

IAS 1 – Presentation of Financial Statements.

Presented by Israel Usidamen

ACCOUNTING YARD

Brief profile of the facilitator



Israel Usidamen

- Practiced audit for about 8 years before joining the industry.
- Former Financial Controller at listed downstream oil and gas company
- Currently leads the Finance Dept of another midstream company O&G Company (not listed).
- Prize winner with **Institute of Chartered Accountants of Nigeria (ICAN).**
- Teaches financial and corporate reporting at Wyse Associates Limited.
- Co-Founder at Accounting Yard, a brand that seeks to bridge the gap between practical accounting and theoretical accounting.

Disclaimer

Please note that the published annual reports and financial statements referenced and used throughout this course are solely for educational purpose and nothing more.

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Objectives of financial statements

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Deep dive: Content of Financial Statements

Objectives of financial statements.

"When the **purpose** of something is unknown, abuse is inevitable.

Dr. Myles Munroe

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Financial Statements: Meaning and Objectives

What are Financial Statements (FS)?

- ✓ FS are a structured representation of the financial position and financial performance of an entity.
- ✓ For this course, our focus will be on "General Purpose FS" i.e., a financial statement that is majorly prepared for consumption of "**the primary users**[1]" (see list of primary users in subsequent slides).

Objectives of Financial Statements (FS)?



To provide information about the **financial position**, **financial performance** and **cash flows** that is useful to **primary users** in making economic decisions.



To show the results of the management's stewardship of resources entrusted to it.

[1] Primary users are lenders, potential and existing investors, suppliers and other creditors.

General features of financial statements.

"A great product isn't just a collection of features. It's how it all **works together**.

Tim Cook

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General features of financial statements

These are underlying principles/traits that drive how we prepare and present the financial statements.

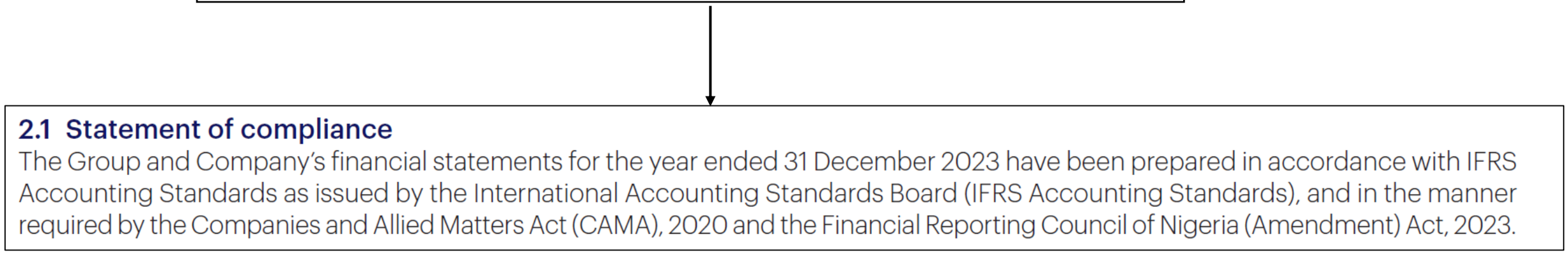
- Fair Presentation & compliance with IFRS
- Consistency of presentation
- Comparative information
- Frequency of reporting
- Going concern
- Accrual basis
- Materiality & Aggregation
- Offsetting

Fair presentation & compliance with IFRS.

Fair presentation is achieved by doing the following:

1. Select and apply accounting policies in accordance with IAS 8.
2. Comply with all applicable IFRSs.[1]
3. Present all the information in the FS in a relevant, reliable, comparable and understandable manner.
4. Provide additional disclosures where IFRS is not sufficient.

After complying with all applicable IFRSs, you must also "expressly" make an **explicit** statement in the notes of such compliance (Statement of compliance with IFRS).



2.1 Statement of compliance

The Group and Company's financial statements for the year ended 31 December 2023 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

[1] In extremely rare circumstances when an IFRS violates fair presentation, an entity can select not to apply such IFRS (this is called "True and Fair Override")

Consistency of presentation

Presentation and classification (P&C) of items must remain same from one period to the next unless:

1. There is a significant change in operations that warrants change in P&C.
2. Better presentation is identified due to an FS review.
3. An IFRS requires a change in presentation.

Comparative information (CI)

This is of two categories: minimum and additional

Minimum content of an FS →

1. 2 SFPs
2. 2 SPLOCI's
3. 2 SCF
4. 2 SCE
5. The related notes.

Additional CI →

1. A 3rd comparative period to one or more of the minimum contents e.g., you can add a 3rd SPLOCI (this is optional).

2. A 3rd SFP only if there is a retrospective adjustment (Mandatory).

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED

	Notes	31 December 2023 ₦'000	31 December 2022 ₦'000
Revenue	6	635,951,600	482,470,780
Cost of sales	7	(554,131,894)	(422,286,679)
Gross profit		**81,819,706**	**60,184,101**
Other income	8.1	4,333,092	3,482,059
Other expenses	8.1.2	(11,501,118)	-
Selling & distribution costs	10.1	(6,662,683)	(3,701,516)
Administrative expenses	10.2	(44,373,619)	(32,337,293)
Net impairment write-back on financial assets	30 (iv)	358,570	40,189
Operating profit		**23,973,948**	**27,667,540**
Finance income	9	3,807,580	2,256,941
Finance costs	9	(10,200,597)	(5,392,201)
Net finance costs		**(6,393,017)**	**(3,135,260)**
Profit before income taxation		**17,580,931**	**24,532,280**
Income taxation	11.1.1	(4,668,387)	(8,413,904)
Profit for the year		**12,912,544**	**16,118,376**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gain/ (loss) on employee benefits during the year	12 (i)	12,458	(9,435)
Related tax	11.3	(4,111)	3,067
Other comprehensive income		**8,347**	**(6,368)**
Total comprehensive income for the year		**12,920,891**	**16,112,008**

Minimum comparative information 1: Present 2 Statements of profit or loss & other comprehensive income (current year and prior year).

TOTALENERGIES MARKETING NIGERIA PLC

STATEMENT OF FINANCIAL POSITION
AS AT

	Notes	31 December 2023 ₦'000	31 December 2022 ₦'000
Non-current assets			
Property, plant and equipment	16	43,130,868	41,866,105
Right-of-use assets	17 (i)	7,950,570	7,938,283
Intangible assets	15	207,391	191,875
Trade and other receivables	19.1	7,124,287	1,985,733
Total non-current assets		**58,413,116**	**51,981,996**
Current Assets			
Inventories	18	73,906,481	59,275,749
Witholding tax receivables	11.2.1	1,060,072	984,265
Trade and other receivables	19	152,113,177	111,391,821
Prepayments	20	1,464,074	1,457,577
Cash and cash equivalents	27	88,158,753	82,724,315
Total current assets		**316,702,557**	**255,833,727**
Total assets		**375,115,673**	**307,815,723**
Equity			
Share capital	26	169,761	169,761
Retained earnings		55,907,981	50,117,049
Total equity		**56,077,742**	**50,286,810**
Non-current liabilities			
Deferred tax liabilities	11.3	8,459,307	7,655,848
Lease liabilities	22	469,398	361,427
Employee benefits	12	1,586,944	1,551,290
Total non-current liabilities		**10,515,649**	**9,568,565**
Current liabilities			
Current tax liabilities	11.2	4,781,505	6,351,740
Loans and borrowings	21	84,540,792	47,741,972
Trade and other payables	24	214,105,902	190,091,170
Deferred income	25	4,610,130	3,402,832

Minimum comparative information 2: Present 2 Statements of financial position (current year and prior year).

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Notes	Share capital ₦'000	Retained earnings ₦'000	Total equity ₦'000
Balance at 1 January 2023		169,761	50,117,049	50,286,810
Profit for the year		-	12,912,544	12,912,544
Other comprehensive income for the year		-	8,347	8,347
Total comprehensive income for the year		-	12,920,891	12,920,891
Transactions with owners of the Company:				
Contributions and Distributions				
Prior year final dividend	13.1	-	(7,129,959)	(7,129,959)
Total transactions with owners of the Company		-	(7,129,959)	(7,129,959)
Balance at 31 December 2023		**169,761**	**55,907,981**	**56,077,742**

for the year ended 31 December 2022

	Notes	Share capital ₦'000	Retained earnings ₦'000	Total equity ₦'000
Balance as at 1 January 2022		169,761	41,449,544	41,619,305
Profit for the year		-	16,118,376	16,118,376
Other comprehensive income for the year		-	(6,368)	(6,368)
Total comprehensive income for the year		-	16,112,008	16,112,008
Transactions with owners of the Company:				
Contributions and Distributions				
Forfeited dividend	13.1	-	92,881	92,881
Prior year final dividend	13.1	-	(6,179,297)	(6,179,297)
Current year interim dividend	13.1	-	(1,358,087)	(1,358,087)

Minimum comparative information 3: Present 2 Statements of changes in equity (current year and prior year).

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED

	Note	31 December 2023 ₦'000	31 December 2022 ₦'000
Profit for the year		12,912,544	16,118,376
Adjustments for:			
Depreciation of property, plant and equipment	16	5,838,897	5,361,062
Depreciation of right-of-use asset	17 (i)	2,268,402	2,122,940
Amortisation of intangible assets	15	78,081	51,832
Provision for employee benefits	12 (i)	216,773	551,033
(Write back)/Write off of inventory (Net)	18.1	516,277	(160,202)
Gain on disposal of property, plant and equipment	8.1	(241,018)	(153,569)
Net foreign exchange loss/(gain)	8.2	11,501,118	(71,876)
Net finance costs	9	6,393,017	3,135,260
Income taxation	11.1.1	4,668,387	8,413,904
		44,152,477	35,368,760
Changes in:			
- Inventories	18 (a)	(15,147,009)	(29,913,456)
- Trade and other receivables	19.1 (a)	(51,206,257)	(52,195,874)
- Prepayments	20 (a)	(6,497)	(8,643)
- Trade and other payables	24 (a)	26,460,023	53,875,547
- Withholding tax credit notes recovered	11.1.1	1,222,432	109,145
- Witholding tax credit note utilized	11.2.1	(75,807)	624,276
- Deferred income	25 (a)	1,207,298	333,841
Cash (used in)/generated from operating activities		**6,606,661**	**8,193,597**
Payment for employee benefits	12 (i)	(168,661)	(167,274)
Interest on staff loans	9	332,414	247,747
Interest on lease liabilities	9	(181,942)	(67,431)
Tax paid	11.2	(5,460,465)	(5,483,084)
Withholding tax paid	11.2	(1,201,243)	(1,136,567)
Net cash (used in)/generated from operating activities		**(73,236)**	**1,586,988**
Cash flows from investing activities			
Additions to right-of-use asset	17 (iii)	(2,280,689)	(2,199,045)
Purchase of property, plant and equipment	16	(7,191,456)	(8,576,623)
Purchase of intangible assets	15	(93,597)	(120,405)
Effect of foreign exchange rate change	23	634,577	74,744
Interest received on deposits for unclaimed dividend	9	86,951	83,028
Interest received on deposits	9	3,388,215	1,926,166
Proceeds from disposal of property, plant and equipment	16.2	328,813	237,542
Net cash used in investing activities		**(5,127,186)**	**(8,574,593)**
Cash flows from financing activities			
Interest paid on bank overdraft	9	(2,300,502)	-

Minimum comparative information 4: Present 2 Statements of cash flows (current year and prior year).

