Cadbury Nigeria Plc

Financial Statements -- 31 December 2013

Together with Directors', Audit Committee's and Independent Auditor's Reports

Content

Financial Highlights

In thousands of naira

	Company	Group	Change
	*2013	2012	%
Revenue	35,760,753	33,550,501	7
Gross profit	13,100,096	10,992,421	19
Results from operating activities	5,720,687	3,858,560	48
Profit before income tax	7,421,477	5,361,692	38
Profit for the year	6,023,219	3,350,113	80
Share capital	1,565,187	1,564,594	0
Total equity	23,994,931	20,039,356	20
Data per 50k share			
Basic earnings per share (kobo)	192	107	79
Net assets per share (kobo)	767	640	20
Stock exchange quotation 31 December (Naira per share)	59	29	103
Market capitalization at 31 December (₦'millions)	184,692	90,746	104

* The 2013 Company figures in these financial statements incorporates the balances/results of the merged entities for the year (Cadbury Nigeria Plc and Stanmark Cocoa Processing Company Limited), following the merger of the entities which were hitherto consolidated.

MISSION STATEMENT

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

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

Corporate Information

Board of Directors	**Board Position**
Mr. Atedo Peterside, CON	Chairman (Non Executive)
Mr. Emil Moskofian (British)	Managing Director (Executive)
Mrs. Oyeyimika Adeboye	Finance and Strategy Director (Executive)
Mr. Adedotun Sulaiman, MFR	Non Executive Director
Mr. Ruslan Kinebas (Russian)	Non Executive Director
Mrs. Ibukun Awosika	Non Executive Director
Mr. Charles Nelson (American)	Non Executive Director

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

Independent Auditors
KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
Lagos
Tel:+234-1-271 8955

Registered Office
Cadbury Nigeria Plc RC4151
Lateef Jakande Road
Agidingbi, Ikeja
Tel: +234-1-2717777

Registrar & Transfer Office
First Registrar Nigeria Limited
2, Abebe Village
Iganmu, Lagos
Tel: 234-1-773086, 7743309, 2701078
Fax: 234-1-2701071, 2701072
E-mail:- info@firstregistrarsnigeria.com
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Board of Directors and Company Secretary

Atedo N A Peterside, CON joined the Board of Cadbury Nigeria Plc as a Non-Executive Director on 5 August 2009. He was appointed Chairman of the Board with effect from 21 April 2010. He is the Founder and Non-Executive Chairman of Stanbic IBTC Bank Plc and also the President and Founder of Atedo N.A. Peterside (ANAP) Foundation, which is a non-profit organisation that is committed to promoting good governance.

Mr Peterside is a Member of the National Council on Privatisation (NCP) and is the Chairman of the NCP's Technical Committee. He is also a member of the National Economic Management Team which is headed by the President of the Federal Republic of Nigeria.

Mr. Peterside also sits on the Boards of the following publicly quoted companies - Flour Mills of Nigeria Plc, Nigerian Breweries Plc, Presco Plc and Unilever Nigeria Plc.

Emil Moskofian was appointed to the Board of Cadbury Nigeria Plc as the Managing Director on 1 July 2012. He also serves as Managing Director for Cadbury West Africa and Chairman of Cadbury Ghana Limited.

He has over 20 years of international experience with leading businesses such as the British American Tobacco. Prior to becoming Managing Director for Cadbury Nigeria Plc, he served as the Regional Managing Director Africa and Turkey IFFCO, UAE from 2010 to 2011.

Ibukun Awosika was appointed to the Board of Cadbury Nigeria Plc. as a Non-Executive Director on 22 October 2009. Mrs. Awosika is the founder and CEO of The Chair Centre Group. The companies in the group include The Chair Centre Limited, Sokoa Chair Centre Limited, Furniture Manufacturers Mart Limited, and TCC Systems and Services Limited and are involved in furniture manufacturing, retail and bank-way security systems services.

Mrs Awosika also serves on a number of corporate and not-for-profit boards amongst which are: First Bank of Nigeria Limited, Convention on Business Integrity (CBi) and the Nigerian Sovereign Investment Authority. She chairs the boards of FBN Capital Limited and Afterschool Graduate Development Centre (AGDC) - a facility which she promoted to help address youth employability and enterprise issues in Nigeria.

Mrs Awosika is a graduate of Chemistry from University of Ife, Nigeria. An alumnae of the Chief Executive Programme of Lagos Business School, the Global Executive MBA of IESE Business School, Barcelona-Spain and Global CEO Programme of Wharton |IESE| C.E.I.B.S Business Schools.

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

Charles Nelson was appointed to the Board of Cadbury Nigeria Plc. as a Non-Executive Director on 15 September 2010. Mr. Nelson, an American with over 20 years experience in Corporate Finance, joined Kraft Foods Inc. in 1988 and has held a succession of senior finance roles across Kraft Group including Finance Director, Kraft Foods South East Asia and Financial Planning & Analysis Manager, Kraft Jacobs Suchard Iberia. Mr. Nelson is currently the Director of Controlling & Treasury, Mondelez International Middle East & Africa (EEMEA).

Oyeyimika Adeboye joined the Board of Cadbury Nigeria Plc. as Finance and Strategy Director on 30 November 2008. Prior to joining the Board, Mrs. Adeboye was the Chief Financial Officer and Director of Finance at another publicly quoted Food and Beverage Company in Nigeria. She had previously worked for two firms of Chartered Accountants and has an impressive track record in finance, strategy and administration both in Nigeria and the UK. Mrs Adeboye also sits on the board of Cadbury Ghana Limited as well as the board of three not-for-profit organisations.

Adedotun Sulaiman, MFR was appointed to the Board of Cadbury Nigeria Plc. as a Non-Executive Director on 5 August 2009. Mr. Sulaiman, a renowned management & strategy consultant, has over 30 years of experience in transformational engagements in Strategic Plan Development, Organization Design/Review, Human Resource Management, Technology Planning and Process Re-engineering. Mr. Sulaiman, a past Country Managing Director and Chairman of Accenture Nigeria, is currently Chairman of several companies and not-for-profit organisations including Cornerstone Insurance Plc, Mouka Ltd, SecureID Ltd, Interswitch Ltd, Arian Capital Management Ltd, Helios Towers Nigeria Limited, Corona Schools Trust Council and Youth Business Initiative.

Ruslan Kinebas was appointed as a Non-Executive Director on 20 March 2013. Mr. Kinebas joined Kraft Foods Inc. in 2010 with acquisition of Cadbury Plc. He was appointed Area VP for North Africa, West Africa and Turkey (NAWAT) in February 2013, taking responsibility for this geographic growth cluster within EEMEA region of Mondelēz International. Prior to taking on the area VP role in NAWAT, Mr. Kinebas led the Cheese and Grocery Business Unit in Mondelēz Europe as Category President. Prior to that, he was VP Sales, Snacking, supporting the work of the Snacking Venture Team. In 2010-11, as VP and Area Director for South Eastern Europe, based in Vienna, Mr. Kinebas led iconic Kraft businesses in the nine countries of the Area through a tough economic environment back to growth.

Fola Akande joined Cadbury Nigeria Plc. as Company Secretary/Chief Counsel West Africa on 2nd July 2012. Mrs. Akande has an impressive background in Compliance, Corporate Governance, Commercial and Finance Law. She has over 25 years of working experience and prior to joining Cadbury worked for Standard Chartered Bank Nigeria Limited as Company Secretary/Legal Adviser/Chief Compliance Officer. Mrs. Akande is also a special member of the Chartered Institute of Arbitrators UK.

Directors' Report

For the year ended 31 December 2013

The Directors are pleased to present to the members their Annual Report together with the audited financial statements for the year ended 31 December 2013.

Directors' Responsibilities

The Directors accept responsibility for the preparation of the annual financial statements set out on pages 17 to 75 that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

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

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

Principal Activities

Cadbury Nigeria Plc was incorporated in Nigeria on 9 January 1965 as a Company limited by shares. It became a publicly listed Company with its shares traded locally on the Nigerian Stock Exchange in 1976. The Company's registered address is Lateef Akande Road, Ikeja. The Company is principally engaged in the manufacture and sale of branded fast moving consumer goods mostly to the Nigerian market, but increasingly for exports in West Africa.

A scheme of merger between Cadbury Nigeria Plc and Stanmark Cocoa Processing Company Limited ("SCPCL") became effective from 23 April 2013. With this development, Cadbury Nigeria Plc took over the assets, liabilities and undertaking of SCPCL while the entire share capital of SCPCL was cancelled and the company dissolved without winding up.

Cadbury Nigeria Plc now produces a wide range of intermediate products such as cocoa butter, liquor, cake and powder. The cocoa butter, cake and liquor are exported to a wide range of international customers; the cocoa powder is consumed locally.

The Product Range

The Company's brands fall into two principal categories, namely Refreshment Beverages and Confectionery and Intermediate Cocoa Products. CADBURY BOURNVITA, TANG, TOMTOM, TOMTOM HONEY LEMON, TOMTOM STRAWBERRY, AHOMKA GINGER and BUTTERMINT are the main brands in the Refreshment Beverages and Confectionery stable and COCOA POWDER, COCOA CAKE AND COCOA BUTTER are the main products for the Intermediate Cocoa Products. The relative contributions of the Company's brands to the Company's results in 2013 are as follows:

	Brands	**2013**	**2012**
1	Refreshment Beverages and Confectionery	92%	94%
2	Intermediate Cocoa Products	8%	6%

Shareholding

Cadbury Nigeria Plc is owned 74.97% (2012: 74.99%) by Cadbury Schweppes Overseas Limited ("CSOL"), a company incorporated in the United Kingdom, and 25.03% (2012: 25.01%) by a highly diversified spread of Nigerian individual and institutional shareholders. CSOL is owned by Mondelēz International. Other than CSOL, no other shareholder held more than 5% of the issued share capital of the Company as at 31 December 2013 (2012: Nil).

The Registrars have advised that the range of shareholding as at 31 December 2013 was as follows:

Analysis of Shareholding

Range			No of Shareholders	Holders %	No. of Shares	% of Share Holding
1	-	1,000	34,590	46.36	14,495,555	0.46
1,001	-	5000	23,864	31.98	60,153,957	1.92
5,001	-	10,000	7,145	9.58	51,848,149	1.66
10,001	-	50,000	7,571	10.15	146,335,967	4.67
50,001	-	100,000	744	1.00	51,870,355	1.66
100,001	-	500,000	581	0.78	113,529,030	3.63
500,001	-	1,000,000	59	0.08	39,688,153	1.27
1,000,001	-	5,000,000	42	0.06	70,937,543	2.27
5,000,001	-	100,000,000	7	0.009	55,573,101	1.78
100,000,001	-	500,000,000	6	0.008	128,219,052	4.10
500,000,001	-	1,000,000,001	1	0.00	50,837,287	1.62
1,000,000,001		and above	1	0.00	2,346,886,089	74.97
Total			**74,611**	**100**	**3,130,374,238**	**100**

Operating Results

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

	Company	Group	Company
	2013	2012	2012
Revenue	35,760,753	33,550,501	31,231,751
Results from operating activities:	5,720,687	3,858,560	4,431,702
Profit before income tax	7,421,477	5,361,692	6,275,222
Tax expense	(1,398,258)	(2,011,579)	(1,987,443)
Profit for the year	6,023,219	3,350,113	4,287,779

Dividend

The Directors are pleased to recommend to shareholders at the forthcoming Annual General Meeting, the declaration of a total dividend of ₦2,441,662,650 (2012: ₦1,564,594,083), that is, ₦1.30 per ordinary share of fifty kobo each. If the proposed dividend is approved, it will be subject to deduction of withholding tax at the appropriate rate at the time of payment.

Board of Directors

The Board is at present made up of seven (7) Directors, two (2) of whom are Executive Directors (the Managing Director and Finance & Strategy Director) and 5 Non-Executive Directors (including the Chairman). The Board has a formal schedule of meetings each year and met six (6) times in the year under review. Typically, Board meetings include consideration of a broad range of matters, including financial performance, risk assessment, capital management, prospective acquisitions and delegated authorities. The Board also holds a Strategy day once a year to consider the strategic focus and direction of the business.

