EAT 'N' GO LIMITED
Consolidated and separate financial statements
For the year ended 31 December 2019

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Contents

Directors, professional advisers and registered office

Country of incorporation	Nigeria
Registration No.:	RC 968496
Directors	
Charbel Antoun (Nigerian)	Chairman
Jean-Claude Meyer (French)	Non-Executive Director
Marwan Dalloul (Canadian)	Non-Executive Director
Sebastian Clamorgan (Swiss)	Non-Executive Director
Kory Spiroff (American)	Non-Executive Director
Registered office	Plot 1715 Idejo Street Victoria Island Lagos, Nigeria
Independent auditor	PricewaterhouseCoopers Chartered Accountants Landmark Towers Plot 5B Water Corporation Road Victoria Island Lagos, Nigeria
Company secretary	Gresyndale Legal Plot 35, Block 112, Adebisi Ogunniyi Crescent Lekki, Lagos, Nigeria
Bankers:	Access Bank Plc Fidelity Bank Plc First City Monument Bank Limited Guaranty Trust Bank Plc Stanbic IBTC Bank Plc United Bank for Africa Plc Zenith Bank Plc

Report of the directors

The directors submit their report together with the audited financial statements for the year ended 31 December 2019 to the members of Eat 'N' Go Limited ("the Company"). This report discloses the financial performance and state of affairs of the Company and its subsidiaries (together, "the Group").

Incorporation and address
The Company was incorporated in Nigeria in 2011 under the Companies and Allied Matters Act as a private limited liability company, and is domiciled in Nigeria.

Principal activities

The Company commenced operations in August 2012. The principal activity of the Company is the provision of affordable food and drinks. Dominos Pizza provides a variety of freshly made pizzas. ColdStone Creamery provides different flavours of icecream and toppings while Pinkberry provides freshly made yoghurt in different flavours.

Results and dividends
The Group and Company's results for the year ended 31 December 2019 are set out on page 10. The loss for the year of N1.2

billion (2018: profit of N99.7 million) has been transferred to retained earnings. The summarised results are presented below.

	Group		Company	
	2019	**2018**	**2019**	**2018**
	N'000	**N'000**	**N'000**	**N'000**
Revenue	16,934,410	13,200,982	16,934,410	13,200,982
(Loss)/profit before tax	(1,063,710)	402,381	(1,061,710)	402,381
Tax charge	(92,693)	(302,728)	(92,693)	(302,728)
(Loss)/profit for the year	(1,156,403)	99,653	(1,154,403)	99,653
Total comprehensive (loss)/profit for the year	(1,156,403)	99,653	(1,154,403)	99,653

No dividend has been recommended for the year (2018: Nil).

Directors
The directors who held office during the year and to the date of this report are set out on page 3.

Shareholding structure

Shareholders	**No of shares**	**Percentage**
Shetty Harijeevan Mangalore	1	0.00001%
Krone Holding Inc.	9,999,999	99.99999%
Total	10,000,000	100%

According to the register of members as at 31 December 2019, the following shareholders of the Company held more than 5% of the issued share capital of Eat 'N' Go Limited.

Shareholder	**No of shares held**	**Percentage**
Krone Holding Inc.	9,999,999	99.99999%

Directors' interest in contracts
None of the directors has notified the Company for the purpose of section 277 of the Companies and Allied Matters Act of their direct or indirect interest in contracts or proposed contracts with the company during the year.

Report of the directors

Employment policy, employee welfare, health and safety

The Company has a policy of fair consideration of job applications by physically challenged persons having regard to their abilities and aptitude. The Company's policy prohibits discrimination of physically challenged persons in the recruitment, training and career development of its employees.

There is great emphasis on staff development and training through carefully planned training courses and seminars to update the special skills and job requirements of the staff throughout the Company.

Health, safety and environment

The Company aims at ensuring a safe and healthy environment for its workforce, and to this end, it has adopted the Health, Safety and Environment Policy in cooperation with the local fire authorities and fire regulations have been drawn up for the office premises. Also, evacuation procedures in the event of fire have been communicated to employees and visitors.

Property, plant and equipment

Movement in property, plant and equipment during the year is shown in Note 10 to the financial statements. The market value of the Company's properties is not less than the value shown in the financial statements.

Donations and gifts

During the course of the year, donation amounting to N50 million (2018: Nil) was made to Slum to School Foundation. In accordance with section 38(2) of the Companies and Allied matters Act, the Company did not make any donation or give to any political party, political association or for any political purposes in the course of the year under review.

Auditors

The Company's auditors, Messrs. PricewaterhouseCoopers have indicated their willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act.

Event after the reporting date

Event after the reporting period have been disclosed in Note 27 to the financial statement.

By order of the Board

OYINKAN ALAKIJA ESQ

Gresyndale Legal Gresyndale Entity

Company Secretary

30th July, 2020

Statement of Director's Responsibilities

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

(a) ensuring that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act;

(b) designing, implementing and maintaining internal control's relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and

(c) preparing the Company's financial statements using suitable accounting policies which are consistently applied, supported by reasonable and prudent judgments and estimates.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Mr. Charbel Antoun	Mr. Jean-Claude Meyer
Director	**Director**
29-07-2020	29-07-2020
Date	**Date**

Independent auditor's report

To the Members of Eat 'N' Go Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Eat 'N' Go Limited ("the company") and its subsidiaries (together "the group") as at 31 December 2019, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Eat 'N' Go Limited's consolidated and separate financial statements comprise:

- the consolidated and separate statements of profit or loss and other comprehensive income for the year ended 31 December 2019;
- the consolidated and separate statements of financial position as at 31 December 2019;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

We have determined that there are no key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Directors, professional advisers and registered office, Report of the directors, Statement of directors' responsibilities, Statement of value added and Five-year financial summary, but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

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

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

- Conclude on the appropriateness of the 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 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance 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, related safeguards.

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

Report on other legal and regulatory requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0324509

Oladele Oladipo
For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

4 August 2020

Engagement Partner: Oladele Oladipo
FRC/2013/ICAN/00000002951

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

		Group		Company	
		2019	**2018**	**2019**	**2018**
	Note	**N'000**	**N'000**	**N'000**	**N'000**
Revenue from contracts with customers	4a	16,934,410	13,200,982	16,934,410	13,200,982
Cost of Sales	4b	(6,973,876)	(5,302,940)	(6,973,876)	(5,302,940)
Gross profit		**9,960,534**	**7,898,042**	**9,960,534**	**7,898,042**
General and Administrative Expenses	5	(9,561,626)	(7,672,062)	(9,559,626)	(7,672,062)
Other Income	6	2,005	676,465	2,005	676,465
Operating profit		**400,913**	**902,445**	**402,913**	**902,445**
Finance Income	7	93,631	613	93,631	613
Finance Cost	8	(1,558,254)	(500,677)	(1,558,254)	(500,677)
Finance -Net		(1,464,623)	(500,064)	(1,464,623)	(500,064)
(Loss)/Profit before tax		(1,063,710)	402,381	(1,061,710)	402,381
Income Taxation Expenses	9	(92,693)	(302,728)	(92,693)	(302,728)
(Loss)/Profit for the year		(1,156,403)	99,653	(1,154,403)	99,653
Total comprehensive (loss)/income for the year		(1,156,403)	99,653	(1,154,403)	99,653
Earnings per share:					
Basic and diluted (Naira)	21	(115.64)	9.97	(115.44)	9.97

The notes on pages 14 to 40 form an integral part of these financial statements.

Consolidated and Separate Statements of Financial Position as at 31 December 2019

		Group		Company	
	Note	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Non - Current Assets					
Property, Plant and Equipment	10	8,764,321	7,345,294	8,764,321	7,345,294
Intangible assets	11	397,270	328,578	397,270	328,578
Leases	12a	3,217,220	-	3,217,220	-
Investments in Subsidiaries	13	-	-	40,000	20,000
Prepayments	16	36,566	414,695	36,566	414,695
Deferred Income Tax Assets	9	317,944	301,091	317,944	301,091
		12,733,321	8,389,658	12,773,321	8,409,658
Current Assets					
Inventories	14	1,940,494	1,485,466	1,940,494	1,485,466
Receivables	15	213,406	167,180	213,406	167,180
Finance Lease Receivable	12b	17,406	-	17,406	-
Prepayments	16	119,260	531,896	119,260	531,896
Cash and Cash equivalent	17	8,094,400	199,637	8,094,400	199,637
		10,384,966	2,384,179	10,384,966	2,384,179
Total Assets		23,118,287	10,773,837	23,158,287	10,793,837
Non- Current Liabilities					
Borrowings	18	687,527	834,151	687,527	834,151
Government Grant	18	178,314	91,511	178,314	91,511
Intercompany Bond Payable	18	11,370,894	-	-	-
Intercompany borrowings	18	-	-	11,370,894	-
Lease liabilities	12a	760,026	-	760,026	-
		12,996,761	925,662	12,996,761	925,662
Current Liabilities					
Trade and Other Payables	19	3,968,537	4,071,289	4,006,537	4,091,289
Borrowings	18	1,021,686	1,696,330	1,021,686	1,696,330
Government Grant	0	80,377	34,105	80,377	34,105
Lease liabilities	12a	1,975,536	-	1,975,536	-
Income Tax Payable	9	112,673	38,301	112,673	38,301
		7,158,809	5,840,025	7,196,809	5,860,025
Total Liabilities		20,155,570	6,765,687	20,193,570	6,785,687
Equity attributable to Shareholders					
Ordinary Share Capital	20	10,000	10,000	10,000	10,000
Capital Contribution	22	2,418,747	2,298,481	2,418,747	2,298,481
Retained earnings		533,970	1,699,669	535,970	1,699,669
Total Equity		2,962,717	4,008,150	2,964,717	4,008,150
Total Equity and Liabilities		23,118,287	10,773,837	23,158,287	10,793,837

The financial statements and notes on pages 10 to 43 were approved by the Borad of Directors on 29 JULY 2020 and signed by:

Mr. Charbel Antoun
Director

Mr. Jean-Claude Meyer
Director

The notes on pages 14 to 40 form an integral part of these financial statements.