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED

6 Revenue

Revenue generated from the Company's revenue streams are as follows;

	31 December 2023 ₦'000	31 December 2022 ₦'000
Petroleum products	509,307,183	362,725,030
Lubricants and others	126,644,417	119,745,750
	635,951,600	482,470,780

The above revenue streams are recognised at a point in time.

7 Cost of sales

	31 December 2023 ₦'000	31 December 2022 ₦'000
Net changes in inventory of lubes, greases and refined products[1]	539,591,998	408,521,834
Custom duties	4,357,489	4,491,838
Transport of supplies	10,182,407	9,273,007
	554,131,894	422,286,679

[1]Net changes in inventory of lubes, greases and refined products relates to product-related purchases, utilization and provisions during the year.

8 Other income and expenses

	31 December 2023 ₦'000	31 December 2022 ₦'000
8.1 Other income		
Network income[1]	4,092,074	3,256,614
Gain on disposal of property, plant and equipment	241,018	153,569
Net foreign exchange gain (note 8.2)	-	71,876
	4,333,092	3,482,059

[1] Network income represents income from Bonjour shop, rent, vendor management fees and other miscellaneous income.

8.1.2 Other expenses		
Net foreign exchange loss (note 8.2)	(11,501,118)	-
	(11,501,118)	-

Minimum comparative information 5:

Line items presented in the SPLOCI, SFP, SCF and SCE may also be broken down in the note showing the figures for both current year and years.

Minimum comparative information 6 – if an entity mentions any amount, relating to the current period, within a narrative or description, the comparative amount for prior year must also be immediately mentioned. See below examples

14 Earnings per share (EPS)

Basic earnings per share

Basic earnings per share of ₦38.09 (2022: ₦47.47), is based on profit attributable to ordinary shareholders of ₦12.9 billion (2022: ₦16.1 billion), and on the 339,521,837 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year (2022: 339,521,837 ordinary shares).

NOTES TO THE FINANCIAL STATEMENTS

11 Company Income Tax

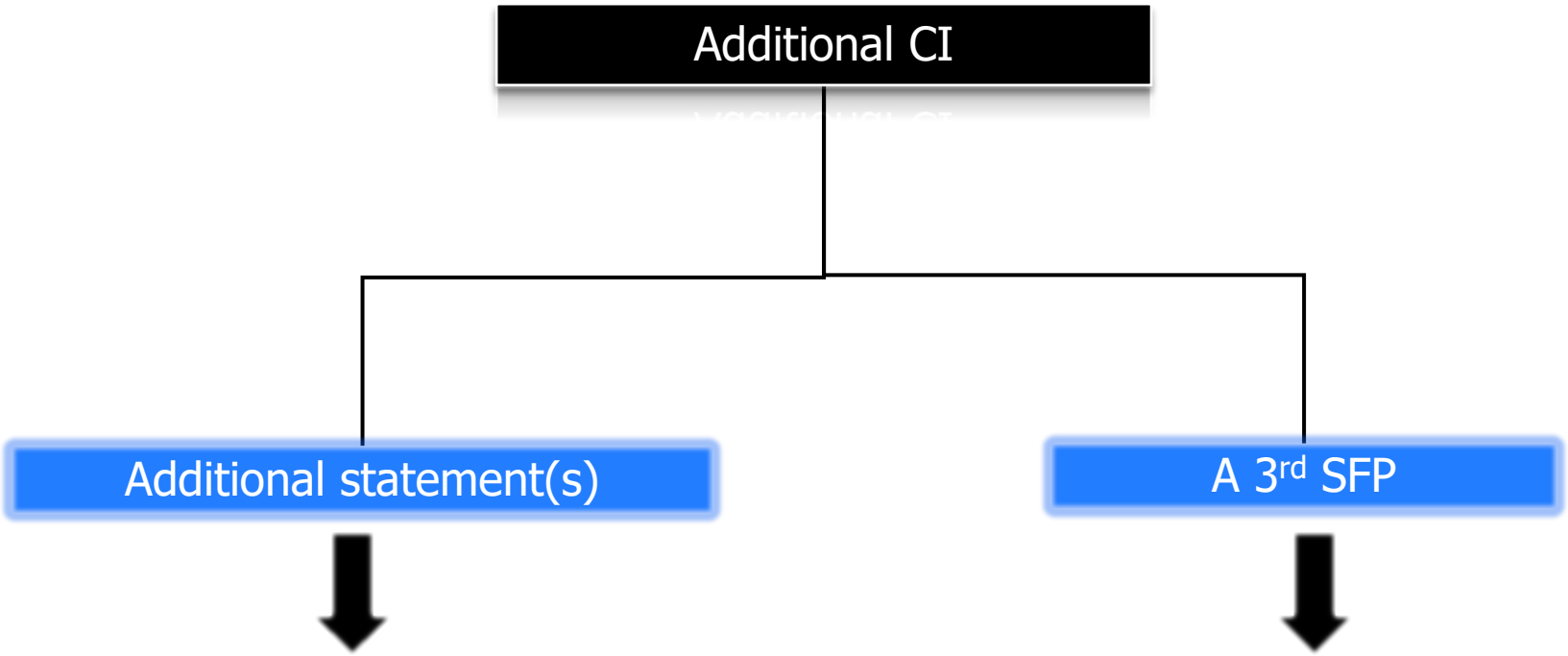
Income tax expense

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

Minimum Tax

The Company has considered the provisions of the Companies Income Tax Act and the Finance Act 2021 that mandates a minimum tax assessment, where a tax payer's tax liability based on taxable profit is less than the minimum tax liability. The Company's assessment based on the minimum tax legislations for the year ended 31 December 2023 is nil (31 December 2022: nil).

Additional Comparative Information (CI)



In addition to the minimum CI, an entity can choose to present a third comparative period for any of the SPLOCI or SFP or SCF or SCE.

The 3rd statement need not be prepared for each of them, an entity can **at its discretion** identify which one or more of them it wishes to disclose a 3 comparative period.

A 3rd SFP is required in line with IAS 8, if:

1. A retrospective application materially impacts the beginning of the comparative period (BCP).

2. A retrospective reclassification impacts the (BCP)

XYZ Limited
Statement of financial position
as at 31st December 2023

	Notes	31-Dec-23 N'000	31-Dec-22 N'000	1-Jan-22 N'000
ASSETS				
Non-current				
Property, plant & equipment	12	116,508,872	93,207,098	104,766,377
Intangible assets	13	3,237	2,589	2,080
Investment property	14	23,485,892	18,788,714	23,454,444
Deferred tax asset	11.3	-	-	4,052
Non-current assets		**139,998,001**	**111,998,401**	**128,226,954**
Current				
Inventory	15	2,163,475	1,730,780	2,142,056
Trade and other receivables	16.3	118,152	94,522	98,110
Other assets	17	398,683	318,947	84,608
Cash and cash equivalent	18	2,315,390	1,852,312	2,059,664
Current assets		**4,995,700**	**3,996,560**	**4,384,438**
Total assets		**144,993,702**	**115,994,961**	**132,611,392**
EQUITY				
Share capital	19	1,000	800	1,000
Retained earnings/(loss)		(5,139,755)	(4,111,804)	(3,507,679)
Total equity		**(5,138,755)**	**(4,111,004)**	**(3,506,679)**
LIABILITIES				
Non-current				
Borrowings	20	127,192,593	101,754,074	115,472,417
Deferred tax liability	11.3	74,272	59,417	-
Non-current liabilities		**127,266,865**	**101,813,492**	**115,472,417**
Current				
Trade and other payables	21	86,372	69,098	74,262
Contract liabilities	22	328,924	263,139	193,414
Current tax liability	11.2	4,544	3,635	491
Borrowings	20	22,445,752	17,956,601	20,377,485
Current liabilities		**22,865,592**	**18,292,473**	**20,645,653**
Total liabilities		**150,132,456**	**120,105,965**	**136,118,071**
Total equity and liabilities		**144,993,702**	**115,994,961**	**132,611,392**

The comparative period circled in red is referred to as "the beginning of the comparative period".

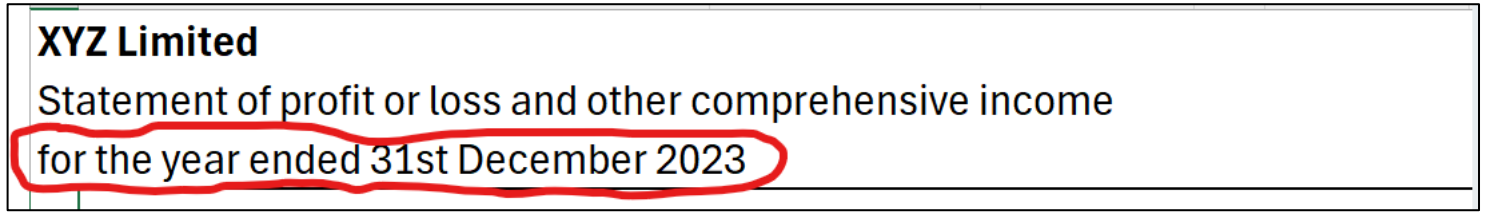
This is required when there is retrospective application or classification with material effect on any period beginning before 2022 (in this case) – See IAS 8 for further read.

