>109,081,294</u>

#### 34 Financial liabilities by category

	GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	COMPANY 31/12/2018 N'000	COMPANY 30/9/2018 N'000
<b>Liabilities</b>						
Borrowings	1,319,341	1,425,543	1,491,130	-	-	-
Trade and other payables	48,727,846	54,497,733	50,430,949	44,162,846	51,428,634	48,283,758
	<u>50,047,187</u>	<u>55,923,276</u>	<u>51,922,079</u>	<u>44,162,846</u>	<u>51,428,634</u>	<u>48,283,758</u>

#### 35 Related party information

##### 35.1 Related parties and Nature of relationship and transactions

###### Related parties

Dansa Foods Limited

NASCON Allied Industries PLC

Bluestar services Limited

Savannah Sugar Company Limited

Taraba Sugar Company Limited

Adamawa Sugar Company Limited

Nassarawa Sugar Company Limited

Niger Sugar project Limited

Dangote Global Services Limited (UK)

Dangote Oil and Gas Company Limited

Dangote Industries Limited

Dancom Technologies Limited

MHF Properties Limited

Greenview Development Company Limited

Kura Holdings Limited

Dangote Sinotrucks west Africa Limited

Dangote Cement Plc

Dangote Flour Mills Plc

Dangote Pasta Limited

Dangote Noodles Limited

Dangote Agrosacks Nigeria Limited

###### Nature of relationship and transactions

An entity controlled by key management personnel of the Company that has trading relationship with the Company.

Fellow subsidiary from which the Company purchases raw salt as input in the production process

Fellow subsidiary Company that provides clearing and stevedoring services

Subsidiary- Backward integrated project

Subsidiary- Backward integrated project

Subsidiary- Backward integrated project

Subsidiary- Backward integrated project

Subsidiary- Backward integrated project

Subsidiary- Payment for foreign procurements

Fellow subsidiary - Supply of AGO and LPFO

Parent company that provides management support and receives 7.5% of total reimbursables as management fees

Fellow subsidiary - Supply of IT services

Fellow subsidiary - Property rentals.

Fellow subsidiary - Property rentals.

Fellow subsidiary - Travel services

Fellow subsidiary- Supply of fleet trucks

Fellow subsidiary - exchange of diesel and LPFO

Fellow subsidiary -Supplies of power

Fellow subsidiary -Exchange of AGO LPFO

Fellow subsidiary- Exchange of AGO LPFO and sometimes buys sugar

Fellow subsidiary- Supplies empty sacks for bagging of finished sugar



## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

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#### 35 Related party information (continued)

- 35.3 Sales of goods to related parties were made at the Company's usual market price without any discount to reflect the quantity of goods sold to related parties. Purchases were made at market price and there was no discount on all purchases.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Dangote Industries Limited (DIL) in recognition of the requirement of transfer pricing regulations that all transactions between connected taxable persons shall be carried out in a manner that is consistent with arm's length principle has come up with basis of computing its management fees and royalty taking into cognizance certain principles.

Royalty payment shall be made in addition to management fees payable from 1 January 2015 at the rate of 0.5% of the total revenue.

#### Related party information

The amount due from the holding company represents current account balances.

#### 35.4 Loans to and from related parties

There are no related party loan as at 30 September 2019.

#### 35.5 Key Management Personnel

##### LIST OF DIRECTORS OF DSR

1 Alh. Aliko Dangote (GCON)	Chairman
2 Alh. Sani Dangote	Board Member
3 Mr. Olakunle Alake	Board Member
4 Mr. Uzoma Nwankwo	Board Member
5 Ms. Bennedikter Molokwu	Board Member
6 Dr. Konyinsola Ajayi (SAN)	Board Member
7 Alh. Abdu Dantata	Board Member
8 Ms. Maryam Bashir	Board Member
Chioma Madubuko	Company Secretary/Legal Adviser

##### LIST OF KEY MANAGEMENT STAFF

1 Mr. Ravindra Singhvi	Ag. Managing Director
2 Mrs. Debola Falade	Chief Finance officer
3 Chioma Madubuko	Company Secretary/Legal Adviser
4 Engr. Braimah Ogunwale	General Manager, Refinery
5 Mr. Idowu Adenopo	Chief Internal Auditor
6 Mr. Nseobot Ekpe	General Manager, Supply Chain
7 Mr. Bello Alkali Saddiq	General Manager, sales and marketing
8 Mr. Hassan Salisu	Head, Human Resources and Admin
9 Mr. Fatay Olamilekan Jimoh	Head, Risk Management

