2020 Annual Report

FOOD CONCEPTS PLC

Brands Customers Love | chicken republic | pieXpress™ | THE CHOPBOX

Spread the LOVE

FOOD CONCEPTS PLC

Contents

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Corporate Information

Chairman
Mr. Odunayo Olagundoye

Managing Director
Mr. David Butler (South African)

Directors
Mr. Babatunde Fajemirokun
Mr. Lanre Fabunmi - *Resigned w.e.f. 28 April 2021*
Mrs. Runa Alam (British)
Mr. Babacar Ka (Senegalese)
Mr. Marc Stoneham (British)
Mr Adefolarin Ogunsanya
Mrs. Anthonia Agbonifo

**w.e.f – with effect from*

Company Secretary / Legal Advisor
Mrs. Josephine Johnson, *ACIS*

Registered Office Address
2, Ilupeju Bye Pass, Ilupeju, Lagos, Nigeria

Registration number
RC 370963

Independent Auditors
KPMG Professional Services
KPMG Tower, Bishop Aboyade Cole Street,
Victoria Island, Lagos

Principal Bankers
First Bank of Nigeria Limited
Fidelity Bank Plc
Zenith Bank of Nigeria Plc
First City Monument Bank Plc
Guaranty Trust Bank Plc
Access Bank Plc
Union Bank Plc
United Bank of Africa

Solicitors
G. Elias & Co.
6, Broad Street
Lagos

Registrars
Meristem Registrars
213 Herbert Macaulay Way,
Sabo, Yaba, Lagos

Valuers
Knight Frank
24 Campbell Street

We will either find a way, or make one.

Anibal Barca

FOOD CONCEPTS PLC

Company Structure

QSR Division

Our Operations Division is responsible for the daily operations of our Chicken Republic, PieXpress and The Chop Box Brands. This division is focused on driving sustainable, year-on-year profitability by growing top-line sales and managing our operational expenses. Our key focus is to: Build strong people capability that enables an enhanced customer experience, with great quality food at everyday affordable prices. We are heavily focused on driving speed of service and creating an environment that is clean, fresh, well-lit and hygienic, whilst applying a disciplined approach to delivering operational excellence.

Shared Services Division

Our Shared Services Division supports every aspect of the business as it focuses on the consolidated performance and strategic positioning of the Organisation, its Subsidiaries, its Associated Companies and Related Entities. The team is responsible for the management and integration of key functions across other departments including: Finance, Business Intelligence, Human Resources, Legal, Risk, Process and Compliance, Quality Assurance, IT, Internal Audit, Marketing and Administrative Services. Achieving world class Corporate Governance is about ensuring we do the right things consistently across our rapidly expanding business units, we pride and challenge ourselves continuously as we strive to be "Best-in-class".

Property Development & Franchising Division

Our business is as much about property, as it is about food. Our Property Development & Franchising division is responsible for the acquisition and development of new franchise and company-owned stores, whilst constantly upgrading and maintaining our existing base to brand standards. Our customer needs and competitive environment necessitates the need to constantly evolve our product offerings, manufacturing capabilities and store types. Collectively, these activities contribute to our sustainability and growth as a Company.

Supply Chain Division

Our Supply Chain Division is a multi-faceted, profit centre. It and controls procurement, warehousing, manufacturing, distribution, Central Kitchens and Pie Production Units. As we increase our store count and new concepts, the importance of delivering high quality products "On Time and in Full" to our stores across the country becomes more complex, requiring constantly evaluating capacity capability, whilst navigating the various complexities of distribution. We are fully committed to sourcing local talent, raw materials and produce as we continue to support the Company's growth strategy.

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Our Mission:

To remain relevant as we stretch our limits to go above and beyond to deliver excellent customer experiences, great tasting products and everyday affordable value.

FOOD CONCEPTS PLC

Our Vision:

To be the most loved quick service restaurant and baked goods brands across West Africa.

It's your reaction to adversity, not adversity itself that determines how your life's story will develop.

Dieter F. Uchtdorf

Mr. Odunayo Olagundoye
Chairman

FOOD CONCEPTS PLC

Chairman's Statement

Distinguished Shareholders,

It is my pleasure to welcome you to the 19th Annual General Meeting of our Company, Food Concepts Plc and to present to you, the Company's performance for the financial year 2020, a year that will go down in history as one of the toughest years ever endured by people and businesses alike, across the globe.

Despite the many global and local Covid-19 related challenges, the impact of which is still being felt today, I wish to congratulate the Management of Food Concepts Plc on the continued positive momentum and another notable year for your Company. We have, once again, grown our revenues, bottom line, and footprint across our beautiful country.

The year 2020 has taught us so much about the business, and I am pleased to inform you that it is stronger than ever before. The year in review has taught us that our Business, Brands, People, and execution-based strategy have proven to be remarkably resilient, despite the unprecedented headwinds that faced the global and Nigerian economies.

Despite the Covid–19 pandemic, endSARS and 4th quarter recession, many milestones were achieved over the past year, and I am proud to tell you about them; with that said, it would be remiss of me not to start with informing you of how we looked after our people through this very trying time.

At the onset of the pandemic, we were classified as "Essential Services" and as such traded our way cautiously into the unknown as we provided food and sustenance to customers and front-line workers across the country. During this time, our Company had no Covid-related loss of life, no employees lost their jobs, nor did any employee have their salary cut, as was common practices across many businesses all over the world.

We continued to employ new staff and provide hope for many unemployed Nigerians across the county. We resourced our business units to cater for our ever-growing demand and still managed to grow people capability at all levels of the business whilst maintaining our gender equality status in the process.

We continued to open our flagship Brands, Chicken Republic and PieXpress and launched an exciting new concept "The Chop Box" to our portfolio of proudly Nigerian, home-grown Brands.

We entered into an agreement to sell our investment in FCPL to PepsiCo and this has been classified as held for sale in 2020. We received the proceeds of sale in Q1 2021. We continued the implementation of our new SAP platform; we also opened more Pie Production units and Central Kitchens, and built a strong new store pipeline that will enable our future growth strategy.

The Board and Management team remain fully committed to ensuring that our corporate, operations, financial and administrative processes are designed and maintained to support our compliance with world-class Corporate Governance, and we thank all the Directors and shareholder representatives who have chaired and participated in many hours of committee meetings, debating, and planning the future of Food Concepts Plc.

I also pay tribute to your Food Concepts' Executive team and the very capable teams that they continue to build. They are now a team that has worked closely together for over 6 years and have seen this Company through many challenging times. I look forward to watching them all grow as businessmen and businesswomen, as they push your Company to be the best it can be.

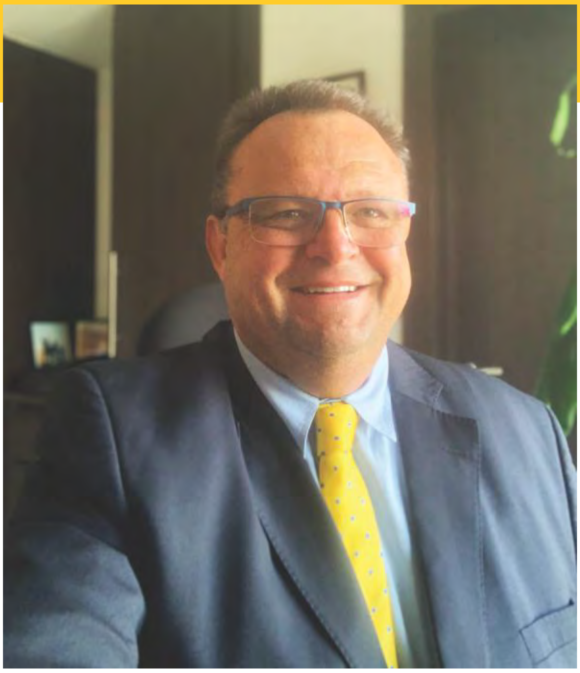
Food Concepts Plc is now firmly on its way to fulfilling its vision of becoming "The Most Loved QSR and Baked Goods Brands across West Africa". We are now the clear leader in the Nigerian QSR sector with our Chicken Republic, PieXpress and The Chop Box Brands and we assure you of more exciting years of rapid and profitable growth.

I wish to thank my colleagues on the Board of the Company for the full commitment of their time, knowledge, and wisdom to the affairs of the Company. I thank the Management and staff for their energy, enthusiasm, and loyalty. And, on behalf of the Board and Management, I thank you, our shareholders, for your patience and steadfast support. Finally, I thank our growing population of customers for choosing to patronise the Food Concepts' Brands.

God bless you all.

Mr. Odunayo Olagundoye
Chairman

Managing Directors Report



Mr. David Butler
Managing Director

Distinguished Shareholders,

I ended my 2019 Managing Director's Report with an update on the Covid-19 pandemic that had just taken the world by storm, and I thought it appropriate to start this year's report on the same note.

In April 2020, I stated: "Nothing can ever really prepare one for a global pandemic such as Covid-19 and as I started to write my CEO's Report for 2019 in the later part of Q1 2020, it would be remiss of me not to the mention the impact of Covid-19 on our restaurants, people, economy and suppliers.

As Covid-19 hit Nigeria in the 3rd week of March 2020, Food Concepts Plc was declared an "Essential Service" and hence we continued to trade through, and into the crisis, navigating our way through the uncertainty, store-by-store, hour-by-hour, day-by-day and customer- by-customer.

The initial impact, and the first few days, hit us hard, as the fear of the unknown gripped the world and the Nigerian consumer. I am, however, very pleased to inform you that despite the crisis, we kept on selling chicken without our "eat-in business" and continued to serve our customers with our take-away and delivery business platforms, whilst complying to all the various Local Government requirements. I have mentioned frequently in the past that Food Concepts Plc has become a resilient Company, having faced many adversities over many a year and despite the Covid-19 related challenges, we continue to see our sales, customer count and profitability continuously increasing and start to normalise.

It is now a year on, almost to the day, that I write the 2020 MD's Statement. What we predicted then, indeed came to fruition, and it has been a rocky, protracted rollercoaster-type recovery to the Covid-19 pandemic, and it is not over yet; the ramifications of 2020 and the 2nd /3rd wave of Covid-19, will be felt for many years to come.

Weeks after the first lock down, we started to recover our lost momentum, with our business units improving daily and reacting well to the new norm of face masks, hand sanitisers, social distancing, no eat-in, with only take-away and delivery service offerings. We continued to gain momentum through Q2, Q3 and Q4 respectively, until our business was once again hit by another whirlwind during the endSARS protests. Whilst we believe we came off relatively lightly, compared to many other businesses, this presented us with a whole range of new challenges.

In some cases, we closed stores and the support centres in the interest of our staff's safety; in other cases, we were forced to close shop, in compliance with the Local Governments' guidelines. The lockdowns, curfews, road closures and traffic disruptions once again took their toll on our business and during this time period, we had multiple shops damaged, with two shops being rendered untradeable, as a result of hoodlums ransacking the stores. With that said, I am very pleased to inform you, that through this period, despite having some of our staff at the restaurants and support centres test positive for the virus and being caught up amid the violence of the endSARS protest, we have had no loss of life, no retrenchments, and no salary cuts.

As the Chairman has stated in his address, our vision is – to be the "most LOVED quick service restaurant and baked goods brands in West Africa!" and we are now well on our way to achieving this, despite everything that 2020 threw at us.

I am very proud of the efforts that went into ensuring that Food Concepts Plc not only survived 2020 but thrived in the process. Our People grew stronger in the face of adversity with dedication, passion and a "hard slog, never give up," mentality.

We continued to build on our Brand fundamentals of "Love" for all, especially our consumers, and they rewarded us with strong cash flows and as a result, robust profitability growth; profits that we have continued to reinvest in your business to secure our future success. Throughout the pandemic, we continued to build a solid new store pipeline for 2021, and you will see the results of these efforts in 2021. Our staff are motivated, happy, and responding well to the direction set by the Board, Executive and Senior Management teams.

Financial Performance

We have grown our system sales by 31% to NGN18.0bn. However, EBITDA declined by -6% to NGN3.0bn. We closed 2020 with NGN 1.1 bn of Profit After Tax (PAT) representing a decline of -42%. Our growth continues to be driven both by same-store sales and the expansion of our Chicken Republic and PieXpress Brands. Despite all the challenges faced in 2020, we have seen a 19% year-on-year increase in customer traffic to our stores – representing a significant gain in market share. We have opened 52 new shops taking our total to 122 owned and 28 franchised locations.

It is also worth mentioning that despite the Covid-19 challenges, we continued with the implementation of our SAP platform, maintained our current ISO compliance status and achieved additional certifications for ISO 9001, 1SO 14001 and ISO 45001 Management Systems, finalised our audited accounts and AGM, and overcame many unforeseen obstacles in 2020.

FOOD CONCEPTS PLC

People Capability Always

I join our Chairman in thanking Mrs. Anthonia Agbonifo, Mrs. Olayinka Ogunleye, Mr. Kofi Abunu, Mr. Ikenna Okongwu, Mrs. Claudette Russell, Mrs. Josephine Johnson, and Mr. Olusegun Olukoya for their relentless approach to coaching and growing local talent internally. Developing talent over the past few years, for key roles in the Company today and into the future bore fruit in overcoming the challenges of what could only be described as "the perfect storm of 2020". We MUST and WILL continue to become a talent generator, a generator of great business leaders, with strong ethics. We will continue to invest time and resources against this objective as it is the only way to succeed in an ever more competitive environment both at home and for our international expansion.

I note with pride, that over the past 5 years we have continuously reduced our staff turnover from >90% in 2014 to 56% in 2020 and have continued our relentless pursuit of being a gender equal company with a 51% to 49% split in 2020.

Brands Customers LOVE

Our Brands performed well throughout the 2020 financial year; our Brands are in great shape, they are well "Loved!" and well represented across Nigeria and, we have started the resurgence of our Ghana business. Our team successfully opened 25 new Chicken Republic stores and 26 PieXpress stores in 2020 and launched our new Brand, The Chop Box, in December 2020. The Chop Box concept has been developed to fill a gap in our range of food offerings and will focus on providing local cuisines, at everyday affordable prices to people on-the-go.

We have grown our Brand presence across the country and have entered new territories like Sokoto and Yenagoa to mention a few… whilst continuing our growth in Port Harcourt, Abuja, Benin and entered Kano in the North.

Our Brands and our Company, Food Concepts Plc, are now recognised amongst the leading Quick Service Restaurant Brands across West Africa and, it goes without saying that we are Proudly Nigerian home-grown Brands, which will soon enter the International arena.

Our Brands trade seven days a week, twelve months, and 365 days a year from our >150 restaurants across Nigeria and Ghana.

Last year, I mentioned the introduction of our PieXpress concept, a concept designed to complement our already well-established Chicken Republic Brand. We launched our PieXpress concept by serving "food on-the-go", pies, Scotch eggs, egg rolls and doughnuts to consumers in high commuter volume locations. We now have 32 open and trading, with very encouraging economics, and have huge plans to roll out at least another 78 in 2021.

Our income from franchise operations grew 38% reflecting the strength of our Brand and our ability to attract high quality franchisees, and our improved ability to manage our Brand effectively, regardless of ownership.

Operational Excellence at all Levels

Our ability to execute with consistency remains our key differentiator and opportunity. All consumers fall in LOVE with Brands that meet their expectations consistently; hence, it is imperative that we remain relevant and stretch ourselves to deliver excellent customer experiences with great tasting, everyday affordable value offerings. Consumers continue to patronise us for fast, friendly service in an environment that is clean, fresh, and comfortable.

Post the events of 2020 and Nigeria's Q4 re-entry into recession, we all find ourselves living in an environment of rampant unemployment, all-time high food inflation and an ever-increasing cost-of-living environment. This remains a major challenge for the industry, but also a tremendous opportunity for us to use our business intelligence, analysis, and ability to execute, to drive efficiencies throughout the business.

Many of our stores built over the years, were designed to do much lower volumes than we are doing today, so one of our key operational initiatives for 2021 includes a project of freeing-up of back-of-house capacity. This will require considerable investments into our Central Kitchen and warehousing facilities to build capacity. Additionally, we will focus on building out our backward integration strategy that may include reinvesting in chicken capacity in an environment where chicken supply remains a constraint to our future growth.

Looking Forward to 2021

We ended 2020 on a high, with record sales and profitability momentum, a trend that has continued into 2021. We have an aggressive but achievable budget for 2021, a budget that was based on a gradual recovery of the global and local economy as the Covid-19 vaccines are rolled out throughout the world. We anticipate that consumer spending power and disposable income will remain pressurised; and to this end, we will continually drive our "Everyday affordable value" strategy across the country.

We will continue to apply the same principles as we have applied over the past 5 years; being a disciplined, systematic approach to building Great Looking, Profitable Brands quickly. In 2021, we plan to open 65 new Chicken Republic stores, whilst continuing an aggressive roll out of 78 PieXpress stores to bring us to a total of 700 stores under the Food Concepts Plc banner by the end of 2024.

In closing, we thank you for your continued support of Food Concepts Plc. A once very troubled company has found its feet, found its voice and is growing fast and profitably.

Mr. David Butler
Managing Director

Operational Framework

Corporate Governance Statement

Overview

At Food Concepts Plc, sound Corporate Governance is at the core of our business. Our Board of Directors and Management team are firmly committed to achieving best practice, with respect to principles of fairness, responsibility, accountability and transparency, which are endorsed and represented throughout the Group, with business integrity and ethics forming the very cornerstone of the way we do business with all stakeholders.

We have always adopted a very practical and responsible attitude towards corporate governance and uphold the importance of it being the core of any organisation. With this in mind, the Directors have conducted the leadership of the Company in compliance with best international practices. During the year, the Company complied significantly with the new Securities and Exchange Commission Code of Corporate Governance for Public Companies 2011. We also met the requirements of other good Corporate Governance standards, as listed below.

Corporate Governance Framework

Food Concepts Plc is committed to the following Corporate Governance framework:

- The highest standards of integrity in all dealings with our stakeholders and society at large.
- Carrying-out business through fair commercial competitive practices.
- Trading with customers and suppliers who subscribe to ethical business practices.
- Non-discriminatory employment practices and the promotion of employees to realise their potential through training and development of their skills.

Corporate Governance Manual

The Company has entrenched the Corporate Governance Manual which summarises its key corporate governance policies and provisions. It confirms our commitment to demonstrably lead, adhere to and promote good corporate governance throughout the Company. In order to foster the confidence of its Shareholders, employees, investors, and the public, the manual is based on internationally recognised corporate governance principles and practices.

The Company's corporate governance framework is broadly based on the principles of accountability, fairness, transparency and responsibility to all shareholders and other stakeholders.

Code of Business Conduct & Ethics

The Company has entrenched the Code of Business Conduct as a fundamental policy and this is the yardstick against which we conduct our business. Honesty and integrity inform all that we do and we carry out all work in accordance with the highest legal and ethical standards. All employees are required to comply with the spirit, as well as the letter of this policy and to maintain the standards of conduct in all dealings.

The Board has adopted a Code of Business Conduct for the Company in order to:

- Clearly state what is an acceptable and unacceptable practice
- Guide policy by providing a set of ethical corporate standards
- Encourage ethical behaviour of the board, managers and employees at all levels
- Guide ethical decision-making
- Make infringements easy to identify
- Promote awareness of, and sensitivity to, ethical issues
- Help resolve conflicts

Board Governance

The Company has a Board of Directors that comprises seven (7) Non-Executive Directors and two (2) Executive Directors. Each Director has overall responsibility for implementing the Company's strategy.

Board Responsibilities

The Board, inter alia, ensures that the Company operates lawfully and efficiently and that our operations result in value creation for Shareholders and employees.

The Board is also accountable for ensuring the implementation of all decisions taken at Annual General Meetings as well as approving and reviewing corporate strategy, major plans of action, annual budgets and business plans.

In addition, it is the Board's role and responsibility to set performance objectives, monitor implementation and corporate performance; approve major capital expenditure acquisitions and divestments and ensure that ethical standards are established and maintained. A key role is also ensuring that the Company complies with the laws of the Federal Republic of Nigeria, applicable regulations and as far as possible, meets International Best Practices. This at the same time as making sure that statutory and general rights of the Shareholders are protected at all times.

Schedule of Matters Reserved for the Board of Directors:

- Strategy and management
- Board membership and other appointments
- Corporate governance matters
- Policies
- Financial reporting and controls
- Internal controls
- Structure and capital
- Contracts
- Communication
- Remuneration
- Delegation of authority
- Others

Board Composition and Director Qualifications:

The Board's composition (competencies, skills and appropriate mix) is such that it is adequate for oversight duties and the development of the Company's direction and strategy. Each member of the Board has the experience, knowledge, qualifications, expertise and integrity necessary to effectively discharge board duties and enhance the Board's ability to serve the long-term interests of the Company and its Shareholders. This includes a broad range of expertise that covers the Company's primary business lines, sectors, and includes experienced risk management and financial experts who are non executive.

Board Appointments, Additions, Induction/Training Processes

The basis for appointing Directors for Food Concepts Plc is based on the requisite qualifications, skills and the ability to make objective and independent contributions to its governance in accordance with the relevant legal and global requirements.

The Remuneration, Nominations & Corporate Governance Committee is responsible for scrutiny, validation of character and informal interaction with the candidate, after which the suitable candidate would be recommended to the Board for appointment. If the recommended candidate is approved by the Board, this would be presented to the Shareholders for election/ratification at the next Annual General Meeting.

Food Concepts Plc's governance process provides for the induction and training of Directors where they are taken through relevant and appropriate training programmes to equip them for the role.

2020 Board Evaluation Process

The Board has undertaken a formal and rigorous evaluation of its performance, its Committees, the Chairman and individual Directors. A questionnaire was designed for evaluation and completed by members of the Board and Committees. Based on the results of the evaluation, the Board, its Committees and each individual Director recorded very good performance. In addition, the Board was satisfied with the individual and collective contributions of the Directors, both at the Board and Committee levels, in providing strategic direction and support to Management during the year under review. The Board identified key focus areas to ensure that the Company continues to deliver on its set goals.

Directors standing for re-election and their biographical details

The following Directors will retire at the next Annual General Meeting and being eligible, offer themselves for re-election:

(I) Mr. Babatunde Fajemirokun – biographical details outlined on page 33.
(ii) Mr. Marc Stoneham – biographical details outlined on page 32.

Board Charter and Committee Charters

The Company has a Board Charter, which provides guidance to members on the operations of the Board, their duties and obligations of members. The other charters include the Audit Committee Charter, the Remuneration & Nominations & Corporate Governance Committee Charter, Board Finance, Investment & Risk Committee Charter, Internal Audit Charter and Remuneration Policy.

Attendance at Board Meetings

The Board held four (4) meetings during the 2020 financial year. The record of membership and attendance of Directors at Board meetings in the 2020 financial year is presented as follows:

Director	26 Mar	24 Jun	9 Nov	17 Dec
Mr. Odunayo Olagundoye	P	P	P	P
Mr. David Butler	P	P	P	P
Mr. Babatunde Fajemirokun	P	P	P	P
Mr. Lanre Fabunmi	P	P	P	P
Mrs. Runa Alam	P	AWA	P	P
Mr. Babacar Ka	P	P	P	P
Mr. Marc Stoneham	P	P	P	P
Mr. Adefolarin Ogunsanya	P	P	P	P
Mrs. Anthonia Agbonifo	P	P	P	P

MEETING ATTENDANCE ABBREVIATIONS:
P: Present **AWA:** Absent with apologies **NYA:** Not yet appointed

Board Finance, Investment & Risk Committee ("FGPC")

This Committee was established to assist the Board in discharging its responsibilities. It comprises some members of the Board, Shareholders and the Executive Management of the Company.

The Committee meets to review business processes of the company, bring judgment to bear on issues of strategy, budgets, performance, resources, transformation, diversity, employment equity, standards of conduct and evaluation of performance. It also uses its knowledge and experience to contribute to the formation of policy and decision-making.

Members of the Committee who served during the year are:

Mr. Babatunde Fajemirokun	*Chairman*
Mrs. Runa Alam	*Member*
Mr. Marc Stoneham	*Member*
Mr. Adefolarin Ogunsanya	*Member*

The Committee met four (4) times during the year. The following table shows meeting attendance of members of the committee:

Director	25 Mar	23 Jun	21 Oct	16 Dec
Mr. Babatunde Fajemirokun	P	P	P	P
Mr. Marc Stoneham	P	P	P	P
Mrs. Runa Alam	AWA	P	AWA	P
Mr. Adefolarin Ogunsanya	P	P	P	P

MEETING ATTENDANCE ABBREVIATIONS:
P: Present **AWA:** Absent with apologies

Audit Committee

The statutory Audit Committee was established under section 359(3) of the Companies and Allied Matters Act CAP C20, LFN 2004. It comprises two Shareholder representatives and two Board representatives (both of whom are non-executive Directors).

The Audit Committee meets to review the scope and planning of the audit requirements; to review the independence and objectivity of the external auditors as well as the Auditors' recommendations on accounting policies and internal controls. It also has to ascertain that the accounting and reporting policies of the company for the year are in accordance with legal requirements and agreed ethical practices.

Members of the Committee who served during the year are:

Mr. Lanre Fabunmi	*Chairman*
Mr. Babacar Ka	*Member*
Mr. Peter Eyanuku	*Member*
Mr. Mohammed Salau Adebanjo	*Member*

The Committee met four (4) times during the year. The following table shows meeting attendance of members of the committee:

Director	25 Mar	23 Jun	28 Oct	16 Dec
Mr. Lanre Fabunmi	P	P	P	P
Mr. Babacar Ka	P	P	P	P
Mr. Peter Eyanuku	P	P	P	P
Mr. Mohammed Salau Adebanjo	P	P	P	P

MEETING ATTENDANCE ABBREVIATIONS:
P: Present **AWA:** Absent with apologies

Remuneration, Nominations & Corporate Governance Committee (RemNomCo)

The Remuneration, Nominations & Corporate Governance Committee is a combined Committee, now known as "RemNomCo". This Committee meets to evaluate and determine compensation policies, including level and form, for all corporate and divisional officers and certain employees, and to recommend compensation for non-executive Directors. The forum will also advise senior management on policy and strategy regarding succession planning, development and retention of senior executives and management teams, and handling other matters as required.

The Remuneration Committee periodically reviews and makes recommendations to the Board concerning the level and form of compensation of non-executive Directors; remuneration policy for the Directors, Company Secretary and other senior executives; recommendations for introducing new share incentive plans or major changes to existing plans to be put to Shareholders for approval.

The Committee's recommendation, which is discussed and evaluated by the full Board, is based on both an assessment of the best practices of other companies and the particular circumstances of this Board.

Changes in Board compensation, if any, must be approved by the full Board.

The Committee also meets to make recommendations to the Board on all matters concerning corporate governance and directorship practices, including the development of corporate governance guidelines, evaluation of the Board, Committees and individual Directors, identification and selection of new Board nominees, and oversight of the Company's policies relating to social and environmental issues.

The Committee makes recommendations regarding changes to the structure, size and composition of the Board, ensuring adequate succession planning for the Board and senior management, recommendations for appointments to the Board, the appointment of the Chairman of the Board, and appointment of non-executive Directors including independent Directors, membership and chairmanship of board committees. The Committee shall also undertake a review of the Company's overall corporate governance arrangements and receive reports on the views of the Company's Shareholders.

The Committee met twice (2) during the year under review. The Members of the Committee who served during the year were:

Mr. Marc Stoneham	*Chairman*
Mr. Babatunde Fajemirokun	*Member*
Mr. Adefolarin Ogunsanya	*Member*
Mrs. Runa Alam	*Member*
Mr. Babacar Ka	*Member*

The following table shows meeting attendance of members of the Committee:

Director	31 Jan	19 Oct
Mr. Marc Stoneham	P	P
Mr. Adefolarin Ogunsanya	P	P
Mr. Babatunde Fajemirokun	P	P
Mr. Babacar Ka	AWA	AWA
Mrs. Runa Alam	AWA	AWA

MEETING ATTENDANCE ABBREVIATIONS:
P: Present **AWA**: Absent with apologies

Statement of Risk Management & Control Environment Practices

The Company strives to maintain sound management control frameworks to ensure the integrity of its operations and provide assurance to its Shareholders and Stakeholders.