Consolidated and Separate Statements of Changes in Equity

	Attributable to equity holders of the Parent			
Group	**Share capital N'000**	**Capital contribution N'000**	**Retained earnings N'000**	**Total equity N'000**
Balance at 1 January 2018	10,000	1,121,559	1,600,016	2,731,575
Increase in capital contribution	-	1,176,922	-	1,176,922
Profit for the year	-	-	99,653	99,653
Balance at 31 December 2018	10,000	2,298,481	1,699,669	4,008,150
Balance at 1 January 2019	10,000	2,298,481	1,699,669	4,008,150
Impact of IFRS-16:Leases (Note 2.2 (c) (i))	-	-	(9,296)	(9,296)
(Loss) for the year	-	-	(1,156,403)	(1,156,403)
	10,000	2,298,481	533,970	2,842,451
Transaction with owners				
Increase in capital contribution	-	120,266	-	120,266
At 31 December 2019	10,000	2,418,747	533,970	2,962,717

	Attributable to equity holders of the Company			
Company				
Balance at 1 January 2018	10,000	1,121,559	1,600,016	2,731,575
Increase in capital contribution	-	1,176,922	-	1,176,922
Profit for the year	-	-	99,653	99,653
Balance at 31 December 2018	10,000	2,298,481	1,699,669	4,008,150
Balance at 1 January 2019	10,000	2,298,481	1,699,669	4,008,150
Impact of IFRS-16:Leases (Note 2.2 (c) (i)	-	-	(9,296)	(9,296)
(Loss) for the year	-	-	(1,154,403)	(1,154,403)
	10,000	2,298,481	535,970	2,844,451
Transaction with owners				
Increase in capital contribution	-	120,266	-	120,266
At 31 December 2019	10,000	2,418,747	535,970	2,964,717

The notes on pages 14 to 40 form an integral part of these financial statements.

Consolidated and separate statements of Cash flows for the year ended 31 December 2019

		Group		Company	
	Note	2019 N'000	2018 N'000	2019 N'000	2018 N'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
(Loss)/profit before tax for the year		(1,063,710)	402,381	(1,061,710)	402,381
Adjustments:					
Amortisation of intangible assets	11	92,674	93,459	92,674	93,459
Depreciation of assets	10	1,272,483	891,704	1,272,483	891,704
Depreciation of right - of -use	5	349,490	-	349,490	-
(Gain)/loss on disposal	6	(1,203)	53,946	(1,203)	53,946
Foreign exchange (gain)/loss	7	(39,334)	19,936	(39,334)	19,936
Interest income	7	(54,297)	(613)	(54,297)	(613)
Interest expense	8	1,029,757	500,677	1,029,757	500,677
Impact of adoption of IFRS 16		(9,296)	-	(9,296)	-
		1,576,564	1,961,490	1,578,564	1,961,490
(Increase)/Decrease in account recievable		(46,226)	161,882	(46,226)	161,882
(Increase)/Decrease in inventories		(455,028)	(587,388)	(455,028)	(587,388)
Decrease/(Increase) in prepayments		790,765	(247,113)	790,765	(247,113)
(Increase)/ Decrease in trade and other payables		(336,752)	1,362,088	(318,752)	1,362,088
Increase in lease receivables	12b	(17,406)	-	(17,406)	-
Cash generated from operations		1,511,917	2,650,959	1,531,917	2,650,959
Tax paid	9	(35,174)	(16,075)	(35,174)	(16,075)
Interest paid	8	(755,124)	(395,183)	(755,124)	(395,183)
Net cash generated from operating activities		721,619	2,239,701	741,619	2,239,701
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of property, plant and equipment	10	(2,710,771)	(3,912,193)	(2,710,771)	(3,912,193)
Proceeds from the sale of property, plant and equipment	10	20,463	1,414	20,463	1,414
Interest received	7	13,664	613	13,664	613
Purchase of intangible assets	11	(161,367)	(232,434)	(161,367)	(232,434)
Addition to right of use	12	(831,148)	-	(831,148)	
Investment in subsidiary	13	-	-	(20,000)	-
Net cash used in investing activities		(3,669,159)	(4,142,600)	(3,689,159)	(4,142,600)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from borrowings	18	14,412,128	1,794,853	14,412,128	1,794,853
Proceeds from government grant	18	133,075	125,616	133,075	125,616
Increase in capital contribution	22	120,266	803,924	120,266	803,924
Repayment of borrowings	18	(3,456,928)	(1,065,505)	(3,456,928)	(1,065,505)
Net cash generated from/ (used in) financing activity		11,208,541	1,658,888	11,208,541	1,658,888
NET CHANGE IN CASH AND CASH EQUIVALENTS		8,261,000	(244,011)	8,261,000	(244,011)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(375,237)	(131,226)	(375,237)	(131,226)
NET FOREIGN EXCHANGE DIFFERENCE		39,334	-	39,334	-
					-
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		**7,925,097**	**(375,237)**	**7,925,097**	**(375,237)**
Cash and cash equivalents comprise:					
Cash and bank balances		8,094,400	199,637	8,094,400	199,637
Less: bank overdrafts (Note 17)		(169,303)	(574,874)	(169,303)	(574,874)
		7,925,097	(375,237)	7,925,097	(375,237)

The notes on pages 14 to 40 form an integral part of these financial statements.

1.0 General informaton

These financial statements are the financial statements of Eat 'N' Go Limited ("the Company") and its subsidiaries (hereafter referred to as "the Group"). The Company was incorporated in Nigeria in 2011 under the Company and Allied Matters Act as a private limited liability company with sole purpose of becoming the premier food operator in West Africa with a focus on Nigeria. The main products sold include different types of pizzas, chicken wings, chicken kickers, pizza bread, ice-cream, yoghurt and drinks. The Group has a franchise agreement with Domino's Pizza LLC (for the pizza food chain) and Kahala Brands LLC (for the ice-cream and diary products).

The Company has 100% holding in and control of Dompizza Limited and Coldstone Creamery Limited which were registered for the production and sale of pizza and ice cream. Hence the Company prepares consolidated financial statements. The subsidiaries are not operational.The company currently operates all franchise and other activities of the group, hence group and company results are same.

2.0 Introduction to summary of accounting policies

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

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated and separate financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly. Except for critical judgement on Leases IFRS 16 (Page 16), there are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

2.2 Changes in accounting policies and disclosures

a *New and amended standards adopted by the Company*

Eat 'N' Go Limited has applied IFRS 16 Leases with a date of initial application of 1 January 2019 and has changed its accounting policies for lease contracts disclosed in note 12. The Company has applied IFRS 16 using the modified retrospective approach explained in note 2.2c.

Leases - Accounting policy from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

– the contract involves the use of an identified asset – this may be specified explicitly or implicitly. If the supplier has a substantive substitution right, then the asset is not identified;
– the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
– the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

2.2 Changes in accounting policies and disclosures (continued)

a ***New and amended standards adopted by the Company (continued)***

The Company primarily leases office equipment, land and building (used as office space, outlets, warehouse and residency). The lease terms are typically for fixed periods ranging from 2 years to 20 years but may have extension options as described below. On renewal of a lease, the terms may be renegotiated.

Contracts may contain both lease and non-lease components. The Company has elected to separate lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of office equipment for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. The lease agreements do not impose any covenants, however, leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Leases in which the Company is a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities

At the commencement date of a lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company where possible, uses recent third party financing received by the individual lessee as a starting point adjusted to reflect changes in financing conditions since third party financing was received. The Company may also use a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company and makes adjustments specific to the lease.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced by 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset where applicable.

2.2 Changes in accounting policies and disclosures (continued)

a ***New and amended standards adopted by the Company (continued)***

Right of use assets

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases and leases of low-value assets

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than $5,000 (N1.8 million) when new, e.g., small IT equipment and small items of office furniture, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term.

Extension and termination options

Extension and termination options are included in the Company's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Most of the extension options are subject to mutual agreement by the lessee and lessor and some of the termination options held are exercisable only by the Company.

Leases in which the Company is a Lessor

Sub-leases

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

If a head lease is a short-term lease to which the Company applies the short term lease exemption, then it classifies the sub-lease as an operating lease.