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

#### 35 Related party information (continued)

Amount owed by related parties	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY
	30/9/2019 N'000	31/12/2018 N'000	30/9/2018 N'000	30/9/2019 N'000	31/12/2018 N'000	30/9/2018 N'000
Taraba Sugar Company Limited	-	-	-	1,856,434	1,832,392	-
Adamawa Sugar Company Limited	-	58,849	-	1,765,332	846,626	-
Nassarawa Sugar Company Limited	-	-	-	12,858,380	6,731,213	-
Savannah Sugar Company Limited	-	-	-	58,577,759	45,719,711	42,125,135
Dansa Foods Limited	28,997	28,997	28,997	28,997	28,997	28,997
Dangote Global Services Limited (UK)	1,735,054	1,005,617	1,751,784	1,735,054	1,005,617	1,751,784
Dangote Flour Mills PLC	546,988	851,334	1,104,370	546,988	851,334	1,104,370
Dangote Pasta Limited	66,613	56,918	56,153	66,613	56,918	56,153
Dangote Noodles Limited	11,800	11,800	11,800	11,800	11,800	11,800
NASCON Allied Industries PLC	140,786	116,457	128,649	140,786	116,457	128,649.15
Dangote Oil and Gas Company Limited	930,874	930,874	1,011,325	930,874	930,874	1,011,324.82
			-			-
Greenview Development Company Limited	593,461	1,586,115	-	593,461	1,586,115	-
Dangote Fertiliser Limited	1,229,573	1,229,573	1,229,573	1,229,573	1,229,573	1,229,573
Dancom Technologies Limited	-	-	-	-	-	-
AG Dangote Construction Limited	841,477	829,823	2,067,579	841,477	829,823	2,067,579
MHF Properties Limited	3,036	3,036	3,036	3,036	3,036	3,036
Dangote Nigeria Clearing Limited	-	-	-	-	-	-
Dangote Cement Limited Ghana	-	-	6,644	-	-	6,644
Bluestar Clearing	32,829	10,819	8,985	32,829	10,819	8,985
Dangote Rice Limited	3,027,611	3,029,311	3,027,611	3,027,611	3,029,311	3,027,611
Dangote Cement PLC	1,391,256	805,907	805,907	1,391,256	805,907	805,907
			-			-
Dangote Industries Limited	1,771,385	1,023,577	1,690,106	1,771,385	1,027,577	1,689,506
	<b>12,351,739</b>	<b>11,579,007</b>	<b>12,932,519</b>	<b>87,409,644</b>	<b>66,654,100</b>	<b>55,057,054</b>
Allowance for impaired -related parties Trade(Note 23)	(56,528)	(56,528)	-	(56,528)	(56,528)	-
Allowance for impaired -related parties Non-Trade(NO)	(240,736)	(240,736)	-	(2,361,995)	(2,361,995)	-
<b>Net amount due from related parties</b>	<b>12,054,475</b>	<b>11,281,743</b>	<b>12,932,519</b>	<b>84,991,121</b>	<b>64,235,577</b>	<b>55,057,054</b>
<b>Amount owed to related parties</b>						
Niger Sugar project Limited	-	-	-	46,843	46,843	-
Dangote Cement PLC	4,271,714	7,357,033	8,131,660	2,571,317	5,774,880	6,740,460
Greenview Development Company Limited	693	694	802,389	-	-	801,696
Dangote Agrosacks Nigeria Limited	566,231	448,120	168,679	551,916	388,918	117,955
Kura Holdings Limited	5,360	5,056	3,338	5,360	5,056	3,338
DIL Strategic Supplies Limited	39,609	39,609	39,609	39,609	39,609	39,609
Bluestar Shipping Services Limited	165,698	156,188	296,412	168,980	156,188	296,412
NASCON Allied Industries PLC	-	-	-	-	-	-
Dancom Technologies Limited	2,489	53,123	42,150	11,333	61,967	19,495
Dangote Nigeria Clearing Limited	30,542	30,542	30,542	30,542	30,542	30,542
Dangote Nigeria Limited	-	-	-	-	-	-
Dangote Foundation	9,468	9,468	11,992	9,468	9,468	11,992
Dangote Sinotrucks west Africa Limited	1,558,027	2,058,028	2,324,903	1,558,027	2,058,027	2,324,903
Dangote Industries Limited	83,128	83,128	83,363	-	-	-
	<b>6,732,960</b>	<b>10,240,991</b>	<b>11,935,037</b>	<b>4,993,396</b>	<b>8,571,500</b>	<b>10,386,402</b>

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

#### 35 Related parties (Cont'd)

##### 35.6 Compensation to directors and other key management

	GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	COMPANY 31/12/2018 N'000	COMPANY 30/9/2018 N'000
Short-term employee benefits	-	145,582	145,582	-	137,257	137,257
	<u>-</u>	<u>145,582</u>	<u>145,582</u>	<u>-</u>	<u>137,257</u>	<u>137,257</u>

