

Guinness Nigeria Plc

Unaudited Financial Statements

For the period ended 30 September, 2020

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Statement of Financial Position

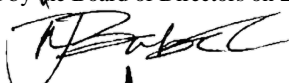
As at 30 September

Financial Statements – 30 September 2020

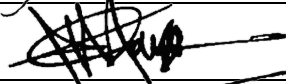
Unaudited Interim Financial Statements

	Notes	30-Sep-20 N'000	30-Jun-20 N'000
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	13(a)	87,865,618	88,919,044
Right-of-use assets	22(a)	872,935	943,212
Intangible assets	14	257,143	309,112
Prepayments	15	-	1,675
Total non-current assets		<u>88,995,696</u>	<u>90,173,043</u>
<i>Current assets</i>			
Inventories	16	20,678,601	26,426,253
Trade and other receivables	17(a)	6,274,302	18,718,953
Prepayments	15	422,982	463,945
Restricted cash	18(a)	3,092,163	3,092,163
Cash and cash equivalents	18(b)	18,884,042	5,271,224
Total current assets		<u>49,352,090</u>	<u>53,972,538</u>
Total assets		<u>138,347,786</u>	<u>144,145,581</u>
Equity			
Share capital		1,095,191	1,095,191
Share premium		47,447,029	47,447,029
Retained earnings		23,654,274	24,495,920
Total equity		<u>72,196,494</u>	<u>73,038,140</u>
Liabilities			
<i>Non-current liabilities</i>			
Loans and borrowings	21(a)	-	-
Lease liabilities		704,062	653,855
Employee benefits		1,426,817	1,342,985
Deferred tax liabilities		8,512,625	8,512,625
Total non-current liabilities		<u>10,643,504</u>	<u>10,509,465</u>
<i>Current liabilities</i>			
Bank overdrafts	18(b)	127,087	309,511
Current tax liabilities	12(b)	1,268,372	744,204
Dividend payable	20(a)	3,055,897	3,134,594
Loans and borrowings	21(a)	13,278,963	22,800,994
Lease liabilities	22(b)	96,100	170,331
Contract liabilities	7(b)	938,370	1,493,876
Trade and other payables	23	36,742,999	31,944,466
Total current liabilities		<u>55,507,788</u>	<u>60,597,976</u>
Total liabilities		<u>66,151,293</u>	<u>71,107,441</u>
Total equity and liabilities		<u>138,347,786</u>	<u>144,145,581</u>


Approved by the Board of Directors on 20 October 2020 and signed on its behalf by:



Babatunde A. Savage (Chairman)
FRC/2013/ICAN/00000003514



Baker Magunda (Managing Director)
FRC/2019/ODN/000000019411



Stanley Njoroge (Finance & Strategy Director)
FRC/2018/ICAN/000000019000

The notes on pages 7 to 15 are integral parts of these financial statements

Income Statement

For the period ended 30 September

	Notes	Quarter to date 30th September 2020 N'000	Year to date 30th September 2020 N'000	Quarter to date 30th September 2019 N'000	Year to date 30th September 2019 N'000
Revenue	7(a)	30,024,212	30,024,212	26,898,779	26,898,779
Cost of sales		(23,013,178)	(23,013,178)	(18,953,797)	(18,953,797)
Gross profit		<u>7,011,033</u>	<u>7,011,033</u>	<u>7,944,982</u>	<u>7,944,982</u>
Other income	8(a)	207,138	207,138	119,331	119,331
Marketing and distribution expenses	8(b)	(4,624,747)	(4,624,747)	(5,202,382)	(5,202,382)
Administrative expenses		(2,007,110)	(2,007,110)	(2,180,363)	(2,180,363)
Operating profit		<u>586,314</u>	<u>586,314</u>	<u>681,568</u>	<u>681,568</u>
Finance income	9(a)	462,247	462,247	234,792	234,792
Finance costs	9(b)	(1,366,041)	(1,366,041)	(1,286,773)	(1,286,773)
Net finance costs		<u>(903,794)</u>	<u>(903,794)</u>	<u>(1,051,981)</u>	<u>(1,051,981)</u>
Profit before taxation		<u>(317,480)</u>	<u>(317,480)</u>	<u>(370,413)</u>	<u>(370,413)</u>
Tax expense	12	(524,167)	(524,167)	-	-
Profit for the year		<u><u>(841,647)</u></u>	<u><u>(841,647)</u></u>	<u><u>(370,413)</u></u>	<u><u>(370,413)</u></u>
Earnings per share					
Basic and diluted earnings per share (kobo)			(38)		(17)