The Company classifies a sub-lease as finance leases if the sublease is for the a significant part or whole of the term of the head lease. The head lease liability is measured at the present value of the remaining lease payments discounted at the Company's incremental borrowing rate. The measurement of the right-of-use asset depends on the classification of the sub-lease.

If the sub-lease is classified as a finance lease, the Company does not recognise a right of use asset but recognises a lease receivable (net investment in a lease) to the extent that it is subject to the sub-lease. If the sub-lease is classified as an operating lease, the Company continues to recognise the right-of-use asset.

b Critical judgements

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

As at 31 December 2019, the potential future cashflows that was not included in the lease liability because it is not reasonably certain that the leases will be extended amounted to N117.7million

Changes in accounting policies and disclosures (continued)

b Critical judgements (continued)

Determining the lease term (continued)

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the lessee. During the financial year, there were no revised lease terms.

c Changes in accounting policies

Impact of adoption of IFRS 16

This note explains the impact of the adoption of IFRS 16: Leases on the Company's financial statements.

The Company has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance of equity on 1 January 2019. The new accounting policies are disclosed in note 2.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The incremental borrowing rate applied to the lease liabilities on 1 January 2019 ranged from 23% to 23.42% depending on the lease term.

The Company had no leases previously classified as finance leases.

Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review. There was no onerous contracts as at 1 January 2019.
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short term leases.
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Company also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an arrangement contains a Lease.

For lease contracts where the Company is the lessor, the Company reassessed the classification of some of the existing sublease contracts previously classified as operating leases under the previous reporting Standard (IAS 17). For subleases that were concluded to be finance leases under IFRS 16.

i Impact on the financial statements

The following table summarises the impact of the transition to IFRS 16 on the statement of financial position as at 1 January 2019 for each affected individual line item. Line items that were not affected by the changes have not been included.

	As at 31 December 2018	*Impact of IFRS 16*		
		Reclassification	*Remeasurement*	*As at 1 Jan 2019*
	N'000	N'000	N'000	N'000
Assets				
Right-of-use assets	-	857,476	1,871,266	2,728,742
Prepayment	896,365	896,365	-	-
Finance lease receivables	-	-	17,406	-
Equity				
Retained earnings	-	-	9,296	9,296
Liabilities				
Non-current				
Lease liabilities	-	-	1,552,458	1,552,458
Current				
Lease liabilities	-	-	342,847	342,847
Accrued liabilities	- 3,037	3,037	-	-

2.2 Changes in accounting policies and disclosures (continued)

ii *Measurement of lease liabilities*

	1 January 2019 N'000
Operating lease commitments disclosed as at 31 December 2018	2,333,712
Discounted using the lessee's incremental borrowing rate at the date of initial application	1,179,698
Add: adjustments as a result of a different treatment of extension and termination options	715,607
Lease liabilities recognised as at 1 January 2019	1,895,305

Short term leases relate to leases of warehouse with contractual lease term of less than or equal to 12 months at the date of initial application of IFRS 16. At the end of the reporting period, rental expense of ₦7.6 million was recognised within operating expenses for these leases. The Company had no future cash outflows from short term lease commitments at the end of the reporting period.

iii *Right of use assets as at 1 January 2019*

The associated right-of-use assets for propertyand office equipment leases were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to leases for office equipment, land and buildings.

Amendments to IFRS 2 - Share Based Payment - Classification and measurment of share based payment transactions

This standard clarifies classification and measurement of share based payment transactions with net settlement features for withholding tax obligations (i.e. equity settled share based payment for employees and cash settled share based payment for withholding taxes). It grants an exemption to alleviate operational issues encountered in dividing the share based payment into cash-settled and equity-settled component. The amendments also clarify modifications to terms and conditions that change classifications from cash-settled to equity-settled as well as application of non-market vesting conditions and market non-vesting conditions. These amendments do not have any material impact on the Company.

Standards and interpretations issued/amended but not yet effective

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2019:

Standard	Content	Effective Date
IFRS 3	Business Combination	1 January 2020
IAS 1 & IAS 8	Definition of Material	1 January 2020

The Group has not applied the following new or amended standards in preparing these consolidated and separate financial statements as it plans to adopt these standards at their respective effective dates. Commentaries on these new standards/amendments are provided below.

Amendments to IFRS 3 (Business Combination)

IFRS 3 (Business Combinations) outlines the accounting when an acquirer obtains control of a business (e.g. An acquisition or merger). In October 2018, after the post implementation review of IFRS 3, the IASB issued an amendment to IFRS 3 which centers majorly on the definition of a Business.

They include:
• To be considered a business, an acquired set of activities and assets must include, at minimum, an input and a substantive process that together significantly contribute to the ability to create outputs:
• Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.
• Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired.
• Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs: and

• Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The effective date is on or after 1 January 2020. This amendment does not have any impact on the Company

Amendment to IAS 1 and IAS 8

In October 2018, the IASB issued the definition of ‘material’. The amendments are intended to clarify, modify and ensure that the definition of ‘material’ is consistent across all IFRS. in IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the revised definition of ‘material’ is quoted below:

“An 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 based on those financial statements, which provide financial information about a specific reporting entity”.

2.2 Changes in accounting policies and disclosures (continued)

c Changes in accounting policies (continued)

The amendments laid emphasis on five (5) ways material information can be obscured. These include:

• If the language regarding a material item, transaction or other event is vague or unclear;

• If information regarding a material item, transaction or other event is scattered in different places in the financial statements;

• If dissimilar items, transactions or other events are inappropriately aggregated;
• If similar items, transactions or other events are inappropriately disaggregated; and

• If material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for annual reporting periods beginning on or after 1 January 2020. The Company has taken into consideration the new definition in the preparation of its annual account.

2.3 Consolidation

The financial statements of the consolidated subsidiaries used to prepare the consolidated financial statements were prepared as at the parent Company's reporting date.

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and unconsolidated from the date that control ceases.

b) Disposal of subsidiaries

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

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions. The operating segments are:

a) Domino's Pizza

The principal activity of this segment is the sale of pizza, chicken wings and pizza bread. The raw materials are sourced from Domino's LLC (US) and other local vendors. The master franchise to the Domino's Pizza brand name was also acquired from the Domino's LLC (US).

b) Coldstone Creamery

The principal activity of this segment is the sale of ice cream and cakes. The raw materials are sourced from Kahala LLC and other local vendors. The master franchise to the Coldstone Creamery brand name was also acquired from the Kahala LLC (US).

c) Pinkberry Yoghurt

The principal activity of this segment is the sale of frozen yoghurt. The raw materials are sourced from local vendors. The master franchise to the Pinkberry Youghurt brand name was also acquired from the Kayla Foods (Barbados).

d) Head office and Commissaries

This segment relates to the Group head office and commissaries. The group head office does not generate any revenues but incurs costs. Most administrative functions are centralised at the group head office. The commissaries and warehouses are also cost centers which are also centralised.

2.5 Foreign currency translation

a) *Functional and presentation currency*

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in thousands (Naira), which is the Group's presentation currency.

b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other coprehensive income.

2.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2.7 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables according to IFRS 9 are classified in the amortised cost category. They are measured at fair value plus transaction costs on initial recognition and carried at amortised cost in the subsequent periods.

2.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

2.9 Revenue from contracts with customers

The company operates a chain of retail outlets for selling food products. Sales of goods are recognised in the year when the company sells products to the customer. Sales are usually in cash or by debit card on a cash and carry basis. The company does not operate any loyalty programmes.

Revenue is measured at an amount that reflects the consideration to which the Group expects in exchange for goods or services, in the ordinary course

Revenue is primarily derived from the sale of the following products : Pizza, Ice cream, Cakes, Cup cakes, drinks and Yoghurt

2.10 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.11 Cash and cash equivalents

Cash and cash equivalents represent cash and bank balances, including bank overdrafts. Bank overdrafts are classified as borrowings on the statement of financial postion.

2.12 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

2.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Provisions

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as expense.

2.15 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Costs includes expenditure that are directly attributable to the acquisition of the property, plant and equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Costs relating to property, plant and equipment under construction or in the process of installation are disclosed as capital work in progress. The cost attributable to each asset is transferred to the relevant category immediately the asset is available for use.

Gains and losses arising on disposal or retirment of an assets is determined as the difference between sales proceeds and the carrying amount of the assets.

Depreciation is not calculated on property, plant and equipment until they are available for use and is included in the profit and loss account. The assets' residual values and useful lives are reviewed, adjusted if appropriate, at the end of each reporting period. Land is not depreciated.

2.15 Property, plant and equipment (continued)

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

Depreciation is provided at rates calculated to write off the cost/valuation, less estimated residual value, of each asset on a straight-line basis over its estimated useful life as follows:

Asset category	Useful Lives (Years)
Leasehold improvement	10
Plant and machinery	10
Office equipment	5
Motor vehicles	4
Furniture and fittings	5
Kitchen equipment	5
Air conditioners	5

2.16 Intangible assets

Franchises and computer software are shown at historical cost. Franchises and software have a defined useful life of 10 years while software have a

useful life of 5 years and 3 years and are carried at cost less accumulated amortization. Amortization is calculated using the straight line method.