The Company places great importance on risk management and it is the Board Strategy, Investment and Risk Management Committee that is tasked with ensuring that appropriate risk management systems are established. The Company also places great importance on internal control and its Board is charged with ensuring the Company has an effective framework of internal control. The Company has an internal auditor that provides assurance to the Board through the Audit Committee as to the effectiveness of the Company's internal controls. The Company has an active compliance function that ensures proper compliance with all applicable external laws and regulations as well as internal codes and policies. The compliance function monitors activities of the Company and its staff to ensure compliance and report to senior management and the Board regularly.

Conflict of Interest

All the Company's Directors and employees are expected to act ethically at all times and to acknowledge their adherence to the Company's Code of Business Conduct. Directors and employees are to abstain from actions that will or may lead to a conflict of interest or potential conflict of interest with the Company. The Board members may not be involved in jobs or activities that compete with the Company's activities and those that conflict with the Company's interest.

Communications Policy

The Board recognises the need to communicate and disseminate information regarding the operations and management of the Company to all relevant stakeholders (including Shareholders, regulatory authorities and the general public) and therefore, the Company has in place a Communications Policy in accordance with the requirements of the Securities & Exchange Commission. The Company produces this detailed Annual Report and Financial Statements. Information on the performance of the Company and other major corporate information are available to the stakeholders in particular and the public on the website of the Company - **www.foodconceptsplc.com**. The website contains our Annual Report and Financial Statements.

Shareholders' Participation

The Company is committed to promoting Shareholders' rights and takes necessary steps to ensure the same. The Board and Management significantly benefit from the contributions of the Shareholder representatives of the Audit Committee and the contributions of Shareholders at Annual General Meetings.

Whistleblowing Framework

The Company has a whistleblowing system in place called, "Tip Off Anonymous". This provides an avenue for employees and third parties dealing with the Company to report concerns about any suspected misconduct which may arise from the violation of laws and regulations, the Company's Code of Business Conduct or the various policies, rules, standards and procedures under which the Company operates. By creating the Tip Off Anonymous channel (a safe, secured and confidential channel of communication) and an effective reporting system, the Company believes that it can promote a positive work environment.

Inclusion & Diversity Policy

Food Concepts is committed to developing and embedding inclusion and leveraging diversity to create value in a fast-changing and complex environment, which positively impacts our employees, customers and suppliers. We are one of the most advanced gender equality businesses of our size in the industry. We remain committed to the support of grassroot entrepreneurs and take a hands-on approach that is geared towards assisting budding entrepreneurs. We are passionate about creating an inclusive environment which caters to differences and fosters inclusion and equity through our core values of Love, Ownership, Value, Execution and Drive. At Food Concepts, our employees comprise male and female from different parts of the country and every employee is given an equal opportunity for promotion purely based on merit.

Bribery & Corruption

We condemn any form of bribery and corruption. Our employees may not, directly or through intermediaries, offer or promise any personal or improper financial or other advantage in order to obtain or retain business or other advantage from a third party, whether public or private. Employees may not accept any such advantage for any preferential treatment of a third party. Moreover, employees must refrain from any activity or behaviour that could give rise to the appearance or suspicion of such conduct or the attempt thereof.

Statement of Compliance (Nigerian Code of Corporate Governance 2018)

We hereby affirm that the SEC Code of Corporate Governance and the Nigerian Code of Corporate Governance (NCCG) 2018 govern the operations of the Company and confirm that to the best of our knowledge, we are substantially in compliance with the Codes.

The Board is fully committed to complying with the principles enshrined in the Codes.

MAIORA

Per Aspera Ad Maiora
Pursuing Excellence through Effort

Maiora International
Suite 8c Normanby Gateway
Lysaghts Way
Scunthorpe DN15 9YG, UK
E:janhavi@maiorainternational.com

11 May, 2021

INDEPENDENT BOARD EFFECTIVENESS APPRAISAL ON THE BOARD OF DIRECTORS OF FOOD CONCEPTS PLC FOR THE YEAR ENDED DECEMBER 31, 2020.

Maiora International, a global governance and board evaluation company registered in UK (Maiora) was engaged by Food Concepts Plc ("FCL") to carry out a board effectiveness appraisal of the Board of Directors for the year-ended December 31, 2020 in line with global best practices on Corporate Governance and a corporate governance toolkit that consolidates global best practice and is tailored to the nature and size of the Food Concepts PLC.

The appraisal entailed a review of the Board and Board Committee's through a questionnaire, rigorous one to one interviews and observations of Board meetings.

To ascertain the extent of compliance with relevant corporate governance principles and appraise the performance of the Board, we interviewed the board members on the Company's corporate governance structures, policies and processes against corporate governance toolkit which encompasses global Best Practices as well as regional Codes and regulations and considered the following key corporate governance themes:

A. Board structure and functioning;

B. Corporate culture and behaviour;

C. Control environment and processes;

D. Disclosure and transparency; and

E. Shareholder and wider stakeholder practices.

The Board has the responsibility for putting in place adequate corporate governance structures and practices and approving policies that will ensure the Company carries on its business in accordance with its Memorandum and Articles of Association as well as in conformity with applicable laws, codes and regulations to guarantee sustainability. Subsequent to the conclusion of the board effectiveness appraisal, we confirm that the Board and Company have substantially improved their Board and committee systems, processes and composition to bring about significant change. In our opinion, the Board and individual Directors have shown commendable commitment to enhancing the FCL's growth, developing, and monitoring corporate strategy to achieve sustainable growth.

We have noted a few areas requiring the attention of the Board which have been detailed in our full report. The Board understands the issues around composition and thinking ahead on succession and have given assurances that they are considering. However, the reasons for this and ways to improve have also been detailed in the full report and are to some extent explained by the history, nature and context of the business. We are encouraged that the Board members cooperated fully, dedicated time and understood the need to address the issues despite the challenges that COVID and business environment has presented over the last year.

Particular mention should be given to the fact that we observed that the FCL Board has been successful in turning around business and instilling better governance frameworks over the last few years. The CEO is well-respected, the business has a clear vision and objectives and the Board has developed good relationships, processes and dynamics with a respectable balance of challenge and trust. The interactions between the executives and non-executives demonstrate there are robust discussions and alignment on strategy so should be well placed to address the issues raised in the report.

Yours faithfully,

JDadarkar

For Maiora International
Name:...JANHVAVI DADARKAR……………………..
CEO

ISO 9001: 2015 Management System Certifications

smg
Sustainable Management Group

Dear Mr. Olawuyi,

Congratulations! Your organization's management systems (ISO 9001: 2015; ISO 14001:2015 and ISO 45001:2018) has been certified by SMG management systems Certification Body.

You now possess an invaluable edge in the marketplace, and we want to help you promote that fact.

At SMG we believe in innovation, raising security & control, and always be part of the latest solutions.

Due to the worldwide COVID-19 restrictions SMG was required to introduce some adjustments as part of our business continuity plan in order to maintain providing you with our services at its best.

Our certificates started to be issued as of March 15th 2020 electronically and will be controlled and marked with a QR code instead of a hologram seal.

You will be able to easily scan the QR code placed on your certificate in order to verify it online.

We thank you for having us as your partner and we want to assure you that we will continue to provide uninterrupted services.

At SMG we would like to wish you and the entire organization health and safety.

Best Regards,

Olasunkanmi Olayanju
SMG Country Representative

Registered by:
Sustainable Management Group SMG, 78 George Street, Ottawa Ontario, K1N5W1 Canada; and subject to the SMG Terms and Conditions for Certification.
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To verify that this certificate is current, please refer to SMG online certification register at: [illegible]

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smg
Sustainable Management Group

Certificate of Registration

The Management System of:

Food Concepts PLC

2, ILUPEJU BYE-PASS, ILUPEJU, Lagos, Nigeria

Operates an

Occupational Health & Safety Management System

Which complies with the requirements of

ISO 45001:2018

This certificate is applicable for:

PROVIDING READY TO EAT CHICKEN PRODUCTS (BURGER, SANDWISHES & MEALS)

EA Code: 30
Certificate of registration No: NG-10000-OHSMS

Initial Certification Date: 08 May 2021
Certificate Issue Date: 10 May 2021
Certificate Expiry Date: 07 May 2024

SIGNATURE

Yevgeniya Mikheyeva
Operations Manager

Registered by:
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To verify that this certificate is current, please refer to SMG online certification register at: [illegible]

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smg
Sustainable Management Group

Certificate of Registration

The Management System of:

Food Concepts PLC

2, ILUPEJU BYE-PASS, ILUPEJU, Lagos, Nigeria

Operates an

Environmental Management System

Which complies with the requirements of

ISO 14001:2015

This certificate is applicable for:

PROVIDING READY TO EAT CHICKEN PRODUCTS (BURGER, SANDWISHES & MEALS).

EA Code: 30
Certificate of registration No: NG-10000-EMS

Initial Certification Date: 08 May 2021
Certificate Issue Date: 10 May 2021
Certificate Expiry Date: 07 May 2024

SIGNATURE
NG-10000-EMS

Yevgeniya Mikheyeva
Operations Manager

Registered by:
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This certificate remains the property of SMG and must be returned to SMG upon its request.
To verify that this certificate is current, please refer to SMG online certification register at: [illegible]

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smg
Sustainable Management Group

Certificate of Registration

The Management System of:

Food Concepts PLC

2, ILUPEJU BYE-PASS, ILUPEJU, Lagos, Nigeria

Operates a

Quality Management System

Which complies with the requirements of

ISO 9001:2015

This certificate is applicable for:

PROVIDING READY TO EAT CHICKEN PRODUCTS (BURGER, SANDWISHES & MEALS)

EA Code: 30
Certificate of registration No: NG-10002-QMS

Initial Certification Date: 08 May 2021
Certificate Issue Date: 10 May 2021
Certificate Expiry Date: 07 May 2024

SIGNATURE

Yevgeniya Mikheyeva
Operations Manager

Registered by:
Sustainable Management Group SMG, 78 George Street, Ottawa Ontario, K1N5W1 Canada; and subject to the SMG Terms and Conditions for Certification.
This certificate remains the property of SMG and must be returned to SMG upon its request.
To verify that this certificate is current, please refer to SMG online certification register at: [illegible]

Sustainability & Social Responsibility Report

Corporate Social Responsibility is a culture and an attitude that is central to our way of doing business. Food Concepts has always believed that we have a responsibility to support the communities and environments in which we operate and that we must do our part to impact them positively.

2020 was a year, more than any other, that called Food Concepts and other generous organisations around the globe to rise to the occasion. Despite the many challenges that Covid-19 brought, it was encouraging to see how people and companies came together to do meaningful work. It was our honour to be a part of this and we would like to take a moment to thank our incredible staff members and partners for their tireless, selfless efforts, innovative ideas and community spirit over this time.

In 2020, although our focus was very much on Covid-19 Feeding Programmes; we are pleased to share that we remained focussed on the following key areas as well:

- The Upliftment and Nourishment of Nigerian Children
- The Sickle Cell Foundation of Nigeria (SCFN)
- Employment & skills development
- Diversity and the empowerment of women
- Human rights & inclusive business practice
- Consumer protection
- Positive impact on the environment
- Animal welfare

Covid-19 Feeding Programmes

Food Concepts partnered with several organisations during the Covid-19 look-down. Special palliative donations in food valued at over N1 million were provided to the community via various Medical/Health centres around the country. These included:

- Ministry Of Health - Emergency Response Team - Covid-19
- Lagos State - Ministry of Health - Yaba (Infectious Disease Center)
- Lagos State - Ministry of Health - Onikan Isolation Center
- Abuja (FCT) (Public Health Department Area 3)
- Oyo state (Ibadan)
- Federal Ministry of Health - Abuja Isolation Center
- Lagos Physical Planning
- Partnership with AIICO Insurance /NGO

Food Concepts also formed strategic partnerships with other corporates like Babban Gona Farmer Services Nigeria Limited, InfraCredit and AIICO Insurance, whom we assisted with the coordination of various feeding programmes in Nigerian communities.

The Upliftment & Nourishment of Nigerian Children

In further response to the pandemic, Food Concepts developed a social campaign called, "Citizens Meals 4 Meals" via our Chicken Republic Brand. This was done in partnership with givefood.ng. (a Babban Gona initiative) that uses technology to make it easy for anyone to donate food to people in need. Via our Citizens Meals 4 Meals campaign, we invited our Brand community, to buy a meal to give a meal: for every Citizens meal (valued at N1,350) purchased online, Chicken Republic donated N100 to Givefood.ng, enough to feed one hungry child a meal.

We promoted the campaign on social media and we engaged our Brand and channel partners to push the campaign across their social channels as well. The response from our Brand community exceeded our expectations and we are proud to share that this resulted in us feeding over 30,000 hungry children across Nigeria.

The Sickle Cell Foundation of Nigeria (SCFN)

Even in our toughest years, Food Concepts has always supported individuals living with the Sickle Cell disease. In 2020, we teamed up with the Sickle Cell Foundation of Nigeria (SCFN) once again to create awareness for this challenging genetic disorder.

Employment & Skills Development

Food Concepts employed approximately 3000 people at the end of 2020 and many more thousands indirectly, by building new stores, revamping existing stores, developing new products to cater for the needs of our consumers. All these activities require resources, local home-grown talent that will continue to actively participate in the local economy and benefit their local communities. We are aiming to have opened 700 stores by the end of 2024, which will see us advance our employment capacity to over 8000 people in Nigeria. "People Capability Always" is at the heart of all we do. Our Training and Development department trains, up-skills and develops the capability of every person that we employ.

Diversity & the Empowerment of Women

We continue to actively encourage the employment of women in our Company. We remain one of the most advanced gender equality businesses of our size, in the industry. Starting with our Executive Team we have over 50% female employees throughout the company. In 2020, we promoted Josephine Johnson - Company Secretary & Legal Adviser to an Executive Management.

As mentioned, we will directly employ over 8,000 people by 2023 and remain committed to ensuring that 50% of those will be from the women and youth pool, both of which are so sadly under employed and with limited opportunities today.

In 2020, we also partnered with STEMi Makers Africa and the U.S. Consulate General, Lagos to sponsor the I-Be-Lady O summit. This inspiring and innovative event offered Nigerian women transformative growth, opportunities, mentorship and visibility in the Science, Technology, Engineering, Mathematics and other key career pathways.

Inclusive Business Practices

We buy all our products, produce, poultry, etc. through Nigerian companies and do not import anything ourselves. Thus, every Naira we spend goes into the local economy in one way or another, whether it is through job creation, property rentals or Local & Federal taxes. We remain committed to supporting grassroots entrepreneurs from whom we purchase fresh produce for our Central Kitchens and numerous restaurants. Key highlights for the period include:

- Onboarding new suppliers to broaden our partnerships with small and medium scale businesses, many of whom are female run/owned.
- Working with young, budding entrepreneurs on the development of locally produced products like mayonnaise and packaging.
- Using locally produced tomato paste, which continues to positively impact local vegetables farmers.
- Sourcing and producing our uniforms locally, again many of these vendors are women.
- Enlarging our footprint across the country by opening more restaurants and Pie Production Units, which has and will continue to create employment. This also has the knock-on effect of increasing the number of suppliers, benefitting local communities.
- Onboarding new logistics service providers to service our growing footprint.

Consumer Protection

Health, Safety and Consumer Protection are of critical importance to Food Concepts, and in 2019, we were awarded ISO22000:2018 Food Safety Management System certification for our Lagos Central Kitchen and Chicken Republic, Ilupeju.

ISO22000:2018 is the latest certification, based on a Food Safety Management System (FSMS) that can be awarded to any organisation in the food chain – from farm to fork.

In 2020, Food Concepts was re-certified for ISO 22000:2018 after a successful surveillance audit by the certification body, and an additional 5 Chicken Republic stores in Lagos were certified to ISO 22000:2018, namely, Opebi, Gbagada, Idimu. Freedom Way and Awolowo 1.

The adoption of a "Food Safety Management System" is a strategic decision for any organisation as it drives constant improvement and addresses the risks associated with its objectives.

Now, more than ever, our Quality Assurance teams are driven to ensure that our customers, staff and Shareholders have confidence in our ingredients, products, and suppliers to deliver great-tasting quality and safe food products, consistently to our ever-increasing consumer base.

Food Concepts is proud to announce that we were also recently awarded ISO Certification in the following standards: ISO14001:2015 (Environmental Management), ISO 45001:2018 (Occupational Health and Safety), and ISO 9001:2015 (Quality Management System) using an Integrated Management System approach.

To further enhance consumer protection, Food Concepts actively invites staff, suppliers and customers to report any concerns regarding unethical conduct at Food Concepts Plc via the Deloitte Tip-Offs Anonymous Hotline, website, email or mobile app. In addition, we have an internal customer care line and we also moderate social media complaints both directly and indirectly, on a daily basis.

We are fully committed to providing "everyday affordable value" to all of our customers and as a testament to our commitment we have managed to maintain pricing of our value meals by offsetting inflationary costs with efficiencies and economies of scale.

Positive Impact on the Environment

In 2020 Food Concepts tested out our first gas generator in a Chicken Republic store, which is an environmentally friendly solution with long-term cost benefits. Our ultimate aim being to reduce our diesel consumption to zero. We also explored and continue to explore solar power solutions with the aim of establishing energy saving solutions for both our PieXpress and The Chop Box brands. We now have a successful pilot for PieXpress working largely on solar power. Finally, we begun active investigation into the use of more sustainable packaging solutions for all of our Brands.

Animal Welfare

Food Concepts is committed to supporting local and will only purchase poultry from reputable companies that operate within the guidelines of the various Local and Federal Government organisations.

Looking Ahead

Food Concepts remains ever committed to doing the right things in the right ways. We will continue to strengthen all existing initiatives and we look for new opportunities to make a positive impact. We embrace local talent to drive economic growth and we will make it our business to respond to the very real needs of Nigerian people and our planet.

Our People

People Capability Always

During the 2020 financial year, Covid-19 impacted many businesses around the world, and Nigeria was no exception. The pandemic hit the very core of our business, "Our People." From the onset of Covid-19 Food Concepts was declared as an "Essential Service" and we continued to trade into the "eye of the storm" and what many have described as the "perfect storm". Our guiding principle has always been "safety first" and it is indeed a principle that we needed to enforce and live, throughout the year, for our over 3000 employees.

In a year that saw many retrenchments across various sectors because of the Covid-19 pandemic and endSARs challenges, we bucked the trend and contributed positively to the economy. We opened a further 26 Chicken Republic and 28 additional PieXpress stores during 2020, which enabled us to employ over 1000 people resulting in a positive impact in the labour market, particularly new states where we now have a footprint.

In addition, Food Concepts Plc incurred no loss of life, no salary cuts, and no retrenchments.

Supporting and protecting our people remained a key focus in the business continuity plan, where we ensured our people were provided training and protective equipment throughout the year. New staff require training, and hence the need for new training skills to develop our people, sometimes remotely, has never been greater.

We remain focused on our business growth plans and by 2024 we plan to have over 700 stores, directly employing over 8000 people in Nigeria alone, not to mention a renewed focus on Ghana.

Food Concepts continue to advance the employment of women in our business. We are an industry leader and one of the most advanced gender equality businesses of our size with the employment of > 52% female employees. In addition, 57% of our Executive Team are female. We are fully committed to ensuring that we remain a gender balanced company and that at least 4000 of those will be from the women and youth pool, both of which are under-represented in the formal labour market today.

It is also worth noting that the G7 Summit created a platform called the "2 X Challenge". The key purpose of this was to raise awareness and funding for women empowerment and equal opportunity employment. Food Concepts was the only Private Company that received recognition and mention for its work and progress.

To drive efficiencies during rapid growth, the business is implementing SAP Enterprise Resource Planning. For Human Resources this is the implementation of SuccessFactors and WYZE Payroll Solutions to actualise efficiencies and effectiveness of processes in the following key areas:

- Payroll
- Recruitment
- Performance Evaluation & Management
- Centralised Employee Database
- Time-off Management

L **LOVE**
We are passionate, relevant, caring, respectful and committed.

O **OWNERSHIP**
We act with integrity and take pride in ourselves, our company and country.

V **VALUE**
We add value to everyone and in everything we do.

E **EXECUTION**
Execution is what we do best

D **DRIVE**
We take initiative and push forward to exceed expectations and achieve our goals.

FOOD CONCEPTS PLC

We will continue to monitor efficiencies as we develop our usage of the new systems.

To support our aggressive expansion and new store roll-out plan for 2020 and beyond, the OMEGA Development Program has been instrumental in training and developing our people to ensure they are well prepared for promotion into management roles.

We are committed to growing our talent internally and in 2020 we developed, appointed, and promoted 140 internal people to the following positions:

- 5 Area Managers
- 34 Restaurant Managers
- 36 Assistant Managers
- 11 PieXpress Supervisors
- 49 Shift Managers
- 5 Support Office

In addition, we impacted the labour market by recruiting and training 216 Graduate Trainees into management roles in our stores.

The Company has continued to focus on reducing labour turnover and has seen a dramatic improvement over the past few years from 96% in 2014 to 56% in 2020 with 12% of that coming through in 2020. This improvement was driven by developing and implementing strategies to reduce labour turnover and retain talent. These strategies included:

- Ensuring that we hired the right people living in the right locations.
- Ensuring their salaries were paid on time and in full.
- Provide PPE equipment to keep them safe while at work.
- Training and development of our people to resource our stores enabled our people to increase their earning potential and loyalty to the business.

In 2020, the following key appointments were made:

- Head, Information Technology
- Recruitment Manager
- Field Training Manager

2021 and Beyond

Our key focus for 2021 and into the future is to continue to train and develop our people to their maximum potential through implementing the support office OMEGA Development program. Our key focus areas will be timely recruitment, training, and development to ensure the new stores for 2021 and beyond are resourced with capable people. We plan to realise the efficiencies of SuccessFactors and WYZE Payroll and maximise productivity in the management of Human Resources across the business. In conclusion, we will continue with our gender balancing strategy to support and drive female development into middle management and senior management roles.

BRANDS customers LOVE

taste the love

From our humble beginning in Lagos in 2004, until today, the Chicken Republic brand story is one of many twists and turns. With that said, we have always remained true to our passion and that is to share our food with people that LOVE our soulfully spiced chicken meals, flavoured with our unique blend of authentic West African herbs and spices.

We are a proudly home-grown brand and we choose to spread the LOVE to all our customers through our committed staff, as we continue our quest to let everyone TASTE THE LOVE.

We deliver value to our customers, staff and shareholders by ensuring a clear focus on three key performance indicators which include:

- People Development.
- Sales Growth & Profit Growth.
- Operational Excellence.

2020 Highlights

Opened 26 new stores (22 Company owned & 4 Franchise stores).

Expanded into 4 new states increasing coverage to 19 states.

Developed regional capacity by introducing 3 new warehouses.

Doubled our online sales, with spikes in sales as high as 60% due to online marketing.

Enjoyed up to 1,700 unique daily visits to our new and improved web site.

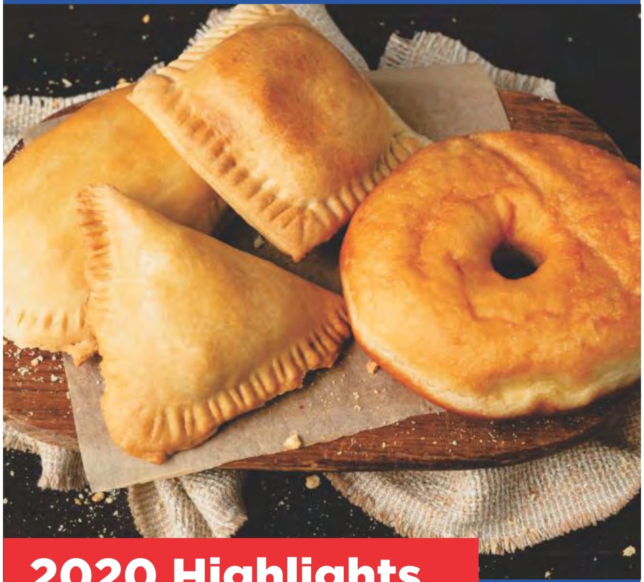
Increased social engagement by over 1,600% on key campaigns.

The PieXpress Brand caters for mobile, transient consumers who desire convenient, quality food on-the-go, at a price that satisfies both their "belle" and their pocket.

It has always been clear that the Nigerian consumers love flavour profiles and food types that resonate within their day-to-day lifestyle. The nostalgia associated with pies and pastries makes this a fast-moving category that is profitable and well loved by all age groups.

Since launching in 2019, PieXpress has proven to be a cost effective and profitable Brand that enhances our economies of scale via:

- Better utilisation of our existing and new real estate – having the PieXpress stores in the Chicken Republic car parks allow us to really "sweat our assets".
- Minimal risk, as the concept can be moved easily from one location to another if the market dynamics are not right or change.
- Low set up costs.
- Ability to own the "Freshly Baked" value proposition within the QSR space".



2020 Highlights

Opened 24 new stores.

Grew footprint to include 4 new states.

Introduced Renewable Energy Solutions for stand-alone stores.

Built 5 new Pie Production facilities.

Our aim is to open 78 stores in 2021, bringing us to 300 stores by the end of the year.

It is no secret that to truly win in Africa is to win at the base of the pyramid. Every day, tens of millions of Nigerian consumers buy traditional meals from informal eateries around the country. Moreover, every research study that we have undertaken shows strong customer demand for traditional Nigerian meals. However, we also know that these same consumers, regardless of their income or social status, are highly aspirational and have a strong propensity toward iconic, world-class brands.

Our newest creation, The Chop Box, is Food Concepts' response to meeting these demands head-on.

2020 Highlights

Registered the name and developed the brand identity.

Designed and built our first kiosk for prototyping in Q1 2021.

Developed and tested the menu.

Operational Review

The impact of the Covid-19 pandemic in 2020 had many ramifications on local and international businesses alike. Covid-19 hit at the very core of our business, "our people" and our operations, which resulted in business disruptions and created much tougher operational and trading conditions than in previous years.

Covid-19 challenges started in March 2020 and resulted in a national lockdown for several weeks, followed by ongoing restrictions on trading hours and dine-in services. In October 2020, just as Covid-19 regulations started to ease, the endSARS protests caused complete and partial lockdowns, as well as, curfews across most parts of the country.

Despite these challenges, we learned a lot about the resilience of our Brands, our people and our business model. The Nigerian economy, as with the global economy, took a lot of strain. Increasing inflation and challenges pertaining to sourcing raw materials and Forex, had a direct negative impact on our top line sales and bottom line.

Many of Nigeria's challenges rolled over from 2019, with worsening power supplies, increased prices of power and fuel, major transportation issues, rental increases, increasing food inflation and a significant increase in unemployment. In addition, there were multiple international and local suppliers that took financial strain, resulting in them reducing their footprint in the market, with business closures, retrenchments and salary reductions taking place across businesses in the country and worldwide.

Throughout the 2020 financial year, our Chicken Republic and PieXpress Brands stayed focused on what we do best, delivering operational excellence and satisfaction to our customers and the front-line service departments.

We continued to drive our sales growth through people development, grass root marketing, improvement of operational standards, driving speed of service, improving product quality and product availability.

Despite the lockdowns and curfews imposed on us following the Covid-19 pandemic and the SARS protests, we delivered 22 new company Chicken Republic restaurants across the country including new cities like Minna, Lafia, Yenagoa, Oyo and expanding our operations in Port-Harcourt, Ilorin, Ibadan, Kano, and Lagos, bringing our total number of company-owned Chicken Republic Restaurants to 88.

In addition, we relaunched a new and exciting Chicken Republic web site. We simultaneously entered into agreements with new channel partners, such as Jumia and other corporates, in order to push online sales and deliveries in the face of Covid-19 restrictions and beyond.