Record of Directors' Attendance at Meetings

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

The table below shows the number of meetings attended by the Directors during the year 1 January 2013 to 31 December 2013 as against the number of meetings held during their Board/Committee meeting.

Names of Directors	Board Meetings	Governance & Nomination Committee	Remuneration & Compensation Committee	*Risk Assessment Committee
Atedo Peterside, CON	6/6	-	-	-
Emil Moskofian	6/6	-	-	2/2
Oyeyimika Adeboye	6/6	-	-	2/2
Ibukun Awosika	6/6	-	1/1	-
Adedotun Sulaiman, MFR	6/6	-	1/1	-
Charles Nelson	6/6	-	-	-
Ruslan Kinebas**	5/6	-	1/1	-

** The Risk Management Committee comprises the executive management and designated senior managers of the Company. It met twice during the year under review and its report was presented to the Board of Directors for further guidance.*

*** Mr. Lawrence MacDougal resigned from the Board effective 20th March 2013. Mr. Ruslan Kinebas was subsequesntly appointed, effective 20th March 2013 to fill the vacancy as a result of the resignation.*

Election of Directors

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

Interests of Directors

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

Names	As at: 12/03/2014	As at: 31/12/2013	As at: 31/12/2012
Atedo Peterside, CON	8,700,000	15,650,000	15,650,000
Emil Moskofian	Nil	Nil	Nil
Oyeyimika Adeboye	54,000	90,000	90,000
Ibukun Awosika	Nil	Nil	Nil
Adedotun Sulaiman, MFR	594,000	990,000	990,000
Charles Nelson	Nil	Nil	Nil
Ruslan Kinebas	Nil	Nil	Nil

Directors' Interest in Contracts

Mr. Atedo Peterside, CON is the Non–Executive Chairman of Stanbic IBTC Bank Plc, one of the Company’s bankers. In accordance with the requirements of section 277 of CAMA, Mr. Peterside has declared his position with Stanbic IBTC Bank Plc to the Board of Directors.

Other than the above, no other Director has any declarable interest in contracts with which the Company was involved as at 31 December 2013 (2012: Nil).

Distributors

The Company's products are distributed nationally through an extensive network of 69 distributors, key accounts and institutional customers and the products reach their ultimate consumers through a chain of wholesalers and retailers across the nation. The names of the distributors are listed as an appendix to the Annual Report.

Employment and Employees

a. Our People

In Cadbury Nigeria Plc, our people are our number one asset. The collective commitment of our work force has been instrumental to the sustained improvement of our corporate performance. These dedicated, diversified and cross-functional talents in Cadbury Nigeria Plc are equally spread through our Executive Management team, our Management level and our Non-Management level.

To enable this talent pool to deliver on our current challenges and position our business for the future, we constantly endeavour to align our policies, processes and practices to the very best international standards in employment practices. To this end, we continue to receive support from the global Mondelēz International group to ensure that our employees are empowered to achieve their best, both for the Company and for themselves. In the year under review, we elevated several middle level managers into senior management positions and our Management Traineeship Program was also in place to ensure a reliable talent pipeline at the entry level. We were also able to infuse additional talents into our business by recruiting tested managers (locally and internationally) who have added extra impetus to our performance-driven value led culture.

b. Learning and Development

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

We firmly believe that the individual employee must therefore also take the responsibility to drive his or her own learning and development. To ensure this beneficial shared ownership of learning, we insist that every staff must possess the drive, initiative and motivation to take advantage of the available learning and development opportunities.

c. Employee Involvement

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

Other employee engagement platforms include a monthly engagement session called "Coffee with Emil" where colleagues have an informal opportunity to dialogue with the Managing Director. "Coffee with Emil" is open to colleagues on a ‘first come, first serve’ basis, to enable active participation by all attendees and allow quality time for two-way dialogue on topical subjects.

In addition, during the 1st year anniversary of Mondelēz International, the Employee Value Proposition (EVP) was launched. Through this initiative, employees volunteered to make an impact in our host community at Agidingbi Grammar School. Volunteering employees cleaned the premises of the school, counselled students on their career goals and carried out free medical checks and advice for staff.

Several formal channels and consultative committees exist for participation in the Company's affairs. As part of the Company’s commitment to transparent communication with its employees, Town Hall meetings are held periodically to provide a platform for our employees to communicate in a face-to-face manner with the Company’s executive management team and directly obtain clarifications and/or rationales behind the Company's performance, activities and future plans.

Also employees actively participated during the World Blood Donor Day through a Blood Donation Drive by the Lagos State Government Ministry of Health’s Blood Transfusion Committee. All staff were invited for a special briefing session by members of the Committee on the importance of the exercise in saving lives, which employees actively participated. In recognition of the level of commitment to the free voluntary blood donation exercise, employees of Cadbury Nigeria Plc received a Letter of Appreciation from the Lagos State Government.

d. Equal Opportunity Statement

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

e. Employment of Physically Challenged Persons

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

The Company has two (2) physically challenged persons in its employment as at 31 December 2013 (2012 : 2).

f. Quality, Environment, Health and Safety

As a leading participant in the food and beverages industry, the Company gives the greatest priority to the implementation, maintenance and continuous improvement of high standards of quality, environment, health and safety.

All food production areas are clearly marked and employees are required to follow clear procedures relating to hygiene and safety before they are permitted access to food production areas of the site. Staff members and visitors to the site are required to use appropriate protective equipment when involved in production or potentially hazardous tasks. Once a year, we run a "Safety Week", during which all employees receive refresher training in safety issues fundamental to our operations.

The Company adopts Good Manufacturing Practice ("GMP"), which is a series of internationally accepted guidelines covering the manufacturing and testing of products in all of its factory operations. All our factories and suppliers' facilities are subject to GMP audits.

The Company is committed to the environment and seeks to continuously improve on our systems and processes to prevent pollution and minimize the environmental impact of our operations.

Good health services are provided through the Company's operation of its own Clinic managed by a full-time medical doctor, working with a team of competent nurses and other staff along with the use of other hospitals and clinics on a retained basis. The medical team conducts annual medical checks for all employees, as well as health seminars and counseling for various groups.

Nutritious meals are also provided free at the staff canteen for all employees.

Cadbury Nigeria Plc in the Community

As part of its corporate social responsibility, the Company made contributions amounting to ₦8.4 million (2012: ₦2.7 million) to the following institutions and organisations during the year:

RECIPIENTS	Amount (₦)
Agidingbi Community Development Association	75,800
Run for Cure Africa	3,246,000
Arise Women Conference	5,000,000
Care Organization and Public Enlightenment (COPE)	30,586
Manufacturers Association of Nigeria	31,266
African Hope Organisation	18,285
	8,401,937

These figures exclude the value of employee time committed to volunteering in community programmes as well as cause related marketing activities or brand communications which are related to the sports terrain (such as TOMTOM's official sponsorship of the National football teams). In several cases, donations was in the form of product donations where these were perceived to be necessary and the cash value of such contributions have been embedded in the above summary at the ex-factory price of the products.

In compliance with section 38(2) of CAMA, the Company did not make any donation or gift to any political party, political association or for any political purpose in 2013. (2012 : Nil).

Know-How and Trademark License Agreements

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

Property Plant and Equipment

Information relating to changes in Property, Plant and Equipment is given in Note 12 to the financial statements.

Corporate Governance

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

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

i. Board of Directors – Composition and Independence

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

The position of the Chairman is held by Mr. Atedo Peterside, CON a Non-Executive Director appointed with effect from 21 April 2010. This is distinct from the position of Managing Director which is held by Mr. Emil Moskofian.

ii. Board – Training and Access to Advisers

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

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

iii. Committees

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

(a) Governance & Nominations Committee

The Nominations & Governance Committee was renamed the Governance & Nominations Committee on the 16th July 2013. In order to ensure good corporate governance, this committee is guided by a written terms of reference. The Committee is authorised to establish, review recommendations, qualifications of any proposed Executive or Non-Executive Director and thus mitigate any potential conflict of interest regarding the said appointments by ensuring that a review of potential Board candidates is undertaken in a disciplined and objective manner. The Committee is also tasked with reviewing existing governance procedures and practices in light of current domestic and global developments in corporate governance. The members of the Nominations & Governance Committee are Mr. Ruslan Kinebas (Chair), Mr. Atedo Peterside, CON and Mr. Adedotun Sulaiman, MFR.

(b) Remuneration and Compensation Committee

The Compensation Committee was renamed the Remuneration & Compensation Committee on the 16th July 2013 and is responsible for making recommendations to the Board on the remuneration of the Directors and senior executives of the Company. The members of the Committee are Mrs. Ibukun Awosika (Chair), Mr. Ruslan Kinebas and Mr. Adedotun Sulaiman, MFR.

(c) Executive Management Committee

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

As at 31 December 2013 the Management Committee was comprised of the following members: Mr. Emil Moskofian (Managing Director), Mrs. Oyeyimika Adeboye (Finance & Strategy Director), Mr. Emmanuel Imoagene (Human Resources Director), Mr. Emmanuel Egerton-Shyngle, (Sales Director), Mr. Nasir Malik (Integrated Supply Chain Director), Mr. Muhammad Amir Shamsi (Marketing Director) and Mrs. Fola Akande (Company Secretary/Chief Counsel).

(d) Risk Assessment Committee

The Risk Assessment Committee comprises the members of the executive management and designated senior managers of the Company. It meets on a quarterly basis and its report is forwarded to the Board of Directors for further guidance. It is responsible for the overall business risk assessment of the Company and for suggesting measures to prevent and/or mitigate the effects of business risk. As at 31 December 2013, the Risk Management Committee was comprised of the following members: Mr. Emil Moskofian (Managing Director), Mrs. Oyeyimika Adeboye (Finance & Strategy Director), Mr. Emmanuel Imoagene (Human Resources Director), Mr. Nasir Malik (Integrated Supply Chain Director), Mrs. Fola Akande (Company Secretary/Legal Counsel) and Mrs. Mosunmola Oloyede (Head Internal Audit).

Code of Conduct

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

Share Trading Policy

Cadbury Nigeria Plc maintains a share trading policy that guides Directors, Audit Committee members and all employees as to their dealing in the Company's shares. The Policy was updated and revised by the Board with effect from 14 October 2010. Relevant persons are prohibited from dealing in the Company's shares both when they are in possession of material non-public information about the Company's activities as well as during prescribed "blackout" periods. Notification of individual share trading activity is required to be made to the Securities and Exchange Commision (SEC) as well as the Company Secretary.

Audit Committee

In accordance with section 359(5) of CAMA, members of the Audit Committee of the Company were elected at the last Annual General Meeting held on 8 May 2013. Members that served on the Audit Committee comprise three representatives of the shareholders (namely, Mr. Chike Okorie, Mrs. Mary Joke Shofolahan and Pastor Oyelakin Lanre Awobode) and three members of the Board of Directors (Mr. Adedotun Sulaiman, MFR, Mrs. Oyeyimika Adeboye and Mr. Charles Nelson).

Independent Auditors

In accordance with Section 357(2) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, Messrs KPMG Professional Services have indicated their willingness to continue in office as Independent Auditors to the Company.

By order of the Board.

Fola Akande
Company Secretary
12 March 2014
FRC/2013/NBA/00000001060

REPORT OF THE AUDIT COMMITTEE

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

i) Reviewed and ascertained that the accounting and reporting policies adopted by the Company are in accordance with applicable legal requirements and agreed ethical practices.

ii) Reviewed the scope and planning of audit requirements and found them satisfactory.

iii) Appraised the Financial Statements for the year ended 31 December 2013 and are satisfied with the explanations provided.

iv) Reviewed the Company's systems of accounting and internal control and found them effective.

v) Reviewed the External Auditor's Management Report for the year ended 31 December 2013 and are satisfied that management is taking appropriate steps to address issues and comments noted in the report.