Asset category	Useful Lives (Years)
Franchises	10
Software	3 - 5

2.17 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use, are subject to annual impairment test. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

2.18 Income taxation

a) Current income tax

Income tax expense is the aggregation of the charge to the profit and loss account in respect of current income tax, educational tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with the Companies Income Tax Act (CITA) of Nigeria. Educational tax is charge at 2% of the assessable profits, while the Corporate tax is asseesd at 30% of the chargeable profit.

b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2.19 Employee benefits

Defined contribution scheme

Pension obligations

The Group operates a defined contributory pension scheme in line with the Pension Reform Act of 2014. The Group's contribution to the defined contribution pension scheme are charged to the profit and loss account in the period to which they relate. Under this scheme, the Group pays monthly contribution to a Pension Fund Administrator selected by the employee. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and future periods.

The Group and the employees contribute 10% and 8% respectively of the employees pensionable emoluments.

2.20 Critical accounting estimates and judgments

The preparation of financial statements requires management to make certain judgments, accounting estimates and assumptions that affect the amounts reported to the assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. The nature of the estimation means that actual outcomes could differ from those estimates. Except for judgement on estimate on lease term (see page 16), there are no other applicable sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities.

2.21 Government grants

Government grants are recognised when there is reasonable assurance that:
(i) the company will comply with the conditions attaching to them; and
(ii) the grants will be received.
A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income in the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.
The benefit of a government loan at a below market rate of interest is treated as a government grant, measured as the difference between proceeds and the fair value of the loan based on prevailing market interest rates. The amortisation of the grant arising from below market rate loan is recognised as a credit to interest expense.

2.22 Segment reporting

a) The chief operating decision-maker (CODM) has been identified as the board of directors of Eat 'N' Go Limited. Management has determined the operating segments based on the information reviewed by the board of directors for the purpose of allocating resources and assessing performance.

Reportable segments

The CODM considers the business singularly from a product perspective. Management separately considers four segments based on the activities of the Group. The following summary describes the operations in each of the Group's reportable segments:

i) Domino's pizza
This segment derives revenue from the restaurant sale in several locations in Nigeria. The main products sold include different types of pizzas, chicken wings, chicken kickers, pizza bread, ice-cream and drinks.

ii) Cold stone creamery
This segment derives revenue from the restaurant sale in several locations in Nigeria. The main products sold include different type of ice-cream, cakes, cup cakes and drinks.

iii) Pinkberry Youghurt
This segment derives revenue from the restaurant sale in several locations in Nigeria. The main products sold include different flavours of frozen Youghurt.

iv) Head office and commissaries
This segment derives revenue from the commissary event sales to third parties.
Due to the retail nature of the Group's business, no customer accounts for up to 10% of the Group's revenue. In addition, there are no concentration of risks in any of the segments.
The CODM reviews internal management reports at least on a quarterly basis. Information regarding the results of each reportable segment.

Notes to the Consolidated and Separate Financial Statements

2.22 Segment reporting (Continued)

	2018					2019				
	Domino's Pizza N'000	Cold Stone Creamery N'000	PinkBerry Yoghurt N'000	**Head Office & Commissaries N'000	Group N'000	Domino's Pizza N'000	Cold Stone Creamery N'000	PinkBerry Yoghurt N'000	**Head Office & Commissaries N'000	Group N'000
Gross revenue	7,849,574	5,013,198	338,210	-	13,200,982	9,571,147	6,708,970	654,293	-	16,934,410
Other income	-	-	-	676,465	676,465	425	225	147	1,208	2,005
	7,849,574	5,013,198	338,210	676,465	13,877,447	9,571,572	6,709,195	654,440	1,208	16,936,415
Operating expenses	(5,849,639)	(2,939,930)	(359,714)	(2,840,566)	(11,989,849)	(6,635,960)	(4,205,436)	(553,285)	(3,424,175)	(14,818,855)
Operating profit /(loss) before interest, depreciation & amortisation	1,999,935	2,073,268	(21,504)	(2,164,101)	1,887,598	2,935,613	2,503,759	101,156	(3,422,967)	2,117,560
Depreciation & amortisation	(614,257)	(267,090)	(30,103)	(73,704)	(985,153)	(654,013)	(368,714)	(78,603)	(613,317)	(1,714,647)
Net finance cost	-	-	-	(500,064)	(500,064)	-	-	-	(1,464,623)	(1,464,623)
Profit/(loss) before tax	1,385,678	1,806,178	(51,607)	(2,737,869)	402,380	2,281,600	2,135,045	22,553	(5,500,907)	(1,061,710)
Income tax charged	-	-	-	(302,728)	(302,728)	-	-	-	(92,693)	(92,693)
Profit/(loss) after tax	1,385,678	1,806,178	(51,607)	(3,040,597)	99,652	2,281,600	2,135,045	22,553	(5,593,600)	(1,154,403)
Total comprehensive income/(loss)	1,385,678	1,806,178	(51,607)	(3,040,597)	99,652	2,281,600	2,135,045	22,553	(5,593,600)	(1,154,403)

**Head office and commissaries do not represent operating segments. They are merely disclosed for easy reconciliation of the numbers above, to the statement of comprehensive income.

The CODM measures performance based on segment profit before income tax, as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments.

The measurement policies the Group uses for segment reporting are the same as those used in its financial statements. There have been no changes from prior years in the measurement methods used to determine reported segment profit or loss.

(b) Geographical segment
The geographical location of the group operations is Nigeria, operations outside Nigeria are non-existent and do not constitute a segment.

3.1 Financial risk management

The Group's activities expose it to a variety of financial risks such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the finance team under policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

a) *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by ensuring that sufficient funds are available to meet its commitments as they fall due.

The Group uses both long term and short term cash flow projections to monitor funding requirements for activities and to ensure there are sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits on any of its borrowing facilities. Cash flow projections take into consideration the Group’s debt financing plans, covenant compliance and internal statement of financial position ratio targets.

The following table details the Group’s remaining contractual maturity for its non-derivative financial liabilities with agreed maturity periods. The table has been drawn based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay.

2019

Group	**Due within one year N'000**	**1 - 5 years N'000**	**Total N'000**
31 December 2019			
Borrowings	1,021,686	12,058,421	13,080,107
Trade and other payables	2,893,755	-	2,893,755
Total	3,915,441	12,058,421	15,973,862

Company	**Due within one year N'000**	**1 - 5 years N'000**	**Total N'000**
31 December 2019			
Borrowings	1,021,686	12,058,421	13,080,107
Trade and other payables	2,933,755	-	2,933,755
Total	3,955,441	12,058,421	16,013,862

2018

Group	**Due within one year N'000**	**1 - 5 years N'000**	**Total N'000**
31 December 2018			
Borrowings	1,695,331	834,151	2,529,482
Trade and other payables	3,105,154	-	3,105,154
Total	4,800,485	834,151	5,634,636

Company	**Due within one year N'000**	**1 - 5 years N'000**	**Total N'000**
31 December 2018			
Borrowings	1,695,331	834,151	2,529,482
Trade and other payables	3,105,154	-	3,105,154
Total	4,800,485	834,151	5,634,636

Notes to the Consolidated and Separate Financial Statements

3.1 Financial risk management (continued)

b) Market risk

(i) Price risk

The Group has no commodity price risk.

(ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. The borrowings are issued at a fixed rate and do not expose the Group to fair value interest rate risk. During the current year, the Group had borrowings denominated in Naira and directors loan in USD.

(iii) Foreign currency risk

The Group undertakes transactions denominated in foreign currencies primarily through imports of raw material; consequently, exposures to exchange rate fluctuations arise. The group also has some directors' loans in USD.
It monitors the movement in currency rates on an ongoing basis to mitigate the risk that movements in exchange rates may adversely affect the groups value.

Group and Company

The table below shows the carrying amount of foreign denominated trade and other payable balances as at 31 December 2019.

	2019	2018
	N'000	**N'000**
Current liabilities		
Trade and other payables	(703,034)	(682,220)

Foreign currency sensitivity analysis

The following table details the group's sensitivity to a 5%, increase and decrease in naira against the USD currency, management believes that a 5% movement in either direction is reasonably possible at the financial position date. The sensitivity nalysis below include outstanding balances of USD denominated liabilities. A positive number indicates an increase in profit where naira strengthens by 5% against the USD. For a 5% weakening of naira against the USD, there would be an equal and opposite impact on profit, and the balances below would be negative.

	2019	2018
	N'000	**N'000**
Impact on profit or loss:		
Naira strengthens by 5% against the USD profit/(loss)	35,152	34,111
Naira weakens by 5% against the USD profit/(loss)	(35,152)	(34,111)
	-	-

c) Credit risk

Credit risk arises from other receivables, amount due from related parties, cash and cash equivalents and deposits with banks. No provisions for impairment loss on other receivables were recognised at the reporting dates.

The credit risk on cash is limited because the majority of deposits are with banks which have stable credit ratings assigned by international credit agencies as shown in the table below. The Group's maximum exposure to credit risk due to default of the counter party is equal to the carrying value of its financial assets.

The table below, shows financial assets from which credit risks could arise.