We also re-energised all of Chicken Republic's social media platforms and we developed and implemented fresh content aimed at aggressive meal promotion and innovative brand and social engagement campaigns. This resulted in the business doubling its online sales in the year ended 2020 and we also grew our social media following, increased brand engagement levels and saw a steady increase in web traffic.

Alongside these exciting developments for Chicken Republic, we opened 26 new PieXpress stores which focus on delivering great quality on-the-go snacking products to our customers at affordable prices bringing our total number of PieXpress stores up to 31. All things being equal, we had a good year.

In July 2020 we trialed an exciting new Brand for our portfolio, The Chop Box, with a clear focus on delivering everyday affordable value with some prominent and flavoursome Nigerian traditional meals for our customers. These trials took place within our Oniru PieXpress store and our first free-standing Chop Box store opened in Lagos at our Opebi Chicken Republic site in December 2020.

Chicken Republic, PieXpress and The Chop Box Brands under the umbrella of Food Concepts Plc. continued to invest and develop our vision to be: "The Most Loved Baked Goods and Quick Service Restaurant Brands in West Africa".

We achieved this through a clear focus on targeted execution and a relentless drive for success. We will continue to focus on growth of the Brands in Nigeria and Ghana in 2021.

Despite the challenges going into 2021, we are clearly focused on driving and executing our Operations Strategy with additional focus on our e-commerce and online marketing, to a much stronger position in the market so that our Brands retain their market leading status in and across Western Africa.

We have a clear focus on our key performance indicators which include:

- People Development.
- Sales Growth & Profit Growth.
- Operational Excellence.

We are looking forward to a more normal trading environment in 2021, despite the rollover of a year that can best be described as "A perfect storm!"

Looking Ahead

We continue to re-energise our teams to drive our 2021 Operations Strategy, with a clear and targeted focus on People Development, Operational Excellence and Financial Discipline:

Meet and Beat Budgeted Sales

- Grow transactions, ticket average and peak time sales through accurate sales forecasting, speed of service, hospitality and upselling initiatives.
- Grow our online sales through ensuring speed or service and product availability.
- Launching additional online 3rd party channel partnerships and launching our own dedicated e-commerce platform.
- Roll-out of The Chop Box under Food Concepts.

Improve GP (Cash)

- Grassroot marketing of Chicken Republic & PieXpress meal options across stores, areas and regions.
- Drive our Monthly Product Action plan.

Enhance our EBITDA (Cash)

- Closely monitoring our flow-through of incremental sales growth to EBITDA.
- Process and discipline around OPEX costs through tight controls and accountability.

Drive Operational Excellence as the leader across QSR Brands

- Improve our speed and quality of service.
- Drive back-of-house efficiencies.
- Relentless focus on operational audit scores across all Brands.

People Capability and Development

- Create career opportunities and promote from within.
- Targeted Annual KPI setting - Quarterly reviews for all Area and Regional Managers.
- Monthly financial and operational reviews.

Despite the 2020 roll over challenges into 2021, we as an Operations Team will continue to ensure that we deliver strong sales and consistently improve profitability for our business. Execution is our differentiator, and this will be continuously ingrained across our business units as we strive to excel and consistently deliver on our vision of becoming "The Most Loved Fast Foods and Baked Goods Brands in West Africa".

Property Development & Franchising Division

From a development point of view, Food Concepts Plc. cannot but feel robbed by 2020, a year that has been described as many as "the perfect storm". It was a turbulent year for everyone with the Covid-19 pandemic, resulting in multiple lockdowns, restriction of local and inter-state movement and the multiple weeks of lost productivity. For a considerable part of Q2 and Q3, it was business unusual and then in Q4 the endSars protest brought about further restrictions, business downtime and curfews, all resulting in confusion and uncertainties.

Despite the challenges that we faced as a business, we remained committed to our key objective of rapid, profitable growth and building a future store development pipeline. We faced many obstacles throughout 2020 but with teamwork, strong leadership, and commitment we still closed the year with 26 additional Chicken Republic stores (22 Company owned & 4 Franchise stores) and 24 PieXpress stores, all of which are delivering phenomenal numbers and enabled us to close the year on a solid footing.

We learned much about our development abilities because of Covid-19 and we will see efficiency gains from these new learnings in 2021. It is interesting to note that whilst we could not physically visit all our sites whilst under construction, due to the travel restrictions, we could use technology and videoconferencing to guide and ensure our contractors continued to build our stores according to world class and Brand standards.

We established the Chicken Republic Brand in 4 new states, and we are now represented in 19 Nigerian states across the country. We have taken our Brands as far north as Sokoto to the deep South of Bayelsa (Yenagoa). The excitement created in the local communities with these new arrivals is evident in the performance of these locations, as they have all exceeded our business case projections.

The successful entry into these new states has inspired us to further grow further and faster into new territories to meet the needs of the Nigerian consumers that love our Brands and the great taste of authentic West African flavour profiles. One must be present to compete and we intend to make our presence felt in many new areas in the years to come.

PieXpress is quickly becoming an iconic brand in Nigeria. Barely 2 years since we launched our first store in Oniro (Lagos), we have opened in 4 states and established a renewable energy solution for our standalone sites with the installation of solar power. This new energy solution means we have no restrictions in placing a PieXpress store at strategic locations where access to the grid may be a challenge. We look forward to the continuous growth of this Brand across the country.

As per our commitment in 2019, we have developed a local cuisine Brand "The Chop Box" along the same lines as the PieXpress concept. The Chop Box aims to provide a convenient, cost effective way to serve tasty, great quality, and popular traditional meals at everyday affordable prices.

Due to the limited infrastructure required to produce the range of The Chop Box meals, the strategy will be to leverage on existing Chicken Republic and Central Kitchen infrastructure.

We continue to build our infrastructure to support the business and the Brands across the country. To support our store roll-out for 2020 and beyond, we have built additional regional capacity and closed the year with 5 Pie Production facilities and 3 warehouses.

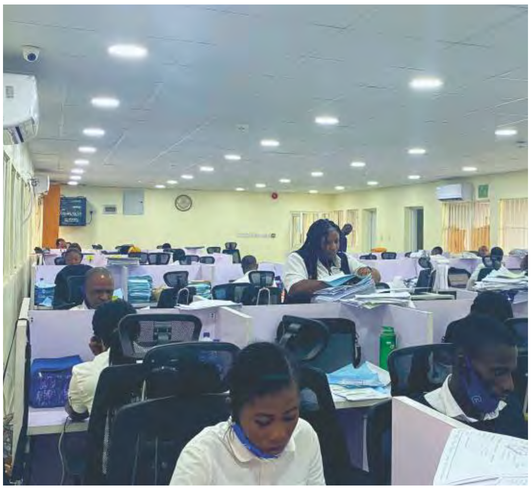
Moving forward into 2021, our plan is to ensure we have the capacity to meet our 5-Year growth strategy objectives.

Strategic Focus Areas for 2021 remain as follows:

- Rapid, profitable growth across the Brands.
- Developing Master Franchisees – Find franchisees for other West African countries outside Nigeria. Covid-19 slowed down our progress in opening the franchise in Ghana, but we are 95% complete and ready to commence operations in 2021.
- Franchise Support – Support Franchisees with training and performance reviews, operational excellence, marketing activities and audits.
- Effective Stakeholder communication with Project Meetings, Project Tracker Spreadsheet and Action Logging.
- Bulk purchase of assets in Q1 2020 enhanced savings with the continuous devaluation of the Naira, we have adapted the same strategy for 2021.

Looking Ahead

- Develop a franchise strategy for PieXpress, this is a concept that will be made affordable for more owner operators to be able to manage a structured business model with less capital requirement than that of a Chicken Republic.
- Test-out our first gas generator in a Chicken Republic store - environmentally friendly and long-term cost effective. Reducing diesel consumption to zero.
- Solar power solutions – find the right partners to establish energy saving solutions for both the PieXpress and the new addition to the family 'The Chop Box'.
- Property Management is still key to our business. We will continue to purchase where possible and ensure strict lease agreements to reduce the risk of habitual increases in lease terms.
- We will continue to drive franchise growth across Nigeria and West Africa.
- Strategic purchasing – fine tune the modalities of Bulk Purchases with Key Suppliers securing key/quality assets, whilst taking advantage of this strategy to stem incessant price increases due to currency depreciation.



Brands Customers Love

Supply Chain Division

The onslaught of the Covid-19 pandemic in March 2020 challenged and strained many supply chains across the globe, and Nigeria was no exception. The lock downs, self and forced isolations, farmers, manufacturers, distributors, retailers, shipping lines and the global economy will feel the effects of the terrible pandemic for many years to come.

Over the past few years, we have worked tirelessly to convert almost all our products to local manufacturers. With that said, many of these manufacturers rely on imported raw materials to manufacture the finished products we use across the Food Concepts portfolio of Brands. The peculiarity of the Nigerian operating environment compounds the local situation, with the Naira devaluation and the availability of Forex forcing prices up at an unprecedented rate creating panic buying and uncertainty at all levels.

The congestion in the ports, poor road infrastructure and insecurity in the country also had a significant impact on our ability to gauge some sort of understanding of what the new normal would look like. However, our supply chain has proven its ability to adapt and be resilient in the face of the ever-changing market forces… a trait that has served our business well in such disruptive times.

Supply Chain Division

Our Brands, Chicken Republic, PieXpress and The Chop Box have benefited from our competitive advantage of retaining control of our own destiny by using specific backward integration strategies in Logistics, Warehousing, Central Kitchens, Pie production facilities and our relentless desire to always keep our outlets fully stocked.

Any restaurant or fast-food outlet can only sell what they have, and it is as simple as that in our industry, out of stock = out of business.

Our centralised Supply Chain model provides a level of comfort and a guarantee of timely supply of quality products, at prices that are mutually beneficial to all stakeholders in the value chain.

Due to the strength of our Brands and their consistent year on year sales and volume growth, our centralised supply chain division has garnered significant scale, and we can demand service and pricing levels that other smaller competitors cannot achieve.

We are a proudly Nigerian business and hence we support our local economy by buying locally. In fact, > 99% of all products used in our system are produced and/or sourced through local Nigerian-based suppliers.

As our operations continue to expand and our demand increases, the need to follow a multiple supplier strategy has become imperative for us to circumvent supply disruptions. The Procurement team, in conjunction with the Quality Assurance team, continues to onboard new suppliers through a comprehensive supplier approval process which requires that all products pass our quality standards and that the suppliers manufacturing processes and facilities pass our on-site food safety inspections.

Our franchisees also enjoy the benefits of our scale as they purchase their requirements solely from suppliers who have been approved by us. These suppliers are required to meet or exceed strict quality control standards, and they must possess adequate capacity to supply our restaurant system reliably.

In 2019, we attained the ISO 22000 Certification for our Central Kitchen and Training School in Ilupeju. Our organisation received a Letter of Continuity from the certification body after the Surveillance Audit was carried out in 2020. This audit was adjudged successful, as our management processes complied with ISO 22000 standards.

As we establish footprints across the country and our operations continue to expand, so does our distribution network. We distribute products to the Company, Franchisee and other third parties from our three distribution centers in Lagos, Abuja, and Port Harcourt. We use a two-pronged distribution model that enables us to deploy Company-owned and third-party trucks to meet the needs of the respective stores.

As the business continues its growth trajectory, so is the need to focus on ensuring our available and future capacity meets the needs of our expansion plans. We will continue to invest heavily in our backward integration strategies and infrastructure in the years to come.

To forestall chicken shortages as experienced in Q4 2019, in addition to other initiatives employed, we deployed all resources into ensuring that new chicken suppliers were onboarded with a focus on driving regional chicken supplier development. We also entered supply agreements with several of these chicken suppliers. Even though the borders remained closed, we had relatively smooth operations as we could secure adequate supply of chicken throughout the season, despite the 'seasonality impact' and supply gap that characterises this period of the year.

Pie Production Facilities

The Pie Production facilities across the country have recorded phenomenal growth because of the Chicken Republic volumes and since the launch of the PieXpress Brand. The PieXpress Brand represents a very exciting and lucrative business opportunity for Food Concepts Plc. As we expand our business footprint, we will continue to invest in our manufacturing capacity to cater for the needs of both our Chicken Republic & PieXpress Brands, and other key FMCG customers in this segment.

Despite all the challenges faced in 2020, we opened a new Pie Production Unit in Ilorin to serve the new and existing stores in and around that area. This latest addition brought the total number of Pie Production Units to six across the country. These facilities are in Abuja, Lagos (Ilupeju & Oniru), Oyo (Ibadan), Kwara (Ilorin) and Rivers (Port Harcourt) states, respectively and we will continue to roll these facilities out into 2021 and beyond as it will bolster our current and future business expansion plans.

In 2019, we kick-started a delivery relationship with third party logistics partners. They took over the delivery of pastries to our stores. The relationship keeps waxing stronger, as these logistics service providers have been able to make good on their promise of timely delivery of hot and fresh, baked pastries to our PieXpress and Chicken Republic outlets at multiple times of the day. The benefits of this relationship ensure that our outlets offer freshly baked pastry products, and our outlets stay in stock to the delight and satisfaction of our customers.

Central Kitchen

Our Central Kitchen operation in Lagos blends our authentic West African spice blends for all our Chicken Republic stores and Pie Production facilities. Our spices are procured and manufactured locally, and this facility produces all the requirements for our Chicken Republic and PieXpress Brands in Nigeria and Ghana.

Our Central Kitchen allows us to fully protect our secret recipes and intellectual property, which is of utmost importance to the business. These spices are used in the preparation of Chicken Republic stores' Soulfully Spiced meals and PieXpress' sweet and savoury snacks. As we continue to grow across western Africa, the importance of consistency of flavour and heat levels will become more and more important to us and our Central Kitchen allows us to showcase and preserve this consistency for future generations to enjoy.

The Ilupeju based Central Kitchen supplies our Lagos based stores with frequent deliveries of fresh vegetables and because of our continued investments in refrigerated distribution vehicles, we now have these vehicles deployed across Lagos enabling us to cope with increasing volume growth in the existing and new stores.

In 2021, we will set up 2 new Central Kitchen facilities in Abuja and Port Harcourt. The establishment of these facilities is to support the operations and growth of our Brands. These Central Kitchens will be paramount to our growth as they deliver freshly prepared food items and vegetables to the stores whilst generating significant cost reductions in labour and wastage and removing complexities at store level.

Strategic Focus Areas for 2021

The key thrust for the division in 2021 is to focus on building Supply Chain capacity through investment in key infrastructure, to support the Company's growth agenda as we continue to spread the Chicken Republic and Pie Express Brands across Nigeria and west Africa.

We will continue to invest in our Pie Production facilities, Central Kitchens and warehouse, logistics and distribution facilities.

Shared Services Division

The Shared Services division serves as the bedrock of the organisation, focusing on the consolidated performance and position of the organisation, its subsidiaries, associated companies, and related entities. The division provides the requisite support to the business and other divisions to achieve overall objectives and maximise profitability through sales growth and reduced costs. The division drives the overall company strategy summarised in the budgets, forecast and business plans and ensures the monitoring and achievement of the company's overall strategy.

The Shared Services division is responsible for raising capital, generating investment income through effective treasury operations and the effective management of working capital to support the business strategy, growth plans and the smooth operation of the business. The division ensures that proper risk management procedures are in place within the organisation to identify and manage the risks in the business and that policies, controls and procedures are in place to ensure that the organisation's overall objectives are met.

Shared Services is responsible for new product development, management of the company's information technology, quality assurance (including both ISO and legal compliance) and ensures that the company's products are effectively communicated through marketing activities to third parties.

The division comprises the following departments:

Finance

The Finance department is responsible for all financial activities within the organisation from data and analytics to the submission of tax returns and other regulatory filings, the enforcing of financial tracking, discipline and accountability, inventory management, fundraising and generating investment income. The department also manages relationships with financial institutions, vendor payments, as well as the invoicing of franchisees and customers. It works with tax authorities, financial advisors and investors on tax audits, due diligence and manages the company's fixed assets.

Financial Planning and Analysis

The Financial Planning and Analysis department manages the preparation of annual budgets, business plans and monthly forecasts to drive business performance and cash flows. It also performs investment appraisals for new stores, remodels, and other new projects. The department provides pacesetter, product mix and cost of sales reports. Additionally, it provides financial and trend analysis to guide product pricing and scenario modelling for new products and promotions. The BI department also performs Group valuation, monitoring of share price & earnings per share and assessing acquisition opportunity valuations. It performs Group financial modelling and alignment with 5-year plan, prepares inputs for the board and board committee packs and engages in special projects execution and ecommerce monitoring.

Risk, Process, Control & Compliance

This department works with business process owners across stores and departments to ensure that risks are identified, tracked, and managed. It develops controls and documents systems and processes. It manages the internal control and compliance within the organisation. The department works with EXCO to develop policies and provides quarterly risks reports to the Board. The department also provides the second level of defence for the organisation.

Quality/ HSE

The Quality department enhances quality, environmental, health and safety support coverage across all stores and departments within the organisation. It enforces internal compliance and liaises with vendors to conduct inspections aimed at ensuring third party compliance. The Quality department also works with food regulators including NAFDAC, SON, ISO certification body and other statutory compliance bodies relevant to the food Industry. It is also responsible for fire safety awareness, food safety awareness and training, and periodic medical screening of all food handlers, operational staff, and staff in other production units. The department engages in new product development, testing, analysis, and quality control. It also provides training on critical parameters and tools to aid in quality checks at both stores and department levels and ensures cost savings through product and process improvements.

Administration

The Administration Department is responsible for a variety of key activities within the organisation. These include general cleanliness, adequate insurance, travel arrangements, travel cost management, company vehicle management, store and head office security, office space allocation/optimisation and the procurement of office furniture.

Information Technology

The Information Technology department is responsible for the successful implementation of our ERP system and ensures that the system delivers on the objectives of the organisation. The department also provides disaster recovery plans and works with procurement to procure hardware, software, and internet connectivity, whilst carefully managing system requirements, hardware specifications and costs. IT maintains an effective helpdesk to ensure a high response rate whilst providing IT support and training to our stores and departments. It is also responsible for the security of all Company systems via the implementation of gateways and antivirus systems.

Legal

The Legal department is responsible for legal and other related regulatory compliance, managing regulators and minimising regulatory costs. The department drafts, reviews and enforces contractual agreements, whilst protecting the Company's interests. It defends the Company in litigation and drives the recovery of long outstanding receivables from defaulting partners. Our Legal department minimises litigation costs by engaging in alternative dispute resolution where possible and protects our Brands through trademarking and brand rights registrations. It provides legal documents to address the Securities and Exchange Commission (SEC) requirements and ensures the perfection of the Company's Freehold properties. The Legal team ensures that Board meetings, Board Committee meetings, AGMs and EGMs are properly planned and effectively carried out and is responsible for taking minutes of board and board committee meetings. It is also tasked with the preparation and production of the Company's Annual Report.

Marketing

The Marketing Department is responsible for the strategic development of the Food Concepts Corporate Brand, Chicken Republic, PieXpress and The Chop Box Brands and for the design and development of new product and consumer brands.

FOOD CONCEPTS PLC

The team develops and implements brand guidelines and ensures the effective deployment of brand building programmes across touch points and platforms designed to increase brand equity.

The Marketing Department comprises two units i.e. Below the Line (BTL) and Digital. These teams work together on the design and execution of integrated marketing campaigns that elevate brand awareness and drive customer engagement in a manner that increases transactions, improves margin and results in high levels of brand loyalty and brand advocacy, respectively. The department also develops and manages strategic brand partnerships. It is responsible for the development of consumer insights, customer feedback/service channels and for Internal Brand Engagement, Customer Relationship Marketing and Corporate Social Responsibility programmes.

In 2020 the marketing team achieved the above key activities and focussed on developing strategies, templates and plans designed to support the business to achieve its aggressive growth plans.

Internal Audit

The Internal Audit department is an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. The head of this department reports directly to the audit committee of the Board to maintain its independence. The internal audit department helps the organisation to accomplish its objectives in a systematic and disciplined manner aimed at evaluating and improving the effectiveness of risk management, control, and governance processes. The department partners with management on special audit assignments and assists with the assessment and training of the Internal Control and Compliance unit. It performs independent reviews and assists budget/process owners to achieve their objectives through partnership and by identifying and mitigating against risks that could limit the achievement of objectives.

Looking Ahead

In 2021, the Shared Services Division will improve the security of our systems and ensure integration of solution streams to ensure more efficient and timely reports, analysis and insights for the Board, and the organisation. We will sustain the favourable credit rating and raise debt for the business to optimise the capital structure. We will also support the backward integration plans required to achieve the Company's 5-year plan. We will continue to focus on risk management, process improvements, independent reviews, and improved controls to ensure that the business objectives are met. We will continue with our revenue growth strategies for including the introduction of new products and the improvement of our marketing campaigns to increase profitability and our Brand community growth. We will continue with our strategy of cost minimisation through enhanced reviews, improved controls, more aggressive negotiations, and partnerships. We will continue with our management of working capital as well as the generation and maximisation of interest income for the organisation. We will continue to comply with Covid-19 guidelines, legal, SEC and other regulatory requirements. We will also sustain our ISO certifications and expand the scope of our certifications. We will coach and train our people and promote activities that will enhance team bonding.

Despite the challenging business environment, we are optimistic that with our continuous support, dedication and commitment, the business will exceed its 2021 targets.

Brands Customers Love

Executive Team

Food Concepts is managed by a young, dynamic and highly-focused team, with experience that spans business management, food operations, people management, supply chain management, marketing, financial management and legal advisory.

Their hard work, skill and dedication helps to drive our mission and deliver on the Food Concepts vision: **To be the most loved quick service restaurant and baked goods brands across West Africa**

The following were the Executive Team in 2020.

Mr. David Butler
Managing Director

Mrs. Anthonia Agbonifo
Executive Director/Divisional Managing Director-Shared Services

Mrs. Claudette Russel
Human Resources Director

Mrs. Olayinka Ogunleye
Divisional Managing Director – Supply Chain

Mrs. Josephine Johnson, *ACIS*
Company Secretary & Legal Adviser

Mr. Ikenna Okongwu
Divisional Managing Director – Operations

Mr. Kofi Abunu
Divisional Managing Director – Business Development

FOOD CONCEPTS PLC

Board of Directors

The Board of Directors of Food Concepts consists of a group of successful and high-ranking professionals. The Board has demonstrated a strong commitment to the Company and to the realisation of its business objectives. The Board of Food Concepts consists of nine (9) directors, with two (2) directors in an executive capacity.

Mr. Odunayo Olagundoye
Non-Executive Chairman

A banker by profession, Odunayo was the pioneer Managing Director/Chief Executive Officer of Chartered Bank Plc., and a former Managing Director of National Bank of Nigeria Plc (2000 - 2003). Prior to that, he was the General Manager/Chief Credit Officer of International Merchant Bank Plc (1975 - 1987). He holds a first degree in Engineering from Massachusetts Institute of Technology ("MIT") (1969) and a Masters' degree from the prestigious MIT Sloan School of Management (1974). He is currently the Chairman of Quantum Capital Management.

Mr. David Butler
Managing Director

David has garnered over 20 years' experience in the QSR industry in over 5 countries. David started his career in Pick 'n' Pay Hypermarkets and has since held various managerial positions in Nando's Restaurants, YUM! Brands International and KFC. In 2014, he became the Managing Director of the Company and has led the Company to its current position, one of the leading, top 3 (by market share of revenues) Quick Service Restaurants in Nigeria, and one of the most-respected and up-market brands in the industry.

Mrs. Runa Alam
Non-Executive Director

Runa is a co-Founding Partner and Chief Executive Officer of Development Partners International LLP ("DPI"), a pan-African private equity firm. She has more than 30 years of investment banking, emerging market management and private equity experience. Runa was formerly the Chief Executive Officer of Kingdom Zephyr Asset Management and CEO of the PAIP-PCAP funds which were highly successful Pan-African funds. She started her career in New York working for investment banks including Morgan Stanley and Merrill Lynch, where she worked in mergers and acquisitions and corporate and tax-exempt finance. She holds a Bachelor of Arts degree in International and Developmental Economics from the Woodrow Wilson School of Princeton University (1981), a Masters' in Business Administration ("MBA") from the Harvard Business School (1985) and was a Harry S. Truman Congressional Scholar.

Mr. Marc Stoneham
Non-Executive Director

Marc leads the portfolio management team at DPI, a leading African private equity firm with over $1.5bn under management, serving 17 portfolio companies across North, West, and Southern Africa. He is a Board director of CMGP – Morocco's leading drip irrigation and agricultural services company and Food Concepts, Nigeria's leading QSR business, and sits as an observer on multiple Boards across the portfolio. Prior to DPI, Marc worked at McKinsey & Company serving African and other emerging market clients across multiple industries and functions, with a focus on natural resources. Prior to McKinsey, Marc worked in private equity at Actis and Kingdom Zephyr, and for Accenture strategy consulting. He has lived and worked across Africa including many years in Nigeria and Egypt.

Mr. Babacar Ka
Non-Executive Director

Babacar is an investment principal at Development Partners International LLP with 19 years of finance and investment experience spanning private equity, debt investing and equity research. Prior to DPI, Babacar worked at Standard Bank Group in the UK and was an investment analyst in the Global Transaction Team at the IFC in Washington DC. Babacar holds a Bachelor of Science in Business Administration and Finance from the University of California (2003), Riverside, and an MBA from the University of Oxford (2010).

Mr. Adefolarin Ogunsanya
Non-Executive Director

Adefolarin is an investment professional at Development Partners International LLP with over 14 years of experience in investment banking and private equity. Prior to DPI, Folarin was an investment professional at Helios Investment Partners and an investment banker at Credit Suisse in New York. Adefolarin has a BSc (Hons) in Computer Engineering from NJIT (2007) and an MBA in Finance and Entrepreneurial Management from The Wharton School, University of Pennsylvania (2014).

Mr. Babatunde Fajemirokun
Non-Executive Director

Mr. Babatunde Fajemirokun is an Executive Director, Group Managing Director and CEO at AIICO Insurance Plc; a leading financial services group in Nigeria. Mr. Fajemirokun joined AIICO Insurance Plc, Life Insurance Division, as CIO in May 2009, and was responsible for value-enhancing projects in its maiden growth strategy, business process and technology transformation projects. Prior to AIICO, he worked with Accenture, Lagos (2003-2007) and then Capgemini Consulting, UK (2008-2009). In both roles, he provided consulting/advisory services to financial services and Government clients predominantly in mergers and acquisitions and then United Kingdom government transformation programmes. Babatunde is a Chartered Insurer (ACII) and has an MBA in Finance from University of Chicago Booth School of Business (2013), a Business Information Strategy Master's degree (dist.) from University of Strathclyde (2002) and a Bachelors' degree in Business Economics from Glasgow, UK (2000).

Mrs. Anthonia Agbonifo
Executive Director

Anthonia is a Chartered Accountant with over 19 years of experience in auditing, accounting, treasury, risk management, IFRS, finance, Sarbanes Oxley review, processes, and advisory services across numerous industries. Anthonia is an Institute of Chartered Accountants of Nigeria ("ICAN") prize winner and has attended numerous local and international training courses on leadership, management, taxation, auditing (IFRS, Nigerian & US GAAP), team management, Sarbanes Oxley, controls and is also a skilled facilitator. Anthonia is a graduate of accounting from Yaba College of Technology and has an MBA with merit from the University of Liverpool UK. She is a fellow chartered accountant (FCA), a fellow of ICA (FICA), a fellow of IMC (FIMC) and a member of NIM. She holds a Diploma in IFRS from ACCA and has served on two key committees of the board of ICAN i.e. PPMC for five years and MAC for one year. Anthonia worked with Akintola Williams Deloitte and PricewaterhouseCoopers in senior management functions. Anthonia joined Food Concepts Plc as the Group Chief Financial Officer in 2014 and is also the Divisional Managing Director of the Shared Services Division.