Frequency of Reporting (FoR)

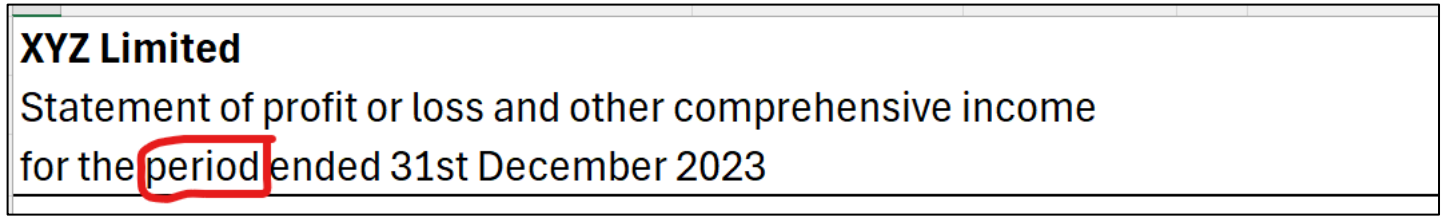
An entity shall present a complete set of financial statements (including comparative information) at least **annually**.

If shorter or longer because of changing its year end, disclose:
1. the reason for using a longer or shorter period, and
2. the fact that amounts presented in the financial statements are not entirely comparable.

Example (show example in class in a published FS)



The frequency is always indicated in the FS. The FoR is expressed as "Year" if the FS covers 12-months.



If the FS covers less than or more than 12-months, the FoR is expressed as "period" instead of "year".

Try-outs

Try-out 1
Mention the 4 features we just discussed.

a) Comparability, Consistency, Continuity, Periodicity

b) Fair presentation and compliance with IFRS, Consistency of presentation, Comparative Information, Frequency of Reporting.

c) Fair presentation and compliance with IFRS, Consistency of presentation, Monetary presentation, Frequency of Reporting.

Try-out 2
If I make a statement like "it is not enough to present only figures, we must also include explanations that allows the user to better understand the figures. Which of the features does this directly relate to?

a) Consistency of presentation.
b) Fair presentation and compliance with IFRS
c) Materiality
d) Comparative information

Try-out 3
In 2022 FS, an entity presented recruitment cost as part of "Professional fees". In 2023, it's proposing to include it in "Staff cost". Which of the features will this violate? (Please ignore the correctness of the presentation treatment)

a) Consistency of presentation.
b) Fair presentation and compliance with IFRS
c) Monetary presentation
d) Comparative information

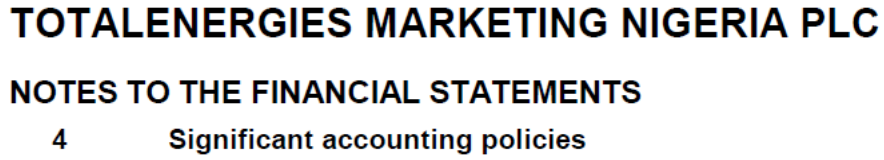
Try-out 4
From the following dates, what is the beginning of the comparative period for the year ended 31 December 2021. (explain your answer)

a) 1 January 2019
b) 1 January 2020
c) 1 January 2021
d) 31 December 2019

Try-outs

Try-out 5
The below heading was extracted from TotalEnergies 2023 audited FS under which the entity's Significant Accounting Policies were extensively disclosed.

Of all the 4 features we just discussed, which does this directly reflect?



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NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies

Try-out 6
The facilitator should display a published FS, identify at least 4 items in the FS and request participants to associate each item to any of the 4 features discussed.

Try-out 7
There are 2 methods for presenting a statement of cash flows: Direct & Indirect.

In 2022, Company A presented its statement of cash flows (SCF) using the direct method. In 2023, without a strong rationale, the Company intends switching to the indirect method of presenting its SCF.

Which feature(s) of a good FS is applicable and advise Company A?

Try-out 6
Company Q just disposed a major investment. The Company did not provide sufficient details about this disposal in the FS.

What feature(s) of a good FS may have been violated?

Going Concern (GC)

Four things are worthy of note here when preparing FS:

1. Assess the entity's ability to survive the foreseeable future (at least 12 months after the reporting date). **See below for ways of making assessment**.

2. If the assessment reveals that there is a "material uncertainty" that casts doubt on GC, such should be disclosed in the FS. (**facilitator to give example of material uncertainty and show it in a published FS (Daar Communications Plc)**).

3. After the assessment, FS should be prepared on GC basis even if there is a material uncertainty. GC basis assumes that the entity will continue to operate for the foreseeable future.

4. If the assessment reveals that the Company is not a GC, the FS must clearly state this, and the GC basis should not be used. The entity can select any other basis (e.g., break-up basis).

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

2.4 Financial period

These financial statements cover the financial year from 01 January 2023 to 31 December 2023, with corresponding figures for the financial year from 01 January, 2022 to 31 December, 2022.

2.5 Going concern

The directors have undertaken a review of the Company's business activities and have concluded that the Company will still be able to realise its assets and settle its obligations as they fall due and as such these financial statements have been prepared on the basis applicable to a going concern.

Example of GC basis disclosure in a published FS

(Facilitator to show 4 more published FS where this was done)

How can an entity assess its GC status?

Financial indicators

1. Net liability or net current liability position.
2. Fixed-term borrowings approaching maturity without realistic prospects of renewal or repayment.
3. Excessive reliance on short-term borrowings to finance long-term assets.
4. Indications of withdrawal of financial support by creditors.
5. Negative operating cash flows indicated by historical or prospective FS
6. Adverse key financial ratios.
7. Substantial operating losses.
8. Significant deterioration in the value of assets used to generate cash flows.
9. Arrears or discontinuance of dividends.
10. Inability to pay creditors on due dates.
11. Inability to comply with the terms of loan agreements.
12. Change from credit to cash-on-delivery transactions with suppliers.
13. Inability to obtain financing for essential new product development or other essential investments

Operating indicators

1. Management intentions to liquidate the entity or to cease operations.
2. Loss of key management without replacement.
3. Loss of a major market, key customer(s), franchise, license, or principal supplier(s).
4. Labor difficulties.
5. Shortages of important supplies.
6. Emergence of a highly successful competitor.

Other indicators

1. Non-compliance with capital or other statutory or regulatory requirements, such as solvency or liquidity requirements for financial institutions.
2. Pending legal or regulatory proceedings against the entity that may, if successful, result in claims that the entity is unlikely to be able to satisfy.
3. Changes in law or regulation or government policy expected to adversely affect the entity.
4. Uninsured or underinsured catastrophes when they occur.

Other inputs to assessing GC

1. Prepare a realistic cash flow forecast demonstrating how the entity intends generating sufficient cash to survive the foreseeable future.

2. If the entity depends on a related company that is more financially stable, a letter from the that Company declaring unequivocally declaring its financial support for the reporting entity (Comfort Letter).

Facilitator to share both documents: (1) where the 3 indicators were assessed; and (2) sample cash flow forecast

Accrual basis of accounting

- There are different basis of accounting – cash basis, accrual basis, modified basis etc.
- FS prepared in accordance with IFRS, CAMA and other local regulatory requirements are prepared using the **accrual basis of accounting (ABA)** except for cash flow information.
- Under ABA, an entity recognises items as assets, liabilities, equity, income and expenses without regards to movement of cash. Movement of cash is **NOT** a pre-requisite to recognising these items
- Instead, these items are recognised **ONLY** when they satisfy the recognition criteria laid down in the entity's accounting policies (in accordance with IFRS, the Conceptual Framework and any laws, as appropriate).
- **In layman terms, income is recognised when it is earned (i.e., when the goods or service is delivered) and expenses is recognised when incurred (when the goods or service is received).**

Example

On 22nd of December 2023, Entity A performed cleaning services for a customer. The value of the service is worth N50,000. However, the customer only paid on 4th of January 2024.

In line with the accrual basis, income will be recorded on the 22nd of December and **NOT** on the 4th of January 2024.

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Materiality & Aggregation

- In accounting, we only "celebrate" a figure or a disclosure "**if it is material**".
- Information is material if **omitting**, **misstating** or **obscuring** it could reasonably be expected to influence the decisions that the primary users of general purpose FSs make on the basis of those financial statements, which provide financial information about a specific reporting entity.
- Present separately each material class of similar items.
- Present separately items of a dissimilar nature or function **unless they are immaterial**.
- An item that is not sufficiently material to warrant separate presentation in the SFP, SPLOCI, SCF, SCE, may warrant separate presentation in the notes.

Bonus
Facilitator to share a free practical video on how to determine materiality in practice.

Offsetting

- An entity shall **NOT** offset assets and liabilities or income and expenses, unless required by a specific IFRS.
- Measuring assets net of valuation allowances—for example, obsolescence allowances on inventories and doubtful debts allowances on receivables—is not offsetting.

Try-outs

Try-out 1

Company A entered into a major professional (corporate strategy) consultancy agreement for which it incurred an expense of N2.9bn – deemed to be significant given the company's size.

On the face of the FS, this fee has been included as part of "staff cost".

What feature(s) of a good FS must be pre-dominantly upheld?

Try-out 2

While evaluating the 2023 financials of Entity A, you observed that it had a net liability position (i.e., total liability is higher than total assets) for both years presented and the Company has been consistently incurring losses year on year.

What general feature(s) is applicable and what will you expect Entity A to disclose in its financials.

Try-out 3

A Company is contemplating how to present two items in the financial statements – *whether to combine them as one item or not to*. One of the items is a land in Lekki, Lagos whose book value is based on recent market value of N10bn. The 2nd item is a 3-months investment in KJ Bank whose value is based on the historical cost incurred to purchase the investment.

Should these items be combined as one item in the FS and which feature(s) is applicable here?

Try-out 4

Company A just terminated an agreement with one of its customers. 83.17% of the Company's revenue is generated from this agreement.

What general feature(s) will you have in mind when reporting this in the FS?

ACCOUNTING YARD

Try-outs – Cont'd

Try-out 5
1 Jan 2022 – KKK Ltd sold goods to customer and earned income of CU20m on that day.

8 Jan 2022 – KKK Ltd receives CU20m payment from customer

On which of the above dates should income be recorded?

Try-out 6
4 March 2022 – KKK Ltd bought raw materials on credit from vendor for CU2m and took immediate ownership of the item.

8 March 2022 – KKK Ltd paid vendor half of the CU2m

10 April 2022 – KKK Ltd settled the remaining half

On which of the above dates should the raw material be recorded?

Try-out 7
9 July 2022 – KKK Ltd received an advance inflow of CU10m from a customer.

8 August 2022 – KKK Ltd delivered the purchased item to the customer

On which of the above dates should income be recorded?

Try-out 8
9 July 2022 – KKK Ltd made an advance payment to a vendor of CU80m.

8 August 2022 – The vendor delivered the item purchased

On which of the above dates should expenses be recorded?

ACCOUNTING YARD

Contents of financial statements.

"Inspiration exists, but it has to find you working.

Pablo Picasso

ACCOUNTING YARD

Content of Annual Report & FS.

