

CWG PLC

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

CWG PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

INDEX	PAGE
Corporate information	1
Directors' report	2
Corporate governance report	5
Statement of Directors' responsibilities in relation to the financial statements	7
Report of the Audit Committee	8
Independent auditor's report	9
Consolidated statement of financial position	14
Consolidated statement of profit or loss and other comprehensive income	15
Consolidated statement of cash flows	16
Consolidated statement of changes in equity	17
Notes to the financial statements	19
Other national disclosures:	
Consolidated statement of value added	76
Financial summary – Group	77
Financial summary – Company	78

CWG PLC

CORPORATE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS	Mr. Philip Obioha Mr. Austin Okere Mr. Abiodun Fawunmi Dr. Olusegun Oso Mr. Wale Agbeyangi Mr. Adewale Adeyipo	Chairman Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Managing Director/Chief Executive Officer
REGISTERED OFFICE	Block 54A, Plot 10, Adebayo Doherty Road, Off Admiralty Way Lekki Phase 1 Lagos Tel: 01-7406817, 01-8936502 www.cwg-plc.com	
EXTERNAL AUDITORS	PKF Professional Services PKF House, 205A Ikorodu Road Obanikoro, Lagos Lagos, Nigeria. Email: lagos@pkf-ng.com	
SOLICITORS	G. Elias & Co 6, Broad Street Lagos Island, Lagos	
INTERNAL AUDITORS	PwC Landmark Towers 5B, Water Corporation Road Victoria Island Lagos Nigeria E-mail: enquiry@ng.pwc.com	
KEY BANKERS	Globus Bank United Bank for Africa Plc First Bank of Nigeria Limited First City Monument Bank Plc	Stanbic IBTC Bank Plc Standard Chartered Bank Plc Guaranty Trust Bank Plc Zenith Bank Plc
REGISTRAR	Cordros Registrars Limited 21 Norman Williams Street, Ikoyi. PO Box 75590 Victoria Island Lagos Nigeria www.cordros.com	
COMPANY SECRETARY	DCSL Corporate Services Limited 235 Ikorodu Road Ilupeju P.O. Box 965 Marina Lagos	

CWG PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

The directors have pleasure in presenting their report on the affairs of CWG Plc (formerly Computer Warehouse Group Plc) (“the Company”) together with its subsidiaries (“the Group”), the audited Consolidated financial statements of the Group and the Company for the year ended 31 December 2021 and Other National Disclosures.

LEGAL FORM

CWG Plc (formerly Computer Warehouse Group Plc) was incorporated in Nigeria as a private limited liability company on 1 February 2005 and became a public limited liability company on 15 November 2013. The certificate of incorporation number of the Company is RC 615619.

PRINCIPAL ACTIVITIES

The Group and the Company are principally engaged in integrated information and communications technology services and solutions, IT consultancy, supply, installation, maintenance and support of hardware, software, and managed services.

STATE OF AFFAIRS

In the opinion of the Directors, the state of the Group and the Company’s affairs is satisfactory and there has been no material change since the reporting date, which would affect the Consolidated and Separate financial statements as presented.

RESULTS FOR THE YEAR

	The Group		The Company	
	2021	2020	2021	2020
	N’000	N’000	N’000	N’000
Revenue	<u>11,708,775</u>	<u>11,715,818</u>	<u>8,528,461</u>	<u>8,692,532</u>
Profit before taxation	616,426	547,262	420,892	329,944
Income tax expense	<u>(166,786)</u>	<u>(104,109)</u>	<u>(101,141)</u>	<u>(34,247)</u>
Profit after taxation	<u>449,640</u>	<u>443,153</u>	<u>319,751</u>	<u>295,697</u>

DIVIDEND

The directors have not recommended any dividend for the year ended 31 December 2021 (2020: Nil)

PROPERTY, PLANT AND EQUIPMENT

Information relating to movement in property, plant and equipment is shown in Note 16 to the Consolidated financial statements. In the opinion of the Directors, the market values of the Group and the Company’s property plant and equipment are not less than the value shown in these Consolidated financial statements.

DIRECTORS INTEREST IN CONTRACTS

None of the Directors has notified the Group and the Company for the purpose of Section 303 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2020 of any disclosable interest in contracts with which the Group and the Company is involved as at 31 December 2021 (2020: Nil).

DONATIONS

The group and the Company did not make any donation during the year ended 31 December 2021 (2020: Nil).

CWG PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS

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

Mr. Philip Obioha	Chairman
Mr. Austin Okere	Non-Executive Director
Mr. Abiodun Fawunmi	Non-Executive Director
Dr. Olusegun Oso	Non-Executive Director
Mr. Wale Agbeyangi	Non-Executive Director
Mr. Adewale Adeyipo	Managing Director/Chief Executive Officer

SHARE HOLDINGS AND SUBSTANTIAL INTEREST IN SHARES

	Number of Shares Holding	%	Nominal Value N
The issued and fully paid share capital of the Company as at 31 December 2021 was beneficially owned as follows:			
Mr. Austin Okere	590,129,287	23.37	295,064,644
Neoma Africa Fund LLC	517,576,289	20.5	258,788,145
Mr. Abiodun Fawunmi	456,077,754	18.06	228,038,877
Mr. Philip Obioha	456,077,754	18.06	228,038,877
Mr. Agbeyangi Babawale	100,000	0.01	50,000
Others	504,865,275	20	252,432,637
	<u>2,524,826,359</u>	<u>100</u>	<u>1,262,413,180</u>

The issued and fully paid share capital of the Company as at 31 December 2021 was beneficially owned as follows:

Mr. Austin Okere	590,129,287	23.37	295,064,644
Neoma Africa Fund LLC	517,576,289	20.5	258,788,145
Mr. Abiodun Fawunmi	456,077,754	18.06	228,038,877
Mr. Philip Obioha	456,077,754	18.06	228,038,877
Mr. Agbeyangi Babawale	100,000	0.01	50,000
Others	504,865,275	20	252,432,637
	<u>2,524,826,359</u>	<u>100</u>	<u>1,262,413,180</u>

DIRECTORS' INTERESTS

Directors' interests in the issued share capital of the Company are as disclosed above.

EMPLOYMENT AND EMPLOYEES

1. Employment of Physically Challenged Persons

It is the Group and the Company's policy that there is no discrimination in considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop their expertise and knowledge and to qualify for promotion in furtherance of their careers. The group and the Company has no physically challenged person in her employment as at 31 December 2021 (2020:Nil).

CWG PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Welfare

The company is registered with a Health Management Organisation (HMO) – (Hallmark HMO). Staff, Spouse and 4 children choose a primary health care provider, where cases of illness are referred for treatment.

3. Training

The group and the Company attaches great importance to training and all categories of staff attend courses or seminars as considered necessary by the Group and the Company's management.

Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include, bonuses, promotions and wage reviews.

FINANCIAL COMMITMENTS

The directors are of the opinion that all known liabilities and commitments have been taken into account. These liabilities are relevant in assessing the Group and the Company's state of affairs.

EVENTS AFTER REPORTING DATE

As stated in Note 33, there are no events or transactions that have occurred since the reporting date which would have a material effect on the Consolidated financial statements as presented.

FORMAT OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Consolidated and Separate financial statements of CWG Plc have been prepared in accordance with the reporting and presentation requirements of the Companies and Allied matters Act, CAP C20, Laws of the Federation of Nigeria, 2020 and are in compliance with the International Financial Reporting Standards issued by International Accounting Standards Board and the requirements of Financial Reporting Council of Nigeria Act No 6, 2011. The director considers that the format adopted is the most suitable for the Group and the Company.

AUDITORS

PKF Professional Services served as Auditors during the year under review and have indicated their willingness to continue in office as Auditors of the Company in accordance with Section 401(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2020. A resolution will be proposed at the Annual General Meeting authorizing the Directors to fix their remuneration.

**BY ORDER OF THE BOARD
DCSL Corporate Services Limited**

Anne Agbo
FRC/2013/NBA/00000000855
Lagos, Nigeria
Date: 25 March 2022

CWG PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

CWG Plc is committed to the highest standards of Corporate Governance to ensure proper oversight of the Group and the Company operations and to create long term sustainable value for all shareholders and stakeholders. In line with best practices, there is a separation of power between the Chairman and the Group CEO, as well as a unique blend of Executive and Non-Executive Directors. The individual and collective academic qualifications and wealth of diverse skills and experience of the Board ensure independent thought and exceptional decision making.

The board of directors in driving the strategic direction of the Group and the Company ensures continual building of strong and stable relationships with shareholders, stakeholders and the community at large.

The company is publicly quoted on the Nigerian Stock Exchange and affirms its commitment to increasing shareholder value through open and transparent Corporate Governance Practices.

THE BOARD

The board is committed to best practices of Corporate Governance in carrying out its responsibility of determining the strategic objectives and policies of the Group and the Company. The Board is accountable to the shareholders and is responsible for creating and delivering sustainable value through proper management of the Group and the Company's affairs. The Board also provides oversight on senior management of the Group and the Company.

COMPOSITION OF THE BOARD

As at the date of this Report, the Board comprises of the Chairman, One (1) Executive Director and Four (4) Non-Executive Directors.

The board carries out its oversight functions using its various Board Committees. This ensures efficiency and allows for deeper attention to targeted matters for the Board. The Committees are set up in line with best practices and have well defined terms of reference defining their scope and responsibilities. The committees meet quarterly and additional meeting are convened as required.

BOARD COMMITTEES:

The Board Committees were reconstituted as follows - Finance and General-Purpose Committee, Risk Management and Audit Committee, Remuneration & Nominations Committee. The board carries out its oversight functions through the committees

FINANCE AND GENERAL PURPOSE COMMITTEE

The committee comprises five (5) members and is responsible for the review of the Company's accounting policies, quarterly Management Accounts, Audited Financial Statements, yearly budgets, banking facilities, etc.

MEMBERSHIP OF THE COMMITTEE:

Dr. Olusegun Oso - Chairman
Mr. Austin Okere
Mr. Abiodun Fawunmi
Mr. Wale Agbeyangi
Mr. Adewale Adeyipo

CWG PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

RISK MANAGEMENT & AUDIT COMMITTEE:

The Committee is made up of five (5) members. The Committee is responsible for the review and recommendation of the risk management policies and framework for the approval of the Board. The Committee assists the Board in its oversight of risk management and reviews the effectiveness of the Company's system of accounting and internal control. The Committee also oversees compliance related matters.

MEMBERSHIP OF THE COMMITTEE:

Mr. Abiodun Fawunmi- Chairman

Mr. Austin Okere

Dr. Olusegun Oso

Mr. Wale Agbeyangi

Mr. Adewale Adeyipo

REMUNERATION AND NOMINATIONS COMMITTEE:

The Committee is made up of four (4) members. The Committee is responsible for Board nomination and remuneration, succession planning, setting Key Performance Indicators and assessment of performance for the Executive Directors. It also oversees matters on Human Resources, the recruitment, assessment of the performance of Senior Management employees and all other issues relating to the Company and staff welfare. The Committee is also responsible for providing a formal, clear and transparent framework for the Company's remuneration policies and procedures.

MEMBERSHIP OF THE COMMITTEE:

Mr. Wale Agbeyangi - Chairman

Mr. Abiodun Fawunmi

Mr. Austin Okere

Dr. Olusegun Oso

STATUTORY AUDIT COMMITTEE:

The statutory Audit Committee in line with Section 404 (4) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2020 is mandated to examine the Auditor's report and make recommendations thereon to the General Meeting. The committee consists of six (6) members.

MEMBERSHIP OF THE STATUTORY AUDIT COMMITTEE:

Mr Akinsola Akinyemi – Chairman

Alhaji Wahab Ajani

Mr. Robert Ibekwe

Dr. Olusegun Oso

Mr. Abiodun Fawunmi

TRADING POLICY

The company has complied with the provisions of Section 14 of the Amended Listing Rules of the Nigerian Stock Exchange by adopting a code of conduct regarding securities transactions by its Directors and all Staff. All Directors and all Staff have complied with Listing rules and the Issuer's code of conduct regarding securities transactions.

CWG PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021


The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2020, requires the Directors to prepare consolidated financial statements for each financial year that give a true and fair view of the state of financial affairs of the group at the end of the year and of its profit or loss and other comprehensive income. The responsibilities include ensuring that the group:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the group and comply with the requirements of the companies and allied matters act, CAP C20, Laws of the Federation of Nigeria, 2020;
- b) establishes adequate internal controls to safeguard its asset and to prevent and detect fraud and other irregularities; and
- c) prepares its consolidated financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the annual consolidated financial statement, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; in compliance with Financial Reporting Council of Nigeria Act No. 6, 2011 and in the manner required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2020.

The Directors are of the opinion that the consolidated financial statements give a true and fair view of the state of the financial affairs of the Group and of its profit for the year ended **31 December 2021**. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of consolidated financial statements, as well as adequate systems of internal financial control.

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



Mr. Adewale Adeyipo (MD/CEO)
FRC/2019/IODN/00000019283

Date: 25 March 2022



Mr. Philip Obioha (Chairman)
FRC/2013/IODN/00000003269

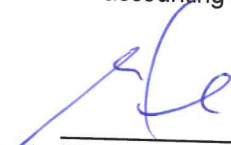
Date: 25 March 2022

CWG PLC

REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2021

In accordance with the provisions of Section 404 (4) of the Companies and Allied Matters Act, CAP C20, LFN 2020, the members of the Audit Committee of CWG Plc ("the Company") hereby report

- i. We have exercised our statutory functions under Section 404 (4) of the Companies and Allied Matters Act, CAP C20, LFN 2020 and acknowledge the cooperation of management and staff in the conduct of these responsibilities.
- ii. We are of the opinion that the accounting and reporting policies of the Group and the Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2021 were satisfactory and reinforce the Group and the Company's internal control systems.
- iii. We have deliberated with the External Auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Group and the Company's system of accounting and internal control.



Mr. Akinsola Akinyemi
Chairman, Audit Committee
FRC/2016/ICAN/00000015869

Date: 25 March 2022

MEMBERS OF THE COMMITTEE

Alhaji Wahab Ajani
Mr. Robert Ibekwe
Dr. Olusegun Oso
Mr. Abiodun Fawunmi

Independent Auditor's Report

To the Members of CWG Plc

Opinion

We have audited the consolidated financial statements of **CWG Plc ("the Company")** and its subsidiaries ("**the Group**"), which comprise the consolidated statement of financial position at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and with the requirements of the Companies and Allied Matters Act, 2020.

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 Financial Statements section of our report.

We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of financial statements in Nigeria.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 the matters described below to be key audit matters to be communicated in our report. The key audit matters below relate to the audit of the consolidated financial statements.