The notes on pages 7 to 15 are integral parts of these financial statements

Statement of Comprehensive Income

For the period ended 30 September

	Quarter to date 30th September 2020 N'000	Year to date 30th September 2020 N'000	Quarter to date 30th September 2019 N'000	Year to date 30th September 2019 N'000
Note				
Profit for the year	(841,647)	(841,647)	(370,413)	(370,413)
Total comprehensive income for the year	<u>(841,647)</u>	<u>(841,647)</u>	<u>(370,413)</u>	<u>(370,413)</u>

The notes on pages 7 to 15 are integral parts of these financial statements

Statement of Changes in Equity

For the period ended 30 September

Notes	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
	N'000	N'000	N'000	N'000	N'000
Balance at 1 July 2019	1,095,191	47,447,029	-	40,518,242	89,060,463
Total comprehensive income					
Loss for the year	-	-	-	(370,413)	(370,413)
Total comprehensive income for the year	-	-	-	(370,413)	(370,413)
Transaction with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	-	-
Share-based payment charge	-	-	38,004	-	38,004
Share-based payment recharge	-	-	(38,004)	-	(38,004)
Total transactions with owners	-	-	-	-	-
Balance at 30 September 2019	1,095,191	47,447,029	-	40,147,829	88,690,049
Balance at 1 July 2020	1,095,191	47,447,029	-	24,495,920	73,038,140
Total comprehensive income					
Loss for the year	-	-	-	(841,647)	(841,647)
Total comprehensive loss for the year	-	-	-	(841,647)	(841,647)
Transaction with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	-	-
Unclaimed dividends written back	-	-	-	-	-
Share-based payment charge	-	-	26,781	-	26,781
Share-based payment recharge	-	-	(26,781)	-	(26,781)
Total transactions with owners	-	-	-	-	-
Balance at 30 September 2020	1,095,191	47,447,029	-	23,654,273	72,196,493

The notes on pages 7 to 15 are integral parts of these financial statements

Statement of Cash Flows

For the period ended 30 September

Unaudited Interim Financial Statements

	Note	3 Months Ended 30 September 2020 N'000	3 Months Ended 30 September 2019 N'000
Cash flows from operating activities			
Profit before taxation		(317,480)	(370,413)
<i>Adjustments for:</i>			
Depreciation of property plant and equipment	13(a)	1,959,024	2,511,574
Depreciation of right of use asset	14(a)	70,277	-
Amortisation of intangible assets		51,969	84,283
Write-off of property, plant and equipment		-	91,645
Disposal of property, plant and equipment		15,202	-
Impairment of inventories		126,268	447,953
Impairment of trade and other receivables		327,456	-
Long service awards		32,938	22,324
Share-based payments		26,781	38,004
Finance income		(462,247)	(234,792)
Finance costs		1,366,041	1,286,774
		<u>3,196,230</u>	<u>3,877,352</u>
<i>Changes in working capital:</i>			
Inventories		5,621,384	(3,508,396)
Trade and other receivables	17(b)	12,450,305	332,087
Prepayments		42,638	(779,784)
Dividend payables		(78,697)	-
Trade and other payables		5,508,799	3,632,630
		<u>26,740,660</u>	<u>3,553,889</u>
Cash generated from operating activities			
Income tax paid		-	-
Value added tax paid		(965,786)	(855,108)
Gratuity paid		(40,546)	(46,616)
Long service awards paid		(19,753)	(30,239)
		<u>25,714,575</u>	<u>2,621,926</u>
Cash flows from investing activities			
Finance income received	9(a)	77,809	120,160
Proceeds from disposal of property, plant and equipment	13(c)	-	-
Acquisition of property, plant and equipment	13(b)	(1,756,722)	(1,689,783)
		<u>(1,678,914)</u>	<u>(1,569,623)</u>
Cash flows from financing activities			
Proceeds from loans and borrowings	21(b)	8,449,001	8,211,605
Repayment of loans and borrowings	21(b)	(18,009,070)	(3,172,411)
Repayment of lease liability		(24,025)	-
Finance costs paid	9(b)	(707,655)	(989,630)
Dividends paid		-	-
		<u>(10,291,749)</u>	<u>4,049,564</u>
Net (decrease)/increase in cash and cash equivalents		13,743,913	5,101,868
Effect of foreign exchange rate changes on cash and cash equivalents		51,330	-
Cash and cash equivalents at 1 July		4,961,712	(1,788,453)
Cash and cash equivalents at 30 September	18(b)	<u><u>18,756,955</u></u>	<u><u>3,313,415</u></u>