Mr. Lanre Fabunmi
Non-Executive Director

Lanre Fabunmi is currently the Managing Director & CEO of AIICO Capital Limited – a leading secure investments management firm in Nigeria. He has over 18 years' experience in commercial banking, consulting, risk management, audit, investment banking, and investment management. Lanre founded Tricorn Capital – a boutique investment banking firm, where he led the firm in executing several landmark transactions of US$350million. He worked in Investment Banking at ARM Investment Managers, advising on transactions valued at over US$500million. He was a Senior Consultant at KPMG Professional Services, leading several large local and international audit/risk management engagements. He holds an MBA degree from University of Chicago Booth School of Business, BSc degree in Accounting from Ambrose Alli University, a Qualified Accountant (Institute of Chartered Accountants of Nigeria). He has served as a key financial adviser to Food Concepts since 2006 - assisting the Company with key capital raising initiatives.

Report Of The Directors

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors have pleasure in presenting to the members of Food Concepts Plc ("the Company") and its subsidiaries ("the Group") their report together with the consolidated and separate audited financial statements for the year ended 31 December 2020.

Incorporation and Address

Food Concepts Plc was incorporated on 6 December 1999 with RC number- 370963 as Food Concepts & Entertainment Limited and commenced operations in 2000. The Company was converted from a private limited liability company into a public limited liability company and the Company's name was subsequently changed to Food Concepts Plc by a Special Resolution dated 10 May 2009. The Company is situated at 2, Ilupeju Bye Pass, Ilupeju, Lagos, Nigeria.

Principal Activity

The principal activities of the Group and the Company are the provision of restaurant services, bakery and confectionery products.

State of Affairs

In the opinion of the Directors, the state of the Group's and the Company's affairs is satisfactory, and no event has occurred since the reporting date, which would affect the financial statements as presented.

Result for the year

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Chicken Republic Brand -Global				
Revenue inclusive of Franchisee	20,022	15,771	19,884	15,563
Less: Intercompany sales	(4)	(9)	-	-
Less: Revenue attributable to Franchisee	(2,020)	(2,040)	(2,020)	(2,040)
	17,998	**13,722**	**17,864**	**13,523**
Add: Revenue from Franchisee	159	115	159	115
Revenue	**18,157**	**13,837**	**18,023**	**13,638**
EBITDA	**3,035**	**3,217**	**3,043**	**3,234**
Profit before minimum taxation	1,630	2,602	1,501	2,540
Minimum tax	(46)	(70)	(46)	(70)
Profit before income tax	1,584	2,532	1,455	2,470
Income tax*	(430)	(536)	(430)	(536)
Profit after taxation *	**1,154**	**1,996**	**1,025**	**1,934**

* 2019 has been restated. See details of the restatement in Note 39.

Property, Plant and Equipment

Information relating to changes in property, plant and equipment during the year is given in Note 16 to the consolidated and separate financial statements.

Dividend

The Directors do not recommend the payment of a dividend for the year ended 31 December 2020 (2019: Nil).

Directors

According to section 259 (1) of the Companies & Allied Matters Act 2004 and in line with the provisions of the Articles of Association, one third of the Directors must retire at the Annual General Meeting and may offer themselves for re-election. Mr. Babatunde Fajemirokun and Mr. Marc Stoneham will retire at the forthcoming Annual General Meeting and being eligible, hereby offer themselves for re-election.

The names of the Directors at the date of this report and of those who held office during the year are:

- Mr. Odunayo Olagundoye - *Chairman*
- Mr. David Butler (South African)- *Managing Director*
- Mr. Babatunde Fajemirokun
- Mr. Lanre Fabunmi- *ceased to be a director w.e.f. 28 April 2021*
- Mrs. Runa Alam (British)
- Mr. Babacar Ka (Senegalese)
- Mr. Marc Stoneham (British)
- Mr. Adefolarin Ogunsanya
- Mrs. Anthonia Agbonifo

Shareholdings

The issued and fully paid share capital of the Company as at 31 December 2020 was beneficially owned as follows:

	2020 Number	%	2019 Number	%
ADP II Holdings 12 Ltd	12,049,956,557	45.5	11,939,956,557	45.6
ADP 1 Holdings 9	9,680,872,937	36.5	9,680,872,937	36.9
Food Concepts International Limited	2,693,970,305	10.2	2,693,970,305	10.3
Retail investors	1,430,224,383	5.4	1,250,959,064	4.8
DF Holdings	641,863,039	2.4	641,863,039	2.4
	26,496,887,221	**100**	**26,207,621,902**	**100**

Shareholding Analysis

The issued and fully paid share capital of the Company as at 31 December 2020 was beneficially owned as follows:

Range	No. of Holders	Holders %	Units	Unit %
1 - 1000	121	13.11%	59,215	0.00%
1001 - 5,000	55	5.96%	136,164	0.00%
5,001 - 10,000	17	1.84%	124,135	0.00%
10,001 - 50,000	51	5.53%	1,550,785	0.01%
50,001 - 100,000	46	4.98%	4,435,667	0.02%
100,001 -500,000	357	38.68%	128,523,646	0.49%
500,001 - 1,000,000	139	15.06%	130,406,705	0.49%
1,000,001 - 5,000,000	96	10.40%	239,203,786	0.90%
5,000,001 - 10,000,000	16	1.73%	131,102,475	0.49%
10,000,001 - Above	25	2.71%	25,861,344,643	97.60%
Total	**923**	**100%**	**26,496,887,221**	**100%**

Shareholding and Substantial Shareholders

Apart from ADP II Holdings 12, with 12,049,956,557 ordinary shares (representing 45.5%), ADP I Holdings 9, with 9,680,872,937 ordinary shares (representing 36.5%) and Food Concepts International Limited with 10.2%, no other shareholder held 5% or more of the paid-up capital of the Company as at 31 December 2020.

SHAREHOLDING OF MORE THAN 5%

According to the register of members as at 31 December 2020, the following had more than 5% shareholding in the Company:

Name	Holdings	%
Food Concepts International Limited	2,693,970,305	10.17%
ADP I Holdings 9	9,680,872,937	36.54%
ADP II Holdings 12 Ltd	12,049,956,557	45.48%
Total	**24,424,799,799**	**92.19%**

The Directors' interest in the paid-up share capital of the Company is as follows:

	2020 (Direct)	2019 (Direct)
Mr. Odunayo Olagundoye	170,272,856	142,272,856
Mr. David Butler*	79,687,500	-
Mrs. Anthonia Agbonifo*	52,819,901	-

*Direct holding of the Company's shares via the Restricted Stock Unit Plan (RSUP)

		2020 (Indirect)	2019 (Indirect)
Mr. Odunayo Olagundoye	Food Concepts International Limited	9,314,379	6,621,712
Mr. Marc Stoneham	ADP I Holding 9	9,680,872,937	9,680,872,937
Mr. Babatunde Fajemirokun	DF Holdings Limited	1,284,551,798	641,863,039
Mrs. Runa Alam	ADP II Holdings 12	12,049,956,557	11,939,956,557
Mr. Lanre Fabunmi	Tricorn Capital & Investment Company Limited	11,642,085	11,642,085

Directors Interests In Contracts

None of the Directors has notified the Group and the Company for the purpose of Section 303 of the Companies and Allied Matters Act 2020, of any disclosable interest in contracts with which the Group or Company is involved as at 31 December 2020 (2019: Nil).

Report of the Directors (cont.)

HUMAN CAPITAL

Employment of Disabled Persons
The Group and the Company give full consideration to applications for employment from disabled persons where such person can adequately fulfil the requirements of the job. Where existing employees become disabled, it is the Group and the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee Involvement and Training
The Group and the Company are committed to keeping employees fully informed as far as possible regarding the Group and the Company's performance and progress and seeking their views wherever practicable on matters, which particularly affect them as employees. Training is carried out at various levels through in-house and external courses. Management, professional and technical expertise are the Group's and the Company's major assets. The Group and the Company continuously invest in developing such skills.

Health, Safety at Work and Welfare of Employees
Health and safety regulations are in force within the Group and the Company's premises and employees are aware of existing regulations. The Group and the Company provide subsidy to all employees for medical, transportation, housing and lunch.

Going Concern
Nothing has come to the attention of the Directors to indicate that the Group and the Company will not remain a going concern for at least twelve months from the date of approval of these financial statements.

Events After Reporting Period
As stated in Note 38, the Directors are of the opinion that there are no events after the reporting date that could have material effect on the Group's and the Company's financial statements that had not been adequately provided or disclosed in these consolidated and separate financial statements.

Format of Financial Statements
The consolidated and separate financial statements have been prepared in accordance with the reporting and presentation requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), the provisions of Companies and Allied Matters Act 2020, and the requirements of Financial Reporting Council Act No. 6, 2011. The Directors consider the format adopted the most suitable for the Group and the Company.

COVID-19 Pandemic and Impact on Our Operations
With the onset of the COVID-19 pandemic in the first quarter of 2020, the Company set up guidelines and necessary precautionary safety measures across all outlets, while maintaining regular communication channels. We ensured that our operations continued uninterrupted during the period of the lockdown. Quick service restaurants in the food sector were classified as essential services and excluded from the lockdown. Thanks to the resilience of our team, we managed to keep our outlets open and operational despite the challenges. We also kept our people safe and motivated by working together to put in place, and adhere to, the recommended COVID-19 preventive measures.

Remuneration of Managers of the Company Required to be Disclosed by The Companies and Allied Matters Act 2020 (CAMA)
Section 257 of Companies and Allied Matters Act (CAMA), 2020 provides that the disclosure of the remuneration of the managers of a company should be an item under the ordinary business at an annual general meeting. Based on the definition of "manager" in the Companies Regulations 2021, we hereby disclose that the remuneration of the Management of the Company for the year ended 31 December 2020 is disclosed in Note 33 of the Accounts.

Contributions and Charitable Gifts
The Group and the Company made charitable contribution (food items) amounting to N1 million as Covid-19 reliefs during the year 2020 (2019: N300,000).

In accordance with Section 43 (2) of Companies and Allied Matters Act (CAMA), 2020, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year under review.

Auditors
Messrs. KPMG Professional Services were appointed auditors during the year and having satisfied the relevant corporate governance rules on their first tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 401 (2) of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2020 therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD

Josephine Johnson
FRC/2014/ICSAN/0000006496
COMPANY SECRETARY
11 May, 2021

Statement of Directors Responsibilities

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2020 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, Cap C.20, Laws of the Federation of Nigeria, 2020 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 in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Odunayo Olagundoye	Mr. David Butler
Chairman	Managing Director
FRC/2014/IODN/00000007626	FRC/2019/IODN/00000019524
11 May 2021	11 May 2021

Statement of Corporate Responsibility

FOR THE YEAR ENDED 31 DECEMBER 2020

Certification of the Audited Financial Statements for the year ended 31 December 2020.
Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Managing Director/CEO and Chief Financial Officer of Food Concepts Plc ("the Company") and its subsidiaries (together, "the Group") respectively hereby certify as follows:

a) We have reviewed the audited financial statements of the Group and Company for the year ended 31 December 2020.

b) The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.

c) The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group and Company as of and for the year ended 31 December 2020.

d) We are responsible for establishing and maintaining internal controls and affirm that we have made an assessment of the Group and Company's internal controls as at 31 December 2020 and significant deficiencies in the design or operation of internal controls which could adversely affect the Group and Company's ability to record, process, summarise and report financial data have been disclosed to the independent auditor and the Audit Committee.

e) There is no fraud that involves management or other employees who have a significant role in the Company's internal control.

Mr. David Butler	Mrs. Anthonia Agbonifo
Managing Director	Executive Director/Chief Financial Officer
FRC/2019/IODN/00000019524	FRC/2013/ICAN/0000003934
11 May 2021	11 May 2021

Report Of The Audit Committee

FOR THE YEAR ENDED 31 DECEMBER 2020

In compliance with the provisions of section 404(7) of the Companies and Allied Matters Act, 2020, we the members of the Audit Committee of Food Concepts Plc, having carried out our functions under the Act, confirm that the accounting and reporting policies of the Company, as contained in the audited consolidated financial statements for the year ended 31 December 2020, are in accordance with legal requirements and agreed ethical practice.

We confirm that the external auditors, KPMG Professional Services, have issued an unqualified opinion for the year ended 31 December 2020.

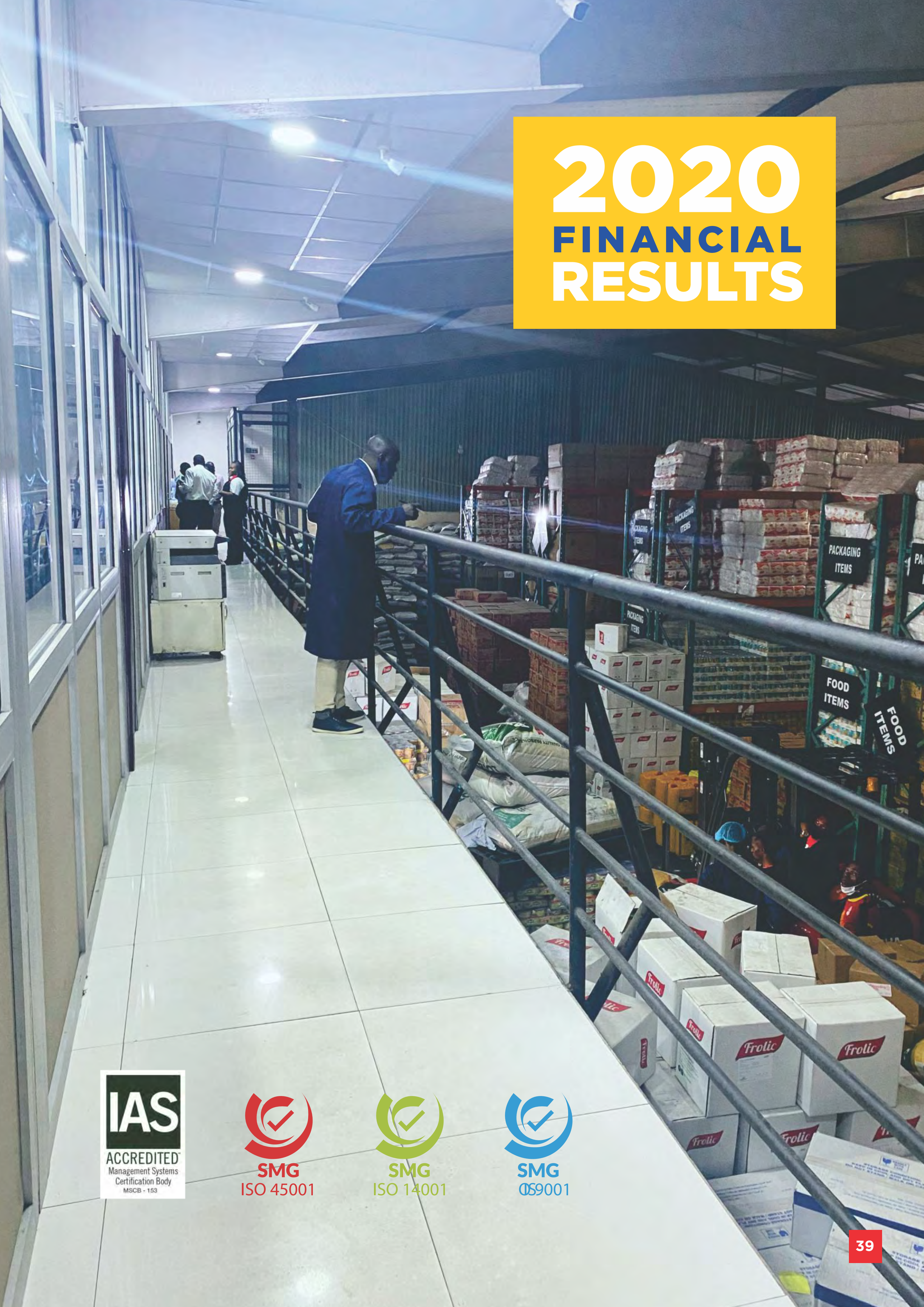
In our opinion, the scope and planning of the audit for the year ended 31 December 2020 was adequate and we confirm that the responses by the management to the external auditor's findings on management matters were satisfactory.

Members of the Audit Committee:

1. Mr. Lanre Fabunmi - *ceased to be a director w.e.f. 28 April 2021*
2. Mr. Babacar Ka - *Chairman*
3. Mr. Peter Eyanuku - *Member*
4. Mr. Salau Mohammed Adebanjo - *Member*

Chairman, Audit Committee
10 May 2021

2020 FINANCIAL RESULTS



IAS ACCREDITED
Management Systems Certification Body
MSCB - 153

SMG ISO 45001

SMG ISO 14001

SMG ISO 9001

KPMG

KPMG Professional Services
KPMG Tower
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Victoria Island
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Lagos

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Independent Auditor's Report

To the Shareholders of Food Concepts Plc

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Food Concepts Plc ("the Company") and its subsidiaries (together, "the Group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended;
- and the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiaries as at 31 December 2020, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code*) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1 Impairment assessment of Intangible assets (brand rights)

Refer to significant accounting policies (Note 4.9) and related disclosures (Note 19) of the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in our audit
As disclosed in Note 19 to the financial statements, the carrying amount of ₦1.27billion (2019: ₦1.27 billion) representing the Company's intangible assets (Chicken Republic brand rights) is significant. The brand rights have an indefinite useful life and in line with IAS 36, impairment of assets, intangible assets with an indefinite useful life should be tested for impairment annually whether there are indicators of impairment or not. Judgment is required in estimating the recoverable amounts of the brand rights. The estimation of recoverable amounts involves making assumptions regarding the future performance of the Company, market and economic conditions. Inherent uncertainty is also involved in preparing forecasts, discounted future cash flow projections and in determining an appropriate discount rate. The significance of the amounts involved, the judgement required and the uncertainties inherent in estimating the recoverable amount makes this a key audit matter in the consolidated and separate financial statements.	**Our audit procedures in this area included amongst others:** • We held inquiry sessions with management to understand the process and procedures for the identification of indicators of impairment of the brand rights. • We engaged our internal valuation specialist to test the reasonableness and appropriateness of management's key assumptions and judgements made in the impairment calculations. Those key assumptions include the discount rates, long-term growth rates and revenue forecast. • We challenged management's assumptions, judgements and decisions made in the calculation of the recoverable amount by comparing them with historical performance and industry trends. • We assessed the reasonableness of the cash flow model using the Relief from Royalty Method (RRM). • We also assessed whether the disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of intangible assets. • We checked that relevant disclosures to significant judgments and estimates made were in line with IAS 36.

2 Recognition and Valuation of Share based Payments schemes

Refer to significant accounting policies (Note 4.16) and related disclosures (Note 27.3) of the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in our audit
Senior Executives of the Group and the Company receive remuneration in the form of share-based payments. These are the Restricted Stock Unit Plan (RSUP) and Management Incentive Plan (MIP) that entitle the employees to receive shares and share options respectively. There is significant subjectivity and judgement involved in respect of the estimates inherent in the valuation of the schemes and the calculation of the relevant charges. The accounting and disclosure requirements involve a high degree of complexity and there is a risk that the schemes are not adequately reflected and disclosed in the financial statements. We have determined this to be a key audit matter in the consolidated and separate financial statements due to the complex nature and the extent of estimation involved in the share-based payment valuation.	**Our audit procedures in this area included amongst others:** • We made inquiries of the Directors to understand the share-based payment schemes in place and inspected communications to employees including agreements and award letters. • We obtained management's computation of its share-based payments and agreed key inputs (such as the contractual terms of the scheme; number of employees and executives granted shares, number of shares granted per employee, official grant date of the shares, vesting period for the scheme and performance conditions) to supporting documents. • We involved our valuation specialist to challenge the appropriateness of the methodology used by management and recomputed the employee share options fair values using the Black-Scholes Merton (BSM) methodology to estimate the fair value of the share options granted to the senior executives of the Group and the Company with reference to the performance conditions in line with IAS 36. • We recomputed the amount of benefits earned by employees under the scheme and the related deferred tax impact and compared with the amounts recorded in the financial statements. • We assessed the adequacy of the disclosures in the financial statements in line with IFRS 2.

Other Matter relating to comparative information

The consolidated and separate financial statements of Food Concepts Plc (the "Company") and its subsidiaries (together, "the Group") for the year ended 31 December 2019 and 31 December 2018 (from which the statement of financial position as at 1 January 2019 has been derived), excluding the adjustments described in Note 39 to the consolidated and separate financial statements were audited by another auditor who expressed an unmodified opinion on those statements on 13 May 2020.

As part of our audit of the consolidated and separate financial statements as at and for the year ended 31 December 2020, we audited the adjustments described in Note 39 that were applied to restate the comparative information presented as at and for the year ended 31 December 2019 and the consolidated and separate financial statement of financial position as at 1 January 2019. We were not engaged to audit, review or apply any procedures to the consolidated and separate financial statements for the years ended 31 December 2019 or 31 December 2018 (not presented herein), or to the consolidated and separate statement of financial position as at 1 January 2019, other than with respect to the adjustments described in Note 39 to the consolidated and separate financial statements.

Accordingly, we do not express an opinion or any other form of assurance on those respective consolidated and separate financial statements taken as a whole. The adjustments described in Note 39 are appropriate and have been properly applied.

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate information, Directors' Report, Statement of Directors' Responsibilities, Statement of Corporate Responsibility and Other National Disclosures which we obtained prior to the date of this auditors' report, but does not include the consolidated and separate financial statements and our auditor's report thereon. Other information also includes Financial Highlights, Chairman's Statement, MD/CEO Report, Report of the Audit Committee, Corporate Governance Report, Notice to Shareholders, amongst others, together with the 'Outstanding reports', which are expected to be made available to us after that date.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

KPMG

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020.

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.

iii. The Company's statement of financial position, statement of profit or loss and other comprehensive income are in agreement with the books of account.

Temitope Onitiri

Temitope Onitiri, FCA
FRC/2012/ICAN/00000000423
For: KPMG Professional Services
Chartered Accountants
21 May 2021
Lagos, Nigeria

Consolidated and Separate Statements of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2020

	NOTE	The Group 2020 ₦ million	The Group * 2019 ₦ million Restated*	The Company 2020 ₦ million	The Company * 2019 ₦ million Restated*
Revenue from contracts with customers	7	18,157	13,837	18,023	13,638
Other operating income	8	49	135	43	134
Raw materials and consumables used	9	(9,140)	(6,422)	(9,063)	(6,316)
Depreciation and amortisation	10	(910)	(749)	(903)	(732)
Employee benefits expense*	11	(3,175)	(2,098)	(3,160)	(2,080)
Other expenses	12	(3,202)	(2,356)	(3,145)	(2,263)
Impairment credit/ (loss) on financial assets - net	15	2	(18)	(143)	(11)
Operating profit		**1,781**	**2,329**	**1,652**	**2,370**
Finance costs	13	(455)	(189)	(455)	(177)
Finance income	14	304	347	304	347
Share of profit of an associate	21.1	-	115	-	-
Profit before minimum taxation		**1,630**	**2,602**	**1,501**	**2,540**
Minimum tax		(46)	(70)	(46)	(70)
Profit before income tax		1,584	2,532	1,455	2,470
Income tax *	16	(430)	(536)	(430)	(536)
Profit for the year *		**1,154**	**1,996**	**1,025**	**1,934**
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		-	-	-	-
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:		-	-	-	-
Exchange differences on translation of foreign operations	*28.2*	*(3)*	*23*	-	-
Other comprehensive income for the year, net of tax		(3)	23	-	-
Total comprehensive income for the year, net of tax *		**1,151**	**2,019**	**1,025**	**1,934**
Profit: attributable to: owners of the parent		1,151	2,019	1,025	1,934
		1,151	**2,019**	**1,025**	**1,934**
Basic earnings per share (Naira)	17.1	0.04	0.08	0.04	0.08
Diluted earnings per share (Naira)	17.1	0.04	0.08	0.04	0.08

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

The above statement of OCI should be read in conjunction with the accompanying notes to the consolidated and separate financial statements.

* The comparative information is restated on account of correction of errors. See Note 39.

Consolidated and Separate Statements of Financial Position

For the year ended 31 December 2020

	NOTE	The Group 2020 ₦ million	The Group 2019 ₦ million Restated*	The Group 1 January 2019 ₦ million Restated*	The Company 2020 ₦ million	The Company 2019 ₦ million Restated*	The Company 1 January 2019 ₦ million Restated*
Assets							
Non-current assets							
Property, plant and equipment	18	10,136	7,136	4,210	10,092	7,090	4,148
Intangible assets	19	1,462	1,320	1,267	1,462	1,320	1,267
Right-of-use assets	32	3,036	1,965	-	3,036	1,915	-
Prepayments	25	10	-	264	10	-	264
Investments in subsidiaries	20	-	-	-	2	2	2
Investment in associates	21	-	1,660	1,545	-	1,583	1,583
Deferred taxation *	16.5	-	-	10	-	-	10
Total non-current assets		**14,644**	**12,081**	**7,296**	**14,602**	**11,910**	**7,274**
Current assets							
Inventories	23	1,010	600	443	1,004	594	436
Trade and other receivables **	24	277	183	75	321	363	250
Prepayments **	25	1,568	1,455	600	1,567	1,452	598
Cash and bank balances	26	3,542	5,916	1,765	3,542	5,912	1,759
		6,397	**8,154**	**2,883**	**6,434**	**8,321**	**3,043**
Assets held for sale	22	1,660	-	-	1,583	-	-
Total current assets		**8,057**	**8,154**	**2,883**	**8,017**	**8,321**	**3,043**
Total assets		**22,701**	**20,235**	**10,179**	**22,619**	**20,231**	**10,317**
Equity and liabilities							
Equity							
Issued share capital	27.1	13,250	13,105	2,922	13,250	13,105	2,922
Share premium	27.2	6,266	6,180	4,700	6,266	6,180	4,700
Share based payment reserves *	27.3	66	241	241	66	241	241
Accumulated losses *		(2,334)	(3,488)	(5,595)	(2,544)	(3,569)	(5,614)
Deposit for shares		-	-	4,501	-	-	4,501
Fair value changes on convertible loan option		-	-	111	-	-	111
Foreign currency translation reserve	28.2	(168)	(165)	(188)	-	-	-
Total equity		**17,080**	**15,873**	**6,692**	**17,038**	**15,957**	**6,861**

Consolidated and Separate Statements of Financial Position

For the year ended 31 December 2020

		The Group			The Company		
	NOTE	2020	2019	1 January 2019	2020	2019	1 January 2019
		₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
			Restated*	Restated*		Restated*	Restated*
Non-current liabilities							
Lease liability ***	32	1,258	905	-	1,258	905	-
Interest-bearing loans and borrowings		-	-	1,659	-	-	1,659
Deferred taxation *	16.5	852	466	-	852	466	-
		2,110	**1,371**	**1,659**	**2,110**	**1,371**	**1,659**
Current liabilities							
Financial liability at fair value through profit or loss		-	-	118	-	-	118
Contract liability	30	64	59	23	64	59	23
Deferred income	30.1	3	22	24	3	22	23
Trade and other payables	31	3,129	2,577	1,592	3,089	2,539	1,562
Current tax liabilities *	16.4	90	130	71	90	130	71
Lease liability ***	32	225	203	-	225	153	-
		3,511	2,991	1,828	3,471	2,903	1,797
Total liabilities		**5,621**	**4,362**	**3,487**	**5,581**	**4,274**	**3,456**
Total equity and liabilities		**22,701**	**20,235**	**10,179**	**22,619**	**20,231**	**10,317**

* The comparative information is restated on account of correction of errors. See Note 39.

**2019 Advance to suppliers has been reclassified as prepayment to align with current year presentation. Refer to Notes 24 & 25

*** Current portion of lease liability for 31 December 2019 and 1 January 2019 has been reclassified to align with current year presentation. See Note 39.