Impairment of financial asset	How the matters were addressed in the audit																		
<p>1. Impairment of trade and other receivables</p> <p>Significant judgement is required by the Directors in assessing the impairment of financial assets in compliance with IFRS 9, which requires a loss allowance for Expected Credit Loss (ECL) to be measured at the reporting date for those financial assets subject to impairment accounting. With the concept of a significant increase in credit risk arising as a result of the COVID-19 pandemic in determining expected credit losses, this assessment must consider all reasonable and supportable historic and forward-looking information.</p> <p>The Group's credit exposures and respective impairment, where applicable, as at 31 December 2021 were as follows:</p> <table border="1"> <thead> <tr> <th style="text-align: left;">Exposures assessed for expected credit loss under IFRS 9</th> <th style="text-align: right;">Gross Balance</th> <th style="text-align: right;">Impairment</th> </tr> <tr> <td></td> <th style="text-align: right;">N'000</th> <th style="text-align: right;">N'000</th> </tr> </thead> <tbody> <tr> <td>Cash and Cash Equivalent</td> <td style="text-align: right;">916,817</td> <td></td> </tr> <tr> <td>Investment in Subsidiaries</td> <td style="text-align: right;">-</td> <td></td> </tr> <tr> <td>Financial assets measured</td> <td style="text-align: right;">18,364</td> <td></td> </tr> <tr> <td>Trade & Other Receivables</td> <td style="text-align: right;">6,129,033</td> <td style="text-align: right;">(24,551)</td> </tr> </tbody> </table> <p>Accordingly, for the purposes of our audit, we identified the impairment of financial assets as representing a significant risk of material misstatement and a key audit matter.</p> <p>The assumptions with the most significant impact on the Expected Credit Loss (ECL) were:</p> <ol style="list-style-type: none"> The reasonableness of assumption information (e.g. probability of default information) used in the expected credit loss calculation and how this is supported to ascertain the completeness and accuracy of the records of the information used; 	Exposures assessed for expected credit loss under IFRS 9	Gross Balance	Impairment		N'000	N'000	Cash and Cash Equivalent	916,817		Investment in Subsidiaries	-		Financial assets measured	18,364		Trade & Other Receivables	6,129,033	(24,551)	<p>In evaluating the impairment of financial assets, we reviewed and tested the data used in the ECL calculations prepared by the Directors, with a particular focus on the probability of default (PD), loss given default (LGD) and discount rate. We performed various procedures, including the following:</p> <ul style="list-style-type: none"> Testing the key controls relating to the preparation of the impairment model including the competence and authority of person(s) performing the control, frequency, and consistency with which the control is performed; Critically evaluated whether the impairment model used to measure the amount of the ECL for specific accounts and portfolio impairments complies with the requirements of IFRS 9; Testing of assumptions, inputs and formulas into the ECL model against historical performance and in comparison to forward looking information using the projected GDP growth rate and the Directors' strategic plans for the Group; Validating that the discount rates used in discounting the estimated future cash flows meet the effective interest rates requirement of IFRS 9; Evaluating the Directors staging of loans and advances, and securities in the ECL model and test facilities to ensure they have been included in the right stage; Robustly reviewing the modelling of the EAD. This is particularly important for 'stage 2' loans, where the point of default may be several years in the future;
Exposures assessed for expected credit loss under IFRS 9	Gross Balance	Impairment																	
	N'000	N'000																	
Cash and Cash Equivalent	916,817																		
Investment in Subsidiaries	-																		
Financial assets measured	18,364																		
Trade & Other Receivables	6,129,033	(24,551)																	

Impairment of financial asset	How the matters were addressed in the audit
<p>2. Segmentation of portfolios used to develop risk parameters;</p> <p>3. Determination of modification gains or losses including assumptions applied;</p> <p>4. Analysis of external ratings, internal benchmarking or grouping risks together when the Group relies on such. The Group might be unable to support the suitability of any groupings to justify such approach as this may mask underlying credit losses or increases in credit risks, if the segments are not sufficiently homogeneous;</p> <p>5. A lack of forward-looking information in the model to address non-linear relationship between the different forward-looking scenarios and their associated credit losses;</p> <p>6. Past due (PD) ratings as management might be unable to obtain relevant data for internal ranking purpose; and</p> <p>7. The Group might use the outstanding balance as the Exposure at Default (EAD) without considering the COVID-19 impact.</p>	<ul style="list-style-type: none"> • Involving a specialist to assist with the testing of the discount rate, probability of default (PD), and the loss given default (LGD). The specialist's procedures included evaluating the appropriateness of the key assumptions in the ECL model and reasonableness of the Credit Conversion Factors (CCFs) used; • Re-computation of the ECL provision for each stage to determine their reasonableness, considering the portfolio, risk profile, credit risk management practices and the macroeconomic environment; • Performing sensitivity analysis on the macroeconomic factors used in determining the probability of default. • Reviewing and challenging management assumptions on how COVID 19 has influenced the key components of the ECL, thus, the LGD and the PD; and • Verifying the source of the credit ratings used and check the appropriateness of the ratings in accordance with IFRS 9. <p>We considered the impairment on the financial assets to be appropriate.</p>

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report; Audit Committee's Report, Corporate Governance Report and Company Secretary's report which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information that we obtained, 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 Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and the requirements of the Companies and Allied Matters Act, 2020, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 financial statements

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

- Identify and assess the risks of material misstatement of the consolidated 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 director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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

In accordance with the requirement of the fifth schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- i) We have obtained all the information and explanations which to the best of our knowledge were necessary and useful for the purpose of our audit;
- ii) Proper books of account have been kept by the Group and the Company in so far appears from our examination of those books;
- iii) The Group and 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.

Olatunji Ogundeyin, FCA
FRC/2013/ICAN/0000002224
For: PKF Professional Services
Chartered Accountants
Lagos, Nigeria

Date: 25 March 2022

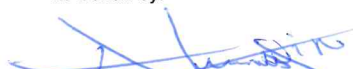


CWG PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
Non-current assets					
Property, Plant & Equipment	16	451,899	447,028	445,661	440,377
Right of use asset	26.2	89,253	72,627	68,992	66,956
Intangible Asset	17	82,635	156,073	82,635	156,073
Investment in Subsidiaries	18	-	-	273,284	273,284
Deferred tax assets	14.5.1	4,234	623	-	-
Financial assets measured at FVOCI	19	18,364	11,365	18,364	11,365
Total non-current assets		646,385	687,716	888,936	948,055
Current assets					
Inventories	20	584,242	585,514	511,737	585,515
Trade and other receivables	21	6,104,482	5,299,040	5,255,722	4,649,282
Income tax receivables	14.3.1	-	17,163	-	-
Prepayments	22	164,704	630,365	134,259	613,605
Cash and cash equivalents	23	916,817	832,557	779,177	497,002
Total current assets		7,770,245	7,364,639	6,680,895	6,345,404
Total assets		8,416,630	8,052,355	7,569,831	7,293,459
Equity and reserves					
Issued share capital	24.1	1,262,413	1,262,413	1,262,413	1,262,413
Share premium	24.2	-	1,852,748	-	1,852,748
Accumulated losses	24.3	(153,194)	(2,455,582)	(326,014)	(2,498,513)
Fair value reserve of financial assets at FVOCI	24.4	10,972	3,974	10,972	3,974
Foreign currency translation reserve	24.5	(62,504)	(103,345)	-	-
Total equity and reserves		1,057,687	560,208	947,371	620,622
Non-current liabilities					
Deferred tax liabilities	14.3	-	2,098	-	-
Lease liability	27	20,110	20,110	20,110	20,110
Total non-current liabilities		20,110	22,208	20,110	20,110
Current liabilities					
Trade and other payables	25	6,767,329	6,762,143	6,147,775	6,074,676
Lease liability	26	54,371	32,972	25,083	27,626
Interest bearing loans and borrowings	27	151,370	264,794	85,747	146,426
Income tax payable	14.4	179,372	130,851	175,699	124,821
Contract liability	28	186,391	279,179	168,046	279,178
Total current liabilities		7,338,833	7,469,939	6,602,350	6,652,727
Total Liabilities		7,358,943	7,492,147	6,622,460	6,672,837
Total equity and liabilities		8,416,630	8,052,355	7,569,831	7,293,459

The consolidated financial statements were approved by the Board of Directors on 25 March 2021 and signed on its behalf by:


Mr. Adewale Adeyipo (MD/CEO)
FRC/2019/IODN/00000019283


Mr. Philip Obioha (Chairman)
FRC/2013/IODN/00000003269


Mr. Afolabi Sobande (CFO)
FRC/2020/001/00000021960

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

CWG PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
Revenue	7	11,708,775	11,715,818	8,528,461	8,692,532
Cost of sales	8	<u>(8,795,196)</u>	<u>(9,080,002)</u>	<u>(6,260,213)</u>	<u>(6,638,481)</u>
Gross Profit		2,913,579	2,635,816	2,268,248	2,054,051
Other income	9	143,874	132,550	103,093	37,853
Administrative expenses	10	<u>(2,215,018)</u>	<u>(2,099,710)</u>	<u>(1,732,862)</u>	<u>(1,652,834)</u>
Exchange loss	11	<u>(186,865)</u>	<u>(24,615)</u>	<u>(189,024)</u>	<u>(32,340)</u>
Finance costs	12	<u>(48,542)</u>	<u>(97,283)</u>	<u>(37,961)</u>	<u>(77,290)</u>
Finance income	13	<u>9,398</u>	504	<u>9,398</u>	504
Profit before tax		616,426	547,262	420,892	329,944
Income tax expenses	14	<u>(166,786)</u>	<u>(104,109)</u>	<u>(101,141)</u>	<u>(34,247)</u>
Profit for the year		449,640	443,153	319,751	295,697
Other comprehensive income					
Net loss on financial assets-FVOCI		6,998	(2,188)	6,998	(2,188)
Translation of foreign entities	24.5	<u>40,841</u>	<u>(72,678)</u>	-	-
Other comprehensive income for the year - net of tax		47,839	(74,866)	6,998	(2,188)
Total comprehensive income for the year - net of tax		<u>497,479</u>	<u>368,287</u>	<u>326,749</u>	<u>293,509</u>
EPS		0.18	0.18	0.13	0.12

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

CWG PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
Cash flows from operating activities					
Profit for the year		449,640	443,153	319,751	295,697
Adjustment for:					
Depreciation of property, plant and equipment	16	85,672	120,051	123,724	109,630
Depreciation of right-of-use assets	26.2	60,412	71,599	50,306	62,656
Amortisation of intangible assets	17	76,099	85,428	76,105	85,428
Impairment of right-of-use assets	26.2	-	-	-	-
Impairment/(write back) on receivables	21.3	(67,296)	2,624	(67,296)	2,624
Write back of expected credit losses – receivables & related party	9	-	(717)	-	(717)
Write back of expected credit losses – contract assets	9	(3,583)	5,467	(3,583)	5,467
Income tax expense	14.1	166,786	104,109	101,141	34,247
Finance income	13	(9,398)	(504)	(9,398)	(504)
Finance cost	12	48,542	97,283	37,961	77,290
Derecognition of Property Plant and Equipment		45,744	-	45,744	-
Transfer to inventory	16	-	3,517	-	3,517
WHT credit note utilised	14.4	(21,731)	-	(21,731)	-
Net foreign exchange differences		101,392	(31,963)	-	-
Profit on disposal of PPE	9	(5,358)	(10,947)	(5,358)	(10,947)
		926,921	889,100	647,366	664,388
Changes in:					
Deferred tax assets		(5,709)	(1,300)	-	-
Trade and other receivables	21	(734,563)	244,281	(535,561)	(14,997)
Prepayments	22	465,661	17,451	479,346	(94,777)
Restricted Cash	23.1	0	282,229	0	282,229
Inventories	20	1,272	188,431	73,778	188,431
Trade and other payables	25	5,186	(426,215)	73,099	(351,132)
Contract liabilities	28	(92,788)	(67,693)	(111,132)	53,764
Cash generated from operating activities		565,980	1,126,284	626,896	727,906
Income tax paid	14.4	(96,534)	(72,595)	(28,532)	(5,000)
Net cash from operating activities		469,446	1,053,689	598,364	722,906
Cash flows from investing activities:					
Purchase of property, plant and equipment	16	(137,281)	(68,973)	(174,752)	(65,420)
Purchase of right-of-use assets	26.2	(75,501)	(30,211)	(52,343)	(30,211)
Acquisition of intangible assets	17	(2,667)	-	(2,667)	-
Proceeds from sale of property, plant and equipment	16	5,358	22,282	5,358	22,282
Interest received	13	9,398	504	9,398	504
Net cash used in investing activities		(200,693)	(76,398)	(215,006)	(72,845)
Cash flows from financing activities:					
Additional loan	27.2	252,276	1,607,590	188,000	1,538,400
Repayment of loan principal	27	(378,116)	(1,748,728)	(241,111)	(1,636,542)
Additional lease liabilities		22,803	-	22,803	-
Lease obligation repayment	26.1	(25,346)	(50,434)	(25,346)	(41,808)
Interest paid	24	(48,542)	(97,283)	(37,961)	(77,290)
Net cash used in financing activities		(176,925)	(288,855)	(93,615)	(217,240)
Net increase in cash and cash equivalents		91,828	688,436	289,743	432,821
Net foreign exchange difference		-	-	-	-
Cash and cash equivalents at 1 January		824,989	136,553	489,434	56,613
Cash and cash equivalents at 31 December	23	916,817	824,989	779,177	489,434

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

CWG PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

Attributable to equity holders- the Group

	Issued share capital N'000	Share premium N'000	Accumu- lated losses N'000	Fair value reserve of financial assets at N'000	Foreign currency translation N'000	Total N'000
At 1 January 2020	<u>1,262,413</u>	<u>1,852,748</u>	<u>(2,898,736)</u>	<u>6,162</u>	<u>(30,667)</u>	<u>191,920</u>
Changes in equity for 2020:						
Profit for the year	-	-	443,153	(2,188)	(72,678)	368,287
Other comprehensive income for the year	-	-	-	-	-	-
At 31 December 2020	<u>1,262,413</u>	<u>1,852,748</u>	<u>(2,455,583)</u>	<u>3,974</u>	<u>(103,345)</u>	<u>560,207</u>
At 1 January 2021	<u>1,262,413</u>	<u>1,852,748</u>	<u>(2,455,583)</u>	<u>3,974</u>	<u>(103,345)</u>	<u>560,207</u>
Changes in equity for 2021:						
Profit for the year	-	-	449,640	6,998	40,841	497,479
Utilized	-	(1,852,748)	1,852,748	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-
31 December 2021	<u>1,262,413</u>	<u>-</u>	<u>(153,195)</u>	<u>10,972</u>	<u>(62,504)</u>	<u>1,057,686</u>

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

CWG PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

Attributable to equity holders- the Company

	Issued share capital N'000	Share premium N'000	Retained earnings N'000	Fair value reserve of financial assets at FVOCI N'000	Total N'000
1 January 2020	<u>1,262,413</u>	<u>1,852,748</u>	<u>(2,794,210)</u>	<u>6,162</u>	<u>327,113</u>
Changes in equity for 2020:					
Profit for the year	-	-	295,697	-	295,697
Other comprehensive income for the year; net of tax	-	-	-	(2,188)	(2,188)
31 December 2020	<u>1,262,413</u>	<u>1,852,748</u>	<u>(2,498,513)</u>	<u>3,974</u>	<u>620,622</u>
1 January 2021	<u>1,262,413</u>	<u>1,852,748</u>	<u>(2,498,513)</u>	<u>3,974</u>	<u>620,622</u>
Changes in equity for 2021:					
Profit for the year	-	-	319,751	-	319,751
Utilized	-	(1,852,748)	1,852,748	-	-
Other comprehensive income for the year; net of tax	-	-	-	6,998	6,998
31 December 2021	<u>1,262,413</u>	<u>-</u>	<u>(326,014)</u>	<u>10,972</u>	<u>947,371</u>

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

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

1.1 The Group

These consolidated financial statements comprise the financial statements of CWG Plc (referred to as "the company" and its subsidiaries (together referred to as "the group"). CWG Plc (the Company) is a limited liability company incorporated and domiciled in Nigeria and became public by listing on 15 November 2013. The registered office is located at Block 54A, Plot 10, Adebayo Doherty Road, off Admiralty Road, Lekki Phase 1, Lagos State in Nigeria.