	Due within one year	**Due after one year**
	N'000	**N'000**
31 December 2019 :		
Cash and bank balances	8,094,400	-
Other receivables	186,681	-
	8,281,081	-
31 December 2018 :		
Cash and bank balances	199,637	-
Other receivables	1,983	-
Due from related parties	57,570	-
	259,190	-

Notes to the Consolidated and Separate Financial Statements

3.1 Financial risk management (continued)
Impairment of financial instrument

	Neither impaired nor past due N'000	Past due but not impaired N'000	Impaired N'000
Cash and cash equivalent	199,637	-	-
As at December 2018	199,637	-	-
Cash and cash equivalent	8,094,400	-	-
As at December 2019	8,094,400	-	-

Due to the retail nature of the Group's business which is largely over-the-counter cash sales, the Group does not have trade receivables. There are no impairment triggers such as customers elapsing their credit periods; and customers defaulting on a payment.

As a result, no impairment loss has been recognised in these financial statements. Management is of the view that the carrying amounts of its other receivables are fully recoverable.

The credit quality of balances held with banks can be assessed by reference to external credit ratings (Augusto & Co) or to historical information about the counterparty default rates:

Cash and bank balances	**2019**	**2018**
Counterparties with external credit ratings	**N'000**	**N'000**
A-	57	-
A+	18,250	-
AA-	18,669	36,561
AAA	1,596,198	-
A-	-	6,710
A-1	-	13,420
B+	5,809	-
B-	3,236,536	-
Bbb+	3,106,287	6,710
Caa2	52,417	-
Others	60,177	136,236
	8,094,400	199,637

Others relate to cash in hand and in transit. Management does not expect any losses from non-performance by these counterparties.

3.2 Capital management

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

The Group monitors capital on the basis of net debt ratio, that is, the ratio of net debt to net debt plus equity. Net debt is calculated as gross debt as shown in the statement of financial position, less cash and cash equivalents.

The net debt ratios as at 31 December 2019 and 31 December 2018 are as follows:

	2019 N'000	**2018 N'000**
Borrowings:	13,080,107	2,530,481
Less: cash and cash equivalents	(8,094,400)	(199,637)
Net debt	4,985,707	2,330,844
Equity		
Net debt ratio	2,962,717	4,008,150
	168%	58%

3.3 Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at amortised cost, whether changes in fair value are recognized in the statement of income or other comprehensive income.

The following table shows the carrying values of assets and liabilities for each of these categories at 31 December 2019 and 2018.

	2019	2018
Assets	**N'000**	**N'000**
Other receivables	186,681	59,553
Cash and bank balances	8,094,400	199,637
	8,281,081	259,190
Liabilities		
Amortized cost:		
Bank borrowings	1,275,662	1,683,918
	1,275,662	1,683,918
Amortised cost:		
Overdraft	169,303	574,874
Intercompany loan	264,248	271,689
Bond	11,370,894	-
Trade and other payables	2,933,755	3,125,154
	14,738,200	3,971,717

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. The Group classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument. The three levels of the fair value hierarchy are as follows:

> Level 1 – inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.
> Level 2 – inputs to the valuation methodology are derived from quoted prices for identical assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed.
> Level 3 – inputs to the valuation methodology are not based on observable market data.

Cash and bank balances have been classified as Level 2. They are carried at cost, which approximates fair value due to the short-term nature of the instrument.

Borrowings have been classified as Level 2. They are carried at amortised cost. The fair value of borrowing as at 31 December 2019 is N13 billion (2018: N1.6 billion).

Receivables and payables are all short-term in nature and as such, their carrying values approximate fair values.

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
	2019	2018	2019	2018
	N'000	N'000	N'000	N'000
4a Revenue from contracts with customers				
Sales - Domino's Pizza	9,571,147	7,849,574	9,571,147	7,849,574
Sales - Coldstone Creamery	6,708,970	5,013,198	6,708,970	5,013,198
Sales - PinkBerry Yoghurt	654,293	338,210	654,293	338,210
	16,934,410	13,200,982	16,934,410	13,200,982
4b Cost of Sales				
COS - Domino's Pizza	2,614,961	2,013,669	2,614,961	2,013,669
COS- PInkberry Yoghurt	202,051	105,350	202,051	105,350
COS - Coldstone Creamery	1,996,864	1,424,208	1,996,864	1,424,208
Other Cost of sales	1,018,814	766,370	1,018,814	766,370
Shipping, Clearing & Royalties	1,141,186	993,343	1,141,186	993,343
	6,973,876	5,302,940	6,973,876	5,302,940
5 General and Administrative Expenses				
Staff Cost	3,050,361	2,532,598	3,050,361	2,532,598
Staff Training	133,981	63,878	133,981	63,878
Amortisation of Intangible Assets	92,674	93,459	92,674	93,459
Depreciation of Assets	1,272,483	891,704	1,272,483	891,704
Depreciation - Right - of - Use	349,490	-	349,490	-
Advertisement and Promotions	705,431	641,588	705,431	641,588
Travelling, Transport & Hotel Expenses	425,615	340,300	425,615	340,300
Bad Debt	-	50,255	-	50,255
Repairs, Maintenance & Utilities	987,748	1,164,352	987,748	1,164,352
Uniforms, Stationery & Postages	57,238	70,724	57,238	70,724
Meals and Entertainment	202,057	-	202,057	-
IT, Communications, & Subscriptions	176,538	-	176,538	-
Other Operating Expenses	470,978	775,062	470,978	775,062
Donations	50,000	-	50,000	-
Impairment	87,698	30,569	87,698	30,569
Electricity	404,119	-	404,119	-
Research and Development	44,159	-	44,159	-
Directors Remueration	179,661	186,246	179,661	186,246
Rent	280,767	512,162	280,767	512,162
Food Handlers Expenses	12,818	-	12,818	-
Loss on Disposal of Assets	-	53,946	-	53,946
Foreign Exchange Loss	-	19,936	-	19,936
Insurance	58,057	47,390	58,057	47,390
Security	165,092	-	165,092	-
Professional Fees	333,160	182,494	333,160	182,494
Audit Fees	21,500	15,399	19,500	15,399
	9,561,626	7,672,062	9,559,626	7,672,062

Included in the Audit fee for the Group is N2 million audit fee for EAT & GO Finance SPV Plc.

	Group		Company	
	2019	2018	2019	2018
	N'000	N'000	N'000	N'000
6 Other Income				
Profit on Disposal of Assets	1,203	-	1,203	-
Other Income	802	676,435	802	676,435
Marketing Income	-	30	-	30
	2,005	676,465	2,005	676,465

Other income in 2018 relates to right back of over-provision for transaction taxes based on audit by tax authorities.

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
	2019	**2018**	**2019**	**2018**
	N'000	**N'000**	**N'000**	**N'000**
7 Finance Income				
Interest Income On Bank Balances	10,282	613	10,282	613
Foreign Exchange Gains	39,334	-	39,334	-
Lease Income	3,382	-	3,382	-
Interest on government grant	40,633	-	40,633	-
	93,631	613	93,631	613
8 Finance Cost				
Interest expense	1,029,757	500,677	1,029,757	500,677
Interest Expense- Lease	528,497	-	528,497	-
	1,558,254	500,677	1,558,254	500,677

Included in the interest expense is the expense on bond Coupon of N87 million, interest on shareholders' loan of N187 million and the oustanding balances of N755 million relates to interest paid on effective interest on loans.

9 Taxation

	Group		Company	
	2019	**2018**	**2019**	**2018**
A Income Taxation Expenses	**N'000**	**N'000**	**N'000**	**N'000**
Education Tax	17,568	38,301	17,568	38,301
Prior Year Under Provision	-	16,075	-	16,075
Company Income Tax	91,978	-	91,978	-
Deferred Income Tax charge to Profit/Loss	(16,853)	248,352	(16,853)	248,352
Total charge to profit/loss	92,693	302,728	92,693	302,728
Tax credit on other comprehensive income	-	-	-	-
Total tax in statement of comprehensive income	92,693	302,728	92,693	302,728

The charge for taxation is based on the provisions of Companies Income Tax Act, and the Education Tax Act. The charge for the company income tax and education tax are 30% and 2% respectively.

Income Tax Payable				
Movement in tax payable is as follows:				
Balance at 1 January	38,301	-	38,301	-
Education tax for the year	17,568	38,301	17,568	38,301
Company Income Tax	91,978	-	91,978	-
Taxes relating to prior period	-	16,075	-	16,075
Tax paid	(35,174)	(16,075)	(35,174)	(16,075)
Balance at 31 December	112,673	38,301	112,673	38,301

The Group has applied the commencement rule in arriving at the tax expense/liability, as a result of non-renewal of the pioneer status as at the reporting date.

B Deferred income tax reported in statement of financial position

Deferred income taxes are calculated on all temporary differences using the liability method and an effective tax rate of 30% (2018: 30%).