The notes on pages 7 to 15 are integral parts of these financial statements

Notes to the Financial Statements

For the period ended 30 September 2020

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1. Reporting entity

Guinness Nigeria Plc, ('the Company'), a public Company quoted on the Nigerian Stock Exchange, was incorporated in Nigeria on 29 April 1950, as a trading company importing Guinness Stout from Dublin. The Company has since transformed itself into a manufacturing operation and its principal activities continue to be brewing, packaging, marketing and selling of Guinness Foreign Extra Stout, Guinness Smooth, Malta Guinness, Guinness Gold, Harp Lager, Smirnoff Ice, Satzenbrau Lager, Dubic Malt, Snapp, Orijin Spirit Mixed Drink, Orijin Bitters, Smirnoff Ice Double Black with Guarana, Orijin Zero and Orijin Herbal Gin, Baileys Delight, Gordons Moringa among others.

The address of the Company's registered office is at 24 Oba Akran Avenue, Ikeja, Lagos.

2.a Basis of preparation

The interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The financial statements were authorised for issue by the Board of Directors on 20 October 2020.

2.b Going concern basis of accounting

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet the mandatory repayment terms of banking facilities, trade, lease and other liabilities.

2.c Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule), Guinness Nigeria Plc maintains a Dealing in Securities Code (the "Code") which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Code undergoes periodic reviews by the Board and is updated accordingly to comply with national and international best practice of corporate governance. The Company has made specific enquiries and given relevant notifications to all its Directors, Audit Committee members, employees and other insiders and is not aware of any infringement of the Code during the period under review.

3. Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira (₦) has been rounded to the nearest thousand unless otherwise stated.

4. Use of estimates and judgements

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

5. Changes in accounting policies and disclosures

There were no significant accounting policy change in the first quarter of the current financial year.

6. Significant accounting policies

The Company applied accounting policies consistent to those applied in the Company's financial statement as at year ended 30th June 2020.

7. Revenue**(a) Disaggregation of revenue from contract with customers**

	30-Sep-20	30-Sep-19
	₦'000	₦'000
Nigeria	29,651,007	26,206,323
Export	373,205	692,456
	<u>30,024,212</u>	<u>26,898,779</u>

(b) Liabilities relating to contracts with customers

	30-Sep-20	30-Jun-19
	₦'000	₦'000
Contract liabilities	938,370	447,774

8. Other income and marketing and distribution expenses**(a) Other income comprises:**

	30-Sep-20	30-Sep-19
	₦'000	₦'000
Operating lease income	94,204	58,429
Sale of by-products	98,993	60,902
Gain on disposal of property, plant and equipment	13,940	-
	<u>207,138</u>	<u>119,331</u>

(b) Marketing and distribution expenses

	30-Sep-20	30-Sep-19
	₦'000	₦'000
Marketing expenses	2,208,410	2,798,112
Distribution expenses	2,416,338	2,404,270
	<u>4,624,747</u>	<u>5,202,382</u>

9. Finance income and finance costs

(a) Finance income is as follows:

(i) Finance income per income statement

	30-Sep-20	30-Sep-19
	N'000	N'000
Total interest income arising from financial assets	77,809	69,220
Gain on re-measurement of foreign currency balances	384,438	165,572
	<u>462,247</u>	<u>234,792</u>

(ii) Finance income received in the statement of cash flows

	30-Sep-20	30-Sep-19
	N'000	N'000
Finance income per income statement	462,247	234,792
Unrealised exchange gain	(384,438)	(92,781)
Accrued finance income	-	(21,851)
	<u>77,809</u>	<u>120,160</u>

(b) Finance costs are as follows:

(i) Finance costs per income statement

	30-Sep-20	30-Sep-19
	N'000	N'000
Finance expense on loans and borrowings	546,921	385,542
Interest expense on lease liabilities	7,123	
Exchange difference on foreign currency loan	31,556	340,411
Interest expense on employee benefits	32,889	33,279
Loss on re-measurement of foreign currency balances	747,551	527,542
	<u>1,366,041</u>	<u>1,286,774</u>

(ii) Finance costs paid in the statement of cash flows

	30-Sep-20	30-Sep-19
	N'000	N'000
Finance costs per income statement	1,366,041	1,286,774
Interest expense on employee benefits	(32,889)	(33,279)
Unrealised foreign exchange loss	(2,040,806)	(263,865)
	<u>(707,655)</u>	<u>989,630</u>

10. Profit before taxation

(a) Profit before taxation is stated after charging:

	30-Sep-20	30-Sep-19
	N'000	N'000
Depreciation of property, plant and equipment (Note 13(a))	1,959,024	2,511,574
Depreciation of right-of-use asset	70,277	-
Disposal/Write-off of property plant and equipment (Note 13(c))	(15,202)	91,645
Amortisation of intangible assets (Note 14)	51,969	84,283
Personnel expenses (Note 11(a))	2,716,095	2,301,280
Gain on disposal of property, plant and equipment (Note 13 (c))	(13,940)	-
Rental expenses	98,017	48,930
Royalty and technical service fees	175,550	172,151
	<u>175,550</u>	<u>172,151</u>

11. Personnel expenses

(a) Personnel expenses including the provision for gratuity liabilities and other long term employee benefits comprise:

	30-Sep-20	30-Sep-19
	N'000	N'000
Salaries, wages and allowances	2,393,868	2,031,763
Contributions to defined contribution plans	256,578	209,189
Share-based payments expense	26,781	38,004
Other long term employee benefits	32,938	22,324
Termination cost/(credit) arising from restructuring	5,929	
Total personnel expenses	<u>2,716,095</u>	<u>2,301,280</u>

12. Taxation

(a) Amounts recognised in income statement

	30-Sep-20	30-Sep-19
	N'000	N'000
Current tax expense:		
Income tax	-	-
Tertiary education tax	-	-
	<u>-</u>	<u>-</u>

(d) Movement in current tax liabilities

	30-Sep-20	30-Jun-20
	N'000	N'000
Balance at 1 July	744,204	1,685,791
Payments during the year	-	(1,301,333)
Charge for the year	-	744,204
Charge on prior years' Tax Audits	524,167	
Withholding tax credit notes utilised	-	(384,458)
Balance at 30 September	<u>1,268,372</u>	<u>744,204</u>

13. Property, plant and equipment (PPE)

(a) The movement on PPE during the year was as follows:

	Leasehold land	Buildings	Plant and machinery	Furniture and equipment	Motor vehicles	Returnable packaging materials	Capital work-in-progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost								
At 1 July 2019	828,428	20,554,522	116,506,179	1,099,569	9,374,461	39,718,373	5,990,528	194,072,060
Reclassification of opening balances	-	1,247,061	(688,678)	(576,252)	(348,293)	(287,234)	494,057	(159,339)
Additions	-	18,897	3,339,648	-	293,076	2,650,954	4,089,405	10,391,980
Transfers	-	6,384	3,585,702	-	358,811	259,597.28	(4,210,494)	-
Write-offs	-	(1,158,212)	(21,471,443)	(21,421)	-	(7,758,795)	(485,329)	(30,895,200)
Disposal	-	-	(2,453,539)	(10,570)	(2,019,702)	(1,652,262)	-	(6,136,073)
At 30 June 2020	828,428	20,668,652	98,817,869	491,326	7,658,353	32,930,633	5,878,167	167,273,428
At 1 July 2020	828,428	20,668,652	98,817,869	491,326	7,658,353	32,930,633	5,878,167	167,273,428
Additions	-	(36)	42,631	-	-	-	878,204	920,799
Disposals/write-offs	-	-	(929,502)	(46,118)	(233,848)	-	-	(1,209,469)
Transfer	-	5,649	276,539	-	-	-	(282,188)	-
At 30 September 2020	828,428	20,674,265	98,207,537	445,207	7,424,504	32,930,633	6,474,184	166,984,758
Depreciation and impairment								
At 1 July 2019	144,120	3,906,397	53,693,573	1,022,325	6,485,730	28,018,851	-	93,270,997
Reclassification of opening balances	-	137,521	(324,144)	(503,575)	564,825	(33,966)	-	(159,340)
Charge for the year	-	368,879	5,373,428	2,250	987,868	3,610,764	-	10,343,190
Write-offs	-	(312,886)	(13,841,773)	(21,421)	-	(6,452,628)	-	(20,628,708)
Impairment loss	-	-	-	-	-	1,455,895	-	1,455,895
Disposals	-	-	(2,284,937)	(10,570)	(1,995,968)	(1,636,174)	-	(5,927,649)
At 30 June 2020	144,120	4,099,911	42,616,147	489,009	6,042,455	24,962,742	-	78,354,384
At 1 July 2020	144,120	4,099,911	42,616,147	489,009	6,042,455	24,962,742	-	78,354,384
Charge for the year	-	121,259	1,136,738	244	136,270	564,513	-	1,959,024
Disposals/write-offs	-	-	(917,094)	(46,096)	(231,077)	-	-	(1,194,267)
At 30 September 2020	144,120	4,221,170	42,835,791	443,156	5,947,648	25,527,255	-	79,119,141
Carrying amount								
At 30 June 2020	684,308	16,568,741	56,201,722	2,317	1,615,897	7,967,890	5,878,167	88,919,044
At 30 September 2020	684,308	16,453,094	55,371,746	2,051	1,476,856	7,403,378	6,474,184	87,865,618