1.2 Principal activities

The group and the Company is principally engaged in the supply, installation, integration, maintenance and support of computer equipment, e-payment hardware and ancillary equipment.

2. Basis of preparation

2.1 Statement of compliance with IFRSs

These consolidated financial statements are the financial statements of the company and its subsidiaries (together, "the group"). The consolidated financial statements for the year ended **31 December 2021** have been prepared in line with IFRS 10 on Consolidated Financial Statements in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011.

Additional information required by local regulators are included where appropriate.

The consolidated financial statements comprise of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated the statement of changes in equity, consolidated the statement of cashflows and notes to the financial statements.

2.1.2 Basis of measurement

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates, it also requires management to exercise its judgment in the process of applying the company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed. Management believes that the underlying assumptions are appropriate and therefore the company's financial statements present the financial position and results fairly.

2.1.3 Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates, it also requires management to exercise its judgment in the process of applying the group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the year the assumptions changed. Management believes that the underlying assumptions are appropriate and therefore the group's consolidated financial statements present the financial position and results fairly.

2.2 Going concern consideration

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore the financial statements are prepared on the going concern basis.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2.3 Summary of significant accounting policies

The following are the significant accounting policies applied by the Group and the Company in preparing its consolidated and separate financial statements.

2.3.1 Foreign currencies

The group's consolidated financial statements are presented in Naira, which is also the parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The group uses the direct method of consolidation and on disposal of a foreign operation; the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

ii) Foreign Operations

On consolidation, the assets and liabilities of foreign operations are translated into Naira at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates ruling at the dates of translation or at average rate for the period as an approximation of the exchange rates at the date of transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity, are reclassified from equity to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation. Thus, they shall be expressed in the functional currency of the foreign operation and shall be translated at the closing rate in accordance with the provisions of IAS 21.39.

2.3.2 Revenue from contracts with customers (IFRS 15)

The group and the Company is principally engaged in the supply, installation, integration, maintenance and support of hardware, software, consultancy, communications and managed services. The major streams of revenue for the Group and the Company are highlighted below:

- a) IT Infrastructure Services
- b) Communications and Integrated Services
- c) Managed and Support Services
- d) Software

2.3.2a IT Infrastructure Services

Revenue from IT Infrastructure Services is subdivided into Sale of equipment and IT Infrastructure Support Services.

Revenue from sale of equipment is recognised at a point in time when control is transferred to the customer. The normal credit term is 30 to 90 days upon delivery.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The group and the Company consider whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, etc.).

In determining the transaction price, the Group and the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Revenue from support services is recognised over time as control is transferred to the customer, because the customer simultaneously receives and consumes the benefits provided by the Group and the Company. The normal credit term is 30 to 90 days upon delivery.

2.3.2b Communication and Integrated Services

The group and the Company provides connectivity services to customers. The group and the Company assesses connectivity services as a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The group and the Company recognises revenue from connectivity services over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group and the Company. The group and the Company determines that it is an agent in these agreements.

2.3.2c Managed Support Services

The group and the Company provides support services such as Software support, Hardware Support, Performance Monitoring, On-site Technical Support and Maintenance Services. The services represent a series of distinct services that are substantially the same and have the same pattern of transfer to the customer.

The group and the Company recognises revenue from managed support services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group and the Company.

2.3.2d Software

The group and the Company provides support services to customers. The group and the Company recognises revenue from software support services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group and the Company.

The group and the Company is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group and the Company's role is only to arrange for another entity to provide the goods or services, then the Group and the Company is an agent and will need to record revenue at the net amount that it retains for its agency services. The group and the Company determines that it is an agent in these agreements.

Identifying performance obligations

At contract inception, the Group and the Company assess the goods or services promised to a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

In arriving at the performance obligations, the Group and the Company assessed the services as capable of being distinct and as distinct within the context of the contract after considering the following:

1. If the customer can benefit from the individual good or service on its own.
2. If the customer can use the good or service with other readily available resources

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. If multiple promised goods or services work together to deliver a combined output(s)
4. Whether the good or service is integrated with, highly interdependent on, highly interrelated with, or significantly modifying or customising, other promised goods or services in the contract

Variable consideration

If the consideration in a contract includes a variable amount, the Group and the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for services contain penalties which may give rise to a reduction in the amount receivable from the customer, hence, variable consideration.

Significant financing component

Generally, the Group and the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group and the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group and the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group and the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group and the Company performs under the contract.

2.3.4 Taxes

Current income tax

Current income tax and education tax for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the entities operate and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income, respectively and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The group and the Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority or either the same taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2.3.5. Property, plant and equipment

Property, plant and equipment (PPE) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group and the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit and loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the components of each item of Property, plant and equipment as follows:

PPE Class	%
Buildings	2
Furniture and fittings	25
Office equipment	33 ¹ / ₃
Communication equipment	25
Motor vehicles	25
Building improvement	25
Plant & machinery	25
Loose tools	25
Service option equipment	33 ¹ / ₃
Land	Not depreciated
ATM	25

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

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

2.3.6 Leases

Policy subsequent to 1 January 2019

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

The group and the Company as a lessee

The group and the Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group and the Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The group and the Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Assets	Lease period
Guest houses	2 years
Office buildings	2-3 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.3.10 for Impairment of non-financial assets.

ii) Lease liabilities

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

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

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

Refer to Note 27 for more details on the Group and the Company's lease liabilities.

iii) Short-term leases and leases of low-value assets

The group and the Company applies the short-term lease recognition exemption to its short-term leases of warehouses and guesthouses (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The group and the Company does not have any leased assets categorised as low-value assets (i.e. of a value of N2 million). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Leases

The group/ the Company as a lessee

Finance leases that transfer to the Group and the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2.3.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The software is amortised using a straight-line method over a period of 3 – 5 years.

As at 31 December 2021, the Group and the Company did not have any indefinite intangible assets. Intangible assets with finite useful lives are reviewed at the end of the reporting period.

Licences

Licences represent the cost of an operating licence obtained from the Nigerian Communication Commission (NCC) for a period of 10 years. Upon expiration of the license terms, the Group and the Company may renew the licence with NCC. Licence fees are amortised over a period of 10 years.

2.3.8 Financial instruments (IFRS 9)

Financial instruments (Recognition and measurement)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group and the Company's business model for managing them. Apart from trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The group and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commits to purchase or sell the asset.

ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The group and the Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The group and the Company's financial assets at amortised cost includes trade receivables, cash and short-term deposits, intercompany receivable and equity instruments.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to irrevocably classify its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The group and the Company elected to irrevocably classify its listed equity investments under this category.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group and the Company's Consolidated and Separate statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The group and the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment of financial assets

The group and the Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group and the Company applies a simplified approach in calculating ECLs. Therefore, the Group and the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment using the loss rate model.

The group and the Company considers a financial asset in default when contractual payments are over 30 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group and the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flow:

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities measured at amortised cost, net of directly attributable transaction costs.

The group and the Company's financial liabilities include loans and borrowings, trade and other payables, and intercompany payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities measured at amortised cost

This is the category most relevant to the Group and the Company. After initial recognition, financial liabilities measured at amortised cost are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated and separate statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.3.9 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: Purchase cost on a first in, first out basis.
- Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.3.10 Impairment of non-financial assets

The group and the Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other available fair value indicators.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The group and the Company base its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group and the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

The following criteria are also applied in assessing impairment of specific assets:

2.3.11. Cash and cash equivalents

Cash and short-term deposits in the Consolidated and Separate statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less from the date of acquisition. For the purpose of the cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.3.12 Dividend Distributions

The group and the Company recognises dividends when the distribution is authorised and is no longer at the discretion of the Group and the Company.

2.3.13 Provisions

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

2.3.14. Employee Benefits

Employee benefits are all forms of benefits given in exchange for services rendered by employees. These are classified as:

- a) Short-term employee benefits - benefits due to be settled within 12 months after the end of the period in which the employees rendered the related services;
- b) Post-employment benefits are benefits payable after the completion of employment. Such plans (or funds) may be either defined contribution funds or defined benefit funds.
- c) Termination benefits are employee benefits payable as a result of either the Group and the Company's decision to terminate an employee's employment before normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Short-term benefits

The cost of all short-term employee benefits, such as salaries, profit sharing arrangements, employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognised during the period in which the employee renders the related service. The group and the Company recognises the expected cost of bonuses only when the Group and the Company has a present legal or constructive obligation to make such payment and a reliable estimate can be made. During the year, the Group and the Company contributed to employee benefits in the following categories: - remuneration in the form of salaries, wages and bonuses.

Post-employment Retirement Benefit Funds

In line with statutory pension/retirements laws, the Group and the Company and its employees contribute to statutory retirement benefits plans for the benefits of its qualifying staff. The Funds which are defined contribution plans are independently administered with no obligations on the Group and the Company other than the defined contribution as a percentage of employees' qualifying remunerations. Both employees' and the Group and the Company's share of the contributions are charged as staff cost in the administrative expenses in the statement of profit or loss when the employee renders the service.

Termination benefits

The group and the Company recognises termination benefits as a liability and an expense when it is demonstrably committed to either:

- a) terminate the employment of an employee or group of employees before the normal retirement date; or
- b) provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Termination benefits are recognised as expense in the period they arise. The group and the Company had no termination benefit commitments during the year.

2.3.15 Segment reporting

The group and the Company identifies segments as components of the Group and the Company that engage in business activities from which revenues are earned and expenses incurred. The segments' operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to each segment and assess its performance, and for which discrete financial information is available. The identification of operating segments is on the basis of internal reports that are regularly reviewed by the entity's Chief Operating Decision Maker in order to allocate resources to the segment and assess its performance. The group and the Company has identified the Managing Director/ Chief Executive Officer as the Chief Operating Decision Maker.

Measurement of segment information

The amount reported for each operating segment is based on the measure reported to the Chief Operating Decision Maker for the purposes of allocating resources to the segment and assessing its performance.

2.3.16 Fair value measurement

The group and the Company has financial instruments measured at fair value at each reporting date.

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group and the Company.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group and the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated and separate financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated and separate financial statements at fair value on a recurring basis, the Group and the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group and the Company's consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group and the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated and separate financial statements.

Revenue from contracts with customers

The group and the Company applied the following judgements. These judgements will significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of satisfaction of Sale of Products

The group and the Company concluded that revenue from sale of products to customers will be recognised at a point in time because control is transferred at a point in time.

The group and the Company has assessed that there is a direct relationship between the Group and the Company's measurement of the value of goods or services transferred to date, relative to the remaining goods or services promised under the contract.

Determining the timing of satisfaction of Rendering of Services

The group and the Company concluded that revenue from services is recognised over time as control is transferred to the customer, because the customer simultaneously receives and consumes the benefits provided by the Group and the Company.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the provision managed support services and software support include penalties for downtime that give rise to variable consideration. In estimating the variable consideration, the Group and the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The group and the Company determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for the provision managed support services and software support, given the large number of customer contracts that have similar characteristics.

Before including any amount of variable consideration in the transaction price, the Group and the Company considers whether the amount of variable consideration is constrained. The group and the Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Motor vehicle lease classification – The group/ the Company as lessee

The group and the Company has entered into motor vehicle lease arrangements. The group and the Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term constituting a major part of the economic life of the motor vehicles and the present value of the minimum lease payments amounting to substantially all of the fair value of the motor vehicles, that it retains all the significant risks and rewards of ownership of these motor vehicles and accounts for the contracts as finance leases.

Going concern

The group and the company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group and the Company's ability to continue as a going concern. Therefore, the consolidated and separate financial statements continue to be prepared on the going concern basis.

Estimates and assumptions

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

Financial Instruments

Provision for expected credit losses of trade receivables and contract assets

The group and the Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type and rating).

The provision matrix is initially based on the Group and the Company's historical observed default rates. The group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The group and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group and the Company's trade and other receivables and contract assets is disclosed in Note 22.

Fair value measurement of financial instruments – Financial Assets

When the fair values of financial assets and financial liabilities recorded in the Consolidated and Separate statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 32 for further disclosures.

Fair value measurement – Non Financial Assets

Fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Goodwill impairment

The management determination of value in use involves estimate of future cash flows that the entity expects to derive from the use of the asset, expectations about possible variation in the amount or timing of those future cash flows; the time value of money, represented by the current market risk free rate of interest; the price of bearing the uncertainty inherent in the assets and other factors, such as illiquidity, that market participants would reflect in pricing the future cash flows the Group and the Company expects to derive from the use of the asset.

Re-assessment of useful lives and residual values

The group and the Company carried its property, plant and equipment (PPE) at cost in the consolidated and separate statement of financial position. The annual review of the useful lives and residual value of PPE result in the use of significant management judgements.

Discount rate used to determine the incremental borrowing rate

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

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

The group and the Company estimates the IBR using the following steps:

Step 1: Reference rate: This is generally a government bond reflecting risk free rate. Repayment profile was considered when aligning the term of the lease with the term for the source of the reference rate.

Step 2: Financing spread adjustment: Use of credit spreads from debt with the appropriate term by considering Group/ Company's stand-alone credit rating or similar Group/ Company credit rating.

Step 3: Lease specific adjustment: Use of market yield for the leased assets, as an additional data point and to sense-check the overall IBRs calculated.

4. New and revised IFRS Standards in issue but not yet effective (but allow early application) for the year ending 31 December 2021

At the date of authorisation of these financial statements, the Company has not applied the following new and

- IFRS 17 (including the June 2020 amendments to IFRS 17) - Insurance Contracts
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate OT Joint Venture
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 16 - Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 - Onerous Contracts — Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

4.1. IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

IFRS 17 will have no impact on the Group, as it does not issue insurance contract.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4.2 Significant accounting judgements, estimates and assumptions

The preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the accompanying disclosure, as well as the disclosure of contingent liability about these assumption and estimates that could result in outcome that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

Management discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates, and the application of these policies and estimates.