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

	Group		Company	
	2019	**2018**	**2019**	**2018**
Deferred Income Tax Assets	**N'000**	**N'000**	**N'000**	**N'000**
Balance at 1 January	301,091	549,443	301,091	549,443
Charge/(credit) to profit or loss	16,853	(248,352)	16,853	(248,352)
Balance at 31 December	317,944	301,091	317,944	301,091

Notes to the Consolidated and Separate Financial Statements

9 Taxation (continued)
B Deferred income tax reported in statement of financial position (continued)

Deferred income tax assets and deferred income tax charge/credit in profit or loss are attributable to the following items:

Group and Company	1 January 2019 N'000	Charge to P/L N'000	At 31 December 2019 N'000
Deffered income tax assets			
Property, plant, and equipment	301,091	(123,586)	177,505
Unrealised Exchange Difference	-	(5,305)	(5,305)
Impact of IFRS 16	-	145,744	145,744
Total deffered tax assets	301,091	16,853	317,944

	1 January 2018 N'000	Charge to P/L N'000	At 31 December 2018 N'000
Deffered income tax assets			
Property, plant, and equipment	549,443	(248,352)	301,091
Total deffered tax assets	549,443	(248,352)	301,091

C Reconciliation of tax expense

	Group		Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Reconciliation between accounting profit and tax expense				
(Loss)/Profit before tax from continuing operations	(1,063,710)	402,381	(1,061,710)	402,381
Tax at the applicable tax rate of 30% (2018: 30%)	319,113	120,714	318,513	120,714
Education tax rate of 2% (2018:2%)	17,568	38,301	17,568	38,301
Additional assessment from tax audit	-	16,075	-	16,075
Expenses giving rise to permanent differences	(164,451)	186,299	(164,451)	186,299
Effect of investment allowance	(84,917)	(48,993)	(84,917)	(48,993)
Others	5,380	(9,668)	5,980	(9,668)
	92,693	302,728	92,693	302,728

10 Property, Plant and Equipment

Group and Company	Land N'000	Office equipment N'000	Furniture and fittings N'000	Leasehold Improvement N'000	Motor vehicles N'000	Plant and Machinery N'000	Kitchen Equipment * N'000	Air Conditioner** N'000	Capital - work - in - progress*** N'000	Total N'000
Cost:										
As at 1 January 2018	321,153	2,510,906	301,768	1,886,231	195,380	162,513	-	-	425,396	5,803,346
Additions	-	1,579,143	216,415	1,560,968	87,724	53,969	-	-	463,004	3,961,222
Reclassifications	-	473,834	11,430	98,717	74,253	3,169	-	-	(661,403)	-
Transfers	-	(49,024)	-	-	-		-	-	-	(49,024)
Disposals	-	(130,257)	(60,387)	(1,274)	(51,874)	(1,220)	-	-	-	(245,012)
As at 31 December 2018	321,153	4,384,602	469,226	3,544,642	305,483	218,431	-	-	226,997	9,470,532
As at 1 January 2019	321,153	4,384,602	469,226	3,544,642	305,483	218,431	-	-	226,997	9,470,532
Additions	-	457,443	154,695	1,054,575	59,319	49,004	342,568	56,083	537,084	2,710,771
Adjustment ****	-	(2,879,762)	(96,195)	4,362	1,651	22,117	2,797,462	210,279	-	59,914
Transfers	-	19,299	2,816	4,568	24,289	-	269,045	-	(320,017)	-
Disposals	-	(64,443)	(12,872)	-	(16,037)	-	(7,875)	(1,520)	-	(102,747)
As at 31 December 2019	321,153	1,917,139	517,670	4,608,147	374,705	289,552	3,401,200	264,842	444,064	12,138,470
Accumulated Depreciation										
As at 1 January 2018	-	797,726	94,203	351,298	102,824	77,134	-	-	-	1,423,185
Charge for the year	-	460,966	97,152	245,652	59,937	27,997	-	-	-	891,704
Disposals	-	(98,873)	(41,707)	(728)	(47,592)	(751)	-	-	-	(189,651)
As at 31 December 2018		1,159,819	149,648	596,222	115,169	104,380	-	-		2,125,238
As at 1 January 2019	-	1,159,819	149,648	596,222	115,169	104,380	-	-	-	2,125,238
Charge for the year	-	370,042	85,014	364,396	77,692	36,069	293,940	45,330	-	1,272,483
Adjustment ****	-	(502,846)	(18,682)	4,898	1,116	22,116	469,634	83,678	-	59,914
Disposals	-	(57,760)	(9,128)	-	(10,419)	-	(5,304)	(875)	-	(83,486)
As at 31 December 2019	-	969,255	206,852	965,516	183,558	162,565	758,270	128,133	-	3,374,149
Net book value										
As at 31 December 2018	321,153	3,224,783	319,578	2,948,420	190,314	114,051	-	-	226,997	7,345,294
As at 31 December 2019	321,153	947,884	310,818	3,642,631	191,147	126,987	2,642,930	136,709	444,064	8,764,321

All Property plant and equipment were pledged as collateral for the loan obtained by the entity as at 31st December 2019 (2018: N7.3 billion).
* Kitchen equipments were reclassified from Office equipment. This did not result in change in depreciation rate.
** Air conditioners were reclassified from furniture and fittings. This did not result in change in depreciation rate.

*** Capital work in progress comprise mainly of leasehold work in progress on new stores and plant and machinery not yet available for use.

**** Adjusment relates to reclassification of asset during the year, between cost and accumulated depreciation. This is to align the opening balances in prior year financial statements to property, plant and equipment schedule.

Notes to the Consolidated and Separate Financial Statements

10 Property, Plant and Equipment (continued)

Analysis of disposals and proceeds from sales of property plant and equipment

Group

	2019	2018
	N'000	N'000
Cost of assets sold	102,747	245,012
Accum. Depreciation of assets sold	83,486	189,651
Net book value of item sold	19,261	55,361
Proceeds from sales of asset	20,463	1,414
(Gain)/loss from sale of asset	(1,202)	53,947

Company

	2019	2018
	N'000	N'000
Cost of assets sold	102,747	245,012
Accum. Depreciation of assets sold	83,486	189,651
Net book value of item sold	19,261	55,361
Proceeds from sales of asset	20,463	1,414
(Gain)/loss from sale of asset	(1,202)	53,947

Notes to the Consolidated and Separate Financial Statements

11 Intangible assets

	Master Franchise N'000	Software N'000	Others N'000	Total N'000
Balance as at 1 January 2018	97,451	91,093	1,059	189,603
Additions	59,384	173,050	-	232,434
Reclassification	-	674	(674)	-
Amortization	(24,783)	(68,291)	(385)	(93,459)
Closing Balance 2018	132,052	196,526	-	328,578
Cost				
Balance as at 1 January 2019	176,136	278,866	-	455,002
Additions	43,336	118,031	-	161,367
Reclassification	47,574	(71,333)	-	(23,759)
Closing Balance 2019	267,046	325,564	-	592,610
Accumulated Amortisation				
Balance as at 1 January 2019	44,084	82,340	-	126,424
Amortization	25,054	67,620	-	92,674
Reclassification	48,111	(71,869)	-	(23,758)
Closing Balance 2019	117,249	78,091	-	195,340
Net book value 2019	149,797	247,473	-	397,270
Net book value 2018	132,052	196,526	-	328,578

12 Leases

This note provides information for leases where the Company is a lessee.

i Amounts recognised in the statement of financial position
The statement of financial position shows the following amounts relating to leases:

	31 December 2019 N'000	1 January 2019 N'000
12a Right - of - Use Assets		
Land	331,615	376,962
Buildings	2,872,073	2,351,780
Office Equipment	13,531	-
	3,217,220	2,728,742

The total additions to right-of-use assets amounted to N831 million - (Buildings - N816 million and Office equipment - N15 million).

Lease liabilities		
Current	760,026	342,847
Non - current	1,975,536	1,552,458
	2,735,562	1,895,305

ii ***Depreciation charge on right of use assets***	31 December 2019 N'000
Land	45,346
Buildings	302,448
Office equipment	1,696
	349,490
Interest expense (included in finance cost)	528,497
Interest income (included in finance income)	(3,382)
Expense related to short term leases (included in administrative expenses)	23,707
	548,822

iii ***Lease liabilities - Discounted***

Opening balance as at 1 January 2019	1,895,305
Additions	738,439
Interest expense	528,497
Foreign exchange difference	(7,523)
Payments made during the year	(419,156)
Closing balance as at 31 December 2019	2,735,562

The total cashflow for all leases for 2019 was N418 million (N419million paid out and N0.720million received)

iv Liquidity risk (maturity analysis of lease liabilities) - Undiscounted

	0-3 months	3-12 months	1-2 years	Above 2 years
	N'000	N'000	N'000	N'000
Lease liability	192,685	406,356	659,247	5,502,908

v This note provides information for leases where the Company is a lessor.

The Company has sub-let a part of its head office which is a leased building. The sub-lease has been classified as a finance lease, because it is for a substantial period of the remaining term of the head lease.

Lease income from lease contracts in which the Company acts as a lessor is as shown below:

Finance lease	N'000
Finance income on the net investment in the lease	(3,382)

Finance lease

	N'000
Less than 1 year	3,200
1 - 5 years	16,000
More than 5 years	11,012
Total undiscounted lease payments receivable at 31 December 2019	[illegible]
Unearned finance income	
Net investment in the lease	6,380

	Group		Company	
	2019	2018	2019	2018
	N'000	N'000	N'000	N'000
12b Finance Lease Receivable	17,406	-	17,406	-
	17,406	-	17,406	-

Notes to the Consolidated and Separate Financial Statements

13 Investments in Subsidiaries

The Company's subsidiaries which are all incorporated in Nigeria are:

	Percentage holding		Carrying value of investment	
	2019	2018	2019 N'000	2018 N'000
Dompizza Limited	100%	100%	10,000	10,000
Coldstone Creamery Limited	100%	100%	10,000	10,000
EAT & GO Finance SPV PLC			20,000	-
			40,000	20,000

These investments are ultimately consolidated at group level.