Bringing the pieces together –
Common Content of Annual Report & FS

1. The Independent Auditor's Report
2. The Directors' Report
3. Statement of Directors' Responsibilities (SoDR).
4. Statement of Corporate Responsibilities (SoDR).
5. Statement of profit or loss & other comprehensive income (SPLOCI)
6. Statement of financial position
7. Statement of cash flows
8. Statement of changes in equity
9. Notes, including **material** accounting policies to the FS.
10. Comparative information (See slides on comparative information)

Other National Disclosures

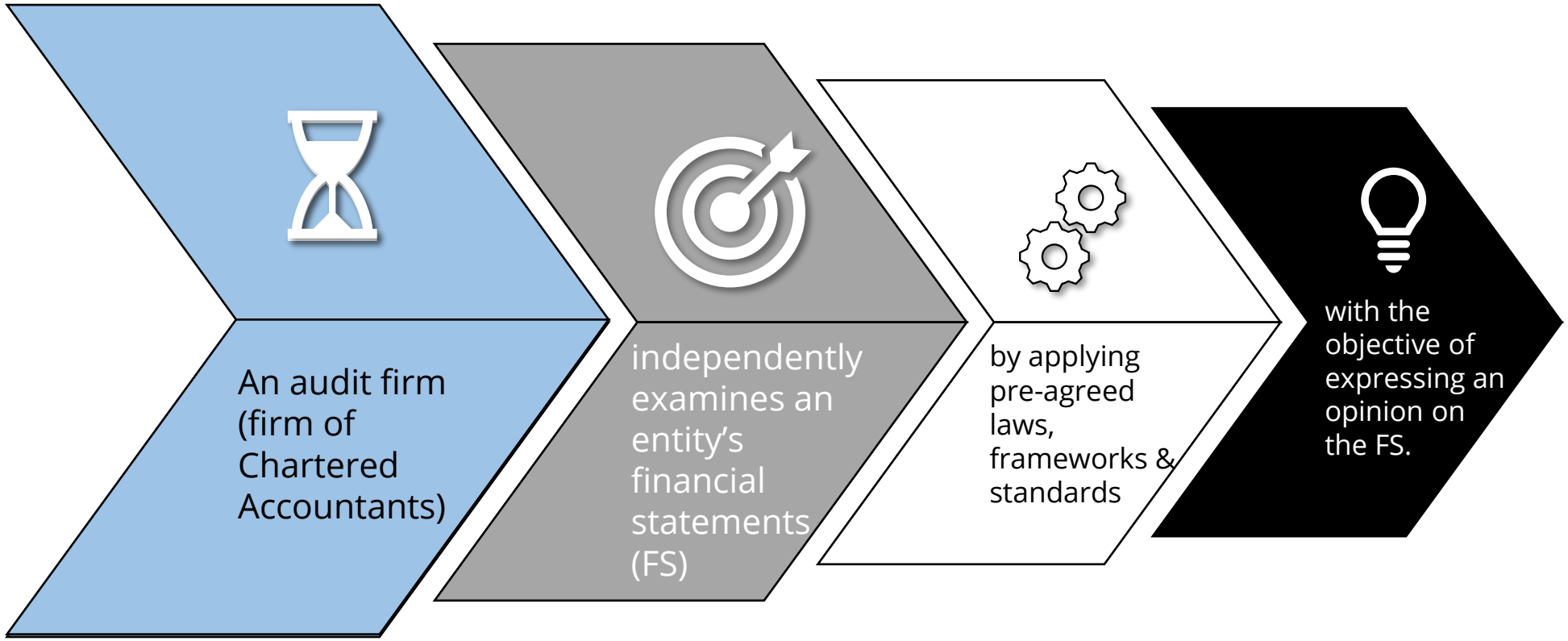
1. Value added statement
2. Five-year financial summary

ACCOUNTING YARD

Independent Auditor’s Report

ACCOUNTING YARD

What is a financial statement audit?



ACCOUNTING YARD

Two parties are involved in the audit work: the auditor and the client.



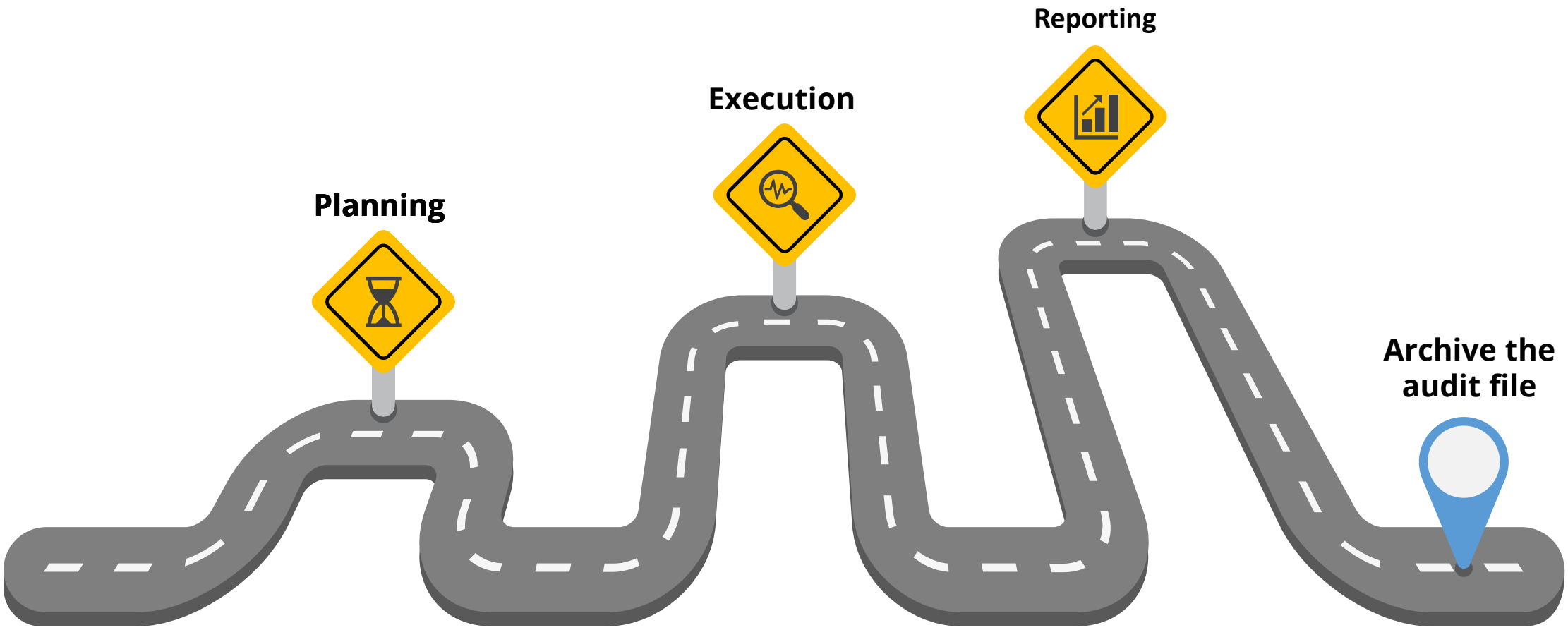
Audit firm

The Audit Team interfaces with the representatives of the Company (typically called “Client”). They work to gather evidence which form the basis for expressing their opinion.

The Client

The Company being audited will be represented by their staff. The staff are to provide the trial balance and other information to enable the auditor carry out ther work.

Overview of an Audit carried out in accordance with the International Standards on Auditing (ISA)



Bonus!
Facilitator to share e-book showing checklist and key considerations to prepare for a year-end audit.

In addition, interested participants can also purchase Accounting Yard's course on audit in practice for Beginners at a discounted price.

Elements of an Independent Auditor's Report

1. Title
2. Addressee
3. Auditor's Opinion
4. Basis for Opinion
5. Material Uncertainty Related to Going Concern (if applicable)
6. Key Audit Matters (KAMs) - (if applicable)
7. Emphasis of matter (if applicable)
8. Other matter (if applicable)
9. Other information
10. Responsibilities of the Directors for the Financial Statements
11. Auditor's Responsibilities for the Audit of the Financial Statements
12. Report on Other Legal and Regulatory Requirements (if applicable)
13. Name & signature of the Engagement Partner (along with FRC Number)
14. Name of the audit firm
15. Date of the Audit Report

Facilitator should share the audit report from a published FS and briefly explain its structure.

Facilitator should display DAAR Communication Plc's FS to show application of the paragraph for "Material Uncertainty Related To Going Concern".

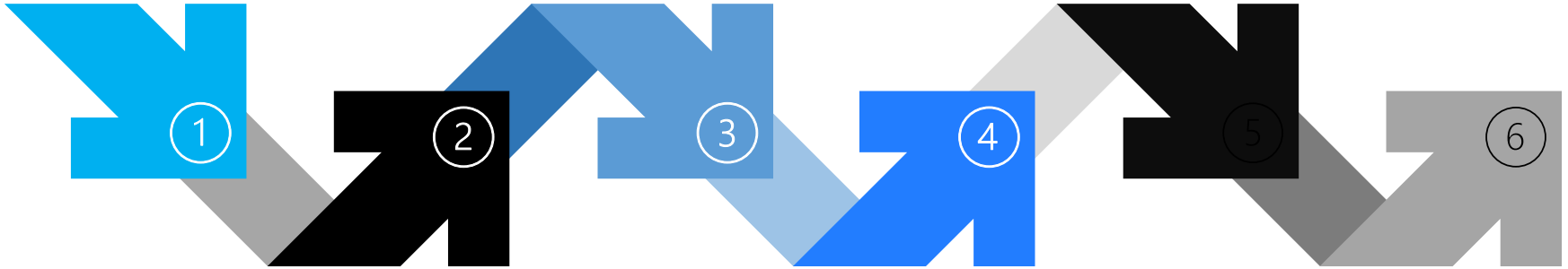
ACCOUNTING YARD

Directors Report.

General Essence of a Director's Report

Facilitator should share the Director's Report in a published FS and briefly explain the content.

1. Financial statements (FS) focuses mostly on the figures. What is included in these FS is strictly guided by the requirements of accounting standards and laws.
2. Beyond the FS, the Directors still have a lot to say about the entity they've been entrusted with.
3. To allow the Directors speak about how they have run the Company (beyond its FS), the Director's Report has been provided.
4. With the report, Directors can report as much as required to the shareholders of the Company.
5. It has been included as key reporting requirement in accordance with Section 385 of CAMA.
6. It is usually signed by the Company's Secretary on behalf of the Directors.