4.2.1 Estimates and assumptions

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

4.3 Standards issued but not yet effective

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

4.3.a IFRS 17 Insurance contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

IFRS 17 will have no impact on the Group, as it does not issue insurance contract.

4.3.b Amendments to IAS 1 Presentation of Financial Statements — Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

The Directors of the company do not anticipate that the application of the amendments in the future will have an impact on the company's financial statements.

4.3.c Amendments to IFRS 3 Business Combinations — Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

4.3.d Amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

4.3.e Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets — Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

4.3.f Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract

The amendments specify that the cost of fulfilling a contract comprises the costs that relates directly to the contract. Cost that relates directly to a contract consists of both the incremental cost of fulfilling that contract. Examples would be direct labour or materials and allocation of other costs that relates directly to fulfilling the contract (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendment's. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other components of equity, as appropriate, at the date of initial application

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Directors of the Company do not anticipate that the application of the amendment in the future will have an impact on the Company's financial statements.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4.3.g Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

4.3.h Annual Improvements to IFRS Standards 2018 - 2020 — Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

4.3.i Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements — Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four- step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements..

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

4.3.j Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4.3.k Amendments to IAS 12 Income Taxes — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
- Right-of-use assets and lease liabilities
- Decommissioning, restoration and similar Liabilities and the corresponding amounts recognised as Part of the COST of the related asset.

The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

5. Financial risk management objectives and policies

The group and the Company has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The group and the Company also holds financial assets measured at Fair value through other comprehensive income.

The group and the Company's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group and the Company's operations and to provide guarantees to support its operations.

The group and the Company is exposed to market risk, credit risk and liquidity risk. The group and the Company's senior management oversees the management of these risks. The group and the Company's risk management is governed by the Board, through the Board Risk Management and Audit committee.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors reviews and agrees policies for managing each of these risks, which are summarised below:

5.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include: current loans and borrowings, deposits, financial instruments designated at fair value through OCI.

5.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group and the Company's exposure to the risk of changes in market interest rates relates primarily to the Group and Company's short-term debt obligations with floating interest rates. The group and the Company's policy is to keep floating rate borrowings only under exceptional circumstances, where the risks are thoroughly considered and approved.

5.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group and the Company's operating activities (when revenue or expense is denominated in a different currency from the Group and the Company's functional currency) and the Group and the Company's net investments in foreign subsidiaries. Management has established a policy requiring the Group and the Company to manage their foreign currency risk against their functional currency. To manage their foreign currency risk arising from future commercial transactions and recognized assets and liabilities, Companies in the Group ensure that significant transaction are contracted in the Group and the Company's functional currency. Foreign currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group and the Company's functional currency.

The group and the Company is mostly affected by changes in USD rate than any other foreign currency. The table below shows the sensitivity analysis of the Group and the Company's profit before tax based on changes in USD rate:

	Change in USD rate	Effect on profit before tax N'000
2021	+5%	(21,411)
	-5%	23,665
2020	+5%	(21,103)
	-5%	21,103

The Naira carrying amounts for the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
US Dollars	<u>(3,120,809)</u>	<u>(2,105,086)</u>	<u>292,702</u>	<u>310,654</u>

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

5.1.3 Equity price risk

The group and the Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The group and the Company manages the equity price risk by placing limits on individual and total equity instruments. The group and the Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was N18.36million (2020: N11.36 million). A decrease of 5% on the Nigerian Stock Exchange market index could have an impact of approximately N0.92 million (2020: N0.57 million) on the income or equity attributable to the Group and the Company, depending on whether the decline is significant or prolonged. An increase of 5% in the value of the listed securities would only impact equity but would not have an effect on profit or loss.

5.2 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group and the Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Credit risk is monitored by the entity's Finance Department. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties. CWG has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Entity to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Trading relationships

The Entity's trading relationship and counterparties comprise Banks, Oil & Gas, Manufacturing and Individuals. For these relationships, the Entity's credit risk department analyses publicly available information such as financial information and other external data to determine rate to be applied.

Trade receivables

Customer credit risk is managed by Business Development unit subject to the Entity's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for group of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The group and the Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

The group and the Company evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Set out below is the information about the credit risk exposure on the Company's trade receivables and contract assets using a provision matrix:

	Contract assets	Trade receivables					Total N'000
		Days past due					
		1 - 30 days N'000	31 - 60 days N'000	61 - 90 days N'000	91 - 365 days N'000	>365 days N'000	
31 December 2021							
Expected credit loss rate	0.94%	2.33%	4.96%	5.66%	15.55%	100.00%	
Estimated total gross carrying amount at default	799,744	75,191	51,411	36,142	24,840	-	187,584
Expected credit loss	2,647	532	2,754	2,856	14,811	-	20,953
31 December 2020							
Expected credit loss rate	0.94%	2.33%	4.96%	5.66%	15.55%	100.00%	
Estimated total gross carrying amount at default	660,224	166,991	38,503	38,950	52,046	72,680	369,169
Expected credit loss	6231	3,379	1,908	2,204	8,079	72,680	88,249

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2021 N'000	2020 N'000
At 1 January	88,249	85,625
Provision for expected credit loss	-	2,624
Write back during the year	(67,296)	-
At 31 December	20,953	88,249

ECLs are calculated using a 'loss rate' method based on the probability of a receivable progressing through successive stage delinquency to write-off. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group and the Company's view of economic conditions over the expected lives of the receivables.

Expected credit loss measurement – Contract assets

	2021 N'000	2020 N'000
At 1 January	6,230	763
Addition in the year/ Unused amount reversed	34,794	5,467
At 31 December	41,024	6230

The group and the Company applied the general approach in computing expected credit losses (ECL) for intercompany receivables. The group and the Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expects to receive, discounted at an approximation of the original effective interest rate.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

The Group and the Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The following outline the impact of scenario on the allowance:

	Inter-company receivables N'000	Total N'000
31 December 2021		
Upside (10%)	461	461
Base (80%)	3,618	3,618
Downside (10%)	390	390
Total	<u>4,469</u>	<u>4,469</u>
31 December 2020		
Upside (10%)	444	444
Base (80%)	3,487	3,487
Downside (10%)	376	376
Total	<u>4,307</u>	<u>4,307</u>

Impairment allowance for financial assets under general approach In assessing the Group and the Company's internal rating process, the Group and the Company's customers and counter parties are assessed based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

- Any publicly available information on the Group and the Company's customers and counter parties from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond or press releases and articles.
- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the Group and the Company's performance.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

5.2.1 Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group and the Company's treasury department in accordance with the Group and the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party. Counterparty credit limits are reviewed by the Group and the Company's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group and the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments.

5.2.2 Due from related parties

Credit risks from related parties' transaction are considered very low. This is because they are settled or offset against other transactions that can occur in the future.

5.3 Liquidity risk

The group and the Company monitors its risk of a shortage of funds using a liquidity planning tool. The group and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of Group/ Company's overdrafts, Group/Company loans, debentures, and preference shares. The group and the Company's policy is that not more than 25% of borrowings should mature in the next 12-month period. Approximately 10% of the Company's debt will mature in less than one year at 31 December 2021 (2020: 10%) based on the carrying value of borrowings reflected in the financial statements. The group and the Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The group and the Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group and the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group and the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The group and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. The group and the Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders. Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group and the Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group and the Company's reputation. Recent times have proven the credit markets situation could be such that it is difficult to generate capital to finance long-term growth of the Group and the Company. The group and the Company has a clear focus on financing long-term growth and to re-finance maturing debt obligation. Financing strategies are under continuous evaluation.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The table below shows the maturity analysis and has been prepared on an undiscounted cash flow:

	Carrying amount N'000	Contractual cash flows N'000	On demand N'000	Less than 3 months N'000	3-12 months N'000	1-5 years N'000
THE GROUP						
At 31 December 2021						
Short-term borrowings	151,370	151,370	-	151,370	-	-
Bank overdraft	-	-	-	-	-	-
Trade and other payables	6,767,329	6,767,329	-	-	6,767,329	-
Lease liability	74,481	74,481	-	-	54,371	20,110
	6,993,180	6,993,180	-	151,370	6,821,700	20,110
At 31 December 2020						
Short-term borrowings	257,226	257,226	-	257,226	-	-
Bank overdraft	7,568	7,568	7,568	-	-	-
Trade and other payables	6,762,143	6,762,143	-	-	6,762,143	-
Lease liability	53,082	53,082	-	-	32,972	20,110
	7,080,019	7,080,019	7,568	257,226	6,795,115	20,110
The Company						
At 31 December 2021						
Short-term borrowings	85,747	85,747	-	85,747	-	-
Bank overdraft	-	-	-	-	-	-
Trade and other payables	6,147,775	6,147,775	-	-	-	6,147,775
Lease liability	45,193	45,193	-	-	25,083	20,110
	6,278,715	6,278,715	-	85,747	25,083	6,167,885
At 31 December 2020						
Short-term borrowings	138,858	138,858	-	138,858	-	-
Bank overdraft	7,568	7,568	7,568	-	-	-
Trade and other payables	6,074,676	6,074,676	-	-	-	6,074,676
Lease liability	47,736	47,736	-	-	27,626	20,110
	6,268,838	6,268,838	7,568	138,858	27,626	6,094,786

5.4 Capital Management

Capital includes equity attributable to the equity holders of the Parent Company. The primary objective of the Group and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The group and the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, or issue new shares.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

No changes were made to the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

The Group and the Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short term deposits. The Group and the Company's capital structure and gearing ratio is shown below:

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Trade and other payables	6,767,329	6,762,143	6,147,775	6,074,676
Short-term loans and borrowings	151,370	264,794	85,747	146,426
Less: cash and short-term deposits	(916,817)	(832,557)	(779,177)	(497,002)
Net debt	6,001,882	6,194,380	5,454,345	5,724,100
Equity	1,057,687	560,208	947,371	620,622
Total capital plus net debt	7,059,569	6,754,588	6,401,716	6,344,722
Gearing ratio	85%	92%	85%	90%

6. Segment information

6.1 Description of segments

For management purposes, the Group and the Company's organised into business units based on their products and services. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group Managing Director/ Chief Executive Officer reviews internal management reports on at least a quarterly basis. The following summary strategy describes the operations in each of the Group and the Company's reportable segments:

IT Infrastructure

The IT infrastructure segment, supplies, installs and supports Computer hardware, operating and middle ware systems, Automated Teller Machines "ATM" etc.

Communication and Integrated Services

Communication and integrated equipment segment specializes in VSAT and Fibre Connectivity, Metropolitan Area Networks, Wide Area Networks, Local Area Networks, and Systems Integration and provision of network communications support to clients.

Managed Support Services

The managed and support service segment provides internal and external clients managed /outsourcing services and provides related accessories for equipment and service maintenance.

Software

The Software segment provides services in software deployment, implementation and supports, systems analysis, design and implementation and smartcard applications. The segment also provides training to their clients on the systems offered and other off-the-shelf packages.

Platform

The platform segment simplify products and solutions as the foundation for growth and progress in e-commerce and society, the likes of BillsNPay, SMERP, UCP and Finedge.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

6.2.1 Business segment - Group

	IT Infrastructure Services		Managed & Support services		Communications & Integrated		Software		Platform business		Total	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000	2021 N'000	2020 N'000	2021 N'000	2020 N'000	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Income:												
Revenue	3,666,004	3,181,249	5,313,369	6,472,295	38,942	91,037	2,183,377	1,455,771	507,083	515,466	11,708,775	11,715,818
Other operating income	37,964	33,097	65,785	49,769	471	72	33,524	47,409	6,130	2,202	143,874	132,549
Finance Income	2,374	95	5,672	344	43	1	750	34	559	30	9,398	504
Total revenue	3,706,342	3,214,441	5,384,826	6,522,408	39,456	91,110	2,217,651	1,503,214	513,772	517,698	11,862,047	11,848,871
Expenses:												
Cost of sales	(2,958,426)	(2,770,991)	(4,155,520)	(5,288,416)	(14,635)	(72,992)	(1,634,202)	(849,524)	(32,413)	(98,079)	(8,795,196)	(9,080,002)
Administrative expenses	(598,356)	(402,339)	(946,781)	(993,233)	(20,901)	(6,934)	(458,366)	(510,185)	(190,615)	(187,019)	(2,215,019)	(2,099,710)
Finance cost	(15,513)	(24,701)	(33,029)	(72,582)	-	-	-	-	-	-	(48,542)	(97,283)
Net exchange difference	(58,121)	(10,335)	(123,743)	(14,279)	-	-	-	-	-	-	(181,864)	(24,614)
Total expenses	(3,630,416)	(3,208,366)	(5,259,073)	(6,368,510)	(35,536)	(79,926)	(2,092,568)	(1,359,709)	(223,028)	(285,098)	(11,240,621)	(11,301,609)
Profit before taxation	75,926	6,075	125,753	153,898	3,920	11,184	125,083	143,505	290,744	232,600	621,426	547,262
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation	75,926	6,075	125,753	153,898	3,920	11,184	125,083	143,505	290,744	232,600	621,426	547,262
Assets and liabilities:												
Total tangible assets	100,704	100,608	308,359	304,092	852	842	36,754	36,319	5,230	5,167	451,899	447,028
Right-of-use assets	34,199	18,333	47,640	45,672	132	129	5,690	4,522	809	3,970	88,470	72,626
Intangible assets	-	-	-	-	-	-	-	-	82,635	156,073	82,635	156,073
Financial assets at FVOCI	18,364	11,365	-	-	-	-	-	-	-	-	18,364	11,365
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-current assets	153,267	130,306	355,999	349,764	984	971	42,444	40,841	88,674	165,210	641,368	687,092
Current assets	1,916,449	1,484,364	4,622,457	4,569,645	12,974	12,299	1,096,382	913,263	398,229	377,500	8,046,491	7,357,071
Non-current liabilities	17,455	2,098	-	-	-	-	-	-	-	-	17,455	2,098
Current liabilities	(1,745,752)	(1,482,428)	(4,496,197)	(4,727,971)	(12,574)	(12,811)	(951,671)	(835,376)	(385,933)	(393,219)	(7,592,127)	(7,451,805)
Net assets	341,419	134,340	482,259	191,438	1,384	459	187,155	118,728	100,970	149,491	1,113,187	594,456