Name	Country of Incorporation	Nature of business	Proportion of ordinary shares directly held by	Proportion of ordinary shares directly held by
Dompizza Limited	Nigeria	Production and sale of pizza meals	100%	100%
Coldstone Creamery Limited	Nigeria	Supply and sale of diary products	100%	100%
EAT & GO Finance SPV PLC	Nigeria	Special purpose vechicle to the parent company	99.9%	99.9%

The subsidiaries currently do not carry out any business functions thus the financial results of the Company and the Group are the same.

14 Inventories

	Group		Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Raw Materials	1,373,866	934,424	1,373,866	934,424
Semi Finished Goods	-	90,240	-	90,240
Finished Goods	82,256	63,023	82,256	63,023
Good - in - Transit	190,868	243,033	190,868	243,033
Non-trade Inventory Items	293,504	154,746	293,504	154,746
	1,940,494	1,485,466	1,940,494	1,485,466

In 2019, inventories of N4.81 billion (2018: N3.54 billion) were recognised as an expense during the year and included in "cost of sales". There were no write down of inventory in 2019 (2018: Nil).

15 Receivables

Other Receivables	186,681	1,983	186,681	1,983
Work Advances	15,936	12,545	15,936	12,545
WHT Receivables	515	-	515	-
Advance Payment to Suppliers	-	95,082	-	95,082
Related party receivables	-	57,570	-	57,570
Accrued Interest Receivable	10,274	-	10,274	-
	213,406	167,180	213,406	167,180

All receivables are due within the next 12 months from the end of the reporting period. They comprise cash used by staff for the business yet to be retired as at year end, advance payments to suppliers and WHT receivable.
Receivables for 2019 has been split between advance payment to suppliers and work advances for more accurate description. Work advances are cash collected by staff for business use, yet to be retired as at year end.
Receivable from related party represents the company's cash balances that are held in the parent's bank account (Krone Holding).

16 Prepayments

Rent	58,148	896,365	58,148	896,365
Electricity	7,436	1,959	7,436	1,959
Insurance	-	16,114	-	16,114
Other Prepayments	90,242	32,153	90,242	32,153
	155,826	946,591	155,826	946,591

Other prepayments includes prepayment for office expenses such as travelling expenses, marketing, permits etc.

Non - Current	36,566	414,695	36,566	414,695
Current	119,260	531,896	119,260	531,896
	155,826	946,591	155,826	946,591

	Group		Company	
	2019	**2018**	**2019**	**2018**
	N'000	**N'000**	**N'000**	**N'000**
17 Cash and Cash equivalent				
Cash at bank - Naira	1,974,178	49,482	1,974,178	49,482
Cash at bank - Foreign Currency	60,047	13,919	60,047	13,919
Cash in hand	29,164	21,775	29,164	21,775
Cash in transit	31,011	114,461	31,011	114,461
Fixed Deposits	6,000,000	-	6,000,000	-
	8,094,400	199,637	8,094,400	199,637

Cash in transit represents two balances: payment made by customers via POS yet to be settled by the bank as the settlement occurs a day after the POS transaction occurs and cash in the store safe not deposited in the bank yet.

For the purpose of cash flow statement, cash and cash equivalents comprise:

Cash and bank balances	8,094,400	199,637	8,094,400	199,637
Less: bank overdrafts (Note 18)	(169,303)	(574,874)	(169,303)	(574,874)
	7,925,097	(375,237)	7,925,097	(375,237)

18 (a) Borrowings

In 2019, the bank borrowings were increased by additional N14.5 billion with interest charged on the N11.5 billion Bond at 14.25% per annum; and is collaterized primarily by the group's property plant and equipment located in Nigeria. Actual amount recieved from bank was N11.3billion (Bond amount less transaction cost of N0.216 billion). The total accrued interest as at December 2019 is N87 million.

There was a loan of N1 billion from the Bank of Industry split into term loan and working capital. The term loan is for a tenor of five (5) years at the rate of 10% for the acquisition of property, plant and equipment and intangible assets. It has a one year moratorium, while the working capital is at the rate of 12% for three (3) years. The loan was granted in 2019.

During the year, the Company obtained a loan from Stanbic IBTC Bank Plc and Fidelity Bank Plc amounting to N1.9 billion. This was paid off with the fund from the bond. As at 31 December 2019, the balance of the loan was Nil. Also, there is an additional N233 million Director loan received during the year.

The bank overdraft facilities from Stanbic IBTC Bank Plc, Access Bank Plc and Fidelity Bank Plc had a limit of N400 million, N200 million and N100 million, a tenor of one (1) year and interest charged at 22%, 20% and 22% per annum respectively at 31 December 2019.

	Group		Company	
	2019	**2018**	**2019**	**2018**
	N'000	**N'000**	**N'000**	**N'000**
Opening balance	2,081,223	1,473,828	2,081,223	1,473,828
Additions	14,504,568	1,920,469	14,504,568	1,920,469
Repayments	(3,456,928)	(1,065,505)	(3,456,928)	(1,065,505)
Fair value adjustment	40,633	105,494	40,633	105,494
Exchange difference	-	19,936	-	19,936
Transfer to equity	-	(372,998)	-	(372,998)
Closing balance	13,169,496	2,081,223	13,169,496	2,081,223
Other borrowings				
Bank overdraft	169,303	574,874	169,303	574,874
Closing balance	13,338,799	2,656,097	13,338,799	2,656,097

Transfer to equity represents the amount injected by the shareholders of the business which is converted to equity. 2019 : Nil (2018: N373 million) .

	Group		Company	
	2019	**2018**	**2019**	**2018**
	N'000	**N'000**	**N'000**	**N'000**
(ii) Term Loans	-	1,094,361	-	1,094,361
BOI Loan	1,275,662	589,557	1,275,662	589,557
Loan from Related Parties	264,248	271,689	264,248	271,689
Corporate Bonds	11,370,894	-	-	-
Intercompany Borrowings	-	-	11,370,894	-
Bank overdrafts	169,303	574,874	169,303	574,874
	13,080,107	2,530,481	13,080,107	2,530,481
(iii) **Non-Current**				
Term Loans	-	501,334	-	501,334
BOI Loan	687,527	332,817	687,527	332,817
Corporate Bonds	11,370,894	-	-	-
	12,058,421	834,151	687,527	834,151
Current				
Term Loans	-	593,027	-	593,027
BOI Loan	588,135	256,740	588,135	256,740
Loan from Related Parties	264,248	271,689	264,248	271,689
Bank overdrafts	169,303	574,874	169,303	574,874
	1,021,686	1,696,330	1,021,686	1,696,330

Notes to the Consolidated and Separate Financial Statements

18 Borrowings (continued)

(b) **Government Grant**

Government grant relates to grant arising from below market rate loan.

	Group		Company	
	2019	**2018**	**2019**	**2018**
	N'000	**N'000**	**N'000**	**N'000**
Non- Current	178,314	91,511	178,314	91,511
Current	80,377	34,105	80,377	34,105
	258,691	125,616	258,691	125,616

18 (c) **Intercompany Bond Payable**

Non- Current				
Intercompany Bond Payable	-	-	11,370,894	-
	-	-	11,370,894	-

The sum of N11.5 billion represents funds raised by EAT & GO Finance SPV Plc from Qualified Institutional Investors and High Net Worth Individuals with a tenor of 5 years and a two year moratorium period with a fixed rate of 14.25% due 2026. The Bonds are senior, unsubordinated obligations of the Issuer and rank pari passu among themselves and equally with all other existing senior obligations of the Issuer. It was secured for expansion capital for the investment in fixed assets, and refinancing of existing secured bank debt.

19 Trade and Other Payables

Trade Creditors		1,797,217	2,340,877	1,797,217	2,340,877
Other payables (WHT and VAT)		201,945	-	201,945	-
Related party payables	(see note "a" below)	-		20,000	20,000
Intercompany Payable	(see note "b" below)	-	-	20,000	-
Provisions		286,238	-	286,238	-
Other liabilities	(see note "c" below)	860,345	499,512	858,345	499,512
Letter of Credits		608,355	764,277	608,355	764,277
Accrued Expenses	(see note "d" below)	214,437	466,623	214,437	466,623
		3,968,537	4,071,289	4,006,537	4,091,289

(a) Related party payable represents investment in subsidiaries for Coldstone Creamery Limited and Dompizza Limited.

(b) Intercompany payable represents investment in EAT & GO Finance SPV Plc by the Parent Company

(c) Other liabilities represents Lease Liability Consumption & Entertainment tax, Pension & Gratuity Payable, NSITF Payable etc.