Statement of Director's Responsibilities (SoDR)

&

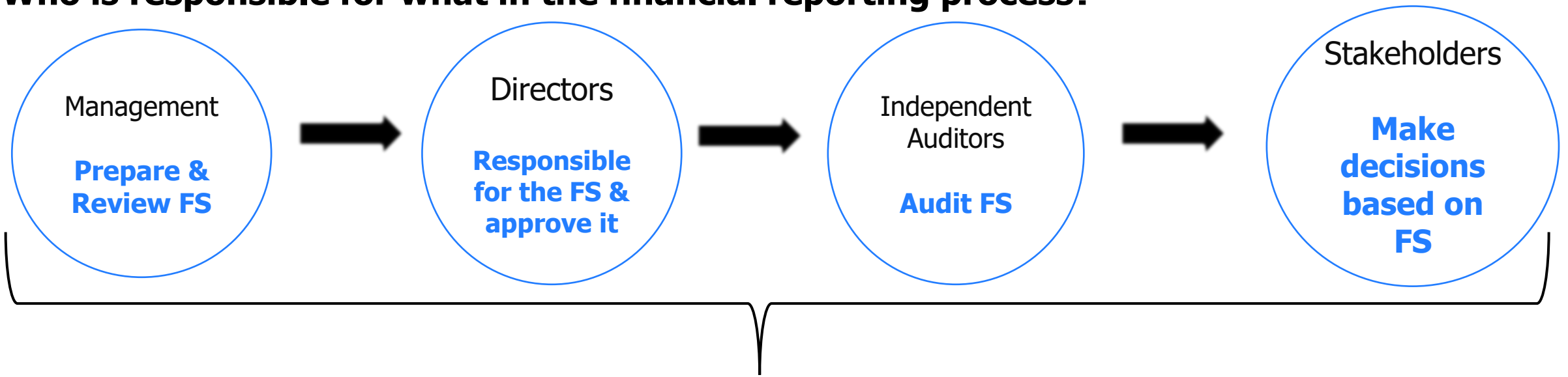
Statement of Corporate Responsibilities (SoCR)

ACCOUNTING YARD

SoDR and SoCR

Facilitator to display an SoDR & SoCR

Who is responsible for what in the financial reporting process?



Regulators
Review FS and oversee the performance of the directors and external auditors

- Directors presented the Director's Report (and SoDR) showing their activities and attesting to their responsibilities. SoDR is signed by 2 Directors.
- The Independent Auditor also has a report of their work.
- However, there seems to be silence about the responsibilities of senior management (especially if they're not directors). That's where the SoCR comes in! It's required by Section 405 of CAMA. SoCR is signed by CEO and CFO (or persons performing similar functions within the organization)

Try-outs

Try-out 1
Which of the following is not an element of the audit report?

a) Title

b) Responsibilities of the employees of the Company

c) Report on other legal and regulatory requirements

d) Signature of the auditor

Try-out 2
Who signs the SoCR?

a) 2 Directors
b) Company Secretary
c) CFO and CEO or persons performing similar functions.
d) CFO and CEO

Try-out 3
Who signs the SoDR?

a) 1 Director
b) 3 Directors
c) CFO and CEO or persons performing similar functions.
d) 2 Directors

Try-out 4
Who is the independent auditor's report addressed to?

a) Directors
b) Management
c) Shareholders
d) Directors and shareholders

ACCOUNTING YARD

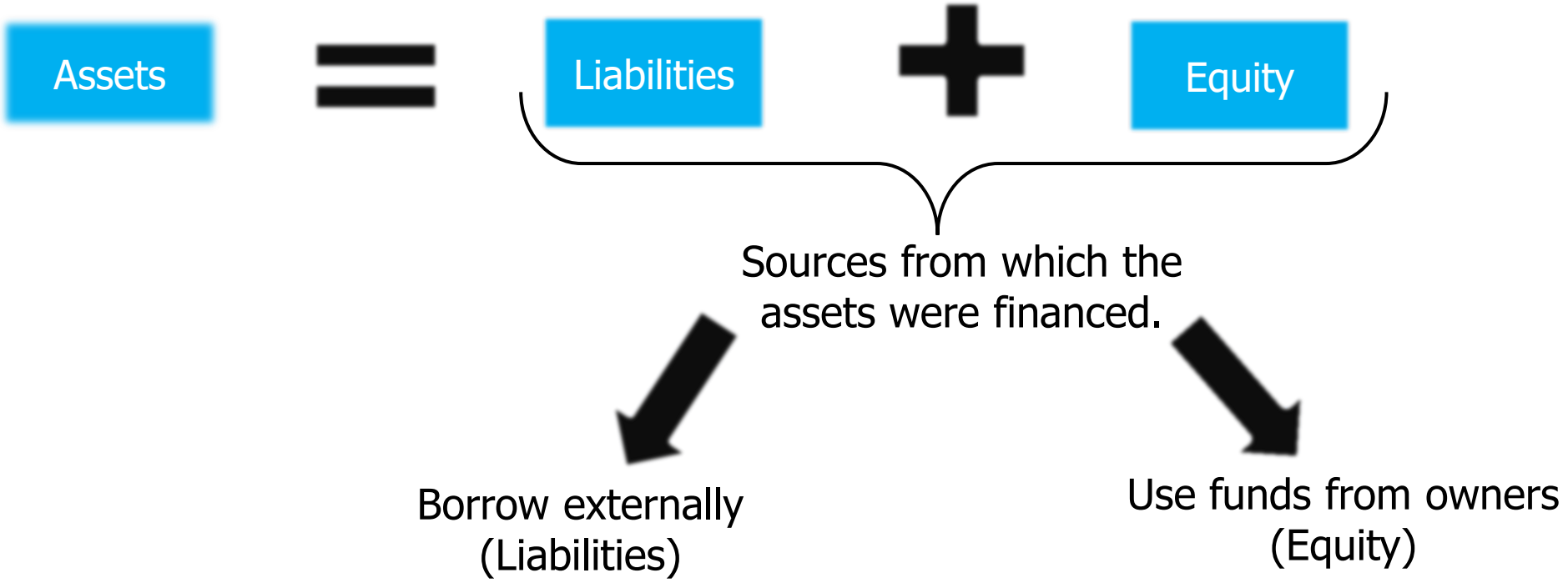
Statement of financial position

ACCOUNTING YARD

Overview of the SFP

Total assets must be equal to the addition of liabilities and equity

The SFP presents what the business owns (assets) and owes (liability).



- It is to be signed by 2 Directors in accordance with CAMA 2020.
- The CEO (or Managing Director) and the CFO are both to sign on the SFP for Public Interest Entities (PIEs) in line with FRCN Guidelines.

ACCOUNTING YARD

Statement of financial position

The process of generating profit and cash generally gives rise to assets and liabilities which are recorded in the "Statement of financial position.

Regardless of the presentation method used, total assets must be equal to liabilities + equity. That is:

Assets = Liabilities + Equity

The above equation is called "Accounting Equation"

Statement of financial position	
Assets	10
Liabilities	(4)
Equity	**6**

OR

Statement of financial position	
Assets	10
Liabilities	4
Equity	6
Total equity & liabilities	**10**

Equity can also be a negative figure

This method of presentation is more common

Facilitator should project TotalEnergies Published to show and explain major SFP items.

Assets

- ✓ Property, plant & equipment (PPE) e.g., computer, building etc.
- ✓ Inventory
- ✓ Trade receivables
- ✓ Other receivables e.g., interest income receivable, rent receivable etc.
- ✓ Prepayment
- ✓ Cash & cash equivalent
- ✓ Investments
- ✓ Intangible assets
- ✓ Deferred tax assets
- ✓ Contract assets
- ✓ Accrued income
- ✓ Statutory receivables e.g., WHT receivable

Liabilities

- ✓ Trade payable
- ✓ Accrued expenses
- ✓ Current tax liabilities
- ✓ Statutory payables (e.g., WHT payable, VAT payable etc.,)
- ✓ Provisions
- ✓ Deferred revenue or contract liabilities
- ✓ Other payables e.g., interest expense payable

Equity

- ✓ Share capital
- ✓ Share premium
- ✓ Retained earnings
- ✓ Other reserves such as revaluation reserve.

ACCOUNTING YARD

Sample Statement of Financial Position (SFP

(SFP can also be presented in the order of liquidity, if the reporting entity is a financial institution)

Consolidated and separate statements of financial position

As at 31 December 2021

	Notes	Group 31/12/21 ₦'million	Group 31/12/20 ₦'million	Company 31/12/21 ₦'million	Company 31/12/20 ₦'million
Assets					
Non-current assets					
Property, plant and equipment	15	**1,472,859**	1,390,687	**554,883**	551,926
Intangible assets	16	**5,122**	4,554	**147**	180
Right-of-use assets	17	**18,566**	12,594	**1,365**	1,164
Investments in subsidiaries	18.2	**—**	—	**162,268**	162,246
Investment in associate	18.3	**6,528**	5,711	**1,582**	1,582
Lease receivables	22	**5,980**	9,846	**5,980**	9,846
Deferred tax assets	14.4	**5,163**	11,708	**—**	—
Prepayments	19.1	**4,759**	37,213	**211**	19,605
Receivables from subsidiaries	31	**—**	—	**968,000**	815,463
Total non-current assets		**1,518,977**	1,472,313	**1,694,436**	1,562,012
Current assets					
Inventories	20	**167,205**	108,270	**88,421**	54,545
Trade and other receivables	21	**47,469**	35,194	**15,798**	14,829
Prepayments and other current assets	19.2	**311,722**	248,561	**504,786**	405,066
Lease receivables	22	**3,752**	5,249	**3,752**	5,249
Current tax assets	14.2	**3,051**	7,029	**2,542**	5,511
Cash and cash equivalents	32.1	**339,843**	145,835	**272,563**	68,848
Total current assets		**873,042**	550,138	**887,862**	554,048
Total assets		**2,392,019**	2,022,451	**2,582,298**	2,116,060
Liabilities					
Current liabilities					
Trade and other payables	25	**371,224**	349,388	**214,411**	140,245
Lease liabilities	33	**2,187**	2,073	**261**	158
Current tax liabilities	14.3	**153,385**	59,781	**146,517**	58,117
Financial liabilities	26	**401,393**	335,011	**315,090**	258,280
Derivatives	26.5	**—**	104	**—**	104
Other current liabilities	27.2	**148,294**	83,460	**161,579**	81,709
Total current liabilities		**1,076,483**	829,817	**837,858**	538,613
Non-current liabilities					
Deferred tax liabilities	14.4	**135,003**	122,980	**126,226**	117,762
Financial liabilities	26	**176,562**	158,908	**147,789**	98,577
Lease liabilities	33	**8,019**	7,772	**110**	130
Provisions	28	**8,428**	8,049	**5,573**	5,049
Deferred revenue	27.1	**636**	374	**298**	—
Employee benefit obligations	29.2	**3,219**	3,581	**2,972**	3,552
Total non-current liabilities		**331,867**	301,664	**282,968**	225,070
Total liabilities		**1,408,350**	1,131,481	**1,120,826**	763,683
Net assets		**983,669**	890,970	**1,461,472**	1,352,377
Equity					
Share capital	23.1	**8,520**	8,520	**8,520**	8,520
Share premium	23.2	**42,430**	42,430	**42,430**	42,430
Treasury shares	23.5	**(9,833)**	(9,833)	**(9,833)**	(9,833)
Capital contribution	23.6	**2,877**	2,877	**2,828**	2,828
Currency translation reserve	23.7	**53,102**	52,681	**—**	—
Retained earnings		**868,274**	779,271	**1,417,527**	1,308,432
Equity attributable to owners of the Company		**965,370**	875,946	**1,461,472**	1,352,377
Non-controlling interest		**18,299**	15,024	**—**	—
Total equity		**983,669**	890,970	**1,461,472**	1,352,377
Total equity and liabilities		**2,392,019**	2,022,451	**2,582,298**	2,116,060