The consolidated and separate financial statements were approved by

The Board of Directors on the 11th of May 2021 and signed on its behalf by:

Mr. Odunayo Olagundoye
FRC/2014/IODN/00000007626
Chairman

Mr. David Butler
FRC/2019/IODN/00000019524
Chief Executive Officer

Mrs. Anthonia Agbonifo
FRC/2013/ICAN/0000003934
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

The Group

	Issued share capital	Share premium	Accu-mulated losses	Deposit for shares	Foreign currency translation reserve	Share-based payment reserves	Fair value changes on convertible loan options	Total equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
For the year ended 31 December 2020								
At 1 January 2020	13,105	6,180	(3,488)	-	(165)	241	-	15,873
Profit for the year	-	-	1,154	-	-	-	-	1,154
Other comprehensive income	-	-	-	-	(3)	-	-	(3)
Total comprehensive income/ (loss) for the year	-	-	1,154	-	(3)	-	-	1,151
Transaction with owners								
Share-based payments	-	-	-	-	-	56	-	56
Issue of shares *	145	86	-	-	-	(231)	-	-
At 31 December 2020	**13,250**	**6,266**	**(2,334)**	**-**	**(168)**	**66**	**-**	**17,080**
For the year ended 31 December 2019								
At 1 January 2019, as previously reported	2,922	4,700	(5,364)	4,501	(188)	-	111	6,682
Impact of correction of errors (Note 39)	-	-	(231)	-	-	241	-	10
Restated balance at 1 January 2019	**2,922**	**4,700**	**(5,595)**	**4,501**	**(188)**	**241**	**111**	**6,692**
Profit for the year	-	-	1,996	-	-	-	-	1,996
Other comprehensive income	-	-	-	-	23	-	-	23
Total comprehensive income for the year (Restated)	**-**	**-**	**1,996**	**-**	**23**	**-**	**-**	**2,019**
Transaction with owners :								
Issue of shares *	2,628	1,164	-	-	-	-	-	3,792
Exercise of options #	3,054	631	-	-	-	-	-	3,685
Transaction cost on issue of shares	-	(315)	-	-	-	-	-	(315)
Reclassification of deposit for shares	4,501	-	-	(4,501)	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-
Reclassification of own credit reserve upon derecognition (Note 28.1)	-	-	111	-	-	-	(111)	-
At 31 December 2019 (Restated)	**13,105**	**6,180**	**(3,488)**	**-**	**(165)**	**241**	**-**	**15,873**

\# Exercise of option relates to the right issue exercised

* Relates to the conversion of ADP II convertible loan

Separate Statement of Changes in Equity

For the year ended 31 December 2020

The Company

	Issued share capital	Share premium	Retained losses	Deposit for shares	Share-based payment reserves	Fair value changes on convertible loan options	Total equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
For the year ended 31 December 2020							
At 1 January 2020	13,105	6,180	(3,569)	-	241	-	15,957
Profit for the year	-	-	1,025	-	-	-	1,025
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	1,025	-	-	-	1,025
Transaction with owners :							
Share-based payments	-	-	-	-	56	-	56
Issue of shares *	145	86	-	-	(231)	-	-
At 31 December 2020	**13,250**	**6,266**	**(2,544)**	**-**	**66**	**-**	**17,038**
For the year ended 31 December 2019							
At 1 January 2019	2,922	4,700	(5,383)	4,501	-	111	6,851
Impact of correction of errors (Note 39)	-	-	(231)	-	241	-	10
Restated balance at 1 January 2019	**2,922**	**4,700**	**(5,614)**	**4,501**	**241**	**111**	**6,861**
Profit for the year	-	-	1,934	-	-	-	1,934
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year (restated)	**-**	**-**	**1,934**	**-**	**-**	**-**	**1,934**
Transaction with owners :							
Issue of shares *	2,628	1,164	-	-	-	-	3,792
Exercise of options #	3,054	631	-	-	-	-	3,685
Transaction cost on issue of shares	-	(315)	-	-	-	-	(315)
Reclassification of deposit for shares	4,501	-	-	(4,501)	-	-	-
Share-based payments	-	-	-	-	-	-	-
Reclassification of own credit reserve upon derecognition (Note 28.1)	-	-	111	-	-	(111)	-
At 31 December 2019 (Restated)	**13,105**	**6,180**	**(3,569)**	**-**	**241**	**-**	**15,957**

Exercise of option relates to the right issue exercised

* Relates to the conversion of ADP II convertible loan

Consolidated and Separate Statement of Cash Flows

For the year ended 31 December 2020

	NOTE	The Group 2020 ₦ million	The Group 2019 ₦ million Restated*	The Company 2020 ₦ million	The Company 2019 ₦ million Restated*
Operating activities					
Profit before tax**		1,630	2,602	1,501	2,540
Non-cash adjustment to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment	10	708	522	701	515
Amortisation of intangible assets	10	18	4	18	4
Depreciation of Right of Use Asset	10	184	223	184	213
Foreign exchange difference on Option	8/12	-	(79)	-	(79)
Loss on disposal of property, plant and equipment	12.2	5	9	5	9
Finance income	14	(304)	(347)	(304)	(347)
Deferred income recognised in the current period	30.1	(19)	(57)	(19)	(57)
Share-based payment expense	11	56	-	56	-
Finance costs	13	455	189	455	177
Unrealized inter-company exchange differences	12.1	(5)	29	-	-
Share of profit of an associate	21.1	-	(115)	-	-
Asset written off	18	42	-	42	-
(Decrease)/Increase in impairment losses on all financial assets	15	(2)	18	143	11
Working capital adjustments:					
Increase in inventories		(410)	(157)	(410)	(158)
Increase in trade and other receivables **		(131)	(122)	(140)	(120)
Increase in prepayments**		(124)	(1,291)	(126)	(1,293)
Increase in short term deposits longer than 90 days		(1,831)	(4)	(1,831)	(4)
Increase in trade and other payables		552	985	550	977
Increase in contract liability		5	-	5	-
Cash generated from operations		**829**	**2,409**	**830**	**2,388**
Income tax paid	16.4	(91)	(62)	(91)	(62)
Deferred income received	30.1	-	114	-	115
Net cash inflows from operating activities		**738**	**2,461**	**739**	**2,441**
Investing activities					
Interest received	14	304	347	304	347
Proceeds from sale of property, plant and equipment	12.2	-	7	-	7
Additions to property plant and equipment	18	(3,774)	(3,477)	(3,774)	(3,473)
Purchase of intangible assets	19	(137)	(57)	(137)	(57)
Net cash flows used in investing activities		**(3,607)**	**(3,180)**	**(3,607)**	**(3,176)**
Financing activities					
Transaction cost on share issue	37.2	-	(131)	-	(131)
Proceeds from rights issue	37	-	3,259	-	3,259
Receipt from convertible loan	37	-	2,520	-	2,520
Payment of principal portion of lease	32.1	(1,335)	(778)	(1,335)	(760)
Net cash flows from financing activities		**(1,335)**	**4,870**	**(1,335)**	**4,888**
Net increase in cash and cash equivalents		(4,204)	4,151	(4,203)	4,153
Impact of exchange fluctuation on cash and cash equivalent		(3)	-	-	-
Cash and cash equivalents at 1 January		5,899	1,748	5,895	1,742
Cash and cash equivalents at 31 December	26.1	**1,692**	**5,899**	**1,692**	**5,895**

** Movement in trade and other receivables have been adjusted for ECL expense in the year, also N39M WHT credit notes applied to utilise tax liability has been adjusted for.
** The comparative information is restated on account of correction of errors. See Note 39.

1 Corporate Information

Food Concepts Plc (the Company) was incorporated in Nigeria as a limited liability company on 6 December 1999. The Company commenced operations on 27 February 2001 and became a public limited company on 9 July 2008. The Company is domiciled in Nigeria with its registered office located at 2, Ilupeju Bypass, Ilupeju, Lagos. The Company which currently operates with a number of subsidiaries (collectively, the Group) has operations across Nigeria, Ghana and Mauritius with authorised Group activities covering provision of restaurant services, confectionery product and bakery.

There was no change in the nature of business of the Group and the Company during the year.

These consolidated and separate financial statements of the Group and the Company for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 11 May 2021.

2 Statement of Compliance

The consolidated and separate financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and has complied with the requirements of the Companies and Allied Matters Act 2020 and Financial Reporting Council of Nigeria Act No. 6, 2011. The consolidated and separate financial statements have been prepared on a going concern basis.

2.1 Composition of consolidated and separate financial statements

These consolidated financial statements are presented in Naira (which is the Group's functional currency) and all values are rounded to the nearest million (₦million), except where otherwise indicated. In accordance with IFRS accounting presentation, the financial statements comprise:

- Consolidated and separate statement of financial position
- Consolidated and separate statement of profit or loss and other comprehensive income
- Consolidated and separate statement of changes in equity
- Consolidated and separate Statement of cash flows
- Notes to consolidated and separate financial statements.

2.2 Financial period

These financial statements cover the financial year ended 31 December 2020, with comparative figures for the financial year 31 December 2019. The Company also presented the statement of financial position as at 1 January 2019 as a result of the prior year restatements. Refer to Note 39 for details.

2.3 Basis of preparation

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies. Refer to note 4.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3.1 Fair value management

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated and separate financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group and Company recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The principal accounting policies are set out below in note 4.

2.4 Basis of consolidation

The consolidated and separate financial statements comprise the financial statements of the Group, its subsidiaries and its associates as at 31 December 2020.

2.4.1 Subsidiaries

Subsidiaries are all entities over which the Group has control. A subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. In assessing control, the Group takes into account its power over the subsidiary, exposure or rights to variable returns from its involvement with the subsidiary and its ability to affect returns through exercising its power over the subsidiary. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

2.4.2 Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies in line with IAS 28.3. This is generally the case where the Group holds between 20% and 50% of the voting rights. The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries. The Group's investment in its associates is accounted for using the equity method.

Equity method

Interests in the associates are accounted for using the equity method in the consolidated financial statements and at cost in the company's separate financial statements. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.4.3 Disposal of subsidiary

If the Group loses control over a subsidiary, it:

- De-recognises the assets and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interest
- De-recognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Accordingly, the resulting cash flows are classified in the same way as other transactions with owners. The Group accounts for investment in subsidiaries at cost in the separate financial statements.

2.4.4 Non-controlling interest

Non-controlling interest are measured initially at their proportionate share of the acquirers identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2.4.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.4.6 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or subsidiary. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3 New standards and interpretations issued

3.1 New standards and interpretations issued but not yet effective

The Group and Company, applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group and the Company have not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business

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

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

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

Amendments to IAS 1 and IAS 8 Definition of Material

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

3.1 New standards and interpretations issued but not yet effective - continued

Conceptual Framework for Financial Reporting issued on 29 March 2018

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

Amendments to IFRS 16 Covid-19 Related Rent Concessions

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

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

On 27 August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform. Effective for annual periods beginning on or after, 1 January 2021.

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

The amendments are not expected to have a significant impact on the Group and Company's financial statements.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements. Effective for annual periods beginning on or after 1 January 2022.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendment to IFRS 3 is not expected to have a significant impact on the Group and Company's financial statements.

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

Effective for annual periods beginning on or after 1 January 2022.

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments to IAS 16 are not expected to have a significant impact on the Group and Company's financial statements.

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

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. Effective for annual periods beginning on or after 1 January 2022.

The amendments are intended to provide clarity and help ensure consistent application of the standard. Entities that previously applied the incremental cost approach will see provisions increase to reflect the inclusion of costs related directly to contract activities, whilst entities that previously recognised contract loss provisions using the guidance from the former standard, IAS 11 Construction Contracts, will be required to exclude the allocation of indirect overheads from their provisions. Judgement will be required in determining which costs are "directly related to contract activities", but we believe that guidance in IFRS 15 Revenue from Contracts with Customers will be relevant.

The amendment to IAS 37 is not expected to have a significant impact on the Group and Company's financial statements.

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

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. These amendments had no impact on the financial statements of the Group and Company.

IFRS 9 Financial Instruments: Fees in the '10 per cent' test for de-recognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. The Group and Company are currently assessing its impact on the financial statements.

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

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. Effective for annual periods beginning on or after 1 January 2022.

The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument.

The amendments to IAS 1 are not expected to have a significant impact on the Group and Company's financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments to IFRS 10 and IAS 28 are not expected to have a significant impact on the Group and Company's financial statements.

4 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These accounting policies have been applied to all the years presented, unless otherwise stated.

4.1 Foreign currencies

Presentation and functional currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiaries operate ('the functional currency'), which is the Ghana Cedis and US dollar. The consolidated financial statements are presented in Nigerian Naira which is the functional currency of the Parent Company.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group and the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss or other comprehensive income depending on where the fair value gain or loss is reported.

Foreign operations

The results and financial position of foreign operations that have functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position are translated at the exchange rate at the reporting date.
- Income and expenses for statement of profit or loss and other income are translated at average exchange rates unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at their respective exchange rates that existed on the dates, of the transactions and;
- All resulting exchange differences are recognised in the other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve relates to the foreign operation and is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-attributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

4.2 Current versus non-current classification

The Group and the Company present assets and liabilities in statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in a normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

4 Summary of significant accounting policies - continued

4.3 Revenue recognition

IFRS 15 introduces a five-step model for recognising revenue to depict transfer of goods or services. The model distinguishes between promises to a customer that are satisfied at a point in time and those that are satisfied over time.

Revenue is measured at the fair value of the consideration received or receivable for goods or services, in the ordinary course of the Group and the Company's activities and it is stated net sales tax, discounts, rebates and returns.

A valid contract is recognised as revenue after;

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

The probability that a customer would make payment is ascertained based on the evaluation done on the customer as stated in the credit management policy at the inception of the contract. The Group is the principal in all of its revenue arrangements since it is the primary obligor, has inventory risk and determines the pricing for the goods and services.

4.3.1 Sale of goods (quick service restaurants and PieExpress stores)

Sale of goods arises from the sale of food items from the Group and the Company-owned stores to individual and corporate customers. Revenue from the sale of goods is recognised when the control of the goods are transferred to the buyer. This occurs when the goods are delivered to the customer or picked up by the customers. This is at a point in time.

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

Rendering of services

Fees from franchised restaurants (franchisee royalty income): The sale-based franchise fees (royalties) are recognised at the later of when the sale occurs (provided there is no expectation of a subsequent reversal of the revenue); or the performance obligation to which some or all of the sales-based royalty has been allocated is satisfied (in whole or in part). An agreed royalty rate of 5% is charged on the Net Proceeds on Sale (NPS) declared by each franchisee and recognised in the books as royalty income.

Administrative fees on food supplies to franchisees (supply chain distribution): Administrative fees are charged on food and supplies transferred to franchisees. Revenue from the service is recognised when the control of the supplies is transferred to the franchisees. This occurs when the supplies are picked up. This is at a point in time.

Fees from the opening of new franchised restaurants (franchisee joining fees income): Joining fees are charged for the advisory services rendered to new franchisees to assist in setting up the outlet. Revenue from the service is recognised when the restaurants commence trading which is when control is transferred. This is at a point in time.

4.3.2 Contract liabilities

The Group and the Company recognise contract liabilities for advance fees charged on the opening of new franchised restaurants. Generally, the only performance obligation is the commencement of trading by franchisee, hence, revenue is only recognised when the franchisee outlet opens for trading. Thus, the Group and the Company recognise contract liability for the consideration received, for which performance obligation has not been met.

Disaggregation of revenue from contract with customers

The Group and the Company derive revenue from three major revenue lines, namely; sale of goods (quick service restaurant), franchise fees and administrative fees. The Group and the Company have determined that the disaggregation of revenue based on the criteria of type of products meets the disaggregation of revenue disclosure requirement of IFRS 15. It depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. See further details in note 7.

4.4 Finance income

For all financial instruments measured at amortised cost, interest income is recognized using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in profit or loss.

4.5 Finance cost

Finance costs include borrowing costs and interest expense which are calculated using the effective interest rate method.

4.6 Taxes

Income tax expense comprises current tax (company income tax, tertiary education tax and Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group and Company has determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

4.6.1 Current income tax

The current income tax liabilities for the current period are measured at the amount expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are determined in accordance with the Companies Income Tax Act (CITA). Company Income tax at 30% of taxable profits, Tertiary Education tax at 2% of assessable profits and Nigeria Police Trust Fund Levy at 0.005% of net profit. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

4.6.2 Minimum tax

The Group and Company are subject to the Company Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax (determined based on 0.25% (2019: 0.5%) of the gross turnover of the Group and Company)). Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax, which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax.

The Group and Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

4.6.3 Deferred taxation

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recognised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is recognised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off tax assets against tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.7 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item (major components) of property, plant and equipment. The cost of an item of property, plant and equipment includes expenditure incurred during construction, delivery and modification. Other subsequent expenditure is recognised only when it meets the recognition criteria.

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 recognised in profit or loss.

Subsequent expenditure

Expenditure incurred subsequently for major services/overhauls, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and Company and the cost can be measured reliably.

Depreciation

Depreciation is charged to write-off the asset's carrying amount over its estimated useful life to its estimated residual value, using the straight-line method over the useful lives of each part of an item of property, plant and equipment.

Land and capital work in progress are not depreciated. Land is deemed to have an indefinite useful life.
The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

Asset Class	Number of years
Land	Indefinite
Buildings	20-50
Plant and machinery	10
Kitchen equipment	15
Furniture and fittings	5
Motor vehicles	5
Computer and office equipment	4

Capital work in progress are assets under construction which take a substantial period of time. These are recorded at the cost incurred to date less any impairment loss and no depreciation is charged on these amounts. Depreciation commences when the assets are ready for their intended use.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. The gain or loss arising on de-recognition of the asset. This is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss for the period.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.8 Leases

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

Group and the Company as lessee

The Group and the Company apply a single recognition and measurement approach for all leases. The Group and the Company have a number of short-term leases but do not have leases of low-value assets. The Group and Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Group and the Company as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Right-of-use assets

The Group and the Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, which ranges from 2 to 10 years for the various leases in the Group and Company's portfolio.

If ownership of the leased asset transfers to the Group or the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies on Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group and the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group or the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group and the Company's lease liabilities are shown in Note 32.

Short-term leases

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of some properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group and the Company do not have any leased assets categorised as low-value assets. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Sublease Arrangement

The Group and the Company classify the lease by reference to the right-of-use asset arising from the head lease and not by reference to the underlying asset. Lease payments are made in advance by the lessee's and income is recognized in profit or loss when such retail outlet starts trading. The Group and Company account for the sublease under deferred income note.

4.9 Intangible assets

Intangible assets are those identifiable non-monetary assets without physical substances. Separately acquired intangible assets are shown at historical costs. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. The useful lives of intangible assets are assessed as either finite or indefinite.

i) Computer software: Computer software have a finite useful life of 5 years and are subsequently carried at cost less accumulated amortisation and impairment losses, if any.

ii) Brand rights (Chicken Republic): Brand rights have an indefinite useful life.

Amortisation of computer software is calculated using the straight–line method to allocate their cost over their estimated useful life of 5 years and assessed annually for impairment whenever there is an indication that they may be impaired.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. This is not amortised, but is tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

De-recognition of intangible assets

An intangible asset is amortised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss.

4.10 Financial instruments

4.10.1 a) Classification and measurement

Financial assets

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

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

The business models applied to assess the classification of the financial assets held by the Group are:

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

4.10 Financial instruments

4.10.1 a) Classification and measurement

All the Group and the Company's financial assets as at 31 December 2020 satisfy the conditions for classification at amortised cost. The business model for the Group and the Company's financial assets are held to collect contractual cash flows that are solely payments of principal (for non-interest-bearing financial assets) or solely payments of principal and interest (for interest-bearing financial assets).

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

Financial liabilities

Financial liabilities of the Group and the Company are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs. Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Group and the Company's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. The Group and the Company's financial liabilities include trade and other payables and interest bearing loans and borrowings.

4.10.2 b) Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) which model is applicable to financial assets classified at amortised cost.

The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Group and the Company apply the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature. The simplified approach is applied for trade receivables while the general approach is applied to other receivables (amounts due to related parties) and cash and short-term deposits.

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

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

4.10.2 b) Impairment of financial assets - continued

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counter parties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period. These three components are multiplied together and adjusted for forward looking information, such as the gross domestic product (GDP) in Nigeria and inflation, to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

4.10.3 Significant increase in credit risk and default definition

The Group and the Company assess the credit risk of financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Group and the Company identify the assets that require close monitoring.

Furthermore, financial assets that have been identified to be more than 30 days past due on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

In line with the Group and Company's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Group and the Company carry out active recovery strategies to recover all outstanding payments due on receivables. Where the Group and the Company determine that there are no realistic prospects of recovery, the financial asset and any related loss allowance are written off either partially or in full.

4.10.4 De-recognition

Financial assets

The Group and the Company de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for de-recognition. Gains or losses on de-recognition of financial assets are recognised as finance income(cost).

Financial liabilities

The Group and the Company de-recognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

4.10.5 Modification

When the contractual cash flows of a financial instrument are renegotiated or otherwise modified and the renegotiation or modification does not result in the de-recognition of that financial instrument, the Group and the Company recalculates the gross carrying amount of the financial instrument and recognises a modification gain or loss immediately within finance income/(cost)-net at the date of the modification. The gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument's original effective interest rate.

4.10.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position. Offsetting can be applied when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right is contingent on future events and is enforceable in the normal course of business, and in event of default, insolvency or bankruptcy of the Company or the counter-party.

Cash and bank balances

Cash and bank balances in the statement of financial position comprise of cash on hand, cash at bank, term deposits and other short term highly liquid investments with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits as defined above. Please see note 4.10.2 for accounting policies on impairment of financial assets.

Convertible loans

Convertible loans are separated into liability and equity components based on the terms of the contract. On issuance of the convertible loan, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at fair value until it is extinguished on conversion or redemption.

The remainder of the proceeds are allocated to the conversion option and own credit risk. The equity conversion option embedded in the convertible loan is classified as a financial liability, given that the convertible loan is in foreign currency. A foreign currency convertible bond is classified as a financial liability under IAS 32, and then measured under the requirements of IFRS 9. An equity conversion option embedded in a financial liability is not considered by IFRS 9 to be clearly and closely related to the host contract, and should be accounted for as a separate derivative financial instrument measured at fair value through profit or loss.

If an entity issues a bond in a currency other than its functional currency, the conversion option will not meet the definition of equity in IAS 32, even if the bond is convertible into a fixed number of shares. This is because a fixed amount of foreign currency (a currency different to the functional currency of the bond) is not a fixed amount of cash.

4.11 Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Cost of raw materials and other costs incurred in bringing each product to its present location and condition are accounted for, on a weighted average basis. The cost of finished goods includes all direct costs relating to the purchase of these items.

4.12 Impairment of tangible and intangible assets excluding inventories and financial assets.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Whenever such indication exists, the asset's recoverable amount is estimated. The impairment is the carrying amount less the recoverable amount of the assets.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.13 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

4.14 Contingencies

A contingent asset or contingent liability is a possible asset or obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events. The assessment of the existence of the contingencies will involve management judgement regarding the outcome of future events.

a) **Contingent liabilities**

Contingent liabilities are possible/probable obligations whose existence will only be confirmed by future events not wholly within the control of the Group, or present obligations where it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

b) **Contingent assets**

Contingent assets are possible assets whose existence will only be confirmed by future events not wholly within the control of the Group and the Company.

Contingent assets are not recognised in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

4.15 Staff Pension

The Group and the Company operate a defined contribution plan in line with the provisions of the Pension Reform Act 2004. This plan is in proportion to the services rendered to the Group and the Company by the employees on the part of the Group.

The Group and the Company contribute 10% while the employees contribute 8% of employees current salaries and designated allowances to the scheme. Staff contributions to the scheme are funded through payroll deductions while the Group and Company's contribution is recorded as employee benefit expense in the profit or loss.

4.16 Share-based payments

The Group and Company have two schemes which include;

a) Restricted Stocks Units Plan (RSUP) and
b) Management Incentive Plan (MIP)

RSUP:

In the RSUP scheme, senior management staff were granted shares in the Company with the approval of the Board of directors, effective from 1 January 2015. The scheme has a vesting period of 4 years (2015 to 2018) and a 2-year restriction period ending in 2020 after which the awardees would receive the shares allotted to them.

MIP:

On 29 October 2018, the Board of Directors approved that Warrants be awarded to eligible senior management staff. Each warrant granted gives the awardee the right (but not the obligation) to buy an ordinary share at the expiration date.. The warrant is to vest over a 5-year period and is to be granted to awardees in five tranches from Quarter 1 of each year from 2018 to 2022 at the strike price. The share options vest if and when the senior executive remains employed on such date. The Group has a re-purchase right upon termination of the optionees services for the Group and the Company. The exercised options are subject to right of first refusal by the Group upon any sale, assignment, transfer, encumbrance or other disposition of the Group's shares.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the market price or an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity- settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group and the Company's best estimate of the number of equity instruments that will vest.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting are conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

4.17 Equity instruments

Equity instruments issued by the Group and the Company are recorded at the consideration received, net of any directly attributable transaction costs.

4.18 Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

4.19 Dividend on ordinary shares

Dividends on the Group's ordinary shares are recognised in equity in the year in which they are paid or liability in the period in which they are approved.

4.20 Key management personnel

For the purpose of related party disclosures, key management personnel are those who have authority and responsibility for planning, directing and controlling the activities of the Group and the Company. For Food Concepts Plc, key management personnel are considered to be designations from senior divisional head levels to Chief Executive Officer at the Group and Company.

4.21 Earnings per share (EPS)

Basic EPS

Basic EPS is calculated on the Group and the Company's profit or loss after taxation attributable to the Group and the Company on the basis of weighted average number of shares issued and fully paid ordinary shares at the end of the year.

Diluted EPS

Diluted EPS is calculated by dividing the profit after taxation attributable to the Group and the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

4.21 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefits assets, which continue to be measured in accordance with the Group and Company's other accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

5 Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated and separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, at the end of the reporting period. Uncertainties about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

5.1 Judgments

5.1.1 Going concern

The Group and Company's Directors has made an assessment of its ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future.

Directors are not aware of any material uncertainties that may cast significant doubt upon the Group and Company's ability to continue as a going concern. Therefore, the consolidated and separate financial statements continue to be prepared on the going concern basis.

5.1.2 Determining the lease term of contracts with renewal and termination options – Group and the Company as lessee

The Group and the Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company has several lease contracts that include extension and termination options. The Group and the Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassesse the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised. See Note 32.

5.2 Estimates and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty, at the reporting date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group and the Company based the assumptions and estimates on parameters available when the consolidated and separate financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Group and the Company.

5.2.1 Impairment losses on financial assets

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Group and the Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group and the Company's history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed Note 36.2.

5.2.2 Share based payment

Estimating the fair value of the share-based schemes at the grant date is a complex process involving a number of assumptions, judgements and estimates regarding various inputs. See Note 27.3

5.2.3 Impairment of Brand rights

Determining whether Brand rights are impaired requires an estimation of the recoverable amount of the cash-generating units to which Brand rights has been allocated. The value in use calculations requires directors to estimate the future cash flows expected to arise from the cash-generating unit and use a suitable discount rate to calculate the present value. The determination of the expected future cash flows requires judgement to be made by management. Where the actual future cash flows are less than expected, an impairment loss may arise. See Note 19.

5.2.4 Leases - Estimating the incremental borrowing rate

The Group and Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group and the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group and the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

The Group and Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). See note 32.

5.2.5 Provision and contingencies

Recognition and measurement of provisions and contingencies require key assumptions about the likelihood and magnitude of an outflow of resources. See. Note 31.

6 Segmental reporting

6.1 Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Executive Board.

The Chief Operating Decision-Maker (CODM) reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports which include an allocation of central revenue and costs as appropriate. The CODM considers the business from a geographic perspective, with Nigeria, Ghana and Mauritius being the identified reportable segments. These reportable segments make up the total operations of the Group. The CODM assesses the performance of these segments based on operating profit before any exceptional items. Other information provided, except as noted below, to the CODM is measured in a manner consistent with that of the financial statements.