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

6.2.2 Business segment - Company

	IT Infrastructure Services		Managed & Support services		Communications & Integrated		Software		Platform business		Total	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000	2021 N'000	2020 N'000	2021 N'000	2020 N'000	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Income:												
Revenue	2,154,478	1,643,631	5,146,903	5,929,505	38,942	16,794	681,055	587,136	507,083	515,466	8,528,461	8,692,532
Other operating income	26,044	7,022	62,216	26,049	471	72	8,233	2,508	6,130	2,202	103,094	37,853
Finance Income	2,374	95	5,672	344	43	1	750	34	559	30	9,398	504
Total revenue	2,182,896	1,650,748	5,214,791	5,955,898	39,456	16,867	690,038	589,678	513,772	517,698	8,640,953	8,730,889
Expenses:												
Cost of sales	(1,711,501)	(1,398,190)	(4,085,610)	(4,914,515)	(14,635)	(9,052)	(416,054)	(218,644)	(32,413)	(98,079)	(6,260,213)	(6,638,480)
Administrative expenses	(380,903)	(219,819)	(912,576)	(909,036)	(20,901)	(6,934)	(227,867)	(330,025)	(190,615)	(187,019)	(1,732,862)	(1,652,833)
Finance cost	(12,132)	(24,701)	(25,829)	(52,589)	-	-	-	-	-	-	(37,961)	(77,290)
Net exchange difference	(60,409)	(10,335)	(128,614)	(22,005)	-	-	-	-	-	-	(189,023)	(32,340)
Total expenses	(2,164,945)	(1,653,045)	(5,152,629)	(5,898,145)	(35,536)	(15,986)	(643,921)	(548,669)	(223,028)	(285,098)	(8,220,059)	(8,400,943)
Profit before taxation	17,951	(2,297)	62,162	57,753	3,920	881	46,117	41,009	290,744	232,600	420,894	329,946
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-
(Loss)/profit after taxation	17,951	(2,297)	62,162	57,753	3,920	881	46,117	41,009	290,744	232,600	420,894	329,946
Assets and liabilities:												
Total tangible assets	95,083	93,957	307,740	304,092	852	842	36,754	36,319	5,230	5,168	445,659	440,378
Right-of-use assets	14,720	12,660	47,640	45,672	132	129	5,690	4,522	809	3,970	68,991	66,953
Intangible assets	-	-	-	-	-	-	-	-	82,635	156,074	82,635	156,074
Investment in subsidiary	273,284	273,284	-	-	-	-	-	-	-	-	273,284	273,284
Financial assets at FVOCI	18,364	11,365	-	-	-	-	-	-	-	-	18,364	11,365
Total Non-current assets	401,451	391,266	355,380	349,764	984	971	42,444	40,841	88,674	165,212	888,933	948,054
Current assets	1,269,805	1,203,709	4,551,241	4,314,340	12,974	12,299	453,598	429,987	398,229	377,500	6,685,847	6,337,835
Non-current liabilities	20,110	-	-	-	-	-	-	-	-	-	20,110	-
Current liabilities	(1,230,598)	(1,253,830)	(4,439,463)	(4,523,271)	(12,574)	(12,811)	(439,593)	(447,891)	(385,933)	(393,219)	(6,508,161)	(6,631,022)
Net assets	460,768	341,145	467,158	140,833	1,384	459	56,449	22,937	100,970	149,493	1,086,729	654,867

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
6.3 Segment reconciliation				
Reconciliation of reportable segment revenues, profit or loss, assets and liabilities.				
Revenue				
Total revenue from reportable segments	11,708,775	11,715,818	8,528,461	8,692,532
Elimination of Inter-segment revenue	-	-	-	-
Total	<u>11,708,775</u>	<u>11,715,818</u>	<u>8,528,461</u>	<u>8,692,532</u>
Profit or Loss				
Profit before taxation	616,426	547,262	420,892	329,944
Elimination of Inter-segment profit or loss	-	-	-	-
Total	<u>616,426</u>	<u>547,262</u>	<u>420,892</u>	<u>329,944</u>
Assets				
Total assets of reportable segments	8,416,630	8,052,355	7,569,831	7,293,459
Elimination of Inter-segment assets	-	-	-	-
Total	<u>8,416,630</u>	<u>8,052,355</u>	<u>7,569,831</u>	<u>7,293,459</u>
Liabilities				
Total liabilities of reportable segments	7,358,943	7,492,147	6,622,460	6,672,837
Elimination of Inter-segment liabilities	-	-	-	-
Total	<u>7,358,943</u>	<u>7,492,147</u>	<u>6,622,460</u>	<u>6,672,837</u>

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 N'000	2020 N'000
6.4 Geographical segment		
CWG's business activities are concentrated in four geographic regions. Revenue generated from these four regions are as stated below:		
Nigeria	8,528,461	8,692,531
Ghana	1,679,119	1,436,025
Uganda	1,481,173	1,559,685
Cameroon	20,023	27,578
	<u>11,708,776</u>	<u>11,715,819</u>

	2021			2020		
	MTN N'000	UBA N'000	GTB N'000	MTN N'000	UBA N'000	GTB N'000
6.5 Revenue made from major customers						
The Group						
IT Infrastructure services	1,615,087	13,297	296,219	1,212,131	105,274	742,988
Communications & integrated	24,125	-	-	16,794	-	-
Software revenue	185,889	28,050	-	63,465	3,048	-
Managed & Support services	2,773,296	307,164	103,069	3,593,814	287,267	78,789
Platform business	-	441,084	-	80,566	266,126	-
	<u>4,598,397</u>	<u>789,595</u>	<u>399,288</u>	<u>4,966,770</u>	<u>661,715</u>	<u>821,777</u>
The Company						
IT Infrastructure services	1,190,890	12,428	296,219	690,695	38,002	742,988
Communications & integrated	24,125	-	-	16,794	-	-
Software revenue	-	28,050	-	63,465	3,048	-
Managed & Support services	2,757,894	297,461	103,069	3,593,814	287,267	78,789
Platform business	-	441,084	-	80,566	266,126	-
	<u>3,972,909</u>	<u>779,023</u>	<u>399,288</u>	<u>4,445,334</u>	<u>594,443</u>	<u>821,777</u>

As at 31 December 2021 the Company's receivables from MTN, UBA and GTB are N62.1million (2020: N73.5 million); NIL (2020: NIL) and NIL (2020: NIL) respectively.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

7. Revenue

7.1 Revenue by sector

Set out below is the disaggregation of the Group and the Company's revenue from contracts with customers by sector.

	IT Infra- structure Services N'000	Software N'000	Communi- cations and Integrated Services N'000	Managed Support Services N'000	Platform business N'000	Total N'000
The Group						
Segments:						
Type of goods or services						
31 December 2021						
Financial Services Institutions	1,225,198	1,395,156	-	2,031,188	484,264	5,135,806
Government	167,486	95,575	-	23,750	-	286,811
Emergent	215,021	198,288	13,817	379,249	4,979	811,354
Telecommunications	1,994,002	494,357	25,125	2,878,331	17,841	5,409,656
Oil & gas	64,297	-	-	851	-	65,148
Total revenue from contracts with customers	3,666,004	2,183,376	38,942	5,313,369	507,084	11,708,775
Timing of revenue recognition						
31 December 2021						
Goods/Services transferred at a point in time	3,556,024	1,615,698	13,817	-	-	6,523,236
Services transferred over time	109,980	567,678	25,125	5,313,369	507,084	6,523,236
Total revenue from contracts with customers	3,666,004	2,183,376	38,942	5,313,369	507,084	6,523,236
Segments:						
Type of goods or services						
31 December 2020						
Financial Services Institutions	1,347,223	1,107,078	37,299	1,610,620	370,267	4,472,487
Government	568,894	13,675	-	836	6,748	590,153
Emergent	105,909	157,294	5,202	429,321	107,765	805,491
Telecommunications	1,145,481	177,725	38,290	4,318,694	30,686	5,710,876
Oil & gas	13,742	-	10,246	112,824	-	136,812
Total revenue from contracts with customers	3,181,249	1,455,772	91,037	6,472,295	515,466	11,715,819
Timing of revenue recognition						
31 December 2020						
Goods/Services transferred at a point in time	3,114,330	1,100,175	88,637	-	-	7,412,677
Services transferred over time	66,919	355,597	2,400	6,472,295	515,466	7,412,677
Total revenue from contracts with customers	3,181,249	1,455,772	91,037	6,472,295	515,466	7,412,677

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	IT Infra- structure Services N'000	Software N'000	Communi- cations and Integrated Services N'000	Managed Support Services N'000	Platform business N'000	Total N'000
The Company						
Segments:						
Type of goods or services						
31 December 2021						
Financial Services Institutions	647,330	519,760	-	1,928,531	484,264	3,579,885
Government	81,504	17,682	-	-	-	99,186
Emergent	170,457	143,613	13,817	354,502	4,979	687,368
Telecommunications	1,190,890	-	25,125	2,863,019	17,841	4,096,875
Oil & gas	64,297	-	-	850	-	65,147
Total revenue from contracts with customers	2,154,478	681,055	38,942	5,146,902	507,084	8,528,461
Timing of revenue recognition						
31 December 2021						
Goods/Services transferred at a point in time	2,154,478	519,760	13,817	-	-	2,688,055
Services transferred over time	-	161,295	25,125	5,146,902	507,084	5,840,406
Total revenue from contracts with customers	2,154,478	681,055	38,942	5,146,902	507,084	8,528,461
Segments:						
Type of goods or services						
31 December 2020						
Financial Services Institutions	911,901	554,920	2,400	1,413,840	370,267	3,253,328
Government	-	-	-	-	6,748	6,748
Emergent	26,863	13,144	4,148	392,028	107,765	543,947
Telecommunications	691,125	19,072	-	4,010,813	30,686	4,751,696
Oil & gas	13,742	-	10,246	112,824	-	136,812
Total revenue from contracts with customers	1,643,631	587,136	16,794	5,929,505	515,466	8,692,531
Timing of revenue recognition						
31 December 2020						
Goods/Services transferred at a point in time	1,610,111	400,615	14,394	-	-	2,025,119
Services transferred over time	33,520	186,521	2,400	5,929,505	515,466	6,667,412
Total revenue from contracts with customers	1,643,631	587,136	16,794	5,929,505	515,466	8,692,531

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The group and the Company's trade receivables amounts to N1.110 billion (2020 : N1.091 billion) and N186 Million (2020 : N371 million) in 2021 respectively. In 2021, N25 million (2020 : N127 million) and N21 Million (2020 : N88 million) in 2021 respectively was recognised as provision for expected credit losses on trade receivables for the Group and the Company.

Contract assets are initially recognised for revenue earned from services as receipt of consideration is conditional on successful completion of services. Upon completion of services and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities include short and long-term advances received with respect to contracts. The outstanding balances of these accounts reduced in 2021. The reduction in contract liabilities in 2021 was mainly due to some MTN and some other customer contract not renewed at this period.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Performance obligations

Information about the Group and the Company's performance obligations are summarised below:

Performance Obligation	When payment is typically due	How standalone selling price is typically
IT Infrastructure Services		
- Sale of goods	At the beginning of the contract period	Observable in transactions without multiple performance obligations
- Rendering of support services	Within 90 days of services being performed	Observable in transactions without multiple performance obligations
Software		
- Rendering of support services	Within 90 days of services being performed	Observable in transactions without multiple performance obligations
Communications and Integrated Services		
- Rendering of connectivity services	Within 90 days of services being performed	Observable in transactions without multiple performance obligations
Managed Support Services		
- Rendering of connectivity services	Within 90 days of services being performed	Observable in transactions without multiple performance obligations

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
7.2 Revenue from contracts with customers is made up of:				
IT Infrastructure services	3,666,004	3,181,249	2,154,478	1,643,631
Communications & integrated services	38,942	91,037	38,942	16,794
Managed & support services	5,313,369	6,472,295	5,146,903	5,929,505
Software revenue	2,183,377	1,455,771	681,055	587,136
Platform business	507,083	515,466	507,083	515,466
	<u>11,708,775</u>	<u>11,715,818</u>	<u>8,528,461</u>	<u>8,692,532</u>
8. Cost of sales				
OEM and other cost	8,795,196	9,080,002	6,260,213	6,638,481
	<u>8,795,196</u>	<u>9,080,002</u>	<u>6,260,213</u>	<u>6,638,481</u>
Cost of sales is made up of:				
IT Infrastructure services	2,958,426	2,770,991	1,711,501	1,398,190
Communications and integrated services	14,635	72,992	14,635	9,052
Managed support services	4,155,520	5,288,416	4,085,610	4,914,515
Software	1,634,202	849,524	416,054	218,644
Platform business	32,413	98,079	32,413	98,079
Total	<u>8,795,196</u>	<u>9,080,002</u>	<u>6,260,213</u>	<u>6,638,480</u>
9. Other income				
Sundry income	138,516	120,886	97,735	26,189
Profit on disposal of PPE	5,358	10,947	5,358	10,947
ECL Provisions - Receivables	-	-	-	-
ECL (writeback)/Provisions - Related party	-	717	-	717
ECL Provisions - Contract assets	-	-	-	-
	<u>143,874</u>	<u>132,550</u>	<u>103,093</u>	<u>37,853</u>

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
10. Administrative expenses				
Audit fee	26,155	24,535	12,000	12,000
Amortisation of intangible assets	76,099	85,428	76,105	85,428
Directors Remuneration	6,377	11,691	5,200	10,825
Depreciation of property, plant and equipment	127,624	120,051	123,612	109,541
Depreciation - ROU Asset	60,412	71,599	50,306	62,656
Salaries and allowances	1,134,451	1,003,249	865,620	745,018
Pension	51,063	43,509	42,159	36,312
Gifts	10,641	7,488	10,641	7,488
Printing, postage and telephone	19,634	22,676	11,809	16,123
Internet subscription	30,859	33,271	30,859	30,338
Transport and travelling	39,713	42,123	29,185	28,160
Accommodation and entertainment	9,789	8,943	9,673	8,943
Professional and accountancy fee	182,397	148,538	179,956	139,244
Welfare	71,855	100,382	47,327	83,651
ECL Provisions - Contract assets	(3,583)	5,467	(3,583)	5,467
ECL Provisions - Receivables	(67,296)	2,624	(67,296)	2,624
ECL Provisions - Related Parties	161	-	161	-
Insurance	30,222	20,027	17,671	17,334
Bank charges	37,312	32,148	22,243	20,004
Rents	27,038	26,510	2,104	7,151
Repairs and maintenance	51,784	52,670	27,570	44,503
Advertisement and sales promotion	50,454	9,163	50,454	1,235
Research and development	9,193	8,051	8,159	6,884
Electricity	5,820	6,160	3,414	4,325
Sundry expenses	168,340	177,719	119,091	131,900
License and registration fees	58,504	35,688	58,422	35,680
	2,215,018	2,099,710	1,732,862	1,652,834
10.1. No non-audit fee has been paid to the auditors in 2021 (2020:Nil)				
11. Exchange loss				
Exchange loss	186,865	24,615	189,024	32,340
	186,865	24,615	189,024	32,340
12. Finance cost				
Interest on overdraft	14,265	12,678	14,265	12,678
Interest on lease	8,632	15,924	8,632	14,082
Interest on short term loan	25,645	68,681	15,064	50,530
	48,542	97,283	37,961	77,290
13. Finance income				
Interest income	9,398	504	9,398	504
	9398	504	9398	504