The accompanying notes and significant accounting policies form an integral part of these consolidated and separate financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 26 February 2022 and were signed on its behalf by:

Aliko Dangote, GCON
Chairman, Board of Directors
FRC/2013/IODN/00000001766

Michel Puchercos
Group Chief Executive Officer/GMD
FRC/2017/IODN/00000015919

Guillaume Moyen
Group Chief Finance Officer
FRC/2019/001/00000020239

Assets

Liabilities

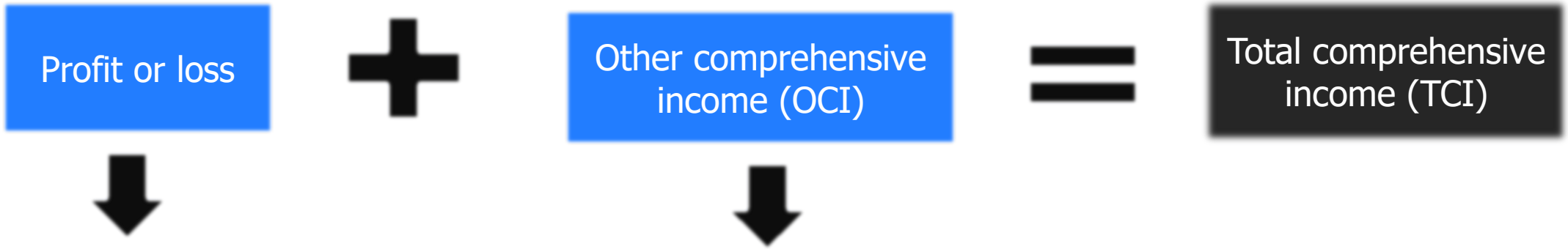
Equity

ACCOUNTING YARD

Statement of profit or loss & other comprehensive income (SPLOCI)

ACCOUNTING YARD

Overview of SPLOCI



An entity shall recognise all items of income and expense in a period in profit or loss unless an IFRS requires or permits otherwise.

To preserve the integrity of profit or loss considering how widely it is used for financial performance analysis purposes, some IFRSs requires that specific income and expenses must be designated as "Other Comprehensive Income".

ACCOUNTING YARD

Content of SPLOCI (Presentation suitable for financial statements (external reporting))

In compliance with IAS 1

Profit or loss	
Revenue	X
Cost of sales	(X)
Gross profit	**X**
Selling & distribution expenses	(X)
Administrative expenses	(X)
Research & development expenses	(X)
Impairment loss on trade receivables & contract assets	(X)
Other expenses	(X)
Operating profit/(loss)	**X**
Finance cost	(X)
Finance income	X
Other income	X
Profit before tax	**X**
Tax (expense)/income	(X)
Profit/(Loss) for the year	**X**

Other Comprehensive Income	
Items that will not be reclassified to profit or loss:	
Revaluation of property, plant and equipment	X
Remeasurement of defined benefit liability	(X)
Net change in fair value of equity investment - FVTOCI	X
Share of OCI of an associate	X
Tax effect	(X)
	(X)
Items that may be reclassified to profit or loss in subsequent periods:	
Net gain on hedge of net investment	(X)
Exchange differences on translation of foreign operation	(X)
Net gain/(loss) on cash flow hedges	(X)
Net change in costs of hedging	(X)
Net loss on debt instruments at FVTOCI	(X)
Share of OCI of an associate	X
Tax effect	X
	X
Other comprehensive income for the year, net of taxes	**X**

This can also be a negative figure.

ACCOUNTING YARD

Presentation methods: Single Statement Method Vs. Separate Statement Method

SINGLE STATEMENT METHOD

	Notes	2023 N'000	2022 N'000
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Revenue	5	616,230	196,566
Cost of sales	6	(739,829)	(485,182)
Gross loss		**(123,599)**	**(288,615)**
Administrative expenses	7	(1,329,272)	(369,332)
Operating loss		**(1,452,871)**	**(657,947)**
Other income	8	292,537	110,547
Finance cost	10	(387,830)	(366,824)
Loss before tax		**(1,548,164)**	**(914,225)**
Tax (expense) / credit	11.1	(83,912)	3,353
Loss for the year		**(1,632,076)**	**(910,872)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss subsequently:			
Cash flow hedges - effective portion	12	231	185
Debt investments AT FVOCI	13	385	308
Related tax	11.1	(185)	(148)
Items that will not be reclassified to profit or loss subsequently:			
Revaluation of property, plant and equipment	12	14	11
Remeasurement of defined benefit liability	21	(67)	(54)
Related tax	11.1	(17)	13
Total comprehensive income		**(1,631,714)**	**(910,556)**

SEPARATE STATEMENT METHOD

STATEMENT OF PROFIT OR LOSS			
Revenue	5	616,230	196,566
Cost of sales	6	(739,829)	(485,182)
Gross loss		**(123,599)**	**(288,615)**
Administrative expenses	7	(1,329,272)	(369,332)
Operating loss		**(1,452,871)**	**(657,947)**
Other income	8	292,537	110,547
Finance cost	10	(387,830)	(366,824)
Loss before tax		**(1,548,164)**	**(914,225)**
Tax (expense) / credit	11.1	(83,912)	3,353
Loss for the year		**(1,632,076)**	**(910,872)**
STATEMENT OF COMPREHENSIVE INCOME			
Loss for the year		(1,632,076)	(910,872)
Items that may be reclassified to profit or loss subsequently:			
Cash flow hedges - effective portion	12	231	185
Debt investments AT FVOCI	13	385	308
Related tax	11.1	(185)	(148)
Items that will not be reclassified to profit or loss subsequently:			
Revaluation of property, plant and equipment	12	14	11
Remeasurement of defined benefit liability	21	(67)	(54)
Related tax	11.1	(17)	13
Total comprehensive income		**(1,631,714)**	**(910,556)**

ACCOUNTING YARD

Income Statement Presentation: "By nature" Vs "By function" Vs "Mixed"

Profit or loss (By Function)	
Revenue	X
Cost of sales	(X)
Gross profit/(loss)	**X**
Selling & distribution expenses	(X)
Administrative expenses	(X)
Research & development expenses	(X)
Operating profit/(loss)	**X**
Finance cost	(X)
Finance income	X
Other income	X
Profit/(loss) before tax	**X**
Tax (expense)/income	(X)
Profit/(Loss) for the year	**X**

Profit or loss (By Nature)		
Revenue		X
Other income		
Expenses:		
Changes in inventory	X	
Raw materials and consumables consumed	X	
Staff costs	X	
Depreciation & amortisation	X	
Other expenses	X	
Total expenses		(X)
Profit/(Loss) before tax		**X**

Profit or loss (Mixed)	
Revenue	X
Cost of sales	(X)
Gross profit	**X**
Selling & distribution expenses	(X)
Administrative expenses	(X)
Research & development expenses	(X)
Impairment loss on trade receivables & contract assets	(X)
Other expenses	(X)
Operating profit/(loss)	**X**
Finance cost	(X)
Finance income	X
Other income	X
Profit before tax	**X**
Tax (expense)/income	(X)
Profit/(Loss) for the year	**X**

ACCOUNTING YARD

Sample Statement of profit or loss & other comprehensive income

Consolidated and separate statements of profit or loss

For the year ended 31 December 2021

	Notes	Group		Company	
		Year ended 31/12/21 ₦'million	Year ended 31/12/20 ₦'million	**Year ended 31/12/21 ₦'million**	Year ended 31/12/20 ₦'million
Revenue	5	**1,383,637**	1,034,196	**993,399**	719,945
Production cost of sales	7	**(551,019)**	(437,970)	**(345,225)**	(225,744)
Gross profit		**832,618**	596,226	**648,174**	494,201
Administrative expenses	8	**(64,349)**	(60,339)	**(33,319)**	(32,289)
Selling and distribution expenses	9	**(191,658)**	(153,719)	**(132,285)**	(112,919)
Other income	11	**6,221**	4,754	**1,975**	1,922
Impairment of financial assets	21	**(341)**	(188)	**(402)**	(3,318)
Profit from operating activities		**582,491**	386,734	**484,143**	347,597
Finance income	10.1	**20,765**	29,814	**92,783**	112,031
Finance costs	10.2	**(65,707)**	(43,988)	**(42,501)**	(28,881)
Share of profit from associate	18.3	**817**	750	**—**	—
Profit before tax		**538,366**	373,310	**534,425**	430,747
Income tax expense	14.1	**(173,927)**	(97,242)	**(153,325)**	(78,138)
Profit for the year		**364,439**	276,068	**381,100**	352,609
Profit for the year attributable to:					
Owners of the Company		**361,008**	275,080	**381,100**	352,609
Non-controlling interests		**3,431**	988	**—**	—
		364,439	276,068	**381,100**	352,609
Earnings per share, basic and diluted (Naira)	13	**21.24**	16.14	**22.42**	20.69

The accompanying notes and significant accounting policies form an integral part of these consolidated and separate financial statements.

ACCOUNTING YARD

Content of income statement (Presentation suitable for financial statements (external reporting))

The presentation method for external reporting has changed by virtue of IFRS 18 (Effective 1 January 2027, earlier application permitted).