Segmentation applies only to the Group and does not apply to the Company. For management purposes, the Group is organised into business units based on their locations and has three geographical reportable segments as follows:

- Nigeria
- Ghana
- Mauritius

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit for the year and is measured consistently with profit for the year in the consolidated financial statements. All segments' revenue come from the geographical location of each segment.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

6.2 Segmental analysis

Below are the operating results of the business unit separately for the purpose of resource allocation and performance assessment.

Year ended 31 December	2020					2019				
Geographical Segments	Ghana	Nigeria	Mauritius	Elimination	Total segments	Ghana	Nigeria	Mauritius	Elimination	Total segments
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Revenue										
External customers	138	18,023	-	-	18,161	208	13,638	-	-	13,846
Internal customers	-	-	-	(4)	(4)	-	-	-	(9)	(9)
	138	**18,023**		**(4)**	**18,157**	**208**	**13,638**	**-**	**(9)**	**13,837**
Results										
Raw materials and consumables used	(81)	(9,063)	-	4	(9,140)	(115)	(6,316)	-	9	(6,422)
Employee benefits expense	(15)	(3,160)	-	-	(3,175)	(18)	(2,080)	-	-	(2,098)
Depreciation and amortisation	(7)	(903)	-	-	(910)	(17)	(732)	-	-	(749)
Other expenses	(55)	(3,145)	(2)	-	(3,202)	(91)	(2,263)	(2)	-	(2,356)
Impairment credit/ (losses) on financial assets - net	-	(143)	-	145	2	-	(11)	-	(7)	(18)
Finance costs	-	(455)	-	-	(455)	(12)	(177)	-	-	(189)
Finance income	-	304	-	-	304	-	347	-	-	347
Other operating income	6	43	-	-	49	1	134	-	-	135
Share of profit of an associate	-	-	-	-	-	-	115	-	-	115
Segment (loss)/profit before tax	**(14)**	**1,501**	**(2)**	**145**	**1,630**	**(44)**	**2,655**	**(2)**	**(7)**	**2,602**
Taxation	-	(476)	-	-	(476)	-	(606)	-	-	(606)
Profit for the year	**(14)**	**1,025**	**(2)**	**145**	**1,154**	**(44)**	**2,049**	**(2)**	**(7)**	**1,996**
Non-current assets	-	14,644	-	-	14,644	96	12,700	-	-	12,796
Current assets (Net of investment)	197	8,057	-	(197)	8,057	25	8,321	-	(192)	8,154
Total assets	**197**	**22,701**	**-**	**(197)**	**22,701**	**121**	**21,021**	**-**	**(192)**	**20,950**
Non-current liabilities	-	2,110	-	-	2,110	-	1,371	-	-	1,371
Current liabilities	233	3,471	4	(197)	3,511	230	2,750	-	(192)	2,788
Total liabilities	**233**	**5,581**	**4**	**(197)**	**5,621**	**230**	**4,121**	**-**	**(192)**	**4,159**
Net (liabilities)/assets	**(36)**	**17,120**	**(4)**	**-**	**17,080**	**(109)**	**16,900**	**-**	**-**	**16,791**

Elimination and Adjustments relate to the following:

Revenue of ₦4 million (2019: ₦9 million) represents sales of spices and raw materials by Food Concepts Plc to Food Concepts Ghana.

Current assets (Net of investment) of ₦197 million (2019: ₦192 million) represents the total receivable from Food Concepts Ghana as at year end. The impairment provision of ₦145 million on inter-company receivable balance at the Company level has been reversed at the Group level before elimination.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 4.

Each segment bears its administrative costs and there are no allocations from central administration.

Disaggregation of revenue

The Group derives all its revenue from the sale of goods and provision of services at a point in time from different geographical regions as stated in Note 6.1 above. See further disaggregation in Note 7.1. The Group had no revenue from a single customer that accounted for more than 10% of the total revenue in 2020 (2019: nil).

6 Segmental reporting - continued

6.2 Reconciliation

	2020	2019
	₦ million	₦ million
Segment profits after taxation	1,009	2,003
Elimination	145	(7)
Profit for the year	**1,154**	**1,996**

6.2.1 Segment assets

The amounts reported to the Board with respect to total assets are measured in a manner consistent with that of the consolidated and separate financial statements. All assets are allocated to reportable segments.

Segment assets are reconciled to total assets as follows:

	2020	2019
	₦ million	₦ million
Segment assets for reportable segments	22,701	20,950
Total assets	**22,701**	**20,950**

6.2.2 Segment liabilities

The amounts reported to the Board with respect to total liabilities are measured in a manner consistent with that of the consolidated and separate financial statements. All liabilities are allocated to reportable segments.

Segment liabilities are reconciled to total liabilities as follows:

	2020	2019
	₦ million	₦ million
Segment liabilities for reportable segments	5,621	4,159
Total liabilities	**5,621**	**4,159**

6.2.3 Equity reconciliation

	2020	2019
	₦ million	₦ million
Total assets	22,701	20,950
Less: Total liabilities	(5,621)	(4,159)
Total equity	**17,080**	**16,791**

7 Revenue from contracts with customers

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
7.1 By business:				
Quick service restaurants	17,998	13,722	17,864	13,523
Franchise royalty income	101	102	101	102
Franchise joining fees income	58	13	58	13
	18,157	13,837	18,023	13,638
7.2 Timing of revenue recognition				
Goods and services transferred at a point in time	18,157	13,837	18,023	13,638
	18,157	13,837	18,023	13,638
7.3 By geographical location:				
Outside Nigeria	138	208	-	-
Within Nigeria	18,019	13,629	18,023	13,638
	18,157	13,837	18,023	13,638

*There is no other revenue other than revenue from contracts with customers in 2019. Performance obligation for each revenue line is disclosed under accounting policies on revenue 4.3.1

7.4 Contract balances

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Trade receivables (Note 7.4.1)	43	49	43	48
Contract liabilities	64	59	64	59

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

Contract liabilities represent joining fees received in advances from prospective franchisees.

7.4.1 Trade receivables

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Gross carrying amount	70	76	70	75
Impairment loss	(27)	(27)	(27)	(27)
	43	49	43	48

8 Other operating income

	The Group		The Company	
	2019	2018	2019	2018
	₦ million	₦ million	₦ million	₦ million
Other income	44	56	43	55
Exchange gain	5	-	-	-
Foreign exchange difference on option	-	79	-	79
	49	135	43	134

8.1 Reconciliation of foreign exchange difference on option

Balance as at 1st January	-	(79)	-	(79)
Foreign exchange difference on option	-	79	-	79
Balance as at 31 December	-	-	-	-

Other income includes income from sales of used oil and rental income.

9 Raw materials and consumables used

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Raw materials consumed	9,091	6,400	9,017	6,297
Transportation of raw materials	49	22	46	19
	9,140	6,422	9,063	6,316

10 Depreciation and amortisation

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Depreciation charge (Note 18)	708	522	701	515
Amortisation charge (Note 19)	18	4	18	4
Depreciation of Right of Use Asset (Note 32)	184	223	184	213
	910	749	903	732

11 Employee benefits expense

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Salaries and allowances	2,755	1,885	2,740	1,867
Pension costs	75	48	75	48
Medical expenses	57	4	57	4
Staff meals	232	161	232	161
Share-based payment expense	56	-	56	-
	3,175	2,098	3,160	2,080

12 Other expenses

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Rental charges payable under operating leases	96	105	78	98
Transport	230	167	229	167
Repair and maintenance	403	298	399	293
Brand and marketing	159	169	158	165
Bank charges	102	112	101	112
Exchange loss-(Note 12.1)	5	30	5	1
Audit fee	19	17	18	16
Professional fees $$	225	86	223	84
Directors' fee	41	48	41	48
Contract and support services	128	77	126	74
Entertainment	5	-	3	-
Stationery expense	52	32	52	32
Loss on sale of property plant and equipment-(Note 12.2)	5	9	5	9
Insurance	40	31	40	31
Utilities	1,045	819	1,030	792
Licenses and fees	48	36	47	36
Sundry expenses*	238	134	231	124
Computer consumables	92	-	92	-
Cleaning expenses	185	138	183	133
Training services	6	6	6	6
Communication	53	36	53	36
Rates and levies	25	6	25	6
	3,202	2,356	3,145	2,263

*Sundry expenses include ₦42 million assets written off (net book value of civil, mechanical and electrical works at Maryland Chicken Republic following the demolition by Lagos State Government. Also included is the net book value of assets vandalised at Chicken Republic Bode Thomas and Airport Road Kano during the EndSARS protests.

$$ Professional fees include an accrual for ₦87 million being cost of provisional services provided by Norton Rose in relation to the sale of Company's stake in FCPL.

There were no non-audit services rendered by the Group and Company's auditors during the year (2019: Nil).

12.1 Exchange Loss/gain

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Exchange Loss on operating expenses (realised)	5	1	5	1
Unrealised exchange loss on operating expense	(5)	29	-	-
	-	30	5	1

For the purpose of the cash flow statement, the unrealised exchange loss is analysed as follows:

Exchange loss	(5)	29	-	-

12.2 Loss on sale of property, plant and equipment

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Proceeds from disposal	-	7	-	7
Less net book value of disposed assets	(5)	(16)	(5)	(16)
Loss on sale of property, plant and equipment	5	9	5	9

13 Finance Costs

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Interest on lease liabilities (Note 32)	455	189	455	177
	455	189	455	177

14 Finance Income

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Interest income on short-term deposits	304	347	304	347
For the purpose of cash flow statement, the interest received is analysed as follows:				
Interest received	304	347	304	347
	304	347	304	347

Finance income relates to interest on fixed deposits and treasury bills investments during the year, recognised using the effective interest method.

15 Reversals/Impairment loss on financial assets - net

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Impairment loss on trade receivables (Note 24.1.1)	-	14	-	14
Impairment on due from related parties (Note 24.2.1)	-	-	145	(7)
Impairment on short term deposits (Note 26.1.1)	(2)	4	(2)	4
	(2)	18	143	11

16 Income tax

16.1 Corporation tax is calculated at 30 percent (2019: 30 percent) of the estimated taxable profit for the year based on the provisions of the Companies' Income Tax Act, CAP C21, LFN, 2020 as amended. The charge for education tax of 2 percent (2019: 2 percent) is based on the provisions of the Education Tax Act, CAP E4, LFN, 2020.

Current tax expense

	The Group		The Company	
	2020	2019**	2020	2019**
	₦ million	₦ million	₦ million	₦ million
Corporation tax	-	-	-	-
Education tax charge @ 2%	44	60	44	60
	44	60	44	60
Deferred tax expense	386	476	386	476
Total Tax charge	430	536	430	536

**The deferred tax credit has been restated driven by mainly two factors; impact of share-based payment expense for prior year and overstatement of underutilised capital allowance and tax losses previously disallowed by the tax authorities.

Nigeria Police Trust Fund levy of ₦75,050 was recognised in profit or loss as at 31 December 2020.

16.2 Minimum tax

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Minimum tax	46	70	46	70
	46	**70**	**46**	**70**

**Minimum tax relates to prior year omission of minimum tax in line with the Finance Act 2019.

In 2020, minimum tax was based on 0.25% of gross income less franked investment income in line with the provisions of the Finance Act 2020, while 2019 was based on the rate of 0.5% of gross income less franked investment income.

16.3 Group and Company Reconciliation of effective tax rate

A reconciliation between tax expense and the product of accounting profit multiplied by Nigeria's domestic tax rate for the years ended 31 December 2020 and 2019 is as follows:

	2020		2019	
	%	₦ million	%	₦ million
Profit or loss before tax		1,501		2,540
Tax using statutory rate	30	450	30	762
Effect of tertiary education tax	2	30	2	51
Tax effect of:				
- tax incentives	(3)	(50)	(1)	(15)
- impact of 2% on depreciation	(1)	(14)	-	(11)
- Other non-deductible expenses	1	14	-	-
Recognition of previously unrecognised deductible temporary differences	-	-	(10)	(251)
	29	**430**	**21**	**536**

16.4 Current tax liabilities

The movement in the current tax liabilities are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
As at 1 January	130	71	130	71
Minimum tax	46	70	46	70
Charge for the year	44	60	44	60
Payment during the year	(91)	(62)	(91)	(62)
Withholding tax utilised during the year	(39)	(9)	(39)	(9)
As at 31 December	**90**	**130**	**90**	**130**

16.5 Deferred tax assets and liabilities

The movement on the deferred taxation account during the year was as follows:

			Balance as at 31 December		
Group and Company	At 1 January 2019 *	Recognised in profit or loss	Net	Deferred tax asset	Deferred tax liabilities
2019		₦ '000	₦ '000	₦ '000	₦ '000
Property, plant and equipment	69	485	554	(254)	808
Trade and other receivables	(5)	(6)	(11)	(11)	-
Employee benefits	(74)	(3)	(77)	(77)	-
	(10)	**476**	**466**	**(342)**	**808**

16.5 Deferred tax assets and liabilities - continued

The movement on the deferred taxation account during the year was as follows:

Group and Company	At 1 January 2020 *	Recognised in profit or loss	Balance as at 31 December Net	Deferred tax asset	Deferred tax liabilities
2020		₦ '000	₦ '000	₦ '000	₦ '000
Property, plant and equipment	554	376	930	(330)	1,260
Trade and other receivables	(11)	(46)	(57)	(57)	-
Employee benefits	(77)	56	(21)	(21)	-
	466	**386**	**852**	**(408)**	**1,260**

* 1 January has been restated. See details of the restatement in Note 39.

17 Earnings per share (EPS)

Earnings per share is computed by dividing the profit attributable to ordinary equity holders of the Group and the Company by the weighted average number of ordinary shares in issue during the year.

17.1

	The Company Basic 2020 Unit million	The Company Diluted 2020 Unit million	The Group Basic 2020 Unit million	The Group Diluted 2020 Unit million
Issued share capital	26,208	26,208	26,208	26,208
Restricted Stock Unit Plan (RSUP)	289	289	289	289
	26,497	**26,497**	**26,497**	**26,497**
Restated profit for the year:	1,025	1,025	1,154	1,154
EPS	0.04	0.04	0.04	0.04

	The Company Basic 2019 Unit million	The Company Diluted 2019 Unit million	The Group Basic 2019 Unit million	The Group Diluted 2019 Unit million
Issued share capital	5,844	5,844	5,844	5,844
Add: Ordinary shares attributable to convertible loans fully converted to equity	6,107	6,107	6,107	6,107
Deposit for shares converted to equity	7,793	7,793	7,793	7,793
Right issues made to existing shareholders	4,147	4,147	4,147	4,147
Restricted Stock Unit Plan (RSUP)	289	289	289	289
	24,180	**24,180**	**24,180**	**24,180**
Restated profit for the year:	1,934	1,934	1,996	1,996
EPS	0.08	0.08	0.08	0.08

18

Property, plant and equipment	Land and buildings	Plant and machinery	Kitchen equipment	Furniture and fittings	Motor vehicle	Computer and office equipment	Capital work-in-progress	Total
The Group	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Cost:								
At 1 January 2019	3,818	1,003	1,823	950	245	465	42	8,346
Additions	1,516	331	873	276	48	163	270	3,478
Transfer from capital work-in-Progress	-	1	189	7	-	-	(196)	-
Disposals	(5)	(27)	(53)	(19)	-	(5)	(2)	(112)
Exchange differences	(15)	(5)	(8)	(5)	-	-	-	(33)
At 31 December 2019	5,314	1,303	2,824	1,209	293	623	114	11,680
Additions	1,116	353	785	281	44	168	1,027	3,774
Disposals	-	(20)	(27)	(16)	-	(21)	-	(84)
Transfer from capital work-in-Progress	13	1	334	13	-	11	(372)	-
Transfers to intangible asset	-	-	-	-	-	-	(23)	(23)
Write-off	(36)	(1)	(14)	(3)	-	-	-	(54)
Exchange differences	3	1	-	-	-	1	-	5
At 31 December 2020	**6,409**	**1,637**	**3,902**	**1,485**	**338**	**781**	**746**	**15,297**
Depreciation:								
At 1 January 2019	1,219	555	990	798	201	373	-	4,136
Depreciation charge for the year	176	87	126	67	15	50	-	522
Disposals	(1)	(24)	(45)	(19)	-	(5)	-	(95)
Exchange differences	(6)	(3)	(6)	(5)	-	-	-	(20)
At 31 December 2019	**1,388**	**615**	**1,064**	**841**	**216**	**419**	**-**	**4,543**
Depreciation charge for the year	212	94	195	100	28	79	-	708
Disposals	-	(19)	(22)	(15)	-	(22)	-	(79)
Write-off	(8)	(1)	(1)	(2)	-	-	-	(12)
Exchange differences	-	-	-	-	-	-	-	-
At 31 December 2020	**1,593**	**689**	**1,237**	**924**	**244**	**475**	**-**	**5,161**
Net book value:								
At 31 December 2020	**4,816**	**948**	**2,665**	**561**	**94**	**306**	**746**	**10,136**
At 31 December 2019	**3,926**	**688**	**1,760**	**368**	**77**	**204**	**114**	**7,136**
At 1 January 2019	**2,599**	**448**	**833**	**152**	**44**	**92**	**42**	**4,210**

18 Property, plant and equipment

The Company	Land and buildings	Plant and machinery	Kitchen equipment	Furniture and fittings	Motor vehicle	Computer and office equipment	Capital work-in-progress	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Cost:								
At 1 January 2019	3,748	979	1,786	925	244	463	42	8,187
Additions	1,513	331	873	275	48	163	270	3,473
Transfer from capital Work-in-Progress	-	1	189	6	-	-	(196)	-
Disposals	(5)	(27)	(53)	(19)	-	(5)	(2)	(111)
At 31 December 2019	**5,256**	**1,284**	**2,795**	**1,187**	**292**	**621**	**114**	**11,549**
Additions	1,116	353	785	281	44	168	1,027	3,774
Disposals	-	(20)	(27)	(16)	-	(21)	-	(84)
Transfer from capital work-in-progress	13	1	334	13	-	11	(372)	-
Transfers to intangible asset	-	-	-	-	-	-	(23)	(23)
Write-off	(36)	(1)	(14)	(3)	-	-		(54)
At 31 December 2020	6,349	1,617	3,874	1,462	336	779	745	15,162
Depreciation:								
At 1 January 2019	1,193	539	963	774	199	371	-	4,039
Depreciation charge for the year	173	86	125	66	15	50	-	515
Disposals	(1)	(24)	(46)	(19)	-	(5)	-	(95)
At 31 December 2019	1,365	601	1,042	821	214	416		4,459
Depreciation charge for the year	209	93	194	99	28	78	-	701
Disposals	-	(19)	(22)	(15)	-	(22)	-	(79)
Write-off	(8)	(1)	(1)	(2)	-	-	-	(12)
At 31 December 2020	1,566	674	1,213	903	242	472	-	5,070
Net book value:								
At 31 December 2020	4,783	943	2,661	559	94	307	745	10,092
At 31 December 2019	3,891	683	1,753	366	78	205	114	7,090
At 1 January 2019	2,555	440	824	151	46	92	42	4,148

None of the Group and Company's assets are pledged as security for borrowings and any capital commitment as that year end.

During the year, PPE with a carrying value of ₦42 million was written off to profit or loss. This represents the carrying value of Chicken Republic Maryland civil works following the demolition by Lagos State Government and values of assets vandalised at Bode Thomas and Airport Road Kano outlets during the EndSARS protests in October 2020. Land is not depreciated.

Closing capital work in progress is analysed as follows:	₦ million
Kitchen equipment	597
Computer and office equipment	86
Building	55
Furniture and fittings	7
	745

19 Intangible assets

The Company	The Group				The Company			
	Brand rights	Computer software	Capital work-in-progress	Total	Brand rights	Computer software	Capital work-in-progress	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Cost:								
At 1 January 2019	1,262	295		1,557	1,262	295	-	1,557
Additions	7	50		57	7	50	-	57
At 31 December 2019	1,269	345	-	1,614	1,269	345	-	1,614
Additions	1	80	56	137	1	80	56	137
Transfer from CWIP (PPE)	-	23	-	23	-	23	-	23
At 31 December 2020	1,270	448	56	1,774	1,270	448	56	1,774
Amortisation:								
At 1 January 2019	-	290	-	290	-	290	-	290
Charge for the year	-	4	-	4	-	4	-	4
At 31 December 2019	-	294	-	294	-	294	-	294
Charge for the year	-	18	-	18	-	18	-	18
At 31 December 2020	-	312	-	312	-	312	-	312
Carrying value:								
At 31 December 2020	1,270	136	56	1,462	1,270	136	6	1,462
At 31 December 2019	1,269	51	-	1,320	1,269	51	-	1,320
At 1 January 2019	1,262	5	-	1,267	1,262	5	-	1,267

The Brand rights were purchased and not internally generated.

19.1 Impairment testing of intangible assets with indefinite useful lives

Brand rights with indefinite lives have been allocated to the cash-generating unit below, which are also operating segments for impairment testing. Cash generating unit (CGU) is defined as the smallest identifiable group of assets that generates cash inflows and are largely independent of the cash inflows from other assets or groups of assets. The CGU's have been identified as the Chicken Republic outlets. The brand rights have been assessed as having indefinite useful lives as the Group and Company continue to earn royalty income from the sale of its brand and expected growth in the business over the foreseeable future.

	Chicken Republic unit		Chicken Republic unit	
		The Group		The Company
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Brand rights with indefinite useful lives (carrying amount)	1,270	1,269	1,270	1,269
Brand rights with indefinite useful lives (Recoverable amount)	21,146	17,793	21,146	17,793

19.1 Impairment testing of intangible assets with indefinite useful lives - continued

The Group performed its annual impairment test in December 2020 and 2019. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2020, the recoverable value (defined as the value in use) of the Group was ₦ 21.1 billion (2019: ₦17.79 billion) which is above the book value of its Brand rights, indicating there was no potential impairment of the assets of the operating segment. The key inputs and assumptions used in the value in use calculations for the cash-generating units are as follows.

- Discount rate (WACC): 18.5% (2019: 25%).
- Net cash flow: The Net cash flow is based on 5-year forecast using 2020 as the base year.
- Terminal growth rate of 3.3% (2019: Nil).
- Risk free rate: 7.42% (2019: 7.42) being the yield on a 30-year FGN bond as at 31 December 2020.
- Equity Risk Premium: 10.05% (2019: 10.05%) based on the Country Risk Premium for Nigeria plus the base premium for mature equity market according to Damodaran as at 1 January 2021 was adopted.
- Beta: 0.9, (2019: 0.9) based on the unlevered beta for Restaurant/Dining business from Damodaran.

The discount rate was based on computed WACC using the Capital Asset Pricing Model (CAPM). The net cash flows were then discounted using this rate to estimate their present values inclusive of a terminal growth value discounted to its present value thereafter. Brands have an indefinite useful life, and a terminal value has been included in the computation based on Nigeria's long-term growth forecast of 3.3% by the Economist Intelligence Unit.

The cash flow assumptions were based on projected revenue assuming sales price and volume growth (this is a combination of same store growth, new stores and new products innovation). The projected cash flows have been updated to reflect the increase in customers' preferences for our products, which is evidenced in the annual growth in customer count.

Management has used a five-year cash flow projection for the impairment testing. Projected revenue forecasts are based on historical performances of the business as at the beginning of the budget period. These are increased over the budget period for planned new Company-owned stores, same store growth and planned new franchised stores. In addition, the Group and the Company will continue to explore innovative meals to continue to attract more customers.

The Relief from Royalty Method ("RRM") using a royalty rate of 5% was adopted in determining the applicable cash flows from the Brand. The royalty rate applied is based on the Franchise charged by Food Concepts for the use of its Brand (2019: EBITDA projection for Chicken Republic brand). The Group and the Company had determined cash flows attributable to the Brand rights as follows:

i. 5% on its projected five- year Chicken Republic owned stores revenue (as relief from royalty).

ii. Royalty income earned from franchised stores calculated at 5% of Franchisees Net sales; and

iii. Joining fees anticipated from projected new franchised stores.

The change in approach was necessary as the Relief from Royalty method focuses on cash flows attributable only to the Brand. Management has assessed that this change in approach has not caused the aggregate carrying amount to exceed the aggregate recoverable amount of each CGU (2019: same).

The estimated recoverable amounts of the Brand rights exceeded its carrying amount in the period under review (2019: same). A +/- 5% sensitivity analysis on discount factor and long-term growth rate as at 31 December 2020 will lead to 7% reduction in the present value of the Brand rights and 8% increase in the present value of the Brand rights, respectively. A +/-5% sensitivity analysis on the average annual growth rate in revenue will result in a 17% increase/decrease in the present value of the Brand rights.

20 Investment in subsidiaries

	The Company	
	2020 ₦ million	2019 ₦ million
Food Concepts Ghana Limited	2	2
	========	========

Investment in Express Foods Franchise Limited is less than ₦ 1 million.

20.1 Interests in other entities

The Group and the Company's principal subsidiaries and associates at 31 Dec 2020 are set out below. Unless otherwise stated, the share capital consists solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

There were no significant judgements made in consolidating the Group's subsidiaries. Also, none of the Groups' associates were subject to significant restrictions. None of the subsidiaries have non-controlling interests that are material to the Group. The Group's investment in associates is accounted for using the equity method.

The consolidated financial statements of the Group include:

		Ownership interest held by non-controlling interest				
Name of entity		**2020**	**2019**	**2020**	**2019**	**Principal activities**
Subsidiaries		**%**	**%**	**%**	**%**	
Food Concepts Ghana Limited	Ghana	100	100	-	-	Restaurant
Express Food Franchise International	Mauritius	100	100	-	-	Food business
Associate						
Food Concepts Pioneer Limited	Nigeria	35.61	35.61	64.39	64.39	Production of baked food
Food Concepts International Limited	Nigeria	35.70	35.70	64.30	64.30	Investment portfolio

21 Investment in associates

	The Group	
	2020	**2019**
	₦ million	**₦ million**
Carrying value of Investment in Associate - Equity Accounting		
Food Concepts Pioneer Limited	-	1,059
Food Concepts International Limited	-	601
	....	....
	-	**1,660**
	========	========

	The Company	
	2020	**2019**
Cost of Investment in Associate	**₦ million**	**₦ million**
Food Concepts Pioneer Limited	-	982
Food Concepts International Limited	-	601
	========	========
	-	**1,583**
	========	========

21.1 Investment in Food Concepts Pioneer Limited:

The Group has a 35.61% interest in Food Concept Pioneer Limited. Food Concepts Pioneer Limited was incorporated in Nigeria as a limited liability company. The principal activities of the Company include the production, marketing, sale and distribution of baked products, confectioneries, beverages, cereal flour milling in Nigeria. The year end of the associate aligns with the Group.

The Group's interest in Food Concept Pioneer Limited is accounted for using the equity method in the consolidated financial statements.

The Company decided to sell its investment in Food Concepts Pioneer Limited (FCPL) at the beginning of 2020. The Group has a 35.61% interest in Food Concept Pioneer Limited. Consequently, FCPL has been classified as a disposal group held for sale and no share of the profit/loss in FCPL has been included in the carrying value of the associate for the year in accordance with IFRS 5.

21.1 Investment in Food Concepts Pioneer Limited - continued

The following table illustrates the summarised financial information of the Group's investment in Food Concept Pioneer Limited:

	2019
	₦ million
Current assets	1,145
Non-current assets	2,977
Current liabilities	(647)
Non-current liabilities	(437)
	....
Equity	3,038
	========
Group share of the Net Asset of Food Concepts Pioneer Limited	1,082
	========
Carrying value	1,082
	========
Revenue	5,586
Cost of sales	(4,472)
Administrative expenses	(509)
Other gains losses - net	13
Net Impairment losses on financial assets	(2)
Investment income	16
Finance costs	(52)
	....
Profit before tax	580
Income tax expense	(191)
	....
Profit for the year ended 30 Sept 2019	**389**
	....
Share of profit of associate	**115**
	========

Work-back Analysis of	**Associates Profit for the period Jan - Dec 2019**	**₦ million**
Oct 2018 -Sept 2019	As per Audited Financial statement	389
Oct 2018- Dec 2018	Less 3months profit from Management Account	(123)
Jan 2018- Sept 2019		....
Oct 2018- Dec 2019	Add 3months profit from Management Account	266
		58
		324
		========
Share of profit of associate		**115**
		========

The associate has future operating lease commitments of ₦535 million and capital commitment of ₦234 million in 2019.