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

14. Taxation

The Group and the Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
14.1 Income tax expense				
Income tax	132,345	90,293	72,409	21,731
Education tax	23,482	9,201	23,482	9,201
Information technology	4,189	3,299	4,189	3,299
Police trust fund	14	16	14	16
NASENI Levy	1,047	-	1,047	-
Under provision in previous year	-	-	-	-
	<u>161,077</u>	<u>102,809</u>	<u>101,141</u>	<u>34,247</u>
Deferred tax	5,709	1,300	-	-
Income tax expense reported in profit or loss	<u>166,786</u>	<u>104,109</u>	<u>101,141</u>	<u>34,247</u>
14.2 Reconciliation of tax charge				
Profit/(loss) before taxation	<u>616,426</u>	<u>547,262</u>	<u>420,892</u>	<u>329,944</u>
Tax at Nigeria statutory income tax 30%	184,928	164,179	126,268	98,983
Income exempt from tax	-	-	-	-
Non-deductible expenses	(32,659)	45,121	(32,659)	40,456
Expenses that are not deductible in determining taxable profit	194,370	-	188,778	-
Impact of tax losses not recognised	(21,521)	(1,374)	(21,521)	(1,374)
Effect of tax adjustments (minimum tax, dividend tax, petroleum trust fund levy, Adjustment recognised due to difference in tax rates	6,044	25,047	5,250	25,047
Education tax	23,482	9,201	23,482	9,201
Capital allowance	(187,858)	-	(187,858)	-
	<u>166,786</u>	<u>244,248</u>	<u>101,740</u>	<u>174,387</u>
Adjustments recognized in the current period in relation to the deferred tax of prior periods	-	(140,139)	-	(140,139)
Effective tax charge	<u>166,786</u>	<u>104,109</u>	<u>101,740</u>	<u>34,248</u>
Effective tax rate	27%	19%	24%	10%

The tax rate used for 2021 & 2020 reconciliations above is the corporate tax rate of 27% & 19% (for tertiary education tax) payable by corporate entities in Nigeria on taxable profits under tax law in the country.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
14.3 Income tax receivable				
At 1 January	17,163	47,897	-	-
Income tax charge	(17,163)	(30,734)	-	-
At 31 December	-	17,163	-	-
14.4 Income Tax payable				
At 1 January	130,851	99,337	124,821	95,573
Income tax charge	166,786	104,109	101,141	34,248
Tax paid during the year	(96,534)	(72,595)	(28,532)	(5,000)
Exchange difference	-	-	-	-
WHT credit note utilised	(21,731)	-	(21,731)	-
At 31 December	179,372	130,851	175,699	124,821
14.5 Deferred tax balances				
14.5.1 Deferred tax assets				
The following is the analysis of the deferred tax assets and liability presented in the consolidated and separate statements of financial position:				
Deferred tax assets	4,234	623	-	-
Deferred tax liabilities (Note 14.5.2)	-	2,098	-	-
Deferred tax (liabilities)/assets	4,234	2,721	-	-

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group			Company		
	At 1 January balance N'000	Recognised in profit or loss N'000	At 31 December balance N'000	At 1 January balance N'000	Recognised in profit or loss N'000	At 31 December balance N'000
2021						
Deferred tax assets in relation to:						
Accelerated depreciation for tax purpose	338	-	338	-	-	-
Short-term timing differences	285	3,611	3,896	-	-	-
	623	3,611	4,234	-	-	-
Deferred tax liabilities in relation to:						
Property, plant and equipment	(2,098)	2,098	-	-	-	-
	(2,098)	2,098	-	-	-	-
2020						
Deferred tax liabilities in relation to:						
Property, plant and equipment	(2,775)	677	(2,098)	-	-	-
	(2,775)	677	(2,098)	-	-	-

The deferred tax asset for the Company was not recognised by the Group and the Company during the year based on prudence as there are unabsorbed losses, the balance not recognised in the Group and the Company's books is N445 million (2020: N462 million). The deferred tax recognised by the Group relates to deferred tax liabilities recognised in the books of two of its subsidiaries – CWG Uganda and CWG Ghana as at 31 December 2021.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
15. Basic earnings per share				
Profit after taxation	449,640	443,153	319,751	295,697
Number of shares				
Weighted average number of shares for basic earning per share	2,524,826	2,524,826	2,524,826	2,524,826
Effect of dilutive potential share: restricted shares and share options	-	-	-	-
Weighted average number of shares for diluted earnings per share	2,524,826	2,524,826	2,524,826	2,524,826
Earnings per share (kobo)				
- Basic	17.81	17.55	12.66	11.71
- Diluted	17.81	17.55	12.66	11.71

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16.a. Property, plant and equipment

The Group

	Land N'000	Buildings & building improvements N'000	Plant & Machinery N'000	Furniture & fittings N'000	Office Equipment N'000	Motor vehicle N'000	Loose Tools N'000	Communi- cation equipment N'000	ATM N'000	Capital work-in- progress N'000	Total N'000
Cost											
At 1 January 2020	111,395	173,047	113,744	106,634	259,201	62,776	24,784	1,314,954	43,534	4,460	2,214,529
Additions	-	2,253	929	6,153	37,017	11,200	-	10,832	589	-	68,973
Transfer to inventory	-	-	-	-	-	-	-	-	-	(4,460)	(4,460)
Disposal	-	-	-	(18,451)	(100,022)	(750)	-	-	(29,174)	-	(148,397)
Reclassified	-	-	-	4,312	(4,312)	-	-	-	-	-	-
Exch. Difference	-	-	(1,332)	(3,968)	(11,725)	(9,710)	-	(18,861)	-	-	(45,596)
At 31 December 2020	111,395	175,300	113,341	94,680	180,159	63,516	24,784	1,306,925	14,949	-	2,085,049
At 1 January 2021	111,395	175,300	113,341	94,680	180,159	63,516	24,784	1,306,925	14,949	-	2,085,049
Additions	-	1,673	21,081	4,617	-	6,127	-	103,783	-	-	137,281
Disposal	-	-	(35,869)	-	-	-	-	-	-	-	(35,869)
Write-Off	-	-	-	-	-	-	(24,784)	-	-	-	(24,784)
Reclassified	-	-	-	-	(9,050)	-	-	9,050	-	-	-
Derecognised (Note 16.b.ii)	-	-	-	-	-	-	-	(115,564)	-	-	(115,564)
Transfer (Note 16.b.ii)	-	-	-	-	-	-	-	-	-	-	-
Exch. Difference	-	-	2,077	8,109	44,773	8,165	825	22,246	-	-	86,195
At 31 December 2021	111,395	176,973	100,630	107,406	215,882	77,808	825	1,326,440	14,949	-	2,132,308
Accumulated depreciation											
At 1 January 2020	-	82,167	110,635	89,611	221,010	44,326	24,784	1,108,120	19,445	-	1,700,098
Charge for the year	-	4,234	781	9,798	28,278	6,302	-	65,031	5,627	-	120,051
Disposal	-	-	-	(18,541)	(100,010)	(750)	-	-	(17,761)	-	(137,062)
Reclassified	-	-	-	1,094	(2,037)	-	-	-	-	-	(943)
Exch. Difference	-	(10,685)	833	(5,916)	(10,663)	2,076	-	(19,768)	-	-	(44,123)
At 31 December 2020	-	75,716	112,249	76,046	136,578	51,954	24,784	1,153,383	7,311	-	1,638,021
At 1 January 2021	-	75,716	112,249	76,046	136,578	51,954	24,784	1,153,383	7,311	-	1,638,021
Charge for the year	-	4,702	-	-	-	-	-	75,939	5,031	-	85,672
Disposal	-	-	(35,869)	-	-	-	-	-	-	-	(35,869)
Write-Off	-	-	-	-	-	-	(24,784)	-	-	-	(24,784)
Reclassified	-	-	-	-	(5,635)	-	-	5,635	-	-	-
Derecognised (Note 16.b.ii)	-	-	-	-	-	-	-	(69,820)	-	-	(69,820)
Transfer (Note 16.b.ii)	-	-	-	-	-	-	-	-	-	-	-
Exch. Difference	-	(1)	3,605	18,399	30,659	11,323	-	23,203	1	-	87,189
At 31 December 2021	-	80,417	79,985	94,445	161,602	63,277	-	1,188,340	12,343	-	1,680,409
Carrying amount:											
At 31 December 2021	111,395	96,556	20,645	12,961	54,280	14,531	-	138,100	2,606	-	451,899
At 31 December 2020	111,395	99,584	1,092	18,634	43,581	11,562	-	153,542	7,638	-	447,028

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16.b. Property, plant and equipment

The Company

	Land N'000	Buildings & building improvements N'000	Plant & Machinery N'000	Furniture & Fittings N'000	Office Equipment N'000	Motor Vehicles N'000	Loose Tools N'000	Communi- cation Equipment N'000	ATM N'000	Capital work -in- progress N'000	Total N'000
Cost											
At 1 January 2020	111,395	173,047	110,552	91,640	221,635	38,325	24,784	1,296,093	43,534	4,460	2,115,465
Additions	-	2,253	929	6,153	33,464	11,200	-	10,832	589	-	65,420
Transfer to inventory	-	-	-	-	-	-	-	-	-	(4,460)	(4,460)
Disposal	-	-	-	(18,451)	(100,022)	(750)	-	-	(29,174)	-	(148,397)
Reclassified	-	-	-	4,312	(4,312)	-	-	-	-	-	-
At 31 December 2020	111,395	175,300	111,481	83,654	150,765	48,775	24,784	1,306,925	14,949	-	2,028,028
At 1 January 2021	111,395	175,300	111,481	83,654	150,765	48,775	24,784	1,306,925	14,949	-	2,028,028
Additions	-	1,673	21,081	4,617	37,950	6,127	-	103,304	-	-	174,752
Disposal	-	-	(35,869)	-	-	-	-	-	-	-	(35,869)
Write-Off	-	-	-	-	-	-	(24,784)	-	-	-	(24,784)
Reclassified	-	-	-	-	(9,050)	-	-	9,050	-	-	-
Derecognised (Note 16.b.ii)	-	-	-	-	-	-	-	(115,564)	-	-	(115,564)
Transfer (Note 16.b.ii)	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2021	111,395	176,973	96,693	88,271	179,665	54,902	-	1,303,715	14,949	-	2,026,563
Accumulated depreciation											
At 1 January 2020	-	71,481	110,158	75,802	189,053	36,952	24,784	1,088,351	19,445	-	1,616,025
Charge for the year	-	4,234	347	8,683	23,875	1,833	-	65,031	5,628	-	109,631
Disposal	-	-	-	(18,541)	(100,010)	(750)	-	-	(17,761)	-	(137,062)
Reclassified	-	-	-	1,094	(2,037)	-	-	-	-	-	(943)
At 31 December 2020	-	75,715	110,505	67,038	110,881	38,035	24,784	1,153,382	7,312	-	1,587,651
At 1 January 2021	-	75,715	110,505	67,038	110,881	38,035	24,784	1,153,382	7,312	-	1,587,651
Charge for the year	-	4,702	1,679	8,633	24,497	3,243	-	75,939	5,031	-	123,724
Disposal	-	-	(35,869)	-	-	-	-	-	-	-	(35,869)
Write-Off	-	-	-	-	-	-	(24,784)	-	-	-	(24,784)
Reclassified	-	-	-	-	(5,635)	-	-	5,635	-	-	-
Derecognised (Note 16.b.ii)	-	-	-	-	-	-	-	(69,820)	-	-	(69,820)
Transfer (Note 16.b.ii)	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2021	-	80,417	76,315	75,671	129,743	41,278	-	1,165,136	12,343	-	1,580,902
Carrying amount:											
At 31 December 2021	111,395	96,556	20,378	12,600	49,922	13,624	-	138,579	2,606	-	445,661
At 31 December 2020	111,395	99,585	976	16,616	39,884	10,740	-	153,543	7,637	-	440,377

i.) There was no interest capitalised as part of Property, Plant and Equipment (PPE) during the year. The net carrying amount of leased assets as at 31 December 2021 is Nil (2020: Nil). Also, there was no existence or restrictions on the title to the Group and the Company's PPE. No contractual commitment on any of the Group and the Company's PPE.

ii.) The asset "Entersekt Data center Readiness (I-CWG-00013)" was partly derecognized in the year. The amount derecognized (115m) is a contingent liability. In 2019 the client signed a business contract with the asset supplier and they were optimistic the business will work, based on that they paid 51m to purchase the asset (part payment) and recognized the remaining 115m as contingent liability that incase the business works they will have to borrow the 115m and pay completely for the asset. N51m was paid and the asset was been delivered, therefore 166million was capitalized and depreciation commenced. In Dec 2021, the client established that the business was not forthcoming and the asset will be bought back and decided to write-off the portion of the provision capitalized. The details of the buyback is being finalized with the supplier.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	The Group/The Company		
	Software N'000	Licences N'000	Total N'000
17. Intangible asset			
Cost:			
At 1 January 2020	569,093	25,610	594,703
Additions	-	-	-
At 31 December 2020	<u>569,093</u>	<u>25,610</u>	<u>594,703</u>
At 1 January 2021	569,093	25,610	594,703
Additions	-	2,667	2,667
At 31 December 2021	<u>569,093</u>	<u>28,277</u>	<u>597,370</u>
Amortisation;			
At 1 January 2020	327,592	25,610	353,202
Amortisation charge for the year	85,428	-	85,428
At 31 December 2020	<u>413,020</u>	<u>25,610</u>	<u>438,630</u>
At 1 January 2021	413,020	25,610	438,630
Amortisation charge for the year	75,861	244	76,105
At 31 December 2021	<u>488,881</u>	<u>25,854</u>	<u>514,735</u>
Carrying amount			
At 31 December 2021	<u>80,212</u>	<u>2,423</u>	<u>82,635</u>
At 31 December 2020	<u>156,073</u>	<u>2,667</u>	<u>156,073</u>

The intangible assets are in respect of software for Vericash project with a net book value of N77million (2020: N156million). The software is deemed to have a finite useful life and thus amortised over a period of 3 - 5 years.

18. Investment in subsidiaries

The subsidiaries are set up to carry out the supply, installation, integration, maintenance and support of hardware, software, consultancy, and communications and managed services in Ghana, Uganda and Cameroun

	% Holding	Group		Company	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
CWG Cameroun	100	-	-	883	883
CWG Ghana	100	-	-	272,098	272,098
CWG Uganda	100	-	-	303	303
		<u>-</u>	<u>-</u>	<u>273,284</u>	<u>273,284</u>

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18.1 Interest in subsidiaries

The summarised financial information of CWG Limited Ghana, CWG Limited Uganda and CWG Limited Cameroon are provided below. This information is based on amounts before inter-company eliminations.