Statement of profit or loss (IFRS 18 Sample)		
Revenue	X	Operating
Cost of sales	(X)	
Gross profit/(loss)	**X**	
Other operating income	X	
Selling expense	(X)	
General and administrative expenses	(X)	
Impairment loss (Goodwill or financial assets)	(X)	
Other operating expenses	(X)	
Operating profit/(loss)	**X**	
Share of profit from associates and joint ventures	(X)	Investing
Gain on disposals of associates and joint ventures	X	
Profit/(Loss) before financing and taxation	**X**	
Interest expense on borrowings and lease liabilities	(X)	Financing
Interest expense on pension liabilities	(X)	
Profit/(Loss) before taxation	**X**	
Income tax expense	(X)	
Profit/(Loss) for the year	**X**	

ACCOUNTING YARD

Statement of cash flows

ACCOUNTING YARD

Bird's eye view of a Statement of Cash Flows.

Cash flow is about generating and spending money. Sources of cash flows are operating, investing and financing.

Statement of cash flow	
Operating cash flow	X
Investing cash flow	X
Financing cash flow	X
Total cash flow	**X**
Opening cash balance	X
Closing cash balance	**X**

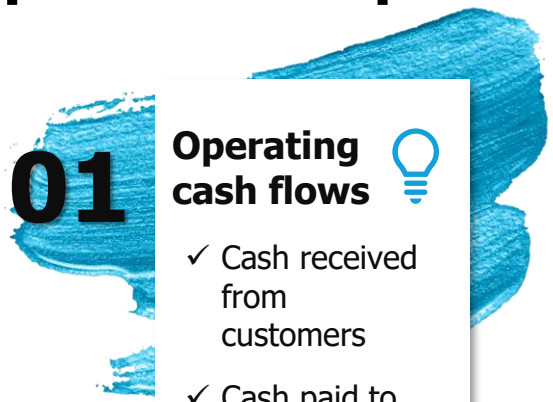
Any or all these figures can end up being negative and it's not abnormal!

If either or both the opening and closing balances is negative, it implies that the business may have taken more overdraft than its positive cash balance.

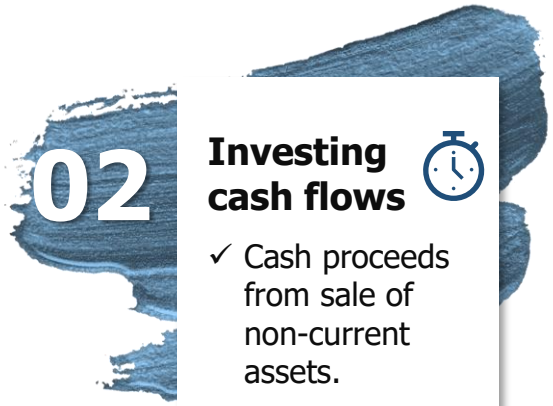
ACCOUNTING YARD

Specific examples of cash flows.

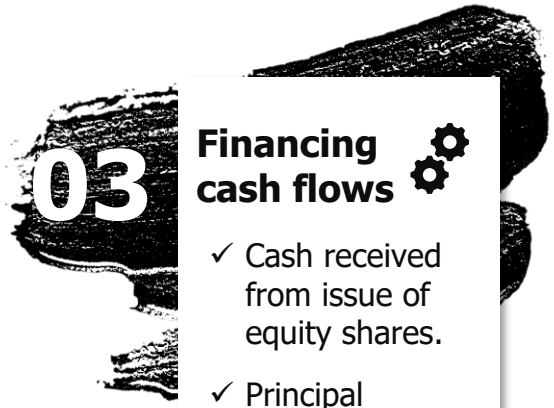
Facilitator to project a SCF and walk participants through it



- ✓ Operating cash flows are cash flows from the principal revenue producing activities of the entity and any other activity that is not investing or financing.



- ✓ Investing cash flows arise from acquisition and disposal of non-current assets.



- ✓ Financing cash flows arise from activities that change the composition of borrowings and contributed equity.

- ✓ Alternatively, interest paid can also be presented under financing cash flows because it is a cost of raising debt capital
- ✓ Dividend paid can also be presented under operating cash flows to evaluate how strong the operations is.
- ✓ Interest received can also be presented under operating cash flows (if the business is a financial institution).

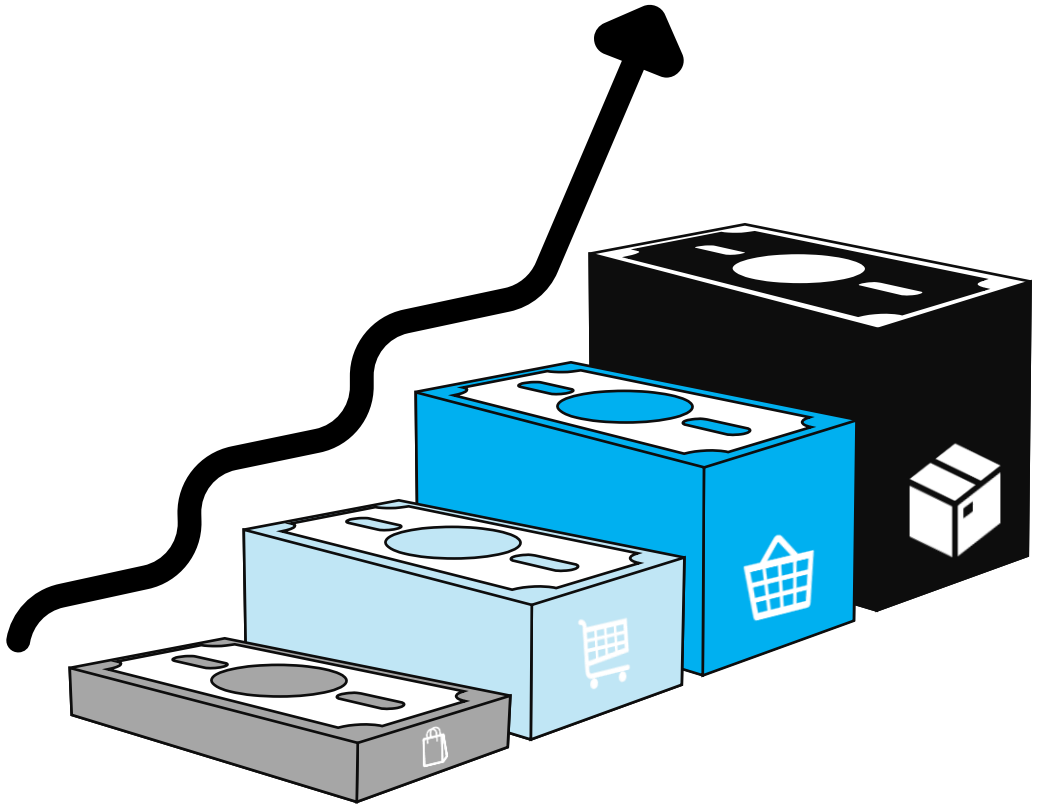
ACCOUNTING YARD

What is cash? What is cash equivalent?

Not everything you have in the bank is cash!

Cash

- Some money in the bank may be restricted and not available for working capital purposes. Such monies are excluded from the "cash balance".
- Only monies that are available for working capital purposes are considered as part of cash. Others are referred to as "Restricted cash"
- For example, **Debt Service Reserve Account (DSRA),** maintained as buffer in case a borrower defaults.



Cash equivalent

- Highly liquid short-term investment (say 3-months maturity).
- Subject to insignificant risk of changes in value.
- Earmarked and available for working capital purposes.

ACCOUNTING YARD

Presentation methods for operating cash flows.

Indirect method reconciles profitability to liquidity while direct method (DM) shows the source of the cash flows. DM is encouraged by the accounting standard).

Statement of cash flows (Indirect method)	
Operating activities	
Profit/(Loss) before tax	X
Adjustments:	
Depreciation & amortisation	X
Allowance for doubtful debts	X
Any other non-cash item	X
Cash flow before working capital	X
Movement in working capital	
Changes in inventory	X
Changes in trade & other receivables	X
Changes in trade & other payables	X
Cash flow from operations	**X**
Interest paid	(X)
Tax paid	(X)
Net cash flow from operations	**X**

Statement of cash flows (Direct method)	
Operating activities	
Cash received from customers	X
Cash paid to suppliers and employees	(X)
Tax paid	(X)
Interest paid	(X)
Net cash flow from operations	**X**

Both amounts are typically expected to be same (as long as same inputs were used to derive them).

ACCOUNTING YARD

Try-outs

Try-out 1

Cash received from government for COVID-19 palliative should be classified under which activity and why?

a) Operating

b) Investing

c) Financing

d) Either of operating or investing

Try-out 2

Explain the modalties for signing the SFP.

Try-out 3

Increase in revaluation surplus by N50bn. Where should this be presented in the SCF?

Try-out 4

Which of these statement(s) does not need to be signed

a) Statement of financial position
b) Statement of cash flows
c) Statement of changes in equity
d) Notes

ACCOUNTING YARD

Statement of changes in equity (SCE)

ACCOUNTING YARD

Statement of changes in equity for the year ended 31 December 2024

	Notes	Share capital ₦'000	Retained earnings ₦'000	Revaluation surplus ₦'000	Total ₦'000
Balance as at 1 January 2023		5,000	407,296	100,000	512,296
Total comprehensive income for the year:					
Profit/(loss) for the year		-	165,219	-	165,219
Revaluation surplus for the year	27	-	-	-	-
Tax effect of revaluation surplus		-	-	-	-
Total comprehensive income for the year		**-**	**165,219**	**-**	**165,219**
Transaction with owners of the Company					
Issue of shares during the year	26	-	-	-	-
Dividend declared	28	-	-	-	-
Transaction with owners of the Company		**-**	**-**	**-**	**-**
Balance as at 31 December 2023		**5,000**	**572,516**	**100,000**	**677,516**
Balance as at 1 January 2024		5,000	572,516	100,000	677,516
Total comprehensive income for the year:					
Profit/(loss) for the year		-	185,691	-	185,691
Revaluation surplus for the year	27	-	-	21,662	21,662
Tax effect of revaluation surplus		-	-	(2,166)	(2,166)
Total comprehensive income for the year		**-**	**185,691**	**19,496**	**205,187**
Transaction with owners of the Company					
Issue of shares during the year	26	5,000	-	-	5,000
Dividend declared	28	-	(10,489)	-	(10,489)
Transaction with owners of the Company		**5,000**	**(10,489)**	**-**	**(5,489)**
Balance as at 31 December 2024		**10,000**	**747,718**	**119,496**	**877,214**

Starts with the opening balance of prior year

Obtained from and must agree with the "statement of profit or loss & other comprehensive income"

Must agree with all underlying documents e.g., dividend declared must agree with Signed Board Resolution.