21.2 Investment in Food Concepts International Limited (FCIL)

The Group has a 35.7% interest in Food Concepts International Limited. Food Concepts International Limited was incorporated in Nigeria as a limited liability company.

Food Concepts Plc acquired the shares of a Director (Akinyanju) following the settlement agreement executed in August 2017. The Group's interest in Food Concepts International Limited gave rise to a reciprocal holding.

At the beginning of 2020, the Company made a decision to sell its interest in Food Concepts International Limited (FCIL). Consequently, FCIL has been classified as held for sale and no share of profit/loss in FCIL has been included in the carrying value of the associate in accordance with IFRS 5.
The following table illustrates the summarised financial information of the Group's investment in Food Concepts International Limited as at 31 Dec 2020. The information is based on unaudited financial statements of Food Concepts International Limited.

	2019
	₦ million
Current assets	–
Non-current assets *	1,686
Current liabilities	-
Non-current liabilities	-
Equity	1,686
Group share of Net Asset of Food Concepts International Limited	601
Carrying value	601

* Representing FCIL investment in Food Concepts Plc

21.3 Movement in Investment in Associate

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
At 1 January	1,660	1,545	1,583	1,583
Share of profit of Associate (Note 21.1)	-	115	-	-
Reclassification to asset held for sale	(1,660)	-	(1,583)	-
At 31 December	-	1,660	-	1,583

22 Assets of disposal group classified as held for sale

The Company decided to sell its investment in Food Concepts Pioneer Limited (FCPL) and Food Concepts International Limited (FCIL) in 2020. The Group has a 35.61% interest in Food Concept Pioneer Limited and 35.7% interest in FCIL. Consequently, FCPL and FCIL has been classified as a disposal group held for sale in accordance with IFRS 5.

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Food Concepts Pioneer Limited	1,059	-	982	-
Food Concepts International Limited	601	-	601	-
	1,660	-	1,583	-

23 Inventories

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Food and beverages	718	390	712	384
Packaging materials	180	115	180	115
Other consumables*	112	95	112	95
	1,010	**600**	**1,004**	**594**

The inventory is carried at the lower of cost and net realisable value. There was no write down of inventory to NBV. Inventory recognised as expense during the year amounted to ₦9.1 Billion (2019: ₦6 Billion). These were charged to profit or loss and included in raw materials and consumables used. There was no reversal of previously recognised write down of inventory during the year ended 31 December 2020 (2019: Nil).

*Other consumables consist of diesel, gas, cleaning materials and stationery.

24 Trade and other receivables

	NOTE	The Group		The Company	
		2020	2019	2020	2019
		₦ million	₦ million	₦ million	₦ million
Trade receivables	24.1	70	76	70	75
Amount due from related parties	24.2	-	-	197	192
Staff cash advance ##		125	60	125	60
Receivable from employee		43	-	43	-
Other receivables**		66	74	65	70
		304	210	500	397
Impairment on trade receivables	24.1.1	(27)	(27)	(27)	(27)
Impairment on due from related party	24.2.1	-	-	(152)	(7)
		277	**183**	**321**	**363**

Trade receivables are non-interest bearing and are generally on 30-day terms.
Included in other receivables are WHT receivable amount of ₦ 36 million (2019: ₦ 57 million).
Staff cash advance refers to payments to employees to execute services on behalf of the Company. These would be retired as either expenses or assets within the next 12 months.

24.1 Reconciliation of gross carrying amount for trade receivables is as follows;

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Gross carrying amount as at I January	76	47	75	47
Invoiced during the year	190	170	190	169
Receipts during the year	(196)	(141)	(195)	(141)
Gross Carrying amount as at 31 December	**70**	**76**	**70**	**75**

24.1.1 Reconciliation of loss allowance for trade receivables as at 31 December is as follows;

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Loss allowance as at 1 January	27	13	27	13
Charge for the year	-	14	-	14
Loss allowance as at 31 December	**27**	**27**	**27**	**27**

24.2 Reconciliation of other receivables (Due from related party)

	2020			2019		
	Stage 1 12 month ECL ₦ million	Stage 2 Lifetime ECL ₦ million	Stage 3 Lifetime ECL ₦ million	Stage 1 12 month ECL ₦ million	Stage 2 Lifetime ECL ₦ million	Stage 3 Lifetime ECL ₦ million
Gross exposure at default (Note 33)	197	-	-	192	-	-
Loss allowance	(152)	-	-	(7)	-	-
Net exposure at default	45	-	-	185	-	-

24.2.1 Reconciliation of gross carrying amount due from related party is as follows;

	The Company	
	2020 ₦ million	2019 ₦ million
Gross carrying amount as at I January	192	189
Invoices for the year	5	8
Receipts for the year	-	(35)
Exchange loss	-	30
Gross carrying amount as at 31 December	**197**	**192**
Refer to Note 33 for details on related party		

Reconciliation of loss allowance for due from related party is as follows;

	2020	2019
Loss allowance as at 1 January	7	14
Charge/(reversal) for the year	145	(7)
Loss allowance as at 31 December	**152**	**7**

24.3 Employees and vendors advances relate to advances to suppliers and employees for various ongoing construction and asset purchases.

25 Prepayments

	The Group		The Company	
	2020 ₦ million	2019 ₦ million	2020 ₦ million	2019 ₦ million
Short term lease	9	395	9	394
Prepaid insurance	53	16	53	16
Other prepayments	141	31	140	29
Health insurance	4	2	4	2
Advance to suppliers**	1,371	1,011	1,371	1,011
	1,578	1,455	1,577	1,452
Current	1,568	1,455	1,567	1,452
Non-current	10	-	10	-
	1,578	1,455	1,577	1,452

25.1 Advance to suppliers relates to various mobilisations fees for ongoing new store constructions yet to be completed and outright purchase of equipment yet to be delivered. In 2019, this was presented as part of other receivables, but has now been reclassified.

		The Group		The Company	
		2020	2019	2020	2019
		₦ million	₦ million	₦ million	₦ million
26	**Cash and bank balances**				
	Cash and bank balances in the statement of financial position comprise of cash at bank and on hand and short-term deposits.				
	Cash at bank and on hand	1,504	2,076	1,504	2,072
	Short-term deposits	2,040	3,844	2,040	3,844
		3,544	5,920	3,544	5,916
	Allowance for impairment	(2)	(4)	(2)	(4)
		3,542	**5,916**	**3,542**	**5,912**
26.1	**For the purposes of the consolidated and separate statement of cash flows, cash and cash equivalents comprise the following as at 31 December:**				
	Cash at bank and on hand	1,504	2,076	1,504	2,072
	Short-term deposits	188	3,823	188	3,823
		1,692	**5,899**	**1,692**	**5,895**
26.2	**Short term deposits with maturity > 90 days**	1,852	21	1,852	21
		3,544	**5,920**	**3,544**	**5,916**
26.1.1	**Reconciliation of loss allowance for short term deposits as at 31 December 2020 is as follows;**				
	Loss allowance as at 1 January	4	-	4	-
	(Credit)/charge for the year	(2)	4	(2)	4
	Loss allowance as at 31 December	**2**	**4**	**2**	**4**

		Unit Million	Unit Million	Unit Million	Unit Million
27	**Authorised shares**				
	Ordinary shares of ₦ 0.50 each	29,000	26,000	29,000	26,000
		29,000	**26,000**	**29,000**	**26,000**

		Unit Million	Unit Million	Unit Million	Unit Million
27.1	**Issued shares**				
	Issued shares of ₦0.50 each	26,497	26,208	26,497	26,208
		26,497	26,208	26,497	26,208

	The Group		The Company	
Issued and fully paid share capital	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
At 31 December	**13,250**	**13,105**	**13,250**	**13,105**

27.1 Issued shares - continued

Movement in Share Capital	NOTE	The Group		The Company	
		Unit Million	₦ million	Unit Million	₦ million
At 1 January 2019		5,844	2,922	5,844	2,922
Deposits for shares converted to Equity*	27.3	9,001	4,501	9,001	4,501
ADP II Holding 12 convertible loan fully converted to shares*		6,107	3,054	6,107	3,054
Right Issue **	37.1.1.1	5,256	2,628	5,256	2,628
At 31 December 2019		**26,208**	**13,105**	**26,208**	**13,105**
Issue of shares - Share-based Payment		289	145	89	145
		-		-	
At 31 December 2020		**26,497**	**13,250**	**26,497**	**13,250**

** On 17 May 2019, the Company made a right issue to its e g shareholders. The basis of the right issue is 11 new shares for every 28 ordinary shares at exercise price of 62k. 575,099,604 right issue shares were not exercised and lapsed. The total value of issued shares amounted to 5,256,454,182.

In 2020, the Company issued shares to its key management personnel based on the RSUP share-based payment awarded in 2015 and vested annually from 2015 to 2018. The plan has a 2-year restricted period ending in 2020. Under the scheme 289,265,319 units of shares were granted excluding departed employees who forfeited their shares.

27.2 Share premium

	NOTE	The Group		The Company	
		2020	2019	2020	2019
		₦ million	₦ million	₦ million	₦ million
At 31 December		6 266	6 180	6 266	6 180

Movement in Share Premium

	NOTE	The Group 2020 ₦ million	The Group 2019 ₦ million	The Company 2020 ₦ million	The Company 2019 ₦ million
At 1 January		6 180	4 700	6 180	4 700
Issuance of shares (Share incentives)		86	-	86	-
Net Proceeds from Right issue*	37.1.1.1	-	631	-	631
Transaction cost on share issue**		-	(315)	-	(315)
Exercise of Option***		-	1 164	-	1 164
At 31 December		6 266	6 180	6 266	6 180

Share premium reserves represent the excess of share issued price over the nominal value per share. The movement in share premium is as a result of the net proceeds from rights issue and the share premium on convertible bond.

* Net proceeds from right issue includes the proceeds from the issue of 5,256,454,182 shares, amounting to ₦631million.

** In 2019, Transaction costs of ₦315million includes ₦184million prepaid in prior year now reclassified to share premium and other associated transaction costs amounted to ₦131million.

***Exercise of Option - The 6,107,212,129 ordinary shares were issued at a share premium of 12kobo above the nominal value of 50kobo per share.

27.3 Share-based Payment Reserves

	NOTE	The Group		The Company	
		2020	2019	2020	2019
		₦ million	₦ million	₦ million	₦ million
At 1 January		241	-	241	-
Share-based payment expense		56	241	56	241
Issue of shares		(231)	-	(231)	-
At 31 December		66	241	66	241

A Description of share-based payment arrangements

As at 31 December 2020, the Group's share-based payment arrangement includes the Restricted Stocks Unit Plan (RSUP) and the Management Incentive Plan (MIP).

a) Restricted Stocks Units Plan (RSUP):

The RSUP plan was awarded to qualifying management staff in 2015 and vested annually from 2015 to 2018. The plan has a 2-year restricted period which ended during the year, and of which shares for the plan have been fully allotted.

b) Management Incentive Plan (MIP):

The MIP was awarded to qualifying management staff in 2018. The total number of shares over which warrants may be granted under the plan shall not exceed 6% of the ordinary share capital of the Company from time to time. The warrants granted under this plan are awarded based on predetermined tranches and each warrant granted gives the awardee the right (but not the obligation) to buy an ordinary share at ₦ 0.62k on the expiration date.

Plan	Grant date	No. of instruments issued	Vesting conditions	Contractual life of option
		Millions		
RSUP	01-Jan-15	289	Being in service over the vesting period subject to both the performance of the Company and individual employee.	4 years
MIP	Tranche 1 - Quarter 3 2018 Tranche 2 - Quarter 2 2019 Tranche 3 - Quarter 1 2020	923	Being in service over the vesting period subject to both the performance of the Company and individual employee.	5 years

B Measurement of fair values

i. Equity-settled share-based payment arrangements

The fair value of the Restricted Stocks Unit Plan has been measured using the market value of the Company's shares on the grant date.

The MIP share options have been measured using the Black-Scholes-Merton (BSM) methodology. The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows

Share based payment plan	RSUP	MIP		
Duration	2015-2018	2018-2023	2019-2023	2020-2023
Fair value at grant date (Millions)	231	31	19	213
Share price at grant date (k)	0.6k	0.6k	0.7k	0.7k
Exercise price (k)	0.8k	0.6k	0.6k	0.6k
Expected volatility (%)	-	7.29%	12.72%	12.83%
Expected life (Years)	4.00	5.00	4.25	3.50
Risk-free interest rate (%)	-	13.60%	14.35%	10.87%
Average staff attrition rate (%)	0%	0%	0%	0%

The employee share options were valued as at the grant dates based on their grant and exercise conditions as stated by the contract. The share price volatility was estimated by analysing the historical share prices of the company over the last 3 years, using 252 days as business days in the year.

28 Other comprehensive income

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
28.1 Fair value reserve on convertible loan options	-	-	-	-
Movement in fair value reserve				
At 1 January 2019	-	-	-	111
Reclassification of own credit reserve upon de-recognition	-	-	-	(111)
At 31 December 2019	-	-	-	-

This relates to change during the year in fair value of financial liability attributable to changes in credit risk.

28.2 Foreign currency translation reserve

	The Company 2020	The Company 2019
At 1 January	(165)	(188)
Foreign-exchange translation differences	(3)	23
At 31 December	**(168)**	**(165)**

Foreign currency translation reserves relate to differences arising from the translation of the financial statements of foreign operations into the Group's presentation currency i.e. Food Concepts Ghana and Express Foods Franchise International.

29 Financial liabilities

	The Group		The Company	
	2020	2019	2020	2019
29.1 Loan movements	₦ million	₦ million	₦ million	₦ million
At 1 January	-	1,659	-	1,659
Convertible loans converted to equity	-	(1,659)	-	(1,659)
At 31 December	-	-	-	-

30 Contract liabilities

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Deposit from Franchise	**64**	**59**	**64**	**59**

This relates to franchisee joining fee received in advance prior to the commencement of trading by the franchisee. This will be recognised in profit or loss when the franchise store is completed and the franchise opens for trading.

30.1 Deferred Income

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
At 1 January	22	24	22	23
Addition for the year	-	114	-	115
Revenue recognised during the period	(19)	(57)	(19)	(57)
Reclassified to contract liabilities	-	(59)	-	(59)
At 31 December	3	22	3	22

Deferred income includes rent received in advance for subleased locations. The amount would be recognised in profit or loss when the performance obligation is satisfied, which is when the store opens for trading.

31 Trade and other payables

	The Group		The Company	
	2019	2018	2019	2018
	₦ million	₦ million	₦ million	₦ million
Trade payables	1,721	1,356	1,702	1,340
Statutory liabilities (Note 31.1)	438	346	438	346
Accruals	387	245	366	223
Other payables *	583	630	583	630
	3,129	**2,577**	**3,089**	**2,539**
Other payables *				
Provision for year-end bonus	136	249	136	249
Regulatory fees	21	12	21	12
Employee related payable	63	61	63	61
Security deposits	20	10	20	10
Accruals	212	124	212	124
Staled cheques	112	151	112	151
Free Range Farms payables	7	7	7	7
Others **	12	16	12	16
	583	**630**	**583**	**630**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have an average term of six months.
- Interest payable is normally settled quarterly throughout the financial year.

** Included in others is a related party of ₦ 2 million to Food Concepts Pioneer Limited.

31.1 Statutory liabilities

Included in statutory liabilities are pay-as-you-earn, pension, consumption tax, withholding tax payable, value added tax, Industrial Training Fund, Employee Compensation Fund and National Housing Fund.

32 Leases

The Group and Company as a lessee

The Group and the Company have lease contracts for rented properties (land and building) with a lease terms between 2 to 10 years. The Group and the Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Group and the Company also have certain leases of properties (land and building) with lease terms of 12 months or less. The Group and the Company apply the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right-to-use assets	The Group	The Company
	Property lease	Property lease
	₦ million	₦ million
As at 1 January 2019	1,155	1,095
Additions	1,033	1,033
Depreciation expense	(223)	(213)
As at 31 December 2019	1,965	1,915
Additions	1,305	1,305
Reversal of Ghana's ROU*	(50)	-
Depreciation expense	(184)	(184)
As at 31 December 2020	**3,036**	**3,036**

32 Leases - continued

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Lease liabilities	The Group	The Company
	₦ million	₦ million
As at 1 January 2019	664	608
Additions	382	382
Accretion of interest	189	177
Payments	(127)	(109)
As at 31 December 2019	**1,108**	**1,058**
Reversal of Ghana's lease liability*	(50)	-
Additions	394	394
Accretion of interest	455	455
Payments	(424)	(424)
As at 31 December 2020	**1,483**	**1,483**
Current	225	225
Non-current	1,258	1,258

The maturity analysis of lease liabilities is disclosed in note 36.3

*Reversal of Ghana's lease relates to the de-recognition of Ghana's estimated lease obligation.

32.1 For the purpose of cash flow statement, the total cash outflow for leases is analysed as follows:

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Payment made for new lease agreements during the year	911	651	911	651
Payment made on existing leases during the year	424	127	424	109
Total cash outflows for leases	**1,335**	**778**	**1,335**	**760**
The following are the amounts recognised in profit or loss:				
	-	-	-	-
Depreciation expense of right-of-use assets	184	223	184	213
Interest expense on lease liabilities	455	189	455	177
Expense relating to short-term leases (included in other expenses)	96	105	78	98
Total amount recognised in profit or loss	**735**	**517**	**717**	**488**

33 Related party transactions

Details of transactions between the Company and its related parties are disclosed below.

	Nature of transaction	Category	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
31 December 2020			**₦ million**	**₦ million**	**₦ million**	**₦ million**
Food Concepts Ghana Limited	Purchase of material	Subsidiary	-	-	-	-
Food Concepts Pioneer Limited	Purchase of bread, loan and related interest	Associate	-	10	-	2
			-	**10**	**-**	**2**
31 December 2019						
Food Concepts Ghana Limited	Purchase of material	Subsidiary	-	-	-	-
Ayo Olagundoye	Property rent	Director		23		-
Food Concepts Pioneer Limited	Purchase of bread, loan and related interest	Associate	-	16	-	-
			-	**39**	**-**	**-**

Details of transactions between the Company and its related parties are disclosed below.

	Nature of transaction	Category	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
31 December 2020			**₦ million**	**₦ million**	**₦ million**	**₦ million**
Food Concepts Ghana Limited	Purchase of material	Subsidiary	4	-	197	-
Food Concepts Pioneer Limited	Purchase of bread, loan and related interest	Associate	-	10	-	2
			4	**10**	**197**	**2**
31 December 2019						
Food Concepts Ghana Limited	Purchase of material	Subsidiary	9	-	192	-
Ayo Olagundoye	Property rent	Director		23		-
Food Concepts Pioneer Limited	Purchase of bread, loan and related interest	Associate	-	16	-	-
			9	**39**	**192**	**-**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

Expense of ₦145 million (2019: unused amount reversed of ₦7 million) was recognised during the year in respect of impairment on related parties.

This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

33.1 Compensation of key management personnel of the Group

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Employee benefits and emolument*	480	369	480	369
Defined contribution (Long term employee benefits)	3	2	3	2
Total compensation paid to key management personnel	**483**	**371**	**483**	**371**

Key management personnel are considered to be designations from senior divisional head levels at the Group and Company. The amounts disclosed in the table are the amounts recognised as an expense during the reporting period. This is included in employee benefits in note 11.

* Employee benefits and emolument includes accrual of ₦202m performance bonus (2019: ₦127m).

Nature of relationship		Nature of transaction	Amount	Due to	Due from
			₦ million	₦ million	₦ million
Key management personnel	2020	Remuneration expenses	483	202	-
	2019	Remuneration expenses	371	127	-

The amount due to key management personnel relates to accrual for 2020 bonus.

33.2 Directors and employees

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Directors remuneration **	277	228	277	228
Directors' fee	41	48	41	48
	318	**276**	**318**	**276**
Fees and other emoluments disclosed include amounts paid to:				
Chairman	8	7	8	7
The highest paid Director	**225**	**181**	**225**	**181**

** 2020 includes accrual of ₦128 million for 2020 bonuses (2019: ₦80 million).

	The Group		The Company	
	2020	2019	2020	2019
Scale of other Directors' emoluments	Number	Number	Number	Number
₦3,000,001 to ₦6,000,000	3	3	3	3
Above ₦6,000,000	6	6	6	6
	9	**9**	**9**	**9**

33.3 Employees

The number of employees other than Directors who earned more than ₦200,000 in the year were as follows:

	The Group		The Company	
	2020	2019	2020	2019
	Number	Number	Number	Number
₦280,001 to ₦480,001	2,394	1,715	2,382	1,690
₦480,001 to ₦720,001	179	296	175	290
₦720,001 to ₦1,000,000	327	72	327	72
₦1,000,001 to ₦3,000,000	322	214	319	211
₦3,000,001 to above	87	67	87	67
	3,309	**2,364**	**3,290**	**2,330**

The number of full-time persons employed as at 31 December 2020 was as follows:

	The Group		The Company	
	2020	2019	2020	2019
Retail outlets	3,003	2,082	2,987	2,051
Administration	306	282	303	279
	3,309	**2,364**	**3,290**	**2,330**

34 Capital Management

For the purpose of the Group and the Company's capital management, capital includes issued share capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group and the Company's capital management is to maximise the shareholder value. In order to achieve this overall objective, the Group and the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any payables in the current period.

The Group and the Company manage its capital structure and make adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group and the Company includes within net debt, trade and other payables, borrowing less cash and short-term deposits.

	The Group		The Company	
	2020	2019	2020	2019
	₦ million	₦ million	₦ million	₦ million
Lease liabilities (Note 32)	1,258	905	1,258	905
Trade and other payables (Note 31)	3,129	2,577	3,089	2,539
	4,387	**3,482**	**4,347**	**3,444**
Less: cash and short-term deposits (Note 26)	(3,542)	(5,916)	(3,542)	(5,912)
Net debt	845	(2,434)	805	(2,468)
Equity	17,080	15,873	17,038	15,957
Equity and net debt	17,925	13,439	17,843	13,489
Gearing	5%	(18%)	5%	(18%)

In 2019, the Company fully converted its convertible loan to equity. There are no loan covenants that the Group is required to comply with.

35 Commitments and contingencies

Capital commitment of ₦274 million relates to the balance from various ongoing construction work for which the vendors have been mobilized. As at 31 December 2020, the Group and the Company had contingent liabilities of ₦62 million (2019: ₦800 million) in respect of ongoing legal actions for which provisions has not been made.

The contingent liability relates to a legal action from two (2) entities severally against the company, on the grounds that the company's activities constitute public nuisance in the form of pollution to their business premises.

A.) A declaration that the reckless disposal of solid and liquid waste materials in Plaintiffs' premises by the 1st Defendant is illegal, unlawful, unconstitutional and a breach to their right to personal property and enjoyment of same as well as a nuisance to the Plaintiffs and the general public; and

B.) ₦62,000,000 as damages for the unlawful, illegal, indiscriminate, neglect of duties and reckless disposal of solid and liquid waste materials. The suit is currently ongoing in a court domiciled in Nasarawa State.

In mitigating its risk, the Company is defending this matter in court assiduously to prove that the case is frivolous given that the Company ensures due care and maintains its business environment in compliance with all public health protocols. The matter is still up for hearing.

36 Financial risk management objectives and policies

Risk Management and policy

The Group and the Company do not trade in financial instruments. However, they deploy a number of financial instruments in their normal operations. The main purpose of the Group and the Company's financial liabilities is to finance the Group's operations whereas the Groups involvement in financial assets is as a result of its trading or operational activities.

The Group and the Company's involvement in financial instrument exposes it to a number of financial risks which are broadly classified as market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks under the guidance of a risk management framework/policy approved by the Board. The policy covers the Group and the Company's financial risk-taking activities including adequate levels of roles and responsibilities and procedures to ensure that financial risks are identified, measured and managed in accordance with the Group's policies and risk appetite. The Board from time to time reviews and agrees policies for managing each of the Group and the Company's financial instrument related risks.

The nature and extent of risks arising from financial instruments which the Group and Company are exposed to are disclosed below:

36.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk and other price risk. The Group and the Company's exposure to market risk is immaterial.

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group places surplus funds with its Corporate Bankers on short-term basis. The transaction is strictly between the bank and the Group at a fixed interest rate paid upfront and is not affected by fluctuations in rates during the tenor. Each fixed deposit is covered by a certificate of deposit issued by the bank. The Group manages its exposure to market interest rate risk on long-term obligations by having mainly fixed rate loans and borrowings.

The Group and the Company's exposure to interest rate risk on borrowing is nil.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group and the Company's exposure to risk of changes in foreign exchange rates relates to bank balances in foreign currencies (US dollar and Pound sterling).

Foreign currency sensitivity analysis

The following table details the Group and the Company's sensitivity to a 7% (2019: 5%) increase and decrease in the Naira against the relevant foreign currencies. 7%/5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes exposure to risk of changes in foreign exchange rates relates to bank balance in foreign currencies and adjusts their translation at the period end for a 7%/5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Naira strengthens 7%/5% against the relevant currency. For a 7%/5% weakening of the Naira against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative. The Group and the Company's exposure to foreign currency changes for all other currencies is immaterial.

36.1

		US Dollar balance	US Dollar impact
	%	$	₦ million
2020 Cash & Cash Equivalents	7%	102,662	3
	-7%		(3)
2019 Cash & Cash Equivalents	5%	58,133	1
	-5%		(1)

The Group and the Company's corporate treasury unit provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group and the Company through internal risk reports which analyses exposures by degree and magnitude of risks.

These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risks. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into nor trade financial instruments, including derivative financial instruments, for speculative purposes.

36.2 Credit risk

Credit risk is the risk that a counter-party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group and the Company's credit risk arises from trade and other receivables, loans receivable, cash and short-term deposits.

Credit risk management

Concentrations arise when a number of counter-parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group and the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

At the end of the reporting period, there are no significant concentrations of credit risk for loans and receivables.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. The policy provides for credit quality of each customer to be assessed based on an extensive credit analysis and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored using the age analysis information that is generated for management. The requirement for impairment is analysed at each reporting date on an individual basis for major clients. Information on the maximum exposure to credit risk at the reporting date, including ageing analysis and impairment allowance is included in Note 24. No collateral was held for trade and other receivables.

Credit risk from balances with banks and short-term deposits is managed by the Group in accordance with its credit risk policy.

Set out below is the information about the credit risk exposure on the Group and Company's trade receivables using a provision matrix:

The gross carrying amount of the Group's financial assets have been disclosed using the days past due criteria and other borrower specific information.

Trade receivables	Days past due						
31-Dec-2020	**0-30 days**	**31 - 60 days**	**61-90 days**	**91- 180 days**	**181-360 days**	**Above 360 days**	**Total**
Group	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**
Expected credit loss rate	0%	38%	39%	100%	95%	47%	
Estimated total gross carrying amount at default	19	10	1	1	7	32	70
Expected credit loss	**-**	**4**	**-**	**1**	**7**	**15**	**27**
31-Dec-2019							
Company							
Expected credit loss rate	0%	35.98%	44.42%	49.14%	76.25%	100%	
Estimated total gross carrying amount at default	38	11	1	3	9	14	76
Expected credit loss	**-**	**4**	**0**	**2**	**7**	**14**	**27**

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2020 and 2019 is the carrying amounts as illustrated in Note 26 and 24.