	CWG Ghana		CWG Uganda		CWG Cameroon	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Summary of statement of profit or loss and other comprehensive income:						
Revenue	1,679,119	1,436,024	1,481,173	1,559,685	20,023	27,578
Operating expenses	(1,280,843)	(1,061,102)	(1,237,607)	(1,355,582)	(16,534)	(24,837)
Administrative expenses	(291,082)	(299,678)	(177,354)	(123,419)	(13,726)	(23,776)
Other operating income	40,619	90,390	-	-	-	-
Exchange gain/(loss)	2,425	8,865	(265)	(1,140)	-	-
Finance cost	(3,583)	-	(6,999)	(19,994)	-	-
Profit before taxation	146,655	174,499	58,948	59,550	(10,237)	(21,035)
Income tax expense	(36,072)	(53,180)	(29,132)	(16,075)	(441)	(607)
Profit/(loss) for the year	110,583	121,319	29,816	43,475	(10,678)	(21,642)
Other comprehensive (loss)/income	94,052	(95,066)	(33,149)	27,012	(16,530)	(4,031)
Total comprehensive income/(loss)	204,635	26,253	(3,333)	70,487	(27,208)	(25,673)
Attributable to:						
Equity holders of parent	204,635	26,253	(3,333)	70,487	(27,208)	(25,673)
Summary of statement of financial position:						
Inventories and cash and short-term deposits	82,077	165,926	127,892	168,633	177	996
Trade and other receivables and prepayment	1,056,424	72,041	81,416	36,537	(96,828)	(94,743)
Property, plant and equipment	5,490	5,545	-	-	748	1108
Right-of-use assets	-	-	20,263	6,263	-	-
Income tax receivable	-	17,163	-	-	-	-
Deferred tax (liabilities)/assets	665	(2,098)	3,569	623	-	-
Trade and other payables and contract liabilities	(586,231)	(556,396)	(154,279)	(94,453)	(60,136)	(36,616)
Interest-bearing loans and borrowings	-	-	(65,623)	(118,368)	-	-
Lease liability	-	-	(29,288)	(5,347)	-	-
Income tax payable	(3,232)	-	-	(6,013)	(440)	(17)
Total equity	555,193	(297,819)	(16,050)	(12,125)	(156,479)	(129,272)

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
19. Financial assets measured at FVOCI				
At 1 January	11,365	13,553	11,365	13,553
Proceed from disposal	-	-	-	-
Gain on disposal	-	-	-	-
Fair value	<u>6,999</u>	<u>(2,188)</u>	<u>6,999</u>	<u>(2,188)</u>
At 31 December	<u>18,364</u>	<u>11,365</u>	<u>18,364</u>	<u>11,365</u>

The Group and the Company recognise gain/(loss) on financial assets measured at FVOCI within the other comprehensive income. The fair value of the equity instrument is N6.9million as at 31 December 2021 (2020: -N2.2million).

	Level 1 N'000	Level 2 N'000	Level 3 N'000
At 31 December 2021			
Financial assets measured at FVOCI:			
Quoted equity	<u>18,364</u>	<u>-</u>	<u>-</u>
At 31 December 2020			
Financial assets measured at FVOCI:			
Quoted equity	<u>11,365</u>	<u>-</u>	<u>-</u>

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
20. Inventories				
ATM & Other inventory items	361,084	440,158	361,084	440,158
Work in progress	<u>223,158</u>	<u>145,356</u>	<u>150,653</u>	<u>145,357</u>
Total inventories	<u>584,242</u>	<u>585,514</u>	<u>511,737</u>	<u>585,515</u>

20.1. Inventories value of N584 million (2020: N586 million) were carried at net realisable value. No amount was charged to statement of profit or loss and other comprehensive income in respect of written down value of inventories to net realizable value (2020: Nil). During the year 31 December 2021, NIL (2020: Nil) was recognised as expense for inventories and WIP carried at net realisable value. This is recognised in cost of sales.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
21. Trade & other receivable				
Trade receivable (Note 21.1)	1,110,155	1,075,151	186,151	369,169
Expected credit losses (Note 21.3)	<u>(24,551)</u>	<u>(126,889)</u>	<u>(20,953)</u>	<u>(88,249)</u>
	1,085,604	948,262	165,198	280,920
Contract assets (Note 21.4)	797,736	723,412	797,098	680,777
Other receivables (Note 21.2)	-	-	74,363	25,215
Due from related parties (Note 21.6)	-	-	154,326	152,465
Withholding tax receivables	4,221,142	3,627,366	4,064,737	3,509,905
	<u>6,104,482</u>	<u>5,299,040</u>	<u>5,255,722</u>	<u>4,649,282</u>

21.1 Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The carrying value of these items approximates their fair value.

21.2. Other receivables consist largely of debit balances in trade creditors.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
21.3. Expected credit loss- Trade receivable				
At 1 January	126,889	85,625	88,249	85,625
Additional provision for expected credit loss	-	41,264	-	2,624
Bad debt written off	-	-	-	-
Write back during the year	<u>(102,338)</u>	<u>-</u>	<u>(67,296)</u>	<u>-</u>
	<u>24,551</u>	<u>126,889</u>	<u>20,953</u>	<u>88,249</u>

At 31 December 2021, there was write back of N103.5million (2020: Nil) in the ECL provisions on trade and other receivables. The computation in line with the requirements of IFRS 9 resulted in impairment provision for impairment of Nil as at 31 December 2021 (2020: 2.6million).

21.4. Contract assets

Contract assets relates to unbilled revenue at the end of the year. In line with the application of the standard on impairment of financial instruments, the below represents contract assets balances as at reporting date.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Contract assets - gross	838,760	729,642	799,745	687,007
Expected credit losses (Note 21.5)	<u>(41,024)</u>	<u>(6,230)</u>	<u>(2,647)</u>	<u>(6,230)</u>
	<u>797,736</u>	<u>723,412</u>	<u>797,098</u>	<u>680,777</u>

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
21.5 Expected credit losses - Contract assets				
At 1 January	6,230	763	6,230	763
Additional provision for expected credit loss	34,794	5,467	-	5,467
Write back during the year	-	-	(3,583)	-
	<u>41,024</u>	<u>6,230</u>	<u>2,647</u>	<u>6,230</u>

ECL computations in line with the requirements of IFRS 9 result in Expected credit loss provision of N41 million as at 31 December 2021 and N6.23 million as at 31

21.6 Due from/(to) related parties

The aggregate value of transactions and outstanding balances relating to these entities were as follows:

Related Parties	Nature of Transactions	Relationship	2021		2020	
			Due from related parties N'000	Due to related parties N'000	Due from related parties N'000	Due to related parties N'000
CWG Ghana	Advances and payment of salaries	Subsidiary	-	91,064	-	89,000
CWG Uganda	Advances and payment of salaries	Subsidiary	54,091	-	57,815	-
CWG Cameroun	Advances and payment of salaries	Subsidiary	104,704	-	98,957	-
ECL on Intercompany receivables			(4,469)	-	(4,307)	-
Net amounts due from/(to) related parties			<u>154,326</u>	<u>91,064</u>	<u>152,465</u>	<u>89,000</u>

Terms and conditions of transactions with related parties

Transactions to and from related parties are made at terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 December 2021, the Group and the Company has recorded provision for ECL of N4.5 million on the receivables relating to amounts due from related parties (2020: N4.3 million). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
22. Prepayments				
Project costs	51,443	514,087	51,443	514,087
Staff advances	9,858	12,835	10,050	10,991
Other prepayments	103,403	103,443	72,766	88,527
	<u>164,704</u>	<u>630,365</u>	<u>134,259</u>	<u>613,605</u>

Other prepayments are mainly attributable to prepaid equity contribution for staff cars, insurance and other prepaid charges during the year. The advances are expected to be paid within one year. The carrying value of these items approximates their fair values due to short term nature of the transactions.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

23. Cash and cash equivalents

For the purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts and restricted cash. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated statements of financial position.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Cash in hand	1,224	1,521	693	862
Cash at bank	874,367	817,072	737,258	482,176
Short term deposits	34,286	13,964	34,286	13,964
Restricted Cash	6,940	-	6,940	-
Gross cash and bank balances	<u>916,817</u>	<u>832,557</u>	<u>779,177</u>	<u>497,002</u>
Cash and bank balances as per statement of financial position	916,817	832,557	779,177	497,002
Restricted Cash	-	-	-	-
23.1 Bank overdrafts	-	(7,568)	-	(7,568)
Cash and bank balances as per statement of cash flows	<u>916,817</u>	<u>824,989</u>	<u>779,177</u>	<u>489,434</u>
24. Share capital				
Authorised:				
3,500,000,000 ordinary shares of 50kobo each	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,750,000</u>
24.1 Issued and fully paid:				
2,524,826,359 ordinary shares of 50 kobo each	<u>1,262,413</u>	<u>1,262,413</u>	<u>1,262,413</u>	<u>1,262,413</u>
24.2 Share premium				
At 1 January	1,852,748	1,852,748	1,852,748	1,852,748
Utilized during the year (Note 24.2.b)	<u>(1,852,748)</u>	<u>-</u>	<u>(1,852,748)</u>	<u>-</u>
At 31 December	<u>-</u>	<u>1,852,748</u>	<u>-</u>	<u>1,852,748</u>

(a) The share premium is excess amount received over and above the par value of the shares. It forms part of the non-distributable reserves of the Group and the Company which can be used only for the purposes specified under Companies and Allied Matters Act, CAP C20, LFN 2020.

(b) i. The Share Capital Restructuring did not affect the Company's Issued Share Capital but should result in a reduction of the credit balance in the Company's Share Premium Account, while leaving the aggregate shareholders' funds unchanged. It has no impact on the Company's creditors but, pave the way for the Company's investors to receive dividends out of the Company's future profits.

ii. As at 31st December 2020, the Company carried accumulated losses of N2,498,515,000 in its Statement of Financial position, in order to address this, the entire Share Premium Account of N1,852,748,000 has been applied to reduce the Company's accumulated losses to N645,767,000 and consequently bring the Company a step further on its pathway to positive retained earnings.

iii. The effect of the restructuring on the equity position on the Balance Sheet prior to and subsequent to the restructuring is indicated in the financial statement.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

iv. The restructuring will lay a foundation for better performance for the Company and improve its competitiveness in its sector/industry as well as improve the potential for the Company to pay dividends to its shareholders in the near future.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
24.3 Accumulated losses				
At 1 January	(2,455,582)	(2,898,736)	(2,498,513)	(2,794,210)
Utilized during the year (Note 24.2.b)	1,852,748	-	1,852,748	-
Profit or Loss for the year	449,640	443,154	319,751	295,697
At 31 December	(153,194)	(2,455,582)	(326,014)	(2,498,513)

The Group and the Company's accumulated losses comprises of the Group and the Company's accumulated loss, net of distribution made to equity holders.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
24.4 FV reserve of FA designated at FVOCI				
At 1 January	3,974	6,162	3,974	6,162
Transfer from retained earnings	-	-	-	-
OCI for the year	6,998	(2,188)	6,998	(2,188)
At 31 December	10,972	3,974	10,972	3,974

The reserve comprises the cumulative net change in the fair value of the Group and the Company's financial assets measured at FVOCI.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
24.5 Foreign currency translation reserve				
At 1 January	(103,345)	(30,667)	-	-
Exchange differences on translating foreign operations	40,841	(72,678)	-	-
At 31 December	(62,504)	(103,345)	-	-

The translation reserve comprises all currency exchange differences arising from the translation of the financial statements of non-naira denominated operations into the presentation currency of the Group and the Parent Company.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
25. Trade & other payables				
Trade payables	2,571,154	3,038,975	2,024,061	2,323,721
Due to related party (Note 21.6)	-	-	91,064	89,000
Other payables (Note 25.1)	2,971,789	2,735,205	2,844,132	2,736,966
Accruals	1,224,386	987,963	1,188,518	924,989
	6,767,329	6,762,143	6,147,775	6,074,676

The accruals relate to provision for pension, Pay-As-You Earned, Industrial Training Funds (ITF) and accruals for cost of goods sold.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
25.1 Other payables				
Value added taxes	2,577,591	2,412,998	2,504,823	2,414,918
Withholding Tax	312,301	309,520	327,126	309,361
Unclaimed dividend	6,840	6,178	6,840	6,178
Sundry creditors	75,057	6,509	5,343	6,509
	<u>2,971,789</u>	<u>2,735,205</u>	<u>2,844,132</u>	<u>2,736,966</u>

Terms and conditions of the above Trade and other payables:

* Trade payables are non-interest bearing and are normally settled on 45-day terms .

* Other payables are non-interest bearing and have an average term of six months

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
26. Lease liability				
Lease under IFRS 16 (Note 26.1)	74,481	53,082	45,193	89,544
	<u>74,481</u>	<u>53,082</u>	<u>45,193</u>	<u>89,544</u>
Current portion	54,371	32,972	25,083	27,626
Non-current portion	20,110	20,110	20,110	20,110
	<u>74,481</u>	<u>53,082</u>	<u>45,193</u>	<u>47,736</u>

26.1 Movement in lease liability

At 1 January	53,082	103,822	47,736	89,544
Additions during the year	22,803	-	22,803	-
Accretion of interest	(4,714)	17,083	(4,714)	14,081
Repayment of principal during the year	(12,000)	(50,434)	(12,000)	(41,808)
Repayment of interest during the year	(8,632)	(17,083)	(8,632)	(14,081)
Exchange difference	23,942	(306)	-	-
At 31 December	<u>74,481</u>	<u>53,082</u>	<u>45,193</u>	<u>47,736</u>

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

26.2 Group/Company as a Lessee

The group and the Company has lease contracts for rented office buildings, guesthouses, warehouses, motor vehicles for key management staff and generators for the Group and the Company's operations. Leases of rented office buildings generally have lease terms between 2 and 3 years, while guest houses has 1 to 2 years lease term. The group and the Company's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension options, which are further discussed below.

The group and the Company also has certain leases of office building, guesthouses and warehouses with lease terms of less than 12 months. The Group and the Company applies the 'short-term lease' recognition exemptions for these leases.