- Total balance should agree with the total equity on the "statement of financial position (SFP)".
- Total in each column must also agree with the SFP.
- Same balance should be carried forward

Obtained from, and must agree with, the "statement of profit or loss & other comprehensive income"

Must agree with all underlying document e.g., dividend declared must agree with Signed Board Resolution.

The total balance should agree with the total equity on the "SFP". The total in each column must also agree with the SFP.

Notes, comprising material accounting policies & other explanatory information

ACCOUNTING YARD

Overview of notes

Basis of preparation

Specific accounting policies

Disclose the information required by IFRSs that is not presented elsewhere in the FS.

Provide information that is not presented elsewhere in the FS, but is relevant to an understanding of any of them.

ACCOUNTING YARD

Systematic ordering of notes



General information about the entity



Basis of preparation



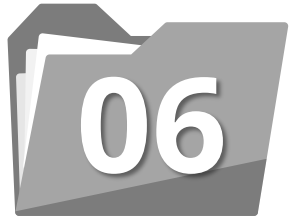
Statement of compliance with IFRS



Material accounting policies



Critical accounting judgements and key uncertainties



Supporting information & breakdowns for SPLOCI, SFP, SCF and SCE



Other disclosures:

- Contingent liabilities
- Events after reporting period
- Financial risk management

Facilitator to project the notes from a published FS and show these items.

Facilitator should also upload a template to help assess material accounting policies

ACCOUNTING YARD

Statement of Value Added (SVA)

Facilitator to explain the essence of the SVA, project the SVA and explain its structure/content.

ACCOUNTING YARD

Statement of Value Added

	Notes	31-Dec-24 ₦'000	%	31-Dec-23 ₦'000	%
Sales	8	10,268,713		14,877,713	
Finance income	14	17,062		25,941	
Other income	15	2,873		4,319	
		10,288,649		**14,907,973**	
Bought in goods and services					
Imported		(1,877,828)		(2,743,591)	
Local		(7,511,311)		(10,974,365)	
Value added/(eroded)		**899,510**	**100%**	**1,190,017**	**100%**
APPLIED AS FOLLOWS					
To pay employees					
Salaries, wages and other benefits	10	331,127	37%	506,859	43%
To pay Government					
Current taxation	25.1	124,084	14%	207,597	17%
Deferred taxation	25.1	-	0%	-	0%
To pay providers of capital					
Finance cost	13	91,759	10%	107,945	9%
To provide for maintenance of fixed assets					
Depreciation and amortisation	10	166,848	19%	202,397	17%
Retained in the Company					
Profit for the year		185,691	20%	165,219	14%
Value added/(eroded)		**899,510**	**100%**	**1,190,017**	**100%**

Top part shows us source of the "**Value Added**" by the organization during the reporting period.

Bottom part presents how the "**Value Added**" was allocated amongst key stakeholders, namely:

- Employees
- Government
- Providers of Capital
- Maintenance of fixed assets; and
- Profit (or loss) retained for the growth (or absorption) of the business.

Both figures (for prior and current years) **must** be exactly same, otherwise, something might be wrong somewhere!

5-year Financial Summary

ACCOUNTING YARD

5-year Financial Summary

1. This has no specific format.

2. Useful for trend analysis.

3. The Financial Summaries are expected to be based on IFRS.

4. The Financial Summary may be lesser for Companies in existence for less than 5 years. In those cases, it is better referred to as "Financial Summary" instead of "5-year Financial Summary".

5. It is typically expected to summarise the following for at most 5-years:

- SFP,
- SPLOCI and
- KPIs – Earnings Per Share, Net Assets Per Share etc.

ACCOUNTING YARD

Dangote Sugar Refinery Plc

Annual Report and Financial Statements for the year ended December 31, 2023

Five Year Financial Summary

	COMPANY 31/12/2023 N'000	COMPANY 31/12/2022 N'000	COMPANY 31/12/2021 N'000	COMPANY 31/12/2020 N'000	COMPANY 31/12/2019 N'000
Company as at December 31, 2023					
Assets					
Non-current assets	201,655,443	158,018,083	141,210,336	118,569,794	36,317,858
Current assets	398,516,439	332,083,111	207,303,891	139,842,108	160,942,622
Assets of disposal groups held for sale	868,642	868,642	868,642	868,642	868,642
Total assets	**601,040,524**	**490,969,836**	**349,382,869**	**259,280,544**	**198,129,122**
Liabilities					
Non-current liabilities	330,057	13,769,637	12,331,269	11,225,370	6,693,930
Current liabilities	518,900,558	305,170,513	207,221,431	122,752,272	73,352,250
Total liabilities	**519,230,615**	**318,940,150**	**219,552,700**	**133,977,642**	**80,046,180**
Equity					
Share capital and premium	12,393,963	12,393,963	12,393,963	12,393,963	12,320,524
Retained earning	69,415,946	159,635,723	117,436,206	112,908,939	105,762,418
Total equity	**81,809,909**	**172,029,686**	**129,830,169**	**125,302,902**	**118,082,942**
Total equity and liabilities	**601,040,524**	**490,969,836**	**349,382,869**	**259,280,544**	**198,129,122**
Profit and loss account					
Revenue	441,452,953	403,245,988	276,054,781	206,360,656	158,104,577
(Loss)/Profit before taxation	**(107,161,258)**	**81,907,076**	**34,629,037**	**46,938,948**	**34,829,241**
(Loss)/Profit for the year	**(71,999,460)**	**54,346,391**	**22,660,116**	**31,370,659**	**24,102,816**
Per share data (Naira)					
(Loss)/Earnings per share (Basic and diluted)	(5.93)	4.47	1.87	2.58	2.01
Net assets per share	6.74	14.16	10.69	10.32	9.84

(Loss)/Earnings per share are based on profit or loss after tax and the weighted number of issued and fully paid ordinary shares at the end of each financial year.

ACCOUNTING YARD

Five-year financial summary

In thousands of naira	Notes	2023	2022	2021	2020	2019
Funds Employed						
Issued share Capital		396,328	396,328	396,328	396,328	396,328
Share Premium		32,262	32,262	32,262	32,262	32,262
Share based payment reserve		169,481	90,127	113,459	113,811	123,076
Retained Earnings		(78,633,226)	29,772,507	20,836,160	28,754,583	45,005,964
Shareholder's Fund		(78,035,156)	30,291,224	21,378,209	29,296,984	45,557,630
Current Liabilities		290,637,709	218,404,562	195,517,985	166,030,351	125,535,430
Non-current Liabilities		369,171,855	166,348,245	93,342,310	50,857,661	22,281,255
		581,774,407	**415,044,033**	**310,238,504**	**246,184,996**	**193,374,314**
Asset Employed						
Non Current assets		220,528,621	124,532,126	106,314,178	94,683,541	86,336,830
Current assets		361,245,786	290,511,904	203,924,326	151,501,455	107,037,484
		581,774,407	415,044,031	310,238,503	246,184,996	193,374,314
In thousands of naira						
Revenue		547,118,754	446,819,260	351,822,329	287,084,087	284,035,255
(Loss)/profit before income tax		(104,025,429)	71,109,371	61,875,342	60,638,443	71,123,824
(Loss)/profit for the year		(79,473,781)	48,965,488	40,037,277	39,212,025	45,683,113
Other comprehensive (loss)/ income, net of tax		(79,473,781)	48,965,488	40,037,277	39,212,025	45,683,113
Total comprehensive (loss)/ income, net of tax		(79,473,781)	48,965,488	40,037,277	39,212,025	45,683,113
Declared dividend*		28,931,953	40,029,141	47,955,703	55,485,937	50,333,672
Per 50k share data:						
Basic (loss)/earnings per share		(100.26)	61.77	50.51	49.47	57.63
Diluted (loss)/ earnings per share		(100.26)	61.77	50.51	49.47	57.63
Dividend paid		36.50	50.50	60.50	70.00	63.50
Net assets per share		(100.26)	38.21	26.97	36.96	57.47

* Dividend paid represents final dividend proposed for the preceding year but declared during the current year. No interim or final dividend was declared
Earnings per share (basic and diluted) are based on profit after taxation and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.
Net assets per share are based on net assets and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

The financial information presented above reflects historical summaries based on International Financial Reporting Standards.

ACCOUNTING YARD

Five-year financial summary – other national disclosure continued

Company

Balance sheet	**2023 ₦'million**	2022 ₦'million	2021 ₦'million	2020 ₦'million	2019 ₦'million
Assets/(liabilities)					
Property, plant and equipment	**476,148**	498,893	554,883	551,926	545,834
Intangible assets	**111**	114	147	180	69
Right-of-use assets	**1,870**	1,628	1,365	1,164	994
Investments	**250,844**	250,844	163,850	163,828	163,653
Receivables from subsidiaries	**1,271,218**	1,087,847	1,147,797	986,423	817,906
Prepayments for property, plant & equipment	**211**	211	211	19,605	5,690
Lease receivables	**14,656**	17,085	5,980	9,846	11,285
Net current asset/(liabilities)	**(71,826)**	26,001	(129,793)	(155,525)	(146,378)
Deferred taxation liabilities	**(63,009)**	(112,691)	(126,226)	(117,762)	(75,117)
Long-term debts	**(259,954)**	(263,171)	(147,789)	(98,577)	(39,700)
Employee benefits obligations	**(11,315)**	(8,244)	(2,972)	(3,552)	—
Other non-current liabilities	**(5,990)**	(6,982)	(5,981)	(5,179)	(1,987)
Net assets	**1,602,964**	1,491,535	1,461,472	1,352,377	1,282,249
Capital and reserves					
Share capital	**8,520**	8,520	8,520	8,520	8,520
Share premium	**42,430**	42,430	42,430	42,430	42,430
Capital contribution	**2,828**	2,828	2,828	2,828	2,828
Treasury shares	**(86,579)**	(45,156)	(9,833)	(9,833)	—
Revenue reserve	**1,635,765**	1,482,913	1,417,527	1,308,432	1,228,471
	1,602,964	1,491,535	1,461,472	1,352,377	1,282,249
Turnover, profit or loss account					
Turnover	**1,297,639**	1,205,401	993,399	719,945	610,247
Profit before taxation	**562,800**	544,990	534,425	430,747	315,420
Taxation	**(72,477)**	(142,133)	(153,325)	(78,138)	(54,071)
Profit after taxation	**490,323**	402,857	381,100	352,609	261,349
Per share data (Naira):					
Earnings – (basic and diluted)	**29.15**	23.87	22.42	20.69	15.34
Net assets	**95.31**	88.36	85.97	79.36	75.25

Earnings per share are based on profit after taxation and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share are based on net assets and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

ACCOUNTING YARD