(d) Accrued expenses represent oustanding fees for rent, electricity, interest payable, professional fees , etc. over a period of time

20 Ordinary Share Capital

	2019	**2018**
	N'000	**N'000**
Authorised:		
10 million ordinary shares of N1 each	10,000	10,000
	10,000	10,000
Issued and fully paid:		
10 million ordinary shares of N1 each	10,000	10,000
	10,000	10,000
Issued and fully allotted		
10 million ordinary shares of N1 each	10,000	10,000
	10,000	10,000

21 Earnings per share

Basic

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2019 N'000	2018 N'000
(Loss)/Profit for the year attributable to shareholders	(1,156,403)	99,653
Weighted average number of ordinary shares in issue	10,000	10,000
Basic earnings per share	(115.64)	9.97

The Company does not have potentially dilutive securities that are convertible to ordinary shares which may dilute ordinary shares, hence there is no difference between basic earnings per share and diluted earnings per share.

22 Capital Contribution

	2019 N'000	2018 N'000
Opening balance	2,298,481	1,121,559
Cash Inflow in the year	120,266	803,924
Reclass from borrowings	-	372,998
Total contribution at the end of the year	2,418,747	2,298,481

Capital contribution relates to additional capital by the shareholders to support the expansion of the company. The cash inflow includes an additional borrowings of N543 million from shareholders,repayment of N591 million to shareholders and N164 million interest capitalised during the year.

23 Contingent liabilities

The directors are not aware of any material contingent liability arising out of any suit pending against the Company that has not been disclosed in the financial statements for the year ended 31 December 2019 (2018 : Nil).

24 Related parties

The Company is a subsidiary of Krone Holding Incorporation. There are other companies that are related to Eat 'N' Go Limited through common shareholding or common directorships. Transactions with directors are also disclosed.

A number of transactions were entered into with related parties in the normal course of business. These are disclosed below:

		Group		Company	
		2019 N'000	2018 N'000	2019 N'000	2018 N'000
a) Related party receivables					
Krone Holding Inc.	Ultimate parent	-	57,570	-	57,570
		-	57,570	-	57,570

2018; Receivable from related parties relates to cash balances held in the company's records but in the parent company's name (Krone Holding Inc.).

		Group		Company	
b) Related party payables					
Dompizza Limited	Subsidiary	-	-	10,000	10,000
Cold Stone Creamery Limited	Subsidiary	-	-	10,000	10,000
EAT & GO Finance SPV PLC	SPV	-	-	20,000	-
Intercompany Bonds payable		-	-	11,370,894	-
		-	-	11,410,894	20,000

Notes to the Consolidated and Separate Financial Statements

24 Related parties (continued)
c) Key management compensation

Key management personnel of the Group and Company includes the directors. The compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	N'000	**N'000**	**N'000**	**N'000**
Salaries	298,403	187,714	298,403	187,714
Directors' fees	179,662	186,246	179,662	186,246
	478,065	373,960	478,065	373,960

Key management personnel are directors. There was no other compensation paid during the year. Fees and other emoluments disclosed above include amounts paid for:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	N'000	**N'000**	**N'000**	**N'000**
The emoluments of the chairman	112,208	78,220	112,208	78,220
The emoluments of the highest paid director	112,208	78,220	112,208	78,220

The number of directors of the Group (including the highest paid Director) whose remuneration, excluding pension contributions in respect of services to the Company fell within the following ranges:

	Number	Number	Number	Number
Less than 5,000,000	2	3	2	3
5,000,001-10,000,000	1	1	1	1
Over N10,000,000	2	2	2	2
	5	6	5	6

Notes to the Consolidated and Separate Financial Statements

25 Directors and employees

i) The average number of persons (excluding directors) employed by the Group during the year was as

	Group		Company	
	2019	**2018**	**2019**	**2018**
	Number	Number	Number	Number
Managerial	59	47	59	47
Senior staff	378	312	378	312
Others	1,813	1,665	1,813	1,665
Total	2,250	2,024	2,250	2,024

ii) The table below shows the number of employees (excluding directors), who earned over N400,000 as emoluments in the year and were within the bands stated.

	Group		Company	
	Number	Number	Number	Number
N400,000 - N1,000,000	583	572	583	572
N1,000,001 - N3,000,000	333	271	333	271
N3,000,001 - N6,000,000	32	30	32	30
Above N6,000,001	16	24	16	24
Total	964	897	964	897

iii.) Staff costs for the above persons (excluding Directors):

	2019	**2018**
	N'000	**N'000**
Salaries and wages	1,608,106	1,025,885
Defined pension contribution	93,048	59,088
Other staff costs	1,349,207	1,447,625
Total staff cost	3,050,361	2,532,598

26 Capital commitments

Capital commitments relate to projected capital expenditure which the company commits to spend on leasehold improvements, plants and machinery and office equipment. The capital commitments as at 31 December 2019 is 4.8 billion (2018: N5.0 billion).

27 Events after the reporting period

In the first quarter of 2020, specifically 30 January 2020 and 11 March 2020, the World Health Organisation (WHO) declared the novel Coronavirus disease (officially known as COVID-19), a Public Health Emergency of International Concern and Global Pandemic respectively. As at the date of this report, over 10,000 cases have been confirmed in Nigeria by the Nigerian Centre for Disease Control (NCDC).

The disease has caused a significant reduction in social interaction, with a shutdown of public facilities and physical interaction. As part of the measures taken to contain the spread of the virus, movement was restricted within Lagos State, Ogun State and the Federal Capital Territory – with various levels of restriction in other states. There was also restriction of social gatherings thereby reducing the number of customers that can visit the shops at a time which has impacted our dine-in revenues adversely. However, this downturn has been offset by increased revenue from our delivery channels generated by our internal delivery systems and new external partnerships. Furthermore, our stores are deemed to provide essential services and have been trading during the various levels of restriction. Notably almost all our stores in our portfolio are trading and will continue to trade in line with the regulations put in place by the government.

In the light of these recent developments and its underlying impact, revenue has been negatively impacted and in the first full month of the lockdown our revenues declined by 30% from same period last year Developments in this regard is continually monitored by management to adjust costs, operations and strategies to suit the reality on the ground. While we are uncertain of the overall impact that the pandemic will have on the business we believe that the measures put in place by management to ensure the stores are kept open and costs are controlled will mitigate some of the risk on cash constraints.

The management is confident that there are no plans to liquidate the Company's operations or to cease trading.

OTHER NATIONAL DISCLOSURES

Statement of Value Added

	2019 N'000	%	2018 N'000	%
Group				
Revenue	16,934,410		13,200,982	
Bought in materials and services:				
Local	(7,379,394)		(5,674,344)	
Imported	(4,919,596)		(3,782,897)	
Interest income	93,631		613	
Other income	2,005		676,465	
Value added	4,731,056	100%	4,420,819	100%
Applied as follows:				
To pay employees:				
Wages, salaries and benefits	3,050,361	64%	2,532,598	57%
To pay providers of capital:				
Interest on borrowings	1,029,757	22%	500,677	11%
To pay government:				
Taxes	92,693	2%	302,728	7%
To provide for enhancement of assets and growth:				
Depreciation of plant, property and equipment	1,272,483	27%	891,704	20%
Amortisation of intangible assets	92,674	2%	93,459	2%
Depreciation - Right - of - Use	349,490	7%	-	
Retained (loss)/profit for the year	(1,156,403)	(24%)	99,653	2%
Value added	4,731,056	100%	4,420,819	100%

The value added represents the additional wealth which the Group has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth among employees, government, providers of capital and that retained for the future creation of more wealth.

Five - Year Financial Summary

	2019 N'000	2018 N'000	2017 N'000	2016 N'000	2015 N'000
Group					
Financial position					
Capital employed:					
Ordinary share capital	10,000	10,000	10,000	10,000	10,000
Capital contribution	2,418,747	2,298,481	1,121,559	1,122,880	1,156,417
Retained earnings	533,970	1,699,669	682,626	329,183	(171,812)
Total equity	**2,962,717**	**4,008,150**	**1,814,185**	**1,462,063**	**994,605**
Represented by:					
Non-current assets	12,733,321	8,389,658	3,592,809	2,257,960	1,445,234
Net current assets/(liabilities)	3,226,157	(3,455,846)	(1,483,840)	(619,897)	(311,314)
Non-current liabilities	(12,996,761)	(925,662)	(294,784)	(176,000)	(139,315)
Net assets	**2,962,717**	**4,008,150**	**1,814,185**	**1,462,063**	**994,605**
Net assets per share (Naira)	296.27	400.82	181.42	146.21	99.46
Financial results					
Revenue from contracts with customers	16,934,410	13,200,982	8,069,153	4,673,393	2,797,892
Gross profit	9,960,534	7,898,042	4,415,307	2,616,618	1,621,082
Net operating expenses	(9,559,620)	(6,995,597)	(3,987,386)	(2,055,343)	(1,358,565)
Operating profit	400,913	902,445	427,921	561,275	262,517
Finance cost - net	(1,464,623)	(500,064)	(197,695)	(144,479)	(109,121)
(Loss)/profit before tax	(1,063,710)	402,381	230,226	416,796	153,396
Income tax (expense)/credit	(92,693)	(302,728)	123,217	84,199	(55,746)
(Loss)/profit for the year	(1,156,403)	99,653	353,443	500,995	97,650
Basic (loss)/earnings per share (Naira)	(115.64)	9.97	35.34	50.10	9.76