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

Mr. Chike Okorie
Chairman, Audit Committee
FRC/2014/NBA/00000006189

11 March 2014

Members of the Audit Committee are:

1) Mr. Chike I. Okorie (Chairman) Shareholders' Representative

2) Mrs. Mary Joke Shofolahan Shareholders' Representative

3) Pastor Oyelakin Lanre Awobode Shareholders' Representative

4) Mr. Adedotun Sulaiman, MFR Directors' Representative

5) Mrs. Oyeyimika Adeboye Directors' Representative

6) Mr. Charles Nelson Directors' Representative

Attendance at the Committee's meetings for year 2013 was as follows:

Names of Members	**Audit Committee Meetings**
Chike I. Okorie	4/4
Mary Joke Shofolahan	4/4
Pastor Oyelakin Lanre Awobode*	2/4
Olaniran L. Jinadu*	2/4
Oyeyimika Adeboye	4/4
Adedotun Sulaiman, MFR	4/4
Charles Nelson	4/4

*Oyelakin Lanre Awobode was elected to the Audit Committee on 8 May 2013 in place of Olaniran L. Jinadu

AUDIT REPORT

Statement of financial position

As at 31 December 2013

In thousands of naira

		Company*	Group	Company
	Note	2013	2012	2012
Assets				
Property, plant and equipment	12(b)	16,929,458	13,937,517	12,964,243
Intangible assets	13	11,698	54,636	54,636
Investment in subsidiary	14	-	-	1,007,291
Trade and other receivables	18	-	-	513,552
Total non-current assets		**16,941,156**	**13,992,153**	**14,539,722**
Inventories	17	1,880,654	2,043,855	1,810,778
Trade and other receivables	18	6,390,008	6,266,805	5,742,579
Prepayments		211,649	611,565	611,406
Cash and cash equivalents	19	17,749,157	17,242,130	17,106,930
Total current assets		**26,231,468**	**26,164,355**	**25,271,693**
Total assets		**43,172,624**	**40,156,508**	**39,811,415**
Equity				
Share capital	20(a)	1,565,187	1,564,594	1,564,594
Share premium	20(d)	11,543,821	11,517,941	11,517,941
Other reserves	20(b)	3,436,348	3,435,975	3,380,688
Share based payment reserve	20(c)	35,201	13,884	13,884
Retained earnings		7,414,374	3,514,579	5,296,780
		23,994,931	20,046,973	21,773,887
Non-controlling interest		-	(7,617)	-
Total Equity		**23,994,931**	**20,039,356**	**21,773,887**

* The 2013 Company figures in these financial statements incorporates the balances/results of the merged entities for the year (Cadbury Nigeria Plc and Stanmark Cocoa Processing Company Limited), following the merger of the entities which were hitherto consolidated (see Note 15).

The accompanying notes on pages 25 to 71 form an integral part of these financial statements.

Statement of financial position (Continued)

As at 31 December 2013

In thousands of naira

		Company*	Group	Company
	Note	2013	2012	2012
Liabilities				
Deferred taxation	16	476,448	113,989	113,989
Employee benefits	21	4,314,464	3,097,739	3,004,343
Total non- current lliabilities		**4,790,912**	**3,211,728**	**3,118,332**
Bank overdrafts	19	-	1,500,000	-
Current tax liabilities	10(b)	845,485	662,989	629,356
Trade and other payables	23	13,541,296	14,742,435	14,289,840
Current liabilities		**14,386,781**	**16,905,424**	**14,919,196**
Total liabilities		**19,177,693**	**20,117,152**	**18,037,528**
Total equity and liabilities		**43,172,624**	**40,156,508**	**39,811,415**

Approved by the Board of Directors on the 12 March, 2014 and signed on its behalf by:

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

________________________________) Emil Moskofian (Managing Director)
) FRC/2013/IODN/00000002051

________________________________) Oyeyimika Adeboye (Finance and Strategy Director)
FRC/2013/ICAN/00000001089

The accompanying notes on pages 25 to 71 form an integral part of these financial statements.

Statement of Profit or loss and Other comprehensive income

For the year ended 31 December 2013

In thousands of naira

	Note	Company 2013	Group 2012	Company 2012
CONTINUING OPERATIONS				
REVENUE	5	35,760,753	33,550,501	31,231,751
Cost of sales		(22,660,657)	(22,558,080)	(19,869,403)
GROSS PROFIT		**13,100,096**	**10,992,421**	**11,362,348**
Other income	6	59,032	116,398	116,398
Selling and distribution expenses		(5,970,810)	(5,030,985)	(5,030,985)
Administrative expenses		(1,467,631)	(2,219,274)	(2,016,059)
RESULTS FROM OPERATING ACTIVITIES		**5,720,687**	**3,858,560**	**4,431,702**
Finance income	7	1,770,124	1,646,298	1,843,520
Finance cost	7	(69,334)	(143,166)	-
NET FINANCE INCOME		**1,700,790**	**1,503,132**	**1,843,520**
PROFIT BEFORE INCOME TAX		**7,421,477**	**5,361,692**	**6,275,222**
Income tax expense	10	(1,398,258)	(2,011,579)	(1,987,443)
PROFIT FOR THE YEAR		**6,023,219**	**3,350,113**	**4,287,779**
OTHER COMPREHENSIVE INCOME				
Items that will never be reclassified to profit or loss:				
Defined benefit plans actuarial (losses)/gains, net of tax	21(e)	(524,368)	104,878	114,128
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,498,851**	**3,454,991**	**4,401,907**
PROFIT/LOSS ATTRIBUTABLE TO				
Owners of the Company		6,023,219	3,356,457	4,287,779
Non-controlling interest		-	(6,344)	-
PROFIT FOR THE YEAR		**6,023,219**	**3,350,113**	**4,287,779**
TOTAL COMPREHENSIVE ATTRIBUTABLE TO:				
Owners of the Company		5,498,851	3,461,335	4,401,907
Non-controlling interest		-	(6,344)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,498,851**	**3,454,991**	**4,401,907**
EARNINGS PER SHARE				
Basic earnings per share (kobo)	11(a)	192	107	137
Diluted earnings per share (kobo)	11(b)	192	107	137

The accompanying notes on pages 25 to 71 form an integral part of these financial statements.

Statement of changes in equity - Company
Attributable to equity owners of the Company
For the year ended 31 December 2013
In thousands of naira

	Share capital	Share premium	Other reserves	Retained earnings	Share based payment	Total equity
Balance at 1 January 2013	**1,564,594**	**11,517,941**	**3,380,688**	**5,296,780**	**13,884**	**16,463,223**
Comprehensive income for the year						
Profit for the year	-	-	-	6,023,219	-	5,996,746
Other Comprehensive income	-	-	-	(524,368)	-	(524,368)
Total comprehensive income for the year	**-**	**-**	**-**	**5,498,851**	**-**	**5,472,378**
Transactions with owners, recorded directly in equity						
Dividend declared (Note 11d)	-	-	-	(1,564,594)	-	-
Issue of ordinary shares (Note 20)	593	25,880	-	(26,473)	-	26,473
Share based payment charge	-	-	-	-	21,317	-
Total transactions with owners	**593**	**25,880**	**-**	**(1,591,067)**	**21,317**	**26,473**
Subsidiary's post acquisition result	-	-	55,660	(1,790,190)	-	55,660
Balance at 31 December 2013	**1,565,187**	**11,543,821**	**3,436,348**	**7,414,374**	**35,201**	**22,017,734**

Due to the merger of Stanmark Cocoa Processing Company Limited with Cadbury Nigeria Plc during the year, the 2013 figures in the financial statements incorporate the balances/results of the integrated entities. The comparative figures of last year are that of Cadbury Nigeria Plc – Separate Financial Statement.

The accompanying notes on pages 25 to 71 form an integral part of these financial statements.

Statement of changes in equity - Group
Attributable to equity owners of the Company

For the year ended 31 December 2012
In thousands of naira

	Share capital	Share premium	Other reserves	Retained earnings	Share based payment	Total	Non-Controlling Interest	Total equity
Balance at 1 January 2012	**1,564,594**	**11,517,941**	**3,432,591**	**129,941**	**18,690**	**16,663,757**	**(74,586)**	**16,589,171**
Comprehensive income for the year								
Profit for the year	-	-	-	3,356,457	-	3,356,457	(6,344)	3,350,113
Other Comprehensive income	-	-	-	104,878	-	104,878	-	104,878
Total comprehensive income for the year	**-**	**-**	**-**	**3,461,335**	**-**	**3,461,335**	**(6,344)**	**3,454,991**
Transactions with owners, recorded directly in equity						3461335	-	
Acquisition of Non-controlling interests	-	-	3,384	(76,697)	-	(73,313)	73,313	-
Share based payment recharge	-	-	-	-	(4,806)	(4,806)	-	(4,806)
Total transactions with owners	**-**	**-**	**3,384**	**(76,697)**	**(4,806)**	**(78,119)**	**73,313**	**(4,806)**
Balance at 31 December 2012	**1,564,594**	**11,517,941**	**3,435,975**	**3,514,579**	**13,884**	**20,046,973**	**(7,617)**	**20,039,356**

Following the merger of Stanmark Cocoa Processing Company Limited with Cadbury Nigeria Plc during the year, group financial statements for 2013 have not been presented as no group relationships existed at year end.

The accompanying notes on pages 25 to 71 form an integral part of these financial statements.

Attributable to equity owners of the Company

For the year ended 31 December 2012
In thousands of naira

	Share capital	Share premium	Other reserves	Retained earnings	Share based payment	Total equity
Balance at 1 January 2012	**1,564,594**	**11,517,941**	**3,380,688**	**894,873**	**18,690**	**17,376,786**
Comprehensive income for the year						
Profit for the year	-	-	-	4,287,779	-	4,287,779
Other Comprehensive income	-	-	-	114,128	-	114,128
Total comprehensive income for the year	**-**	**-**	**-**	**4,401,907**	**-**	**4,401,907**
Transactions with owners, recorded directly in equity						
Dividend to equity shareholders	-	-	-	-	-	-
Share based payment recharge	-	-	-	-	(4,806)	(4,806)
Total transactions with owners	**-**	**-**	**-**	**-**	**(4,806)**	**(4,806)**
Balance at 31 December 2012	**1,564,594**	**11,517,941**	**3,380,688**	**5,296,780**	**13,884**	**21,773,887**

The accompanying notes on pages 25 to 71 form an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2013
In thousands of naira

	Note	Company 2013	Group 2012	Company 2012
Cash flows from operating activities				
Profit for the year		6,023,219	3,350,113	4,287,779
Adjustments for:				
Depreciation	12(b)	1,529,039	1,527,165	1,427,587
Provision for share based payment	22	23,874	(4,806)	(4,806)
Amortisation of intangible assets	8	51,933	18,385	18,385
Finance income	7	(1,770,124)	(1,646,298)	(1,843,520)
Finance cost	7	69,334	143,166	-
Loss on sale of property, plant and equipment	8	36,844	169,729	149,024
Impairment of property, plant and equipment	12(b)	181,269	-	-
Loss on disposal of asset held for sale	8	-	17,097	17,097
Income tax expense	10	1,398,258	2,011,579	1,987,443
Gratuity and Long service awards charge	9	688,887	491,787	474,568
		8,232,533	6,077,917	6,513,557
Change in:				
Inventories		163,201	634,874	151,730
Trade and other receivables		(384,862)	(986,283)	(1,156,313)
Prepayments		399,916	(376,298)	(379,242)
Trade and other payables (excluding dividend)		(143,190)	3,657,551	3,273,350
Cash generated from operating activities		**8,267,598**	**9,007,761**	**8,403,082**
Employee benefit paid	21	(221,259)	(436,222)	(390,185)
VAT paid		(1,165,442)	(1,102,093)	(1,004,059)
Income tax paid	10(b)	(366,914)	(266,969)	(254,503)
Net cash from operating activities		**6,513,983**	**7,202,477**	**6,754,335**
Cash flow from investing activities				
Interest received		1,770,124	1,646,298	1,843,520
Proceeds from sale of property, plant and equipment		82,753	3,155	3,155
Acquisition of property, plant and equipment		(4,821,846)	(3,443,983)	(3,277,297)
Acquisition of intangible assets		(8,995)	(16,318)	(16,318)
Net cash used in investing activities		**(2,977,964)**	**(1,810,848)**	**(1,446,940)**
Cash flow from financing activities				
Bank overdraft repaid		(1,500,000)	-	-
Share based payment	22	(2,557)	-	-
Interest paid	7	(69,334)	(143,166)	-
Dividends paid	23(a)	(1,457,101)	(9,039)	(9,039)
Net cash used in financing activities		**(3,028,992)**	**(152,205)**	**(9,039)**
Net increase in cash and cash equivalents		507,027	5,239,424	5,298,356
Cash and cash equivalent at 1 January		17,242,130	10,502,706	11,808,574
Cash and cash equivalent at 31 December		**17,749,157**	**15,742,130**	**17,106,930**
Cash and cash equivalents are analysed below:				
Cash and bank balances		17,749,157	17,242,130	17,106,930
Bank overdraft		-	(1,500,000)	-
Cash and cash equivalent at 31 December	19	**17,749,157**	**15,742,130**	**17,106,930**

The accompanying notes on pages 25 to 71 form an integral part of these financial statements.