(b) Cash paid on acquisition of property, plant and equipment in the statement of cash flows.

	30-Sep-20	30-Sep-19
	N'000	N'000
Additions during the year (Note 13(a))	920,799	2,660,054
Payments on prior year accruals for additions	596,885	446,999
Accruals on current year acquisitions	239,038	(1,417,270)
	<u>1,756,722</u>	<u>1,689,783</u>

(c) PPE disposed/written off in the statement of cash flows

	30-Sep-20	30-Sep-19
	N'000	N'000
Cost of PPE disposed and written off	1,209,469	2,033,608
Accumulated depreciation on PPE disposed/written off	(1,194,267)	(1,941,963)
Carrying amount of PPE disposed/written off	15,202	91,645
Proceeds from disposal of property, plant and equipment	-	-
	<u>15,202</u>	<u>91,645</u>
Analysed as:		
Carrying amount of property, plant and equipment written off	15,202	91,645
Gain on disposal of property, plant and equipment	-	-
	<u>15,202</u>	<u>91,645</u>

14. Intangible assets

The movement in intangible assets during the year was as follows:

	Distribution right	Concession right	Computer software	Total
	N'000	N'000	N'000	N'000
Cost				
Balance at 1 July 2019	995,250	485,611	2,306,756	3,787,617
Reclassification between cost and amortisation	-	-	25,392	25,392
Disposals	-	-	(7,839)	(7,839)
Balance at 30 June 2020	<u>995,250</u>	<u>485,611</u>	<u>2,324,309</u>	<u>3,805,170</u>
Balance at 1 July 2020	995,250	485,611	2,324,309	3,805,170
Write-offs	-	-	-	-
Balance at 30 September 2020	<u>995,250</u>	<u>485,611</u>	<u>2,324,309</u>	<u>3,805,170</u>
Amortisation				
Balance at 1 July 2019	696,675	252,499	2,197,384	3,146,558
Reclassification between cost and amortisation	-	-	25,392	25,392
Disposals	-	-	(7,839)	(7,839)
Charge for the year	199,050	50,331	82,566	331,947
Balance at 30 June 2020	<u>895,725</u>	<u>302,830</u>	<u>2,297,503</u>	<u>3,496,058</u>
Balance at 1 July 2020	895,725	302,830	2,297,503	3,496,058
Write-offs	-	-	-	-
Charge for the year	49,763	1,806	401	51,969
Balance at 30 September 2020	<u>945,488</u>	<u>304,636</u>	<u>2,297,904</u>	<u>3,548,027</u>
Carrying amount				
At 30 June 2020	<u>99,525</u>	<u>182,781</u>	<u>26,806</u>	<u>309,112</u>
At 30 September 2020	<u>49,763</u>	<u>180,975</u>	<u>26,405</u>	<u>257,143</u>

15 Prepayments

Prepayments comprise:

	30-Sep-20	30-Jun-20
	N'000	N'000
Prepaid rent	203,799	155,212
Other prepaid expenses	219,183	310,409
	<u>422,982</u>	<u>465,620</u>
Prepayments is analysed into:		
	N'000	N'000
Non-current	-	1,675
Current	422,982	463,945
	<u>422,982</u>	<u>465,620</u>

Other prepaid expenses relate to housing and education subsidies and leave allowance, car-cash allowance and payment made in advance for purchase of raw materials.