36.2 Credit risk - continued

The maximum exposure to credit risk as at the reporting date is as detailed in the table below:

	NOTE	The Group 2020 ₦ million	The Group 2019 ₦ million	The Company 2020 ₦ million	The Company 2019 ₦ million
Trade receivables (Gross)	24.1	70	76	70	75
Due from other related parties (Gross)	24.2	-	-	197	192
Staff cash advance	24.3	125	60	125	60
Cash and bank balances *		3,540	5,916	3,540	5,912
Gross amount		**3,735**	**6,052**	**3,932**	**6,239**

* Cash and bank balances exclude cash in hand balances as it has no credit risk.

Expected credit loss measurement - other financial assets

The Group and Company applied the general approach in computing expected credit losses (ECL) for its related party receivables and short-term deposits. The Group and Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and Company expects to receive, discounted at an approximation of the original effective interest rate. All bank balances are assessed to have low credit risk at each reporting date, as they are held with reputable banking institutions with good credit rating by rating agencies. The Group and Company have also assessed as low the credit risk from staff cash advances as these are made to staff that are still in employment with the Company and recoveries are made as salary deductions.

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

The ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not been prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation, such as how the maturity profile of the PDs, etc., are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets, including information about their impairment allowance are disclosed below, respectively.

The Group and Company consider a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group and Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 4.10 - Summary of significant accounting policies and in Note 5.2.1 - Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Group obtains the data used from third party sources (Central Bank of Nigeria, Standard and Poor's etc.). In addition, a team of experts within its credit risk department verifies the accuracy of inputs to the Group's ECL models, including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Group's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2020 and 31 December 2019.

36.3 Liquidity Risk

Liquidity risk is the risk that an entity is unable to pay its obligations as and when they fall due. The Group and the Company monitor their risk to a shortage of funds using a recurring liquidity and budgetary planning tool. Data is generated for management regularly to monitor the maturity profile of liabilities to trigger repayments arrangements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. To achieve this therefore, the Group management performs analysis and maintains good relationship with banks and other financiers.

36.3 Liquidity Risk - continued

The table below summarises the maturity profile of the Group's financial liabilities based on contractual non-discounted payments.

31 December 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
The Group	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**
Lease Liability	-	-	225	1,258	1,483
Trade and other payables	1,721	387	583	-	2,691
	1,721	**387**	**808**	**1,258**	**4,174**
31 December 2019					
Lease Liability	-	-	-	1,108	1,108
Trade and other payables	1,356	245	630	-	2,231
	1,356	**245**	**630**	**1,108**	**3,339**

The table below summarises the maturity profile of the Company's financial liabilities based on contractual non-discounted payments.

31 December 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
The Company	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**
Lease Liability	-	-	225	1,258	1,483
Trade and other payables	1,702	366	583	-	2,651
	1,702	**366**	**808**	**1,258**	**4,134**
31 December 2019					
Lease Liability	-	-	-	1,058	1,058
Trade and other payables	1,340	223	630	-	2,193
	1,340	**223**	**630**	**1,058**	**3,251**

36.4 Fair value measurements

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required). Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values. These fair values of these assets and liabilities are the same as the current value due to their short maturity profile.

The Group	Carrying Amount			Fair value
Financial assets at amortised cost	**2020**	**2019**	**2019**	**2020**
	₦ million	**₦ million**	**₦ million**	**₦ million**
Trade and other receivables	277	183	-	-
Cash and bank balances	3,542	5,916	-	-
Financial liabilities at amortised costs				
Trade and other payables	3,129	2,577	-	-

36.4 Fair value measurements - continued

The Company

Financial assets at amortised cost	Carrying Amount 2020 ₦ million	Carrying Amount 2019 ₦ million	Fair value 2019 ₦ million	Fair value 2020 ₦ million
Trade and other receivables	321	363	-	-
Cash and bank balances	3,542	5,912	-	-
Financial liabilities at amortised costs				
Trade and other payables	3,089	2,539	-	-

We have disclosed no fair value amounts as the management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

37 Proceeds and transaction costs on Share Issue

For the purpose of cash flow statements, proceeds and transaction costs are analysed as follows;

37.1 Proceed from exercise of options

	Notes	The Group 2019 ₦ million	The Company 2019 ₦ million
Proceeds on the issue of $7milllion shares		2,520	2,520
Proceeds on right issue	37.1.2	3,259	3,259
		5,779	**5,779**

37.1.1 Total number of shares before right issue

	Units' million
Total number of shares before right issue	**14,844**
Number of shares on right issue	5,832
Right not exercised and lapsed	575
Total number of shares on right issue	**5,256**

37.1.2 Proceed on right issue

	₦ million
Total value of shares at 62k per share	**3,259**
Ordinary share capital at 50k per share	2,628
Share premium at 12k per share	631
	3,259

37.2 Transaction costs on issue of shares

	The Group ₦ million	The Company ₦ million
Transaction costs incurred in the issue of shares	131	131
	131	**131**

38 Events after reporting period

The Company disposed of its stake in Food Concepts Pioneer Limited which has been classified as held for sale, the sales proceeds of $5,204,660 was received in March 2021.

Mr. Lanre Fabunmi resigned from the Board of Food Concepts in April 2021.

The Company is in the process of divesting its stake in Food Concepts International Limited (FCIL), the sale agreement between the seller (Food Concepts Plc) and the buyer (ADP 11 Holding 12 Limited) was executed in May 2021.

Apart from this transaction, there are no events after the reporting date that require adjustments in the financial statements.

39 Correction of Errors

39i Deferred taxes

During the year, the Company discovered that unutilised capital allowances and tax losses were erroneously overstated in the 2019 financial statements. In addition, certain temporary differences were erroneously omitted from the deferred tax computation of the 2019 financial year. As a consequence, the error has resulted in an understatement of deferred tax liability and an overstatement of retained earnings.

These errors have been corrected by restating the affected financial statement line items for the prior period as follows:

Statement of financial position		Group		Company
	01-Jan-2019	31-Dec-2019	01-Jan-2019	31-Dec-2019
Deferred tax asset/liabilities	₦ million	₦ million	₦ million	₦ million
Recognition of deferred tax on unutilised capital allowances and unrelieved tax losses previously overstated	(69)	(1,305)	(69)	(1,305)
Recognition of deferred taxes on temporary differences previously omitted	5	(21)	5	(21)
Adjustment to retained earnings	**(64)**	**(1,326)**	**(64)**	**(1,326)**

39ii Share-based payment

During the year, the Company discovered that the fully vested Restricted Stock Plan (RSUP) and the vested portion of the Management Incentive Plan (MIP) share-based payment transactions were erroneously omitted from the financial statements since 2015. As a consequence, this resulted in an understatement of the share-based payment reserve and an overstatement of retained earnings.

These errors have been corrected by restating the affected financial statement line items for the prior period as follows:

Statement of financial position		Group		Company
	01-Jan-2019	31-Dec-2019	01-Jan-2019	31-Dec-2019
Share-based payment reserves	₦ million	₦ million	₦ million	₦ million
Recognition of RSUP share based payment omitted in the 2015 to 2018 financial statement	(231)	(231)	(231)	(231)
Recognition of MIP Share based payment omitted in the 2019 financial statement	(10)	(10)	(10)	(10)
	(241)	**(241)**	**(241)**	**(241)**
Deferred tax asset				
Recognition of deferred tax on Share-based payments*	74	77	74	77
Adjustment to retained earnings	**(167)**	**(164)**	**(167)**	**(164)**

39 Correction of Errors - continued

39iii Minimum Tax

The 2019 Finance Act repealed the exemption of Companies with 25% imported capital from paying minimum tax. Consequently, the Company was required to recognise minimum tax liability in its 2019 financial statement. However, this liability was omitted from the financial statement.

This resulted in the understatement of the income tax liability and overstatement of retained earnings in its financial statements in 2019.

This error has been corrected by restating the affected financial statement line items for the prior period as follows:

Statement of financial position		Group		Company
	01-Jan-2019	31-Dec-2019	01-Jan-2019	31-Dec-2019
Current tax liabilities	₦ million	₦ million	₦ million	₦ million
Recognition of minimum tax	-	(70)	-	(70)
Adjustment to retained earnings	-	**(70)**	**-**	**(70)**

39iv Retained earnings

The above changes increased/ (decreased) the retained earnings as follows

Statement of financial position		Group		Company
	01-Jan-2019	31-Dec-2019	01-Jan-2019	31-Dec-2019
	₦ million	₦ million	₦ million	₦ million
Recognition of share-based payments	(167)	(164)	(167)	(164)
Correction of deferred taxes	(64)	(1,326)	(64)	(1,326)
Recognition of minimum tax	-	(70)	-	(70)
	(231)	**(1,560)**	**(231)**	**(1,560)**

39v Trade and other receivables

During the year, the Company discovered that advances to suppliers were erroneously classified as part of trade and other receivables as against prepayment in its financial statements in 2019 and 2018. As a consequence, Trade and other receivables were overstated and prepayments were understated.

This error has been corrected by restating the affected financial statement line items for the prior period as follows:

Statement of financial position		Group		Company
	01-Jan-19	31-Dec-19	01-Jan-19	31-Dec-19
	₦ million	₦ million	₦ million	₦ million
Trade and other receivables	(146)	(1,011)	(146)	(1,011)
Prepayment	146	1,011	146	1,011
Adjustment to retained earnings	-	-	-	-

39vi Lease Liability

Previously, the current portion of lease liability was not disclosed separately. As a consequence, non-current liability were overstated and current liability understated.

The above changes increased/ (decreased) the retained earnings as follows

Statement of financial position		Group		Company
	01-Jan-2019	31-Dec-2019	01-Jan-2019	31-Dec-2019
Deferred tax asset/liabilities	₦ million	₦ million	₦ million	₦ million
Current Lease Liability	-	203	-	153
Non-Current Lease Liability	-	(203)	-	(153)
Adjustment to retained earnings	**-**	**-**	**-**	**-**

39vii Earnings Per Share

Previously, reciprocal holdings were adjusted in computing the weighted average number of ordinary shares used in calculating earnings per share which should not have been adjusted. Additionally, the impact of the correction of error above resulted in the overstatement of earnings per share.

Statement of Profit or Loss and Other Comprehensive Income		Group		Company
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Previously Stated	0.14	0.14	0.17	0.17
Restated	0.08	0.08	0.08	0.08

Consolidated and Separate Statement of Financial Position

For the year ended 31 December 2020

39 Correction of Errors - continued

	NOTES	Group 31-Dec-2019 ₦ million As previously stated	Group Adjustments ₦ million	Group 31-Dec-2019 ₦ million As restated	Company 31-Dec-2019 ₦ million As previously stated	Company Adjustments ₦ million	Company 31-Dec-2019 ₦ million As restated
Assets							
Others		12,081	-	12,081	11,910	-	11,910
Deferred taxation	39(i),(ii)	783	(783)	(0)	783	(783)	-
Total non-current assets		**12,864**	**(783)**	**12,081**	**12,693**	**(783)**	**11,910**
Current assets							
Trade and other receivables	39 (v)	1,194	(1,011)	183	1,374	(1,011)	363
Prepayments	39 (v)	444	1,011	1,455	441	1,011	1,452
Others		6,516	-	6,516	6,506	-	6,506
Total current assets		**8,154**	**-**	**8,154**	**8,321**	**-**	**8,321**
Total assets		**21,018**	**(783)**	**20,235**	**21,014**	**(783)**	**20,231**
Equity and liabilities							
Equity							
Share-based payment reserves	39 (ii)	-	241	241	-	241	241
Accumulated losses	39 (iv)	(1,928)	(1,560)	(3,488)	(2,009)	(1,560)	(3,569)
Others		19,120	-	19,120	19,285	-	19,285
Total equity		**17,192**	**(1,319)**	**15,873**	**17,276**	**(1,319)**	**15,957**
Non-current liabilities							
Deferred taxation	39(i),(ii)	-	466	466	-	466	466
Lease Liability		905	-	905	905	-	905
Others		-	-	-	-	-	-
Total non-current liabilities		**905**	**466**	**1,371**	**905**	**466**	**1,371**
Current liabilities							
Current tax liabilities	39 (iii)	60	70	130	60	70	130
Lease Liability		203	-	203	153	-	153
Others		2,658	-	2,658	2,620	-	2,620
Total current liabilities		**2,921**	**70**	**2,991**	**2,833**	**70**	**2,903**
Total liabilities		**3,826**	**536**	**4,362**	**3,738**	**536**	**4,274**
Total equity and liabilities		**21,018**	**(783)**	**20,235**	**21,014**	**(783)**	**20,231**

39 Correction of Errors - continued

	NOTES	Group			Company		
		01-Jan-2019	Adjustments	01-Jan-2019	01-Jan-2019	Adjustments	01-Jan-2019
		₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Assets		As previously stated		As restated	As previously stated		As restated
Others		7,286	-	7,286	7,264	-	7,264
Deferred taxation	39(i),(ii)	-	10	10	-	10	10
Total non-current assets		**7,286**	**10**	**7,296**	**7,264**	**10**	**7,274**
Current assets							
Trade and other receivables	39 (v)	221	(146)	75	396	(146)	250
Prepayments	39 (v)	454	146	600	452	146	598
Others		2,208	-	2,208	2,195	-	2,195
Total current assets		**2,883**	**-**	**2,883**	**3,043**	**-**	**3,043**
Total assets		**10,169**	**10**	**10,179**	**10,307**	**10**	**10,317**
Equity and liabilities							
Equity							
Share-based payment reserves	39 (ii)	-	241	241	-	241	241
Accumulated losses	39 (iv)	(5,364)	(231)	(5,595)	(5,383)	(231)	(5,614)
Others		12,046	-	12,046	12,234	-	12,234
Total equity		**6,682**	**10**	**6,692**	**6,851**	**10**	**6,861**
Non-current liabilities							
Deferred taxation	39(i),(ii)	-	-	-	-	-	-
Lease Liability		-	-	-	-	-	-
Others		1,659	-	1,659	1,659	-	1,659
Total non-current liabilities		**1,659**	**-**	**1,659**	**1,659**	**-**	**1,659**
Current liabilities							
Current tax liabilities	39 (iii)	71	-	71	71	-	71
Lease Liability		-	-	-	-	-	-
Others		1,757	-	1,757	1,726	-	1,726
Total current liabilities		**1,828**	**-**	**1,828**	**1,797**	**-**	**1,797**
Total liabilities		**3,487**	**-**	**3,487**	**3,456**	**-**	**3,456**
Total equity and liabilities		**10,169**	**10**	**10,179**	**10,307**	**10**	**10,317**

39 Correction of Errors - continued

	NOTES	Group 31-Dec-2019 ₦ million Previously stated	Group Adjustments ₦ million	Group 31-Dec-2019 ₦ million Restated*	Company 31-Dec-2019 ₦ million Previously stated	Company Adjustments ₦ million	Company 31-Dec-2019 ₦ million Restated*
Others		4,700	-	4,700	4,620	-	4,620
Employee benefits expense	39(ii)	(2,098)	-	(2,098)	(2,080)	-	(2,080)
Profit before taxation		**2,602**	**-**	**2,602**	**2,540**	**-**	**2,540**
Minimum tax		-	(70)	(70)	-	(70)	(70)
Income tax	39(i),(ii)	723	(1,259)	(536)	723	(1,259)	(536)
Profit for the year		**3,325**	**(1,329)**	**1,996**	**3,263**	**(1,329)**	**1,934**

39 Correction of Errors - continued

				Group			Company Restated 2019
	NOTES	01-Jan-2019	Adjustments	01-Jan-2019	01-Jan-2019	Adjustments	01-Jan-2019
		₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Operating activities		As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
Profit before minimum and income tax	39 (ii)	2,602	-	2,602	2,540	-	2,540
Non-cash adjustment to reconcile profit before tax to net cash flows:							
Others		396	-	396	446	-	446
Share-based payment expense	39 (ii)	-	-	-	-	-	-
Working capital adjustments:							
Increase in inventories		(157)		(157)	(158)		(158)
Increase in trade and other receivables *	39 (v)	(987)	865	(122)	(985)	865	(120)
Increase in prepayments	39 (v)	(426)	(865)	(1,291)	(428)	(865)	(1,293)
Increase in short-term deposits longer than 90 days		(4)		(4)	(4)		(4)
Increase in trade and other payables		985		985	977		977
Increase in contract liability		-		-	-		-
Cash generated from operations		**2,409**	**-**	**2,409**	**2,388**	**-**	**2,388**
Income tax paid		(62)		(62)	(62)		(62)
Deferred income received		114		114	115		115
Net cash inflows from operating activities		**2,461**		**2,461**	**2,441**		**2,441**
Net cash flows used in investing activities		**(3,180)**		**(3,180)**	**(3,176)**		**(3,176)**
Net cash flows from financing activities		**4,870**		**4,870**	**4,888**		**4,888**
Net increase in cash and cash equivalents		4,151		4,151	4,153		4,153
Impact of exchange fluctuation cash and cash equivalent							
Cash and cash equivalents at 1 January		1,748		1,748	1,742		1,742
Cash and cash equivalents at 31 December		**5,899**		**5,899**	**5,895**		**5,895**

Other National Disclosures - Value Added Statement

For the year ended 31 December 2020

	The Group				The Company			
	2020		2019 Restated*		2020		2019 Restated*	
	₦ million	%	₦ million	%	₦ million	%	₦ million	%
Revenue from continuing operation	18,157		13,837		18,023		13,638	
Other operating income	49		135		43		134	
Finance income	304		347		304		347	
Share of profit of Associate	-		115		-		-	
	18,510		**14,434**		**18,370**		**14,119**	
Deduct cost of goods and service:								
Foreign	-		-		-		-	
Local **	(12,292)		(8,814)		(12,304)		(8,608)	
Value added **	**6,218**	**100**	**5,620**	**100**	**6,066**	**100**	**5,511**	**100**
Applied as follows:								
		%		%		%		%
To Employee:								
- as salaries and labour related expenses	3,175	51	2,098	37	3,160	52	2,080	38
To provider of finance								
- interest	455	7	189	3	455	7	177	3
To Government:								
- as minimum taxes	46	1	70	1	46	1	70	1
- as company income taxes	44	1	-	-	44	1	-	0
- as levies	48	1	42	1	47	1	42	1
Retained in the Business								
- depreciation and amortisation	910	15	749	13	903	15	732	13
- as deferred taxes	386	6	476	9	386	6	476	9
- to augment reserves	1,154	18	1,996	36	1,025	17	1,934	35
	6,218	**100**	**5,620**	**100**	**6,066**	**100**	**5,511**	**100**

* The comparative information is restated on account of correction of errors. See Note 39.

The value added represents the wealth created through the use of the Group's assets by its own and its employees' efforts. This statement shows the allocation of wealth amongst employees, capital providers, government, and that retained for future creation of wealth.

Other National Disclosures - Five Year Financial Summary for The Group

For the year ended 31 December 2020

The Group - Year ended 31st December	2020	2019	2018	2017	2016
		Restated*			
Profit or loss and other comprehensive income	₦ million	₦ million	₦ million	₦ million	₦ million
Revenue from continuing operation	**18,157**	**13,837**	**9,088**	**6,751**	**4,735**
Profit/(loss) before taxation	1,630	2,602	1,470	(713)	(663)
Profit/(loss) for the year	1,154	1,996	1,433	(713)	(663)
Total comprehensive income/(loss) for the year	1,151	2,019	1,551	(730)	(718)
Basic earnings/(loss) per share	0.04	0.08	0.28	(0.14)	(0.11)
Diluted earnings/(loss) per share	0.04	0.08	0.08	(0.05)	(0.11)

Year ended 31st December	2020	2019	2018	2017	2016
		Restated*	Restated*		
	₦ million	₦ million	₦ million	₦ million	₦ million
Employment of funds					
Property, plant & equipment	10,136	7,136	4,210	3,735	3,937
Intangible assets	1,462	1,320	1,267	1,274	1,280
Right-of-use asset	3,036	1,965	-	-	-
Prepayment-Non current	10	-	264	-	-
Investment in associates	-	1,660	1,545	1,085	569
Other non-current asset	-	-	-	-	251
Net current assets/(liabilities)	4,546	5,163	1,055	(959)	(2,158)
Non-current liabilities	(2,110)	(1,371)	(1,659)	(4,501)	(2,515)
Net assets	**17,080**	**15,873**	**6,682**	**634**	**1,364**
Funds employed					
Share capital	13,250	13,105	2,922	2,922	2,922
Share premium account	6,266	6,180	4,700	4,700	4,700
Share-based payment reserves	66	241	-	-	-
Accumulated losses	(2,334)	(3,488)	(5,364)	(6,793)	(6,080)
Deposit for shares	-	-	4,501	-	-
Fair value changes/foreign exchange difference on convertible loan option	-	-	111	-	-
Foreign currency translation reserve	(168)	(165)	(188)	(195)	(178)
	17,080	**15,873**	**6,682**	**634**	**1,364**
Net asset per share (kobo)	**64**	**60**	**114**	**11**	**23**

* The comparative information is restated on account of correction of errors. See Note 39.

Other National Disclosures - Five Year Financial Summary for The Company

For the year ended 31 December 2020

The Company - Year ended 31st December	2019	2018	2017	2016	2015
		Restated*			
Profit or loss and other comprehensive income	₦ million	₦ million	₦ million	₦ million	₦ million
Revenue from continuing operation	18,023	13,638	8,874	6,530	4,520
Profit/(loss) before taxation	1,501	2,540	1,358	(916)	(656)
Profit/(loss) for the year	1,025	1,934	1,321	(916)	(656)
Total comprehensive income/(loss) for the year	1,025	1,934	1,432	(916)	(656)
Basic earnings/(loss) per share	0.04	0.08	0.23	(0.16)	(0.11)
Diluted earnings/(loss) per share	0.04	0.08	0.07	(0.06)	(0.11)

Year ended 31st December	2019	2018	2017	2016	2015
		Restated*	Restated*		
	₦ million	₦ million	₦ million	₦ million	₦ million
Employment of funds					
Property, plant & equipment	10,092	7,090	4,148	3,658	3,855
Intangible assets	1,462	1,320	1,267	1,274	1,280
Right-of-use asset	3,036	1,915	-	-	-
Prepayment - Non current	10	-	264	-	-
Other non-current asset	-	-	-	-	251
Deferred taxation	-	-	-	-	-
Investment in subsidiary	2	2	2	2	2
Investment in associates	-	1,583	1,583	1,248	907
Net current assets/(liabilities)	4,546	5,418	1,246	(745)	(1,935)
Non-current liabilities	(2,110)	(1,371)	(1,659)	(4,501)	(2,508)
Net assets	**17,038**	**15,957**	**6,851**	**936**	**1,852**
Funds employed					
Share capital	13,250	13,105	2,922	2,922	2,922
Share premium account	6,266	6,180	4,700	4,700	4,700
Share-based payment reserves	66	241			
Accumulated losses	(2,544)	(3,569)	(5,383)	(6,686)	(5,770)
Fair value changes/foreign exchange difference on convertible loan option	-	-	111	-	-
Deposit for shares	-	-	4,501	-	-
	17,038	**15,957**	**6,851**	**936**	**1,852**
Net asset per share (kobo)	**64**	**66**	**135**	**19**	**32**

* The comparative information is restated on account of correction of errors. See Note 39.

Notice of the Annual General Meeting

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of Food Concepts Plc will be held at Moremi Hall, Sheraton Hotel, Mobalaji Bank-Anthony Way, Ikeja, Lagos State on Wednesday 28th July 2021 at 11.00am, when there will be transacted the following businesses:

Ordinary Business

(1) To present the Audited Financial Statements of the Company for the accounting period ended 31st December 2020 and the Reports of the Directors, Auditors and Audit Committee thereon.

(2) To re-elect Directors.

(3) To authorise the Directors to determine the remuneration of the Independent Auditors.

(4) To disclose the remuneration of Managers of the Company.

(5) To elect members of the Audit Committee.

Special Business

To consider and if thought fit, to pass as the following resolution as an Ordinary Resolution:

(1) To fix the remuneration of the Directors.

To consider and if thought fit, to pass the following resolutions as Special Resolutions:

(1) THAT the maximum number of Directors on the Board be increased from nine (9) Directors to eleven (11) Directors and that the Company's Articles of Association be hereby amended, to increase the size of the Board from 9 to 11.

(2) THAT the Company's Articles of Association (Articles) be and are amended, in the form and content set out in the Annexure hereto, with immediate effect.

By Order of the Board

Dated the 24th day of June 2021

Mrs. Josephine Johnson, *ACIS*
Company Secretary

REGISTERED OFFICE
2, Ilupeju Bye Pass, Ilupeju, Lagos.

Proxy

In view of the Covid-19 pandemic, the restriction on mass gatherings and in line with the Guidelines issued by the Corporate Affairs Commission on holding AGMs using proxies, attendance at AGM shall be by proxy only. Consequently, a member entitled to attend and vote at the AGM is advised to select from the under-listed proposed proxies to attend and vote in his stead.

(i) Mr. Babatunde Fajemirokun
(ii) Mr. David Butler
(iii) Mrs. Anthonia Agbonifo
(iv) Mr. Peter Eyanuku
(v) Mr. Salau Mohammed Adebanjo

A form of proxy is attached to the Annual Report and will also be available on the Company's website www.foodconceptsplc.com and that of the Registrars www.meristemregistrars.com. For the appointment to be valid for the purposes of the meeting, all instruments of Proxy must be completed and deposited at the office of the Registrar, Meristem Registrars Limited, 213 Herbert Macaulay Way, Sabo, Yaba, Lagos or via e-mail: info@meristemregistrars.com not less than 48 hours before the time for holding the meeting. The Company has made arrangements to bear the cost of stamp duties on the instrument of proxy.

Audit Committee

In compliance with the provisions of section 404(6) of the Companies and Allied Matters Act, 2020, a nomination (in writing) by any member or a shareholder for appointment to the Audit Committee should reach the Company Secretary at least 21 days before the date of the Annual General Meeting.

Right of Shareholders to Ask Questions

Shareholders have a right to ask questions not only at the meeting, but also in writing prior to the meeting, and such questions should be addressed to the Company Secretary and submitted to the registered office of the Company at least a week before the meeting.

Electronic Annual Report

The soft copy of the 2020 Annual Report is available for viewing and download on our website www.foodconceptsplc.com and that of the Registrars www.meristemregistrars.com and has been sent to our shareholders who have updated their records with their e-mail addresses to the Registrars.

Live Streaming of the AGM

The AGM will be streamed live online. This will enable shareholders and relevant stakeholders who will not be attending the meeting physically to also be part of the proceedings. The link for the live streaming will be made available on the Company's website www.foodconceptsplc.com and by the Registrars, in due course.

Unclaimed Dividend

Shareholders are hereby informed that some dividends have remained unclaimed or are yet to be presented for payment or returned to the Registrar for revalidation. The list of all unclaimed dividends will be circulated to all affected Shareholders, and they are advised to contact the Registrar, Meristem Registrars, 213 Herbert Macaulay Way, Sabo, Yaba, Lagos or via e-mail: info@meristemregistrars.com to resolve any issue they may have with claiming the dividends.

Form of Proxy

I / We ....

....

Of ....

....

Being a member of Food Concepts Plc hereby appoint

....

....

Of ....

....

Or failing him/her

....

....

Of ....

....

Number of shares		
RESOLUTIONS	**for**	**against**
To lay before the meeting, the Audited Financial Statements of the Company for the period ended 31st December 2020.		
To re-elect as Director, Mr. Babatunde Fajemirokun.		
To re-elect as Director, Mr. Marc Stoneham.		
To authorise the Directors to determine the remuneration of the Auditors.		
To disclose the remuneration of managers.		
To elect members of the Audit Committee.		
To fix remuneration of Directors.		
To increase the maximum number of Directors from 9 (nine) to 11 (eleven).		
To alter the Articles of Association		

Please indicate with an "x" in the appropriate box how you wish your votes to be cast on the resolution set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

As my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held at Moremi Meeting Room, Sheraton Hotels, Mobolaji Bank-Anthony Way, Ikeja, Lagos, on Wednesday 28th July 2021 at 11am at any adjournment thereof.

Signed this .... day of 2021

....

Signature

FOOD CONCEPTS PLC

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