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

	Guest Houses N'000	Office Building N'000	Plant & Machinery N'000	Motor Vehicle N'000	Total N'000
The Group					
Cost					
At 1 January 2020	22,568	92,471	58,960	66,178	240,177
Addition	3,500	26,711	-	-	30,211
Disposal	-	-	-	(32,419)	(32,419)
At 31 December 2020	<u>26,068</u>	<u>119,182</u>	<u>58,960</u>	<u>33,759</u>	<u>237,969</u>
At 1 January 2021	26,068	119,182	58,960	33,759	237,969
Additions	4,607	70,894	-	-	75,501
Disposal	-	-	-	-	-
Exchange difference	-	4,868	-	-	4,868
At 31 December 2021	<u>30,675</u>	<u>194,944</u>	<u>58,960</u>	<u>33,759</u>	<u>318,338</u>
DEPRECIATION					
At 1 January 2020	17,959	40,704	28,327	39,172	126,162
Depreciation charge for the year	6,068	42,351	14,740	8,440	71,599
Disposal	(32,419)	-	-	-	(32,419)
At 31 December 2020	<u>(8,392)</u>	<u>83,055</u>	<u>43,067</u>	<u>47,612</u>	<u>165,342</u>
At 1 January 2021	(8,392)	83,055	43,067	47,612	165,342
Depreciation charge for the year	2,426	41,379	8,167	8,440	60,412
Disposal	-	-	-	-	-
Exchange difference	-	3,331	-	-	3,331
At 31 December 2021	<u>(5,966)</u>	<u>127,765</u>	<u>51,234</u>	<u>56,052</u>	<u>229,085</u>
Carrying value					
At 31 December 2021	<u>36,641</u>	<u>67,179</u>	<u>7,726</u>	<u>(22,293)</u>	<u>89,253</u>
At 31 December 2020	<u>34,460</u>	<u>36,127</u>	<u>15,893</u>	<u>(13,853)</u>	<u>72,627</u>

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Guest Houses N'000	Office Building N'000	Plant & Machinery N'000	Motor Vehicle N'000	Total N'000
The Company					
Cost					
At 1 January 2020	22,568	69,165	58,960	66,178	216,871
Additions	3,500	26,711	-	-	30,211
Disposal	-	-	-	(32,419)	(32,419)
At 31 December 2020	26,068	95,876	58,960	33,759	214,663
At 1 January 2021	26,068	95,876	58,960	33,759	214,663
Additions	4,607	47,736	-	-	52,343
At 31 December 2021	30,675	143,612	58,960	33,759	267,006
Accumulated depreciation					
At 1 January 2020	17,953	32,018	28,327	39,172	117,470
Depreciation charge for the year	6,068	33,408	14,740	8,440	62,656
Disposal	-	-	-	(32,419)	(32,419)
At 31 December 2020	24,021	65,426	43,067	15,193	147,707
At 1 January 2021	24,021	65,426	43,067	15,193	147,707
Depreciation charge for the year	2,426	31,274	8,167	8,440	50,307
At 31 December 2021	26,447	96,700	51,234	23,633	198,014
Carrying amount:					
At 31 December 2021	4,228	46,912	7,726	10,126	68,992
At 31 December 2020	2,047	30,450	15,893	18,566	66,956

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
27. Short-term interest-bearing loans and borrowings				
Interest-bearing loans and borrowings (Note 27.1)	151,370	257,226	85,747	138,858
Bank overdrafts (Note 23.1)	-	7,568	-	7,568
	151,370	264,794	85,747	146,426
27.1 Interest-bearing loans and borrowings				
Stanbic Bank Uganda (Note 27.1.1)	65,623	118,368	-	-
Stanbic IBTC Nigeria	34,507	-	34,507	-
Globus Bank Nigeria	51,240	-	51,240	-
United Bank for Africa Nigeria (Note 27.1.2)	-	138,858	-	138,858
	151,370	257,226	85,747	138,858
27.2 Movement in Interest-bearing loans and borrowings				
At 1 January	257,225	389,553	138,858	237,000
Additions during the year	252,276	1,538,400	188,000	1,538,400
Interest accrued	25,645	69,190	15,069	50,530
Repayment of loan principal during the year	(378,116)	(1,636,542)	(241,111)	(1,636,542)
Repayment of interest during the year	(25,645)	(112,186)	(15,069)	(50,530)
Exchange difference	19,984	8,810	-	-
At 31 December	151,369	257,225	85,747	138,858

27.1.1 Stanbic Bank Uganda

CWG Uganda was granted a Bank Guarantee facility by Stanbic IBTC Bank to enable the organisation execute and deliver on contract awarded to the organisation. The facility amount granted was USD 500,000 for the period of 12 months, and renewable every year at interest of 15% per annum.

27.1.2 United Bank for Africa Nigeria

CWG Nigeria on 17 November 2020 was granted a multiple facilities of N2.555BN comprising of IFF/ITF Line of N385m, Overdraft of N200m, Invoice Discounting Facility (IDF) of N800m, Advance Paymnet guarantee of N385m, Contract Finance of N400m which contains a total amount of N300m; at Interest rate of 14% per annum and Bonds and guarantee Line of N385m at 0.5% Issuance fee. The facilities were for importation of Hardwares such as ATM, Servers etc, also to discount invoices of about 70%, for the period of 12 months.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
28. Contract liability				
At 1 January	279,179	346,872	279,178	225,414
Arising during the year	-	7,855,914	-	7,855,914
Released to profit or loss	(92,788)	(7,923,607)	(111,132)	(7,802,150)
At 31 December	186,391	279,179	168,046	279,178
29. Emoluments of directors and employees				
Directors' emoluments comprise:				
Fees	6,377	11,691	5,200	10,825
Other remuneration	47,242	47,242	47,242	47,242
	53,619	58,933	52,442	58,067
Highest paid director	47,242	47,242	47,242	47,242
The average number of persons employed by the Group and Company during the year, including Directors, was as follows:				
	Number	Number	Number	Number
Technical	444	414	427	394
Non-technical	100	115	83	108
	544	529	510	502
The numbers of Directors whose gross emoluments are within the bands stated below were: -				
	N	N	Number	Number
Up to - 1,000,000			2	4
1,000,001 - 2,000,000			2	-
2,000,001 - 3,000,000			-	-
Above - 3,000,000			1	1
			5	5
Executive Directors			1	1
Non-Executive Directors			5	5
			6	6
29.1 Staff Costs - Salaries and allowances:	N'000	N'000	N'000	N'000
Wages, Salaries, allowances	1,134,451	1,003,249	865,620	745,018
Pension costs	51,063	43,509	42,159	36,312
Other benefits- Welfare	71,855	100,382	47,327	83,651
	1,257,369	1,147,140	955,106	864,981

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
The numbers of employees with gross emoluments within the bands stated below were:				
	N	N	Number	Number
Up to - 1,000,000			147	160
1,000,001 - 2,000,000			203	232
2,000,001 - 3,000,000			42	84
Above - 3,000,000			152	53
			<u>544</u>	<u>529</u>
			N'000	N'000
			139	160
			195	220
			40	74
			136	48
			<u>510</u>	<u>502</u>
			N'000	N'000

29.2 Transactions with key management personnel

Compensation of key management personnel of the Group and the Company

Short-term employment benefits	47,242	47,242	47,242	47,242
Fees paid for meetings attended	6,377	11,691	5,200	10,825
Total compensation paid to key management personnel	53,619	58,933	52,442	58,067

30. Commitments and contingencies

The Group and the Company has various lease contracts that have not yet commenced as at 31 December 2021.

	2021		2020	
	Minimum payments N'000	Present value of payments N'000	Minimum payments N'000	Present value of payments N'000
Within one year	25,083	25,083	27,626	27,626
After one year but not more than five years	20,110	20,110	20,110	20,110
Total minimum lease payments	45,193	45,193	47,736	47,736
Less: Amount representing finance charge	-	-	-	-
Present value of minimum lease payments	45,193	45,193	47,736	47,736

31. Events after the reporting year

There were no significant events after the reporting date that could affect the reported amount of assets and liabilities as of the reporting date

32. Comparative figures

Where necessary, comparative figures have been reclassified to ensure proper disclosure and uniformity with current year's presentation. These re-classifications have no net impact on these financial statements.

CWG PLC

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Other National Disclosures

CWG PLC

CONSOLIDATED STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2021

	Group				Company			
	2021 N'000	%	2020 N'000	%	2021 N'000	%	2020 N'000	%
Revenue	11,708,775		11,715,818		8,528,461		8,692,532	
Other income	143,874		132,550		103,093		37,853	
	11,852,649		11,848,368		8,631,554		8,730,385	
Bought-in-material:								
- Local	(9,671,886)		(9,780,905)		(6,967,572)		(7,200,544)	
Value added	<u>2,180,763</u>	100	<u>2,067,463</u>	100	<u>1,663,982</u>	100	<u>1,529,841</u>	100

Applied as follows:-

To pay employees								
- Wages, salaries and other staff costs	1,257,369	59	1,147,140	55	955,106	57	864,981	57
To pay government								
- Corporate tax	166,786	8	104,109	5	101,141	6	34,248	2
To pay provider of capital								
- Interest expense and similar charges	48,542	3	97,283	5	37,961	2	77,290	5
To provide for replacement of assets dividend to shareholders and development of business								
- Deferred tax write back	(5,709)	(0)	(1,300)	(0)	-	-	-	-
- Depreciation and amortization	264,135	12	277,078	13	250,023	15	257,625	17
Profit for the year	449,640	20	443,153	21	319,751	19	295,697	19
Value added	<u>2,180,763</u>	100	<u>2,067,463</u>	100	<u>1,663,982</u>	100	<u>1,529,841</u>	100

Value added represents the additional wealth which the company has been able to create by its own and its employees effort. The statements shows the allocation of that wealth among the employees, capital providers, Government and that retained for creation of more wealth.

CWG PLC

FINANCIAL SUMMARY - GROUP

31 DECEMBER	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
Statement of financial position					
Assets employed					
Non current assets	646,385	687,716	883,501	631,606	1,197,413
Current assets	<u>7,770,245</u>	<u>7,364,639</u>	<u>7,458,710</u>	<u>9,684,743</u>	<u>11,295,747</u>
Total assets	<u>8,416,630</u>	<u>8,052,355</u>	<u>8,342,211</u>	<u>10,316,349</u>	<u>12,493,160</u>
Liabilities					
Creditors within one year	7,338,833	7,469,939	8,111,538	10,194,856	10,889,980
Creditors due after one year	<u>20,110</u>	<u>22,208</u>	<u>38,753</u>	<u>6,850</u>	<u>29,663</u>
Total liabilities	7,358,943	7,492,147	8,150,291	10,201,706	10,919,643
Capital employed					
Issued share capital	1,262,413	1,262,413	1,262,413	1,262,413	1,262,413
Share premium	-	1,852,748	1,852,748	1,852,748	1,852,748
Accumulated losses	(153,194)	(2,455,582)	(2,898,736)	(2,971,646)	(1,527,895)
Fair value reserve of financial assets at FVOCI	10,972	3,974	6,162	6,162	11,994
Foreign currency translation reserve	<u>(62,504)</u>	<u>(103,345)</u>	<u>(30,667)</u>	<u>(35,034)</u>	<u>(25,743)</u>
Total equity and liabilities	<u>8,416,630</u>	<u>8,052,355</u>	<u>8,342,211</u>	<u>10,316,349</u>	<u>12,493,160</u>
Statement of profit or loss account and other comprehensive income					
Revenue	11,708,775	11,715,818	9,566,537	7,755,122	8,827,460
Direct costs	<u>(8,795,196)</u>	<u>(9,080,002)</u>	<u>(7,241,345)</u>	<u>(5,898,460)</u>	<u>(6,308,233)</u>
Gross profit	2,913,579	2,635,816	2,325,192	1,856,662	2,519,227
Other income	143,874	132,550	1,139,175	142,213	80,139
Administrative expenses	(2,215,018)	(2,099,710)	(2,533,078)	(3,293,162)	(3,329,996)
Exchange loss/ (gain)	(186,865)	(24,615)	(224,551)	238,382	(659,881)
Finance costs	(48,542)	(97,283)	(73,121)	(60,374)	(125,912)
Finance income	<u>9,398</u>	<u>504</u>	<u>391</u>	<u>1,525</u>	<u>5,754</u>
Profit/(loss) on ordinary activities before tax	616,426	547,262	634,008	(1,114,754)	(1,510,669)
Income tax expense	<u>(166,786)</u>	<u>(104,109)</u>	<u>(561,266)</u>	<u>(31,484)</u>	<u>(65,761)</u>
Profit/(loss) after taxation	<u>449,640</u>	<u>443,153</u>	<u>72,742</u>	<u>(1,146,238)</u>	<u>(1,576,430)</u>
Earning/(loss) per share - basic (kobo)	<u>0.18</u>	<u>0.18</u>	<u>0.03</u>	<u>(0.45)</u>	<u>(0.62)</u>
Net Asset per share (kobo)	<u>3.33</u>	<u>3.19</u>	<u>3.30</u>	<u>4.09</u>	<u>4.95</u>

CWG PLC

FINANCIAL SUMMARY - COMPANY

31 DECEMBER	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
Assets employed					
Non current assets	888,936	948,055	1,127,177	3,015,000	3,041,185
Current assets	<u>6,680,895</u>	<u>6,345,404</u>	<u>6,292,849</u>	<u>906,622</u>	<u>840,190</u>
Total assets	<u>7,569,831</u>	<u>7,293,459</u>	<u>7,420,026</u>	<u>3,921,622</u>	<u>3,881,375</u>
Liabilities					
Creditors within one year	6,602,350	6,652,727	7,056,935	1,577,688	1,826,115
Creditors due after one year	<u>20,110</u>	<u>20,110</u>	<u>35,978</u>	<u>554,100</u>	<u>323,838</u>
Total liabilities	<u>6,622,460</u>	<u>6,672,837</u>	<u>7,092,913</u>	<u>2,131,788</u>	<u>2,149,953</u>
Capital employed					
Issued share capital	1,262,413	1,262,413	1,262,413	828,850	828,850
Share premium	-	1,852,748	1,852,748	575,391	575,391
Accumulated losses	(326,014)	(2,498,513)	(2,794,210)	382,553	366,772
Fair value reserve of financial assets at FVOCI	10,972	3,974	6,162	-	-
Foreign currency translation reserve	-	-	-	3,040	-39,591
Total equity and liabilities	<u>7,569,831</u>	<u>7,293,459</u>	<u>7,420,026</u>	<u>3,921,622</u>	<u>3,881,375</u>
Statement of profit or loss account and other comprehensive income					
Revenue	8,528,461	8,692,532	7,090,060	6,018,112	6,211,629
Direct costs	<u>(6,260,213)</u>	<u>(6,638,481)</u>	<u>(5,215,724)</u>	<u>(4,641,243)</u>	<u>-4,201,517</u>
Gross profit	2,268,248	2,054,051	1,874,336	1,376,869	2,010,112
Other income	103,093	37,853	1,097,461	141,940	78,939
Administrative expenses	(1,732,862)	(1,652,834)	(2,074,194)	(2,906,239)	(2,824,754)
Exchange (loss)/gain	(189,024)	(32,340)	(245,864)	246,849	(691,283)
Finance costs	(37,961)	(77,290)	(60,830)	(50,195)	(114,747)
Finance income	<u>9,398</u>	<u>504</u>	<u>391</u>	<u>1,525</u>	<u>5,754</u>
Profit/(Loss) on ordinary activities					
Profit/(Loss) before taxation	420,892	329,944	591,300	(1,189,251)	(1,535,979)
Income tax expense	<u>(101,141)</u>	<u>(34,247)</u>	<u>(547,868)</u>	<u>(38,314)</u>	<u>-</u>
Profit/(loss) after taxation	<u>319,751</u>	<u>295,697</u>	<u>43,432</u>	<u>(1,227,565)</u>	<u>(1,535,979)</u>
Earnings/(Loss) per share - basic (kobo)	<u>0.13</u>	<u>0.12</u>	<u>0.02</u>	<u>(0.49)</u>	<u>(0.61)</u>