Notes to the financial statements

Notes to the financial statements

1 Reporting entity

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

The Company's brands fall into two principal categories, namely Refreshment Beverages and Confectionary and Intermediate Cocoa products. CADBURY BOURNVITA, TOMTOM and BUTTERMINT are the Refreshment beverages and Confectionery stable while COCOA BUTTER is the main product in the Intermediate Cocoa category.

Cadbury Nigeria Plc is owned 74.97% (2012: 74.99%) by Cadbury Schweppes Overseas Limited ("CSOL"), incorporated in the United Kingdom while CSOL is owned by Mondelez International, and 25.03% (2012: 25.01%) by a highly diversified spread of Nigerian individual and institutional shareholders. Other than CSOL, no other shareholder held more than 5% of the issued share capital of the Company as at 31 December 2013 (2012: Nil).

On 23 April 2013, the merger between the Company and Stanmark Cocoa Processing Company ("SCPCL") was approved and ordinary shares of Cadbury Nigeria Plc were issued and allotted to the shareholders of Stanmark Cocoa Processing Company Limited at a ratio in proportion to their shareholding in SCPL. As a result of this merger, the Company is now engaged in the production of a wide range of intermediate products such as cocoa butter, liquor and powder. Cocoa butter and liquor are exported to a wide range of international customers, while Cocoa powder is consumed locally.

As at 31 December 2013, Cadbury Nigeria Plc is primarily involved in the manufacturing, marketing and selling of BOURNVITA, TANG, TOMTOM, TOMTOM HONEY LEMON, AHOMKA GINGER, TREBOR BUTTERMINT, COCOA BUTTER, COCOA LIQUOR, COCOA CAKE and COCOA POWDER.

The financial statements as at and for the year ended 31 December 2013 comprises the financial information of Cadbury Nigeria Plc ("the Company").

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements were authorized for issue by the Board of Directors on 12 March 2014.

(b) Basis of measurement

These financial statements have been prepared under the historical cost basis and the use of actuarial methods for estimating certain employee benefits.

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note 21 – Employee benefit.
Note 22 – Share-based payment plan

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 16 – Deferred taxation
Note 21 – Employee benefits
Note 28 – Contingent liabilities and commitments
Note 23 – Trade and other payables

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except for Note 3(h)**-** Employee benefits and Note 3 (t)**-** New Standards and Interpretation effective from 1 January 2013.

(a) Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the rates of exchange prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for qualifying cash flow hedges, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(b) Financial instruments

i. **Non-derivative financial assets**

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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

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

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables.

Financial assets at fair value through profit or loss
A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

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

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

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

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

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

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

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

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

(c) Property, plant and equipment

(i) **Recognition and measurement**

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

Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized as profit or loss in the statement of comprehensive income.

(ii) **Subsequent costs**

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

(iii) **Depreciation**

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

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using a straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

The estimated useful lives for the current and comparative years of significant items of

- Leasehold land – Over the lease term period
- Buildings – 40 years
- Plant and Machinery
  - Power Generating Equipment –10 years
  - Packaging Equipment – 10 years
  - Food and Candy Processing Equipment – 10 years
  - Ovens 2 years
- Motor Vehicles
  - Motor Vehicles – 5 years
  - Tricycles – 3 years
- Furniture and Equipment – 6.67 years
- Software – 5 years

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

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

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

(d) Intangible assets

(i) **Research and expenditure**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) **Subsequent expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) **Other intangible assets**

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(iv) **Amortization of intangible assets other than goodwill**

Intangible assets are amortized on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. The estimated useful life of computer software for the current and comparative years is 5 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Leases

(i) **Leased assets**

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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

(ii) **Lease payments**

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

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

(iii) **Determining whether an arrangement contains a lease**

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

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

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

(f) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventory.

The basis of costing is as follows:

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

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

(g) Impairment

(i) Non-derivative financial assets

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

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

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

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

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

(ii) **Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite useful lives are tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

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

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired**.**

(h) Employee benefits

(i) **Defined benefit gratuity scheme**

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

The recognised liability is determined by an independent actuarial valuation every year using the projected unit credit method. Actuarial gains and losses arising from differences between the actual and expected outcome in the valuation of the obligation are recognized fully in other comprehensive income (OCI) (previously recognised in the Statement of profit or loss and other comprehensive income, now reclassified to OCI in accordance with IAS 19 which is effective for reporting periods starting after 1 January, 2013).

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

(ii) **Defined contribution plan**

A defined contribution scheme is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts in respect of all employee benefits relating to employee service in current and prior periods. In line with the provisions of the Pension Reform Act 2004, the Company has instituted a defined contribution pension scheme for its permanent staff. Staff contributions to the scheme are funded through payroll deductions. Obligations for contributions to the defined contribution plan are recognised as employee benefit expense in profit or loss in the periods which related services are rendered by employees. Employees contribute 7.5% each of their Basic salary, Transport & Housing Allowances to the Fund on a monthly basis. The Company's contribution is 10.3% of each employee's Basic salary, Transport & Housing Allowances**.**

(iii) **Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iv) **Share-based payment transactions**

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

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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

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

(v) **Other long-term employee benefits**

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

(vi) **Termination benefits**

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

(i) Provisions

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

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

(j) Contigent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

(k) Government grants

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

(l) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of value added tax, sales returns, trade discounts and volume rebates. Revenue is recognized when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

(m) Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income and changes in the fair value of financial assets at fair value through profit or loss where the Company holds such financial assets. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company’s right to receive payment is established.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss where the Company holds such financial assets and impairment losses recognized on financial assets (other than trade receivables).

Borrowing cost that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss.

Foreign currency gains and losses are reported on a net basis.

(n) Tax

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

(i) **Current tax**

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

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

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

(ii) **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(iii) **Tax exposures**

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

(o) Earnings per share

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

(p) Assets held for sale

Non-current assets held for sale, or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment loss on a disposal group first is allocated to goodwill (if it exists), and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured in accordance with the Company's accounting policies.

Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in statement of comprehensive income. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(q) Statement of cash flows

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

(r) Operating Segment

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

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

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

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

(s) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The extent of the impact of these standards is yet to be determined. The Company does not plan to adopt these standards early.

IFRS 9 Financial Instruments (2010) effective for annual periods beginning on or after 1 January 2018.

(t) New standards and interpretations effective from 1 January 2013

New IFRS standards and ammendment to existing standards that became effective for annual periods commencing on or after 1 January 2013, that have been applied in preparing the financial statement are stated below.

(i) Presentation of items of Other Comprehensive Income (OCI) (Amendment to IAS 1)

As a result of the amendments to IAS 1, the company has modified the presentation of items of OCI in its statement of profit or loss and OCI, to present items that would be reclassified to profit or loss in the future seperately from those that would never be. Comparative information has been represented on the same basis.

(ii) IFRS 13 Fair value measurement (2011)

In accordance with the transitional provisions of IFRS 13, the company has applied the new definition of fair value, as set out in Note 4, prospectively. The change has no significant impact on the measurements of the company's assets and liabilities.

(iii) IFRS 10 Consolidated Financial Statements

As a result of IFRS 10 (2011), the company has changed its accounting policy for determining whether it has control over and consequently whether it consolidates other entities. IFRS 10 (2011) introduces a new control model that focuses on whether the company has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns.
The change did not have a material impact on the company.

(u) Basis of consolidation

(i) Business combinations

The Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

(ii) Acquisitions of non-controlling interests
Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders; therefore no goodwill is recognized as a result of such transactions.

(iii) Subsidiaries
Subsidiaries are investees controlled by the Company. The Company controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsididiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

(iv) Loss of control
On the loss of control, the Company derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or at cost less impairment losses depending on the level of influence retained.

4 Determination of fair values

A number of the Company’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods indicated below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. The impact of the application of these standards on the entity’s financial information has not been determined.

(i) **Property, plant and equipment**
The fair value of property, plant and equipment recognised as a result of a business combination is based on the quoted market prices for similar items where available and replacement cost based on independent valuation where appropriate.

(ii) **Trade and other receivables**
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. Short term trade receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(iii) **Share-based payment transactions**
The fair value of the share based payment plan is measured at the grant date using the Monte Carlo model taking into account the terms and conditions of the plan.

5 Revenue

Revenue for the year comprises:	Company	Group	Company
In thousands of naira	2013	2012	2012
Domestic sales	32,487,607	30,687,076	30,554,392
Export sales	3,273,146	2,863,425	677,359
Total revenue	35,760,753	33,550,501	31,231,751

6 Other income

Other income comprises:	Company	Group	Company
In thousands of naira	2013	2012	2012
Sale of by-products	59,032	116,398	116,398
	59,032	116,398	116,398

7 Finance income and finance cost

Recognized in profit or loss:	Company	Group	Company
In thousands of naira	2013	2012	2012
Interest income on subsidiary loan	-	-	197,222
Interest income on bank deposits	1,770,124	1,646,298	1,646,298
Finance income	1,770,124	1,646,298	1,843,520
Finance cost	(69,334)	(143,166)	-
Net finance income recognised in profit or loss	1,700,790	1,503,132	1,843,520

8 Profit before tax

(a) Profit before tax is stated after charging/(crediting):	Company	Group	Company
In thousands of naira	2013	2012	2012
Directors' remuneration (Note 9(iv))	165,647	157,446	157,446
Depreciation (Note 12b)	1,529,039	1,527,165	1,427,587
Impairment (Note 12b)	181,269	-	-
Amortisation of intangible assets (Note 13)	51,933	18,385	18,385
Personnel expenses (Note 9(i))	5,336,250	5,035,653	4,793,070
Auditor’s remuneration	26,000	28,553	24,896
Loss on disposal of property, plant and equipment	36,844	169,729	149,024
Loss on disposal of asset held for sales	-	17,097	17,097
Know-how and trademark license Agreements	1,729,732	773,776	773,776
Operating lease cost (note 27)	167,925	189,997	189,997
Plant hire costs	46,069	52,180	52,180
Research and development cost	32,230	55,713	55,713
Foreign currency exchange loss/(gain), net	24,114	(16,728)	(16,728)

9 Personnel expenses

(i) Employee benefit expenses during the year comprises:

In thousands of naira	Company 2013	Group 2012	Company 2012
Salaries and wages	4,322,662	4,277,334	4,055,806
Pension contribution (Note 21c)	300,827	252,648	248,812
Gratuity and Long service awards (Note 21d)	688,887	491,787	474,568
Share-based transactions (Note 22)	23,874	13,884	13,884
	5,336,250	5,035,653	4,793,070