16. Inventories

(a) Inventories comprise:

	30-Sep-20	30-Jun-20
	N'000	N'000
Finished products	9,978,058	10,233,366
Products in process	1,252,708	1,440,815
Raw materials and packaging materials	7,033,140	8,880,468
Engineering spares	1,904,183	1,871,644
Inventories in transit	510,512	3,999,960
	<u>20,678,601</u>	<u>26,426,253</u>

17. Trade and other receivables

(a) Trade and other receivables comprise:

	30-Sep-20	30-Jun-20
	N'000	N'000
<i>Financial assets:</i>		
Trade receivables	4,847,663	2,506,424
Other receivables	6,493	72,843
Amounts due from related parties	376,658	14,585,212
Total financial assets	<u>5,230,813</u>	<u>17,164,479</u>
<i>Non-financial assets:</i>		
Other receivables- current	1,043,489	1,554,474
Total trade and other trade receivables	<u>6,274,302</u>	<u>18,718,953</u>

(b) Changes in trade and other receivables in the statement of cash flows

	30-Sep-20	30-Jun-20
	N'000	N'000
Change in current trade and other receivables	(12,444,651)	7,299,746
Unrealised exchange gain	(333,108)	26,200
Withholding tax credit notes applied on income tax settlement	-	(384,458)
Impairment loss on (non-financial) other receivables	227,012	(2,002,500)
Impairment loss on (financial) trade and other receivables	100,444	(2,087,874)
	<u>(12,450,304)</u>	<u>2,851,114</u>

18. Cash and cash equivalents

(a) Restricted cash

	30-Sep-20	30-Jun-20
	N'000	N'000
Restricted cash	<u>3,092,163</u>	<u>3,092,163</u>

(b) Cash and cash equivalents

	30-Sep-20	30-Jun-20
	N'000	N'000
Bank balances	18,855,064	5,242,290
Short-term deposits	28,978	28,934
Cash and cash equivalents	18,884,042	5,271,224
Bank overdrafts	(127,087)	(309,511)
Cash and cash equivalents in the statement of cash flows	<u>18,756,955</u>	<u>4,961,713</u>

19. Share capital and reserves(a) Authorised ordinary shares of 50k each
in thousands of shares

	30-Sep-20	30-Jun-20
At 30 September	<u>2,500,000</u>	<u>2,500,000</u>

(b) Issued and fully paid-up ordinary shares of 50k each
in thousands of shares

	30-Sep-20	30-Jun-20
At 30 September	<u>2,190,383</u>	<u>2,190,383</u>

(c) Share premium

Share premium represents the consideration received in excess of the nominal value of ordinary shares of the Company.

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

(d) Share-based payment reserve

The share-based payment reserve comprises the cumulative weighted average fair value of executive share option and executive share award plans granted by Diageo plc to Directors and employees of the Company which have not vested at year end.

20. Dividends

(a) Dividend payable

	30-Sep-20	30-Jun-20
	N'000	N'000
At 1 July	3,134,594	2,994,076
Declared dividend	-	3,329,382
Unclaimed dividend transferred to retained earnings	-	-
Received from registrar	104,535	190,518
Payments during the year:		
Paid by the registrar	(183,232)	(50,000)
Restricted cash	-	-
Cash and cash equivalents	-	(3,329,382)
At 30 September	<u>3,055,897</u>	<u>3,134,594</u>

21. Loans and borrowings

(a) Loans and borrowings comprise:

	30-Sep-20	30-Jun-20
	N'000	N'000
Related party loans	8,700,091	8,725,750
Commercial papers	4,578,872	4,771,882
Letters of credit	-	7,303,362
Short term loan	-	2,000,000
Total loans and borrowings	<u>13,278,963</u>	<u>22,800,994</u>

The total loans and borrowings is classified as follows:

