

CWG PLC

**CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022**

CWG PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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CWG PLC

CORPORATE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2022

Registered number	- RC 615619																				
Directors	<table><thead><tr><th>Names</th><th>Designation</th></tr></thead><tbody><tr><td>- Mr. Philip Obioha</td><td>Chairman (Non-Executive)</td></tr><tr><td>Mr. Austin Okere</td><td>Non-Executive Director</td></tr><tr><td>Mr. Abiodun Fawunmi</td><td>Non-Executive Director</td></tr><tr><td>Dr. Olusegun Oso</td><td>Non-Executive Director</td></tr><tr><td>Mr. Wale Agbeyangi</td><td>Non-Executive Director</td></