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

₦		₦	Company 2013 Number	Group 2012 Number	Company 2012 Number
200,000	-	400,000	1	1	1
400,001	-	600,000	6	24	3
600,001	-	800,000	13	55	32
800,001	-	1,000,000	88	283	274
1,000,001	-	1,200,000	253	139	134
1,200,001	-	1,400,000	114	133	129
1,400,001	-	1,600,000	98	75	68
1,600,001	-	1,800,000	131	66	65
1,800,001	-	2,000,000	83	47	45
2,000,001	-	2,500,000	98	38	37
2,500,001	-	3,000,000	26	14	12
3,000,001	-	3,500,000	21	14	13
3,500,001	-	4,000,000	8	9	9
4,000,001	-	4,500,000	10	14	14
4,500,001	-	5,000,000	13	13	13
5,000,001	and	above	101	86	85
			1,064	1,011	934

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

	Company	Group	Company
	2013	2012	2012
	Number	Number	Number
Production	600	648	608
Supply chain	221	167	137
Sales and marketing	168	108	106
Administration	75	88	83
	1,064	1,011	934

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

In thousands of naira	Company	Group	Company
	2013	2012	2012
Fees	6,500	1,750	1,750
Salaries	159,147	155,696	155,696
	165,647	157,446	157,446

The Directors' remuneration shown above includes:

In thousands of naira	Company	Group	Company
	2013	2012	2012
Chairman	2,577	750	750
Highest paid director	90,046	89,950	89,950

Other Directors received emoluments in the following ranges:

			Company	Group	Company
			2013	2012	2012
₦		₦	Number	Number	Number
Nil	-	100,000	2	2	2
100,001	-	1,000,000	-	2	2
3,000,001	-	5,000,000	2	-	-
60,000,000	-	65,000,000	1	1	1
			5	5	5

10 Income tax expense

Tax recognised in profit or loss:

In thousands of naira	Company 2013	Group 2012	Company 2012
Minimum tax	-	7,708	-
Current tax expense:			
Company income tax	610,423	469,378	469,378
Tertiary education tax	200,647	159,978	159,978
Prior year (over)/under provision	-	113,729	101,265
	811,070	750,793	730,621
Deferred tax expense:			
Deferred tax charge (Note 16)	587,188	1,260,786	1,256,822
	587,188	1,260,786	1,256,822
Income tax expense	**1,398,258**	**2,011,579**	**1,987,443**

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

(a) Reconciliation of effective tax rate:

In thousands of naira	%	Company 2013	%	Group 2012	%	Company 2012
Profit for the year		6,023,219		3,350,113		4,287,779
Taxation		1,398,258		2,011,579		1,987,443
Profit before income tax		**7,421,477**		**5,361,692**		**6,275,222**
Income tax using the Company's domestic rate of 30%	30.0	2,226,443	30.0	1,608,507	30.0	1,882,567
Recognition of previously unrecognised deferred tax assets	(2.7)	(201,934)	-	-	-	-
Impact of minimum and tertiary education tax	2.7	200,646	3.1	167,686	2.5	159,978
Under/(over) provision in prior years	-	-	2.1	113,729	1.6	101,265
Non-deductible expenses	(4.0)	(293,207)	(1.3)	(70,272)	(1.1)	(70,272)
Effect of tax incentives and exempted income	(7.2)	(533,691)	(1.6)	(86,095)	(1.4)	(86,095)
Current year losses for which no deferred tax asset was recognized	-	-	5.2	278,024	-	-
Tax expense	**19**	**1,398,257**	**37.5**	**2,011,579**	**31.6**	**1,987,443**

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

In thousands of naira	Company 2013	Group 2012	Company 2012
Balance, beginning of the year	629,356	179,165	153,238
Acquired through Merger	33,633	-	-
Current year charge	811,070	750,793	730,621
Payments during the year	(366,914)	(266,969)	(254,503)
WHT credit notes utilised	(261,660)	-	-
Balance, end of the year	**845,485**	**662,989**	**629,356**

11 Earnings and declared dividend per share

(a) Basic earnings per share

Basic earnings per share for the Company of 192 kobo (2012: Consolidated - 107 kobo and Company - 137 kobo) is based on the profit attributable to ordinary shareholders of ₦6,023,219,000 (2012: Group - ₦3,356,457,000 and Company - ₦4,287,779,000), and on the 3,130,374,239 (2012: 3,129,188,160) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year.

	Company 2013	Group 2012	Company 2012
Weighted average number of ordinary shares			
Issued ordinary shares at 1 January	3,129,188,160	3,129,188,160	3,129,188,160
Ordinary shares issued (Note 20(i))	1,186,079	-	-
Weighted average number of ordinary shares at 31 Dec 2013	3,130,374,239	3,129,188,160	3,129,188,160

(b) Diluted earnings per share

Diluted earnings per share for the Company of 192 kobo (2012: Consolidated - 107 kobo and Company - 137 kobo) is based on the profit attributable to ordinary shareholders of N6,023,219,000 (2012: Group - N3,356,457,000 and Company - N4,287,779,000), and on 3,130,374,239 (2012: 3,129,188,160) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year, after adjusting for all dilutive potential

	Company 2013	Group 2012	Company 2012
Weighted average number of ordinary shares			
Weighted average number of ordinary shares (basic)	3,130,374,239	3,129,188,160	3,129,188,160
Weighted average number of ordinary shares at 31 Dec 2013	3,130,374,239	3,129,188,160	3,129,188,160

(c) Certain comparative amounts in the statement of profit or loss and other comprehensive income have been re-stated as a result of a change in the accounting policy regarding the presentation of items of other comprehensive income as disclosed in Note 21 (b). Consequently, profit for the year for 2012 has been re-stated as follows:

In thousands of naira

	Group 2012 re-stated	Group 2012	Company 2012 re-stated	Company 2012
Profit for the year	3,350,113	3,454,991	4,287,779	4,401,907
Earnings per share (Kobo)	107	110	137	141

(d) Dividend declared per share

Dividend declared per share of 50 kobo (2012 : Nil) is based on total declared dividend of ₦1,564,594,083 on 3,129,188,160 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year.

12 Property, plant and equipment

(a) The movement on these accounts was as follows:
In thousands of naira

	Leasehold Land	Buildings	Plant & machineries	Furniture & equipment	Motor vehicles	Capital - Work in progress	Total
Cost or deemed cost							
At January 1, 2012 (restated) -(note(c))	652,800	3,354,704	10,020,864	1,001,963	647,432	998,847	16,676,610
Transfer from asset held for sale	-	-	17,601	-	-	-	17,601
Additions	-	-	-	-	-	3,277,297	3,277,297
Transfers	-	403,086	886,964	107,257	143,602	(1,540,909)	-
Disposals	-	(144,221)	(90,056)	(107,053)	(28,507)	-	(369,837)
At 31 December, 2012 (restated)	652,800	3,613,569	10,835,373	1,002,167	762,527	2,735,235	19,601,671
Accumulated depreciation and impairment losses							
Balance at January 1, 2012 (restated)	54,769	304,622	4,713,603	199,175	155,330	-	5,427,499
Depreciation for the year (restated)	10,925	86,130	1,070,099	133,900	126,533	-	1,427,587
Disposals	-	(22,638)	(80,145)	(86,368)	(28,507)	-	(217,658)
At 31 December, 2012 (restated)	65,694	368,114	5,703,557	246,707	253,356	-	6,637,428
Carrying amounts							
At January 1, 2012	598,031	3,050,082	5,307,261	846,633	448,257	998,847	11,249,111
At December 31, 2012	587,106	3,245,455	5,131,816	755,460	509,171	2,735,235	12,964,243

	Leasehold Land	Buildings	Plant & machineries	Furniture & equipment	Motor vehicles	Capital - Work in progress	Total
(b) **Cost or deemed cost**							
At January 1, 2013	652,800	3,613,569	10,835,373	1,002,167	762,527	2,735,235	19,601,671
Acquired through merger (note 15)	-	162,145	1,697,104	102,751	24,321	77,337	2,063,658
Additions	-	-	68,150	10,682	10,500	4,732,514	4,821,846
Disposals	-	(135,180)	(368,470)	(61,722)	(15,000)	-	(580,372)
Transfers		(583,284)	1,214,131	65,087	242,110	(938,044)	-
At 31 December, 2013	652,800	3,057,250	13,446,288	1,118,965	1,024,458	6,607,042	25,906,803
Accumulated depreciation and impairment losses							
Balance at January 1, 2013	65,694	368,114	5,703,557	246,707	253,356	-	6,637,428
Acquired through merger (note 15)	-	38,171	954,332	84,777	13,104	-	1,090,384
Depreciation for the year	10,925	106,430	1,132,246	105,924	173,514	-	1,529,039
Impairment (note c)	-	-	181,269	-	-	-	181,269
Disposals	-	(73,085)	(331,598)	(48,166)	(7,926)	-	(460,775)
At December 31, 2013	76,619	439,630	7,639,806	389,242	432,048	-	8,977,345
Carrying amounts							
At January 1, 2013	587,106	3,245,455	5,131,816	755,460	509,171	2,735,235	12,964,243
At December 31, 2013	576,181	2,617,620	5,806,482	729,723	592,410	6,607,042	16,929,458

(c) As part of its on-going review of property, plant and equipment, some items were reclassified from buildings to plant and machinery category. The impact of the reclassification of these items to plant and machinery on the profit or loss is considered immaterial. Furthermore, no third balance sheet is presented in line with IAS 8, as the reclassification did not result in a change to the carrying amount of property, plant and equipment in prior years.

(d) In current year, the company accelerated the depreciation charge for assets relating to the old Bournvita factory such that the related assets will be fully depreciated at the time Project META becomes operational. As at year end, an amount of ₦181 million was charged to the profit and loss with respect to the impairment of the old Bournvita factory.

(e) **Capital work in progress and borrowing costs**

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

	Company 2013	Group 2012	Company 2012
Plant and machinery	3,330,093	3,008,861	2,912,242
Buildings	605,751	168,040	137,865
Motor Vehicle	359,633	132,772	132,772
Office Equipment	97,316	94,418	94,418
Software	339,721	-	-
	4,732,514	3,404,091	3,277,297

No borrowing costs were capitalised during the year as the acquisition of property, plant and equipment was not through borrowings (2012: Nil).

(f) **Capital commitments**

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

In thousands of naira	Company 2013	Group 2012	Company 2012
Contracted	1,193,116	1,774,824	1,774,824
Not contracted	-	-	-
	1,193,116	1,774,824	1,774,824

13 Intangible assets

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

In thousands of naira

	Company 2013	Group 2012	Company 2012
Cost			
At 1 January	104,970	88,652	88,652
Addition	8,995	16,318	16,318
	113,965	104,970	104,970
Accumulated amortization			
At 1 January	50,334	31,949	31,949
Charge	51,933	18,385	18,385
	102,267	50,334	50,334
Carrying amounts			
At 1 January	54,636	56,703	56,703
At 31 December	11,698	54,636	54,636

14 Investment in subsidiary

In thousands of naira

	Company 2013	Group 2012	Company 2012
Equity	-	-	1,007,291

Equity represents the Company's investment in the share capital of Stanmark Cocoa Processing Company Limited (SCPLC). As a result of the merger of the two entities, equity represented by the company's investment in SCPLC was eliminated.