#### 36 Employee costs

The following items are included within employee benefits expenses:

	GROUP 30/9/2019 N'000	GROUP 31/12/2018 N'000	GROUP 30/9/2018 N'000	COMPANY 30/9/2019 N'000	COMPANY 31/12/2018 N'000	COMPANY 30/9/2018 N'000
<b>Direct employee costs</b>						
Basic	893,216	1,198,393	1,838,738	832,155	995,733	725,939
Bonus	2,802	82,565	77,570	2,802	82,565	77,570
Medical claims	5,859	25,684	475,406	818	6,273	475,406
Leave allowance	112,511	143,567	87,823	102,444	124,871	87,823
Short term benefits	1,147,458	2,506,358	688,056	1,045,911	1,569,043	688,056
Other short term costs	568,952	388,302	159,450	112,557	176,411	159,450
Pension	132,003	178,928	107,463	122,465	147,195	107,463
Termination benefits	-	24	-	-	-	-
	<u>2,862,802</u>	<u>4,523,820</u>	<u>3,434,506</u>	<u>2,219,153</u>	<u>3,102,091</u>	<u>2,321,707</u>
<b>Indirect employee costs</b>						
Basic	482,840	1,179,759	851,397	441,986	521,296	378,764
Bonus	76	36,130	35,200	76	12,710	35,200
Medical claims and allowance	1,918	2,191	2,157	-	2,191	2,157
NSITF and ITF levies	49,264	78,598	62,213	39,386	78,598	62,213
Short term benefits	374,703	605,212	376,030	323,635	778,887	376,030
Other short term costs	903,529	386,234	391,542	452,000	251,911	387,286
Pension	26,126	76,724	55,956	20,433	76,724	55,956
Termination benefits	445	-	-	-	-	-
	<u>1,838,901</u>	<u>2,364,848</u>	<u>1,774,495</u>	<u>1,277,515</u>	<u>1,722,317</u>	<u>1,297,606</u>
<b>Total employee costs</b>						
Direct employee cost	2,862,802	4,523,820	3,434,506	2,219,153	3,102,091	2,321,707
Indirect employee cost	1,838,901	2,364,848	1,774,495	1,277,515	1,722,317	1,297,606
	<u>4,701,703</u>	<u>6,888,668</u>	<u>5,209,001</u>	<u>3,496,668</u>	<u>4,824,408</u>	<u>3,619,313</u>

Average number of persons employed during the year was:

	30/9/2019 Number	31/12/2018 Number	30/9/2018 Number	30/9/2019 Number	31/12/2018 Number	30/9/2018 Number
Management	109	94	81	90	86	76
Senior Staff	522	494	473	352	342	333
Junior Staff	1,829	1,820	1,808	1,122	1,164	1,160
	<u>2,460</u>	<u>2,408</u>	<u>2,362</u>	<u>1,564</u>	<u>1,592</u>	<u>1,569</u>

## Dangote Sugar Refinery Plc

Consolidated and Separate Financial Statements for the period Ended September 30, 2019

### Notes to the Consolidated and Separate Financial Statements

#### 36 Employee costs (continued)

37 Directors' emoluments	30/9/2019	31/12/2018	30/9/2018	30/9/2019	31/12/2018	30/9/2018
	N'000	N'000	N'000	N'000	N'000	N'000
Fees	24,750	24,500	18,375	24,750	24,500	18,375
Salaries	-	37,812	-	-	37,812	-
Others	80,111	126,682	184,738	80,111	126,682	184,738
	<u>104,861</u>	<u>188,994</u>	<u>203,113</u>	<u>104,861</u>	<u>188,994</u>	<u>203,113</u>
Emoluments of the highest paid Director	-	37,812	-	-	37,812	-

The number of Directors excluding the chairman with gross emoluments within the bands stated below were:

N'000	30/9/2019	31/12/2018	30/9/2018	30/9/2019	31/12/2018	30/9/2018
	Number	Number	Number	Number	Number	Number
0 - 19,000	7	8	8	7	8	8
32,000 and above	1	1	1	1	1	1
	<u>8</u>	<u>9</u>	<u>9</u>	<u>8</u>	<u>9</u>	<u>9</u>

#### 38 Events after the reporting period

There were no events after the reporting period that could have had material effect on the financial statements of the Company as at 30 September 2019 that have not been taken into account in these financial statements.

#### 39 Capital Commitment

As at 30 September 2019, there were no capital commitments in respect of the Lagos factory expansion

#### 40 Contingent assets and Contingent liabilities

There were no contingent assets and liabilities as at 30 September 2019 (2018: Nil)

#### 41 Approval of financial statements

The Board approved the financial statements during its meeting of October 25, 2019.