	30-Sep-20	30-Jun-20
	N'000	N'000
<i>Non-current liabilities</i>		
Related party loans	-	-
Total non-current loans and borrowings	<u>-</u>	<u>-</u>
<i>Current liabilities</i>		
Related party loans	8,700,091	8,725,750
Letters of credit loans	-	7,303,362
Commercial papers	4,578,872	4,771,882
Short term loan	-	2,000,000
Total current loans and borrowings	<u>13,278,963</u>	<u>22,800,994</u>
Total loans and borrowings	<u>13,278,963</u>	<u>22,800,994</u>

(b) Movement in loans and borrowings

	30-Sep-20	30-Jun-20
	N'000	N'000
At 1 July	22,800,994	13,381,610
Proceeds from loans and borrowings obtained during the year	8,449,001	43,006,042
Finance cost:		
- Interest expense	546,921	2,978,674
Exchange difference on foreign currency loan	31,556	580,687
Interest paid	(540,439)	(2,533,915)
Loans repaid during the year	(18,009,070)	(34,612,104)
At 30 September	<u>13,278,963</u>	<u>22,800,994</u>

22. Leases**(a) Right-of-use assets**

Upon adoption of IFRS 16 Leases on 1 July 2019, the right-of-use assets were recognised and remeasured at an amount equal to the lease liabilities, with exception of leasehold land which has been recognised at an amount equal to the originally recognised prepaid operating lease rentals.

Movement in right-of-use assets:

	Land & Building N'000	Total N'000
Gross carrying value		
At 1 July 2019 - restated	956,179	956,179
Additions	268,014	268,014
At 30 June 2020	<u>1,224,193</u>	<u>1,224,193</u>
At 1 July 2020	1,224,193	1,224,193
Additions	-	-
Disposal/write off	(201,105)	(201,105)
At 30 September 2020	<u>1,023,087</u>	<u>1,023,087</u>
Accumulated depreciation		
At 1 July 2019	-	-
Depreciation charge	280,981	280,981
At 30 June 2020	<u>280,981</u>	<u>280,981</u>
At 1 July 2020	280,981	280,981
Depreciation charge	70,277	70,277
Disposal/write off	(201,105)	(201,105)
At 30 September 2020	<u>150,152</u>	<u>150,152</u>
Net book value at 30 June 2020	943,212	943,212
Net book value at 30 September 2020	<u>872,935</u>	<u>872,935</u>

The Company leases space for buildings. The leases of office space is mainly for more than 10 years with an option to renew.

(b) Lease liabilities

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the

Movement in lease liabilities:

	N'000
At 1 July 2019	-
IFRS 16 transitional adjustment (Note 6(a))	956,179
At 1 July 2019 - restated	<u>956,179</u>
Additions	268,014
Interest expense on leases	108,297
Repayment of lease liabilities:	
- Payment of the principal portion of the lease liabilities	(400,006)
- Interest paid on lease liabilities	(108,297)
At 30 June 2020	<u>824,187</u>
At 1 July 2020	824,187
Additions	-
Interest expense on leases	7,123
Repayment of lease liabilities:	
- Payment of the principal portion of the lease liabilities	(24,025)
- Interest paid on lease liabilities	(7,123)
At 30 September 2020	<u>800,162</u>
Presented as:	
Current lease liabilities	96,100
Non-current lease liabilities	704,063
At 30 September 2020	<u>800,162</u>

23. Trade and other payables

(a) Trade and other payables comprise:

	30-Sep-20	30-Jun-20
	N'000	N'000
Financial liabilities:		
Trade payables	20,995,759	14,959,541
Other payables and accrued expenses	5,692,163	4,685,077
Amount due to related parties	8,780,994	10,321,192
Total financial liabilities	<u>35,468,916</u>	<u>29,965,810</u>
Non-financial liabilities:		
Refund liabilities	12,662	67,392
Other payables and accrued expenses	2,199,790	1,911,265
Total non-financial liabilities	<u>2,212,452</u>	<u>1,978,657</u>
Total trade and other payables	<u><u>37,681,369</u></u>	<u><u>31,944,467</u></u>

24. Events after the reporting date

There are no significant subsequent events, which could have had a material effect on the financial statements of the Company as at 30 September 2020 that have not been adequately provided for or disclosed in the financial statements.