15 Merger

During the year, the Company sought and obtained shareholders' and regulatory approval to merge with Stanmark Cocoa Processing Company Limited. The Merger was effected on 23 April, 2013 and the financial and operational integration of both entities have been completed. The assets and liabilities acquired through the merger are as follows:

In thousands of naira

Property, plant and equipment	979,503
Inventory	246,939
Receivables and prepayments	1,431,887
Cash and cash equivalents	135,200
Total assets	**2,793,529**
Short term bank loans	1,500,000
Amounts due to Cadbury Nigeria Plc	1,850,779
Current tax liabilities	33,635
Employee benefits	93,396
Other liabilities	452,593
Total liabilities	**3,930,403**
Net liabilities	**(1,136,874)**

16 Deferred taxation

Deferred tax assets and liabilities are attributable to the following:

In thousands of naira

	Company 2013	Group 2012	Company 2012
(a) **Assets:**			
Property, plant and equipment and Intangible assets	-	-	-
Trade and other receivables	153,243	153,243	153,243
Unrealised exchange difference	3,759	2,540	2,540
Employee benefits	1,294,339	901,303	901,303
Tax assets	1,451,341	1,057,086	1,057,086
Liabilities:			
Property, plant and equipment and Intangible assets	(1,927,789)	(1,165,692)	(1,165,692)
Unrealised exchange difference	-	(5,383)	(5,383)
Tax liabilities	(1,927,789)	(1,171,075)	(1,171,075)
Net position:			
Property, plant and equipment and Intangible assets	(1,927,789)	(1,165,692)	(1,165,692)
Trade and other receivables	153,243	153,243	153,243
Unrealised exchange difference	3,759	(2,843)	(2,843)
Employee benefits	1,294,339	901,303	901,303
Net tax liabilities	(476,448)	(113,989)	(113,989)

(b) **Movement in temporary differences during the year**

	Balance 1 January 2013	Recognised in profit and loss	Recognised in Other comprehensive income	Balance 31 December 2013
Property, plant and equipment and Intangible assets	(1,165,692)	(762,097)	-	(1,927,789)
Trade and other receivables	153,243	-	-	153,243
Unrealised exchange difference	(2,843)	6,602	-	3,759
Employee benefits	901,303	168,307	224,729	1,294,339
	(113,989)	(587,188)	224,729	(476,448)

(c) **Unrecognised deferred tax assets**

In 2012, the company had a net deferred tax asset arising mainly from unutilised capital allowances and tax losses for its subsidiary. The company did not recognise the deferred tax asset in the subsidiary due to uncertainties relating to the timing of the amount and the reversal of these differences.

17 Inventories

In thousands of naira	Company 2013	Group 2012	Company 2012
Raw materials	656,184	866,085	812,008
Product in process	262,156	78,786	-
Finished products	715,468	750,614	715,329
Spare parts	131,912	119,055	54,126
Goods in transit	114,934	229,315	229,315
Total inventories	1,880,654	2,043,855	1,810,778

The value of raw materials, packaging materials, spare parts and changes in finished products and Products in process included in cost of sales amounted to ₦20,903 million (2012: ₦19,273 million - consolidated accounts and ₦17,678 million in the separate accounts).

18 Trade and other receivables

In thousands of naira	Company 2013	Group 2012	Company 2012
Trade receivables	3,937,307	3,857,151	3,546,526
Export expansion grant receivable	1,645,985	1,752,312	598,804
Other receivables	538,926	412,733	411,666
Due from related parties	267,790	244,609	1,699,135
	6,390,008	6,266,805	6,256,131
Current	6,390,008	6,266,805	5,742,579
Non current	-	-	513,552
	6,390,008	6,266,805	6,256,131

The Company’s exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in Note 26.

19 Cash and cash equivalents

In thousands of naira	Company 2013	Group 2012	Company 2012
Bank balances	4,717,551	3,062,837	2,927,637
Call deposits	13,031,606	14,179,293	14,179,293
Cash and cash equivalents	17,749,157	17,242,130	17,106,930
Bank overdrafts	-	(1,500,000)	-
Total cash and cash equivalents	17,749,157	15,742,130	17,106,930

20 Capital and reserves

(a) Ordinary shares as at 31 December

In thousands of naira	Company 2013	Group 2012	Company 2012
shares of 50k each	2,000,000	2,000,000	2,000,000

Issued and fully paid ordinary shares of 50k each

	Company 2013	Group 2012	Company 2012
At 1 January _(3,129,188,166 ordinary shares of 50k each)_	1,564,594	1,564,594	1,564,594
Issued during the year _(1,186,079 ordinary shares of 50k each)_	593	-	-
At 31 December	1,565,187	1,564,594	1,564,594

(i) At the Extra-Ordinary General Meeting of shareholders held on 23 April 2013, the shareholders resolved to issue 1 Cadbury Nigeria Plc share in exchange for 5.58 Stanmark Cocoa Processing Company Limited shares. A total of 1,186,079 ordinary shares of 50k each was issued to the minority shareholders of Stanmark Processing Company Limited in exchange for 6,618,325 Stanmark shares at a price of ₦22.31 per share. The total value of the shares issued amounted to ₦26 million and were funded by the Company.

(ii) On 18 November 2013, the Company notified the Security and Exchange Commission (SEC) of its Extra-Ordinary General Meeting (EGM) to consider and if thought fit pass the resolutions authorising a reduction in its share capital. Subsequently, the shareholders approval was obtained for the capital reduction at the EGM held on 19 December 2013. The Company obtained court approval on 30 December 2013 and Corporate Affairs Commission (CAC) approval on 12 February 2014. Upon approval, the Company cancelled a total of 1,252,172,198 ordinary shares of 50 kobo.

Nature and purpose of reserves

(b) Other reserves

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

(c) Share based payment reserve

The share based payment reserve relates to ordinary shares of the group that would be issued to employees when the options granted are being excised. As at year end, share based payment reserve amounted to ₦35.2 million

(d) Share premium

The movement of share premium account was as follows:

In thousands of naira

	Company 2013	Group 2012	Company 2012
At 1 January	11,517,941	11,517,941	11,517,941
Premium on shares issued during the year	25,880	-	-
At 31 December	11,543,821	11,517,941	11,517,941

21 Employee benefits

Provision for gratuity and other long term employee benefits comprises:

In thousands of naira	Company 2013	Group 2012	Company 2012
Present value of unfunded gratuity obligation	3,888,559	2,785,765	2,702,579
Other long-term employee benefits	425,905	311,974	301,764
Total employee benefit liabilities	4,314,464	3,097,739	3,004,343

The Company operates an unfunded annualised defined benefit gratuity scheme for its employees. Under the annualised defined benefit plan, gratuity is calculated on an annual basis using the salaries for each year to determine the benefits using projected unit credit method. The gratuity and other long term employee benefit provisions are based upon independent actuarial valuation conducted by HR Nigeria Limited.

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

(i) Movement in the present value of unfunded gratuity obligation:

In thousands of naira	Company 2013	Group 2012	Company 2012
Balance, beginning of year	2,702,579	2,860,640	2,764,640
Acquired through merger (note 15)	83,186	-	-
Included in profit or loss			
Benefits paid by the plan	(188,464)	(360,878)	(315,642)
Current service costs and interest	542,161	435,829	416,621
	3,139,462	2,935,591	2,865,619
Included in OCI			
Actuarial losses/(gains) arising from:			
- change in assumption	(384,797)	-	-
- change in experience	1,133,894	(149,826)	(163,040)
Balance, end of year	3,888,559	2,785,765	2,702,579

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

In thousands of naira	Company 2013	Group 2012	Company 2012
Balance, beginning of year	301,764	331,360	318,360
Acquired through merger (note 15)	10,210	-	-
Benefits paid by the plan	(32,795)	(75,344)	(74,543)
Current service costs and interest	90,312	91,272	86,500
Actuarial losses/(gains)	56,414	(35,314)	(28,553)
Balance, end of year	425,905	311,974	301,764

(b) Effect of change in accounting policy due to change in IAS 19. Actuarial gain previously included in administrative expenses and cost of sales in the Statement of profit or loss and other comprehensive income in 2012 has now been reclassified to other comprehensive income (OCI) in accordance with IAS 19 which is effective for reporting periods starting on or after I January 2013. Earnings per share was also adjusted accordingly. The financial statement line items affected are as stated below:

In thousands of naira

	As previously stated	Actuarial gains reclassified to	As restated
Group			
Cost of sales	22,453,202	104,878	22,558,080
Administrative expenses	2,174,326	44,948	2,219,274
Income tax expense	2,056,527	(44,948)	2,011,579
Profit for the year	3,454,991	104,878	3,350,113
Company			
Cost of sales	19,755,275	114,128	19,869,403
Administrative expenses	1,967,147	48,912	2,016,059
Income tax expense	2,036,355	(48,912)	1,987,443
Profit for the year	4,401,907	114,128	4,287,779

(c) **Pension Payable**

In thousands of naira	Company	Group	Company
	2013	2012	2012
Obligation as at 1 January 2013	114,289	110,686	108,415
Charge for the year	300,827	252,648	248,812
Payments	(278,130)	(246,774)	(242,938)
Obligation as at 31 December 2013	136,986	116,560	114,289

The balance on the pension payable account represents the amount due to the Pension Fund Administrators which is yet to be remitted at the year end.

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

In thousands of naira

	Cost of Sales	
	2013	2012
Defined benefit obligation expense	379,513	305,080
Pension expense	210,579	176,854
Long service awards expense	102,708	39,171
	692,800	521,105

	Administrative Expenses	
	2013	2012
Defined benefit obligation expense	162,648	130,749
Pension expense	90,248	75,794
Long service awards expense	44,018	16,787
	296,914	223,330

	Total	
	2013	2012
Defined benefit obligation expense	542,161	435,829
Pension expense	300,827	252,648
Long service awards expense	146,726	55,958
	989,714	744,435

(e) Actuarial gains and losses recognised in other comprehensive income are analysed as follows:

	Company	Group	Company
	2013	2012	2012
Defined benefit plans actuarial (losses)/gains	(749,097)	149,826	163,040
Tax expense/(income)	224,729	(44,948)	(48,912)
Defined benefit plans actuarial (losses)/gains net of tax	(524,368)	104,878	114,128

(f) Actuarial assumptions

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

	Company 2013	Group 2012	Company 2013
	%	%	%
Discount rate as at December 31	14	12	12
Future salary increases	12	12	12
Inflation rate	9	11	11

Mortality in service

Sample age	2013	2012
	Number of deaths in year out of 10,000 lives	Number of deaths in year out of 10,000 lives
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Mortality in Retirement

Sample age	Number of deaths in year out of 10,000 lives			
	Male		Female	
	2013	2012	2013	2012
65	210	210	96	96
70	325	325	165	165
75	499	499	281	281
80	760	760	474	474

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

Withdrawals/turnover

It is assumed that all the employees covered by the defined end of service benefit scheme would retire at age 60 (2012: age 60).

(g) Sensitivity analysis

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

		Gratuity	Long service awards
		₦'000	₦'000
Discount rate	-1%	4,065,664	459,523
	1%	3,738,876	396,094
Salary increase rate	-1%	3,781,229	403,615
	1%	4,009,911	450,665
Mortality rate	Improves by 10%	3,888,520	427,308
	Worsens by 10%	3,888,594	424,510

22 Share-based payment plan

The Group's ultimate holding company, Mondelēz International operates two Equity Incentive Schemes for its key management employees around the world known as the Deferred Stock Unit Agreement (DSU) and Non-Qualified Non-U.S. Stock Option Award Agreement (NSOA). Under the DSU agreement, Mondelēz International awards Restricted Stock Units (RSU) to employees that entitle participants to receive freely disposable Mondelēz International equity instruments or an equivalent amount in cash at the end of a three-year restriction period. Under the NSOA agreement, participating employees receive the share appreciation in value i.e., the difference between the fair value of the options on exercise date and the price on grant date at the end of the three year vesting period.

At 31 December 2013, Cadbury Nigeria Plc. has six (6) (2012: nine (9)) deserving management employees in its employment.

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

Grant date/employees entitled	Number of instruments	Vesting conditions	Contractual life of rights
Shares awarded to senior management in 2011	2,796	3 years' service	10 years
Shares awarded to senior management in 2012	2,022	3 years' service	10 years
Shares awarded to senior management in 2013	2,410	3 years' service	10 years

Movement in share based payment account was as follows:

In thousands of naira	Company	Group	Company
	2013	2012	2012
Cumulative amount at January 1	13,884	18,690	18,690
Reversal due to impact of corporate spin off	-	(18,690)	(18,690)
Exercised during the year	(2,557)	-	-
Recognized during the year	23,874	13,884	13,884
Cumulative amount at December 31	35,201	13,884	13,884

23 Trade and other payables

	Company	Group	Company
	2013	2012	2012
Trade payables	4,882,356	3,430,647	3,172,862
Dividend payable(note (a))	481,360	373,867	373,867
Accrued expenses*	4,930,942	8,099,830	7,905,020
Due to related parties(note (b))	3,246,638	2,838,091	2,838,091
	13,541,296	14,742,435	14,289,840

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

* Included in accrued expenses are provisions with respect to certain litigation and disputes with regulatory authorities on certain matters. The Company have assessed that the disclosure of such information may prejudice the position of the Company in the dispute; hence the disclosure requirement of IAS 37.84 and 85 have not been made.

(a) **Dividend payable**

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

	Company	Group	Company
	2013	2012	2012
Balance, beginning of year	373,867	382,906	382,906
Dividend declared	1,564,594	-	-
Payments made during the year	(1,457,101)	(9,039)	(9,039)
Balance, end of year	481,360	373,867	373,867

As at 31 December 2013, an amount of ₦107million of total dividend payable from dividend declared in 2012 is held with the Company's registrar.

(b) **Due to related companies**

Due to related companies represents technical service fees, royalty and other charges due to Cadbury UK, MDLZ EMMEA and other related companies.

24 Ultimate holding company

The Company is a subsidiary of Mondelēz International incorporated in the United States of America. Mondelēz International, through Cadbury Schweppes Overseas Limited held 74.97% of the issued and fully paid share capital of the Company at 31 December 2013 (74.99% : 2012).

25 Related party transactions

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

(a) **Cadbury UK, Cadbury UK Plc and Trebor Bassett Limited**

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

The trade mark license for 2013 have been presented for approval to the National Office for Technology Acquisition and Promotion. At the year end, the total amount due to Cadbury UK Limited was ₦1,586 million (2012: ₦2,838 million).

Other charges represent IT and other charges paid by Cadbury UK Limited on behalf of the Company in respect of IT hardware and software acquisition, licensing, software maintenance charges, and other sundry costs.

(b) **Mondelez Eastern Europe Middle East & Africa FZE (MDLZ EEMEA)**

MDLZ EEMEA is the regional Head Quarters of Eastern Europe, Middle East and Africa region of Mondelēz International. The Company has a draft know-how agreement with MDLZ EEMEA pending when it obtains approval from the National Office for Technology Acquisition and Promotion. Total amounts accrued for at year end in connection with the provision for technical services amounts to ₦914 million.

(c) **Cadbury Ghana Limited (CGL)**

The Company sells some of its products to CGL. Sales during the current year amounted to ₦570 million (2012: ₦682 million). The net amount due to the Company from CGL was ₦267 million (2012: ₦245 million) at year end.

(d) **Kraft Food South Africa (Pty) Limited (KFSAL)**

The Group sells cocoa butter to KFSAL. There were no sales in the current year (2012: ₦77 million).

(e) **Dirol Cadbury LLC (DCL)**

The Group sells cocoa butter to DCL. There were no sales in the current year (2012: ₦127 million).

(f) **Kraft Foods Thailand (KFT)**

The Company buys TANG products from KFT which it sells and markets to its consumers. Purchases in the current year amounted to ₦351.13 million (2012: ₦353 million). There were no outstanding amount due to KFT as at year end (2012: ₦6 million).

(g) **Stanbic IBTC Bank Plc**

The Company maintained banking relationship with StanbicIBTC Bank Plc during the year. The Chairman of the Company Atedo Peterside is also the non-executive Chairman of Stanbic IBTC Bank Plc. During the year, the Company held term deposits with Stanbic IBTC Bank Plc as investments. These deposits are included as part of the call deposits shown in note 19.

(h) **Transactions with executive management personnel**

Executive management personnel compensation

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

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

Executive management personnel compensation comprised:

In thousands of naira	Company 2013	Group 2012	Company 2012
Short-term employee benefits	382,398	320,981	320,981
Contribution to compulsory pension fund scheme	18,860	11,996	11,996
Defined contribution gratuity scheme	-	-	-
Other long-term benefits	-	-	-
Share based payments	23,874	4,536	4,536
	425,132	337,513	337,513

26 Financial Instruments

Financial risk management

Overview

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

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

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

Risk management framework

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

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

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

(a) ***Credit risk***

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

(i) Exposure to credit risk

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

In thousands of naira	Company 2013	Group 2012	Company 2012
Cash and cash equivalents	17,749,157	17,242,130	17,106,930
Trade receivables	3,937,307	3,857,151	3,546,526
Export expansion grant receivable	1,645,985	1,752,312	598,804
Other receivables*	233,639	54,068	53,001
Due from related parties	267,790	244,609	1,699,135
	23,833,878	23,150,270	23,004,396

* Other receivables net of WHT receivables

Trade and other receivables:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

More than 55% (2012: 86%) of the Company's customers have been transacting with the Company for over four (4) years, and no impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Company's distributors. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the Risk Management Committee, and future sales are made on a prepayment basis.

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

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

Gross amount

In thousands of naira	Company 2013	Group 2012	Company 2012
Not past due 0-30 days	3,934,400	3,354,838	3,051,461
Past due 31- 180 days	809	502,313	495,065
Past due 181- 365 days	-	-	-
More than one year	521,107	519,009	519,009
	4,456,316	4,376,160	4,065,535

Impairment

In thousands of naira	Company 2013	Group 2012	Company 2012
Not past due 0-30 days	-	-	-
Past due 31- 180 days	-	-	-
Past due 181- 365 days	-	-	-
More than one year	521,107	519,009	519,009
	521,107	519,009	519,009

Carrying amount

In thousands of naira	Company 2013	Group 2012	Company 2012
Not past due 0-30 days	3,934,400	3,354,838	3,051,461
Past due 31- 180 days	809	502,313	495,065
Past due 181- 365 days	-	-	-
More than one year	2,098	-	-
	3,937,307	3,857,151	3,546,526

The Company believes that the unimpaired amounts that are past due by more than 30 days are still collectable in full, based on historic payment behavior and extensive analysis of customer credit risk, including underlying customer credit ratings, when available.

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

Carrying amount

In thousands of naira	Company 2013	Group 2012	Company 2012
Four or more years trading history with the Company	3,846,796	2,867,053	2,556,428
Less than four years trading history with the Company	90,511	989,817	989,817
Higher risk	-	-	-
	3,937,307	3,856,870	3,546,245

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

Export expansion grant receivable

Export Expansion Grant (EEG) receivables represent incentives granted by the Nigerian Export Promotion Council (NEPC) to promote non-oil exports in the country. These grants are credits given as a percentage of each year's export sales as approved by the Council upon satisfaction of the agreed requirements. This is granted in the form of negotiable duty credit certificates (NDCCs) which can be used for the payment of import and excise duties.

As at year end, the Company had EEG receivable balance of ₦4.7 billion and an allowance for impairment that represents its estimate of incurred losses in respect of Export Expansion Grant of ₦3.1 billion.

The collective loss allowance is determined based on historical data of certificates received.

The aging of Export Expansion Grant at the reporting date was:

Gross amount

In thousands of naira	Company 2013	Group 2012	Company 2012
Not past due 0-30 days	102,809	49,086	9,651
Past due 31- 180 days	294,033	232,273	74,964
Past due 181- 365 days	258,333	249,392	52,648
More than one year	4,116,608	2,363,913	779,958
	4,771,783	2,894,664	917,221

Impairment

In thousands of naira	Company 2013	Group 2012	Company 2012
Not past due 0-30 days	(51,404)	-	-
Past due 31- 180 days	(147,017)	-	-
Past due 181- 365 days	(223,112)	(383,480)	(29,017)
More than one year	(2,704,265)	(758,872)	(289,400)
	(3,125,798)	(1,142,352)	(318,417)

Cash and cash equivalents:

The Company held cash and cash equivalents of ₦17,749 million at 31 December 2013 (2012: ₦17,242 million), which represents its maximum credit exposure on these assets.

(b) ***Liquidity risk***

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

The Company uses standard costing to cost its products, which assist it in monitoring cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 60 days. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. At 31 December 2013, the expected cash flows from trade and other receivables maturing within two months were ₦3,934 million (2012: ₦3,355 million). This excludes potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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

- US$8 million import finance facility to meet the importation needs of the Company. (2012: US$8.5 million). The facility has a tenure of 365 days that renews automatically at the option of the Company. This facility is priced at an interest rate of LIBOR + 2.75% per annum. As at year end, this facility was yet to be drawn down.

Analysis of non-derivative financial liabilities

In thousands of naira	Company 2013	Group 2012	Company 2012
Trade payables	4,883,277	3,430,647	3,172,862
Dividend payable	481,360	373,867	373,867
Accrued expenses*	4,343,021	7,104,830	6,910,020
Due to related parties	3,246,638	2,838,091	2,838,091
	12,954,296	13,747,435	13,294,840

* Accrued expenses net of provision (Note 23)

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

Company
31 December 2013
In thousands of naira

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1 – 2 years	2 – 5 years	More than 5 years
Trade and other payables	12,954,296	(12,954,296)	(8,423,332)	(4,530,043)	-	-	-
	12,954,296	**(12,954,296)**	**(8,423,332)**	**(4,530,043)**	**-**	**-**	**-**

Group
31 December 2012
In thousands of naira

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1 – 2 years	2 – 5 years	More than 5 years
Trade and other payables	13,747,435	(13,747,435)	(5,245,560)	(8,501,875)	-	-	-
Bank overdraft	1,500,000	(1,500,000)	(1,500,000)	-	-	-	-
	15,247,435	**(15,247,435)**	**(6,745,560)**	**(8,501,875)**	**-**	**-**	**-**

Company
31 December 2012
In thousands of naira

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1 – 2 years	2 – 5 years	More than 5 years
Trade and other payables	13,294,840	(13,294,840)	(5,698,155)	(7,596,685)	-	-	-
	13,294,840	**(13,294,840)**	**(5,698,155)**	**(7,596,685)**	**-**	**-**	**-**

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

(c) ***Market risk***

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

(i) ***Currency risk***

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

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

	Company	Group	Company
	2013	2012	2012
	GBP	**GBP**	**GBP**
Trade receivables*	-	-	-
Trade payables**	(2,665,787)	(2,051,250)	(2,051,250)
	(2,665,787)	(2,051,250)	(2,051,250)

	Company	Group	Company
	2013	2012	2012
	USD	**USD**	**USD**
Trade receivables*	4,487,129	1,551,354	1,551,354
Trade payables**	(165,277)	(170)	(170)
	4,321,852	1,551,184	1,551,184

* This amount relates to receivables from Cadbury Ghana for the sales of finished goods sold by the Company and also sales Cocoa butter and cake to export customers.

** This amount relates to payments to Cadbury UK and other intercompany partners on recharges and invoices for other services rendered to Cadbury Nigeria Plc.

The following significant exchange rates applied during the year:

	Average	
Naira	2013	2012
GBP 1	252.8	255.0
USD 1	159.9	159.0

	Reporting date spot rate	
Naira	2013	2012
GBP 1	267.1	257.5
USD 1	160.3	157.4

(ii) ***Sensitivity analysis***

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

The analysis is performed on the same basis for 2013, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below:

31 December 2013

In thousands of naira	Equity	Profit or Loss
GBP (10 percent weakening)	(71,203)	(71,203)
USD (10 percent weakening)	(69,279)	(69,279)

31 December 2012

In thousands of naira	Equity	Profit or Loss
GBP (10 percent weakening)	(52,820)	(52,820)
USD (10 percent weakening)	24,418	24,418

A strengthening of the naira against the above currencies at 31 December 2013 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(d) **Interest rate risk**

In managing interest rate risk, the Company aims to reduce the impact of short-term fluctuations in earnings. Dividend pay-out practices seek a balance between giving good returns to shareholders on one hand and maintaining a solid debt/equity ratio on the other hand.

Fixed rate instruments	**Carry amounts**	
In thousands of naira	2013	2012
	%	%
Financial liabilities	-	8
Variable rate instruments		
Financial liabilities	-	-

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the end of the reporting period would not affect profit or loss.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The Company does not have any variable rate financial assets and liabilities as at the end of the year (2012: Nil).

(e) **Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company’s processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company’s operations.

The Company’s objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company’s reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to executive management. This responsibility is supported by the development of overall Company’s standards for the management of operational risk in the following areas:

- documentation of processes, controls and procedures
- periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified by the risk management committee
- training and professional development of employees
- appropriate segregation of duties, including the independent authorization of transactions
- monitoring of compliance with regulatory and other legal requirements
- requirements for reporting of operational losses and proposed remedial action
- development of contingency plans for various actions
- reconciliation and monitoring of transactions
- development, communication and monitoring of ethical and acceptable business practices
- risk mitigation, including insurance when this is effective.
- monitoring of business process performance and development and implementation of improvement mechanisms thereof

Compliance with the Company’s standards, established procedures and controls is supported by periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with management to which they relate, with summaries presented to the Audit Committee and executive management of the Company at management meetings.

(f) **Capital management**

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

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

	Company 2013	Group 2012	Company 2012
Total liabilities	19,177,693	20,117,152	18,037,528
Less: Cash and Cash equivalents	(17,749,157)	(17,242,130)	(17,106,930)
	1,428,536	2,875,022	930,598
Total Equity	23,994,931	20,039,356	21,773,887
Net debt to equity ratio	0.06	0.14	0.04

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

(g) **Fair values**

Fair values versus carrying amounts

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

Financial assets

In thousands of naira	**31 December 2013**		**31 December 2012**	
	Carrying Amount	**Fair value**	**Carrying Amount**	**Fair value**
Assets carried at amortized cost				
Trade receivables	3,937,307	3,937,307	3,857,151	3,857,151
Export expansion grant receivables	1,645,985	1,645,985	1,752,312	1,752,312
Other receivables	233,639	233,639	54,068	54,068
Due from related parties	267,790	267,790	244,609	244,609
Cash and cash equivalent	17,749,157	17,749,157	17,242,130	17,242,130
	23,833,878	23,833,878	23,150,270	23,150,270

Financial liabilities

In thousands of naira	**31 December 2013**		**31 December 2012**	
	Carrying Amount	**Fair value**	**Carrying Amount**	**Fair value**
Trade payables	4,883,277	4,883,277	3,430,647	3,430,647
Dividend payable	481,360	481,360	373,867	373,867
Accrued expenses	4,343,021	4,343,021	7,104,830	7,104,830
Due to related parties	3,246,638	3,246,638	2,838,091	2,838,091
Bank overdraft	-	-	1,500,000	1,500,000
	12,954,296	12,954,296	15,247,435	15,247,435

27 Operating leases

Non-cancellable operating lease rentals are as follows:

In thousands of naira

	Company 2013	Group 2012	Company 2012
Less than one year	134,747	90,761	90,761
Between one and five years	32,615	8,160	8,160
	167,362	98,921	98,921

The Company leases a number of warehouses, offices, accommodation facilities and motor vehicles under operating leases. The leases typically run between one and five years with an option to renew the lease after the expiration date. Lease payments are increased every two years to reflect market rentals. As at year end, unpaid lease rental for subsequent periods, amounted to ₦108.86 million (2012: ₦50.76 million) and paid lease rental for subsequent periods amounted to ₦58.50 million (2012: ₦48.16 million).

During the year ended 31 December 2013, an amount of ₦167.9 million was recognized as an expense in the statement of profit or loss and other comprehensive income in respect of operating leases (2012: ₦189.9 million).

28 Contingent liabilities and commitments

(a) The Company is subject to various claims and litigation and other contingent liabilities arising in the normal course of the business. Contingent liabilities in respect of pending litigation and other possible claims amounted to ₦27.5 million (2012: ₦17.6 million). Based on independent legal advice and investigations conducted to date, no material loss is expected to arise from these claims.

(b) The Company is subject to an ongoing investigation by a regulatory body. The investigation is yet to be completed as at balance sheet date. The Company is not in a position to evaluate what, if any, penalties or losses may arise on completion of the investigation. The Directors are of the opinion that all known liabilities, which are relevant in assessing the financial position of the Company, have been taken into consideration in the preparation of these financial statements.

29 Operating Segments

(i) Business segments

The Company has two reportable business segments summarized as follows:

Segment	**Description**
Refreshment Beverages and Confectionery	This includes the production and sale of Bournvita, Tang, Tom Tom, Ahomka ginger, Hacks and Buttermint.
Intermediate Cocoa Products	This includes the production and sale of cocoa powder, cocoa butter, cocoa liquor and cocoa cake.

Information regarding each reportable business segment is shown below:

Revenue

In thousands of naira	Company	Group
	2013	2012
Refreshment Beverages and Confectionary	32,929,366	31,231,751
Intermediate cocoa products	3,837,968	4,155,193
Less: Intersegment revenue	(1,006,581)	(1,836,443)
	35,760,753	33,550,501

Depreciation, amortisation and Impairment

Refreshment Beverages and Confectionary	1,658,834	1,445,972
Intermediate cocoa products	103,407	99,578
	1,762,241	1,545,550

Finance income

In thousands of naira	Company	Group
	2013	2012
Refreshment Beverages and Confectionary	1,770,124	1,843,520
Intermediate cocoa products	-	-
Less: Intersegment interest income	-	(197,222)
	1,770,124	1,646,298

Finance cost

In thousands of naira	Company	Group
	2013	2012
Refreshment Beverages and Confectionary	-	-
Intermediate cocoa products	69,334	340,388
Less: Intersegment interest expense	-	(197,222)
Total per profit and loss account	69,334	143,166

Profit before taxation

In thousands of naira	Company 2013	Group 2012
Refreshment Beverages and Confectionary	7,163,742	6,275,222
Intermediate cocoa products	257,735	(913,530)
Elimination	-	-
Total per profit and loss account	7,421,477	5,361,692

Property, plant and equipment (NBV)

In thousands of naira	Company 2013	Group 2012
Refreshment Beverages and Confectionary	15,809,583	12,964,243
Intermediate cocoa products	1,119,875	979,503
Elimination	-	(6,229)
Total NBV of PPE (Note 12 (a))	16,929,458	13,937,517

Net assets

In thousands of naira	Company 2013	Group 2012
Refreshment Beverages and Confectionary	22,510,938	21,773,887
Intermediate cocoa products	1,483,993	(1,136,871)
Elimination	-	(597,660)
Total net assets	23,994,931	20,039,356

(ii) **Geographical segments**

The Company has two reportable geographical segments summarised as follows:

Segment	**Description**
Domestic sales	This comprises sales within Nigeria.
Export sales	This comprises sales to countries in Africa and Europe.

Information regarding the operations of each reportable geographical segment is

In thousands of naira	Company 2013	Group 2012	Company 2012
Domestic sales	32,487,607	30,687,076	30,554,392
Export sales	3,273,146	2,863,425	677,359
	35,760,753	33,550,501	31,231,751

30 Subsequent events

Except for matters disclosed in note 20(a) of these financial statements, there are no other significant subsequent events, which could have had a material effect on the state of affairs of the Company as at 31 December 2013 that have not been adequately provided for or disclosed in the financial statements.

Other Financial Information

Value Added Statement

For the year ended 31 December 2013
In thousands of naira

	Company 2013	%	Group 2012	%	Company 2012	%
Revenue	35,760,753		33,550,501		31,231,751	
Interest income	1,770,124		1,646,298		1,843,520	
Other income	59,032		116,398		116,398	
Bought in materials and Services						
- Local	(21,394,793)		(21,353,940)		(19,033,399)	
- Imported	(1,605,814)		(1,866,852)		(1,644,006)	
Value added	14,589,302		12,092,405		12,514,264	
Applied as follows:						
Employees as salaries, wages and other staff costs	5,336,250	37	5,035,653	42	4,793,070	37
Providers of capital as interest on borrowings	69,334	-	143,166	1	0	-
Government as taxes	1,398,258	10	2,011,579	17	1,987,443	16
Retained in the business as:						
- Depreciation and Impairment	1,710,308	12	1,527,165	13	1,427,587	12
- Amortisation	51,933	-	18,385	-	18,385	-
- To augument the reserves	6,023,219	41	3,356,457	27	4,287,779	35
	14,589,302	100	12,092,405	100	12,514,264	100

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

Three - Year Financial Summary

In thousands of naira

	2013	2012	2011
Statement of comprehensive income:			
Revenue	35,760,753	33,550,501	34,110,547
Profit before income tax	7,421,477	5,361,692	5,053,022
Income tax expense	(1,398,258)	(2,011,579)	(1,382,467)
Profit for the year	6,023,219	3,454,991	3,670,555
Non-controlling interest	-	(6,344)	(6,540)
Retained profit/(loss)for the year	5,498,851	3,461,335	3,677,095
Statement of financial position:			
Non-current assets	16,941,156	13,992,153	13,424,430
Current assets	26,231,468	26,164,355	20,231,922
	43,172,624	40,156,508	33,656,352
Funds employed:			
Share capital	1,565,187	1,564,594	1,564,594
Share premium	11,543,821	11,517,941	11,517,941
Other reserves	3,436,348	3,435,975	3,432,591
Share based payment reserve	35,201	13,884	18,690
Retained earnings / (Accumulated losses)	7,414,374	3,514,579	129,941
Non-controlling Interest	-	(7,617)	(74,586)
	23,994,931	20,039,356	16,589,171
Shareholders' fund			
Current liabilities	14,386,781	16,905,424	13,875,181
Non-current liabilities	4,790,912	3,211,728	3,192,000
	43,172,624	40,156,508	33,656,352
Per-share data:			
Basic earnings per share	192	107	117

Earnings per share is based on issued and fully paid share capital at 31 December 2013.

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information related to prior periods have not been presented as it is based on a different financial reporting framework (Nigerian GAAP) and is therefore not directly comparable.

Distributors' List

- A.D.Basharu
- Adeayo Integrated Servs. Ltd
- Ajoke Stores Ltd.
- Al. Umar Ahmed Kunji Gen. Enterprises
- AL-AZAF Trading Company Ltd.
- Alh Garba Dankane Jega Nig Ltd.
- Alh. Abdullahi Kassim Enterprises
- Al-Yuhadhash Nig. Ltd
- Anambaco Limited
- Arinola Precious Ventures
- Asko Kem Global Limited
- AUB
- Aye Tonis Stores
- Basrose Stores Ltd.
- Bukos Ventures Ltd.
- C Obinna Integrated Link Ltd
- CFAO General Imports.
- Chazek Company Nigeria Ltd.
- De Favour Stores
- E.C. Umeh Ventures
- E.H. Okika Nigeria Ltd
- Egap
- Ernus Ventures Ltd.
- F.M.Ige.
- Fabeto Nig. Ltd.
- Faseyitan Trading Nig. Ltd.
- Fatarik Business Limited.
- Fausat Olawepo Enterprises.
- Fishmonger Nig. Enterprises.
- Franco International (west Africa) Limited
- Fresh Business Limited
- Hamisu Investment Company
- Hammalat Business Ventures.
- Hasbar Investment Nig Ltd
- Iya Eskay Nig Ltd
- J.O. Adebiyi & Sons Nig. Ltd.
- Jodeb
- Joke Agnes
- Kachalla Brother
- King Arinze Enterprises
- Kubmite
- Lawzion Merchandise Ent.
- M. Elejire & Sons Nig. Ltd.
- M.A. Onigbinde & Sons Ltd.
- M.O. Okoro & Sons. Ltd.
- Mafagots Industries Ltd.
- Maybat Intergrated Network Nig. Ltd.
- MOFAD Ltd.
- Mosadosu Nigeria Ltd.
- Nasiru Tukur Faru Enterprises Nig. Ltd.
- Nna-Nna & Sons Nig. Ltd.
- NORTEX
- Nze Sam and Associates Trading Company Nigeria Ltd.
- Obeuch Emehige Nig Enter.
- Obinna Okafor Provision Store
- Olayiwola Stores
- Olufunmilayo Nig. Ltd.
- Reachout Network Enterprises.
- S.C. Okafor And Sons
- S.C. Okafor Nigeria Limited.
- Seacoast Nigeria Ltd
- Sunky Supermarket Ventures.
- Taiken Ventures Ltd.
- The Lord Doing Global Concept
- Tijenny Global Resources Ltd.
- Tinuola Stores Ltd.
- UBAMACO Ventures Ltd.
- United Multi distribution Company
- Usman Achida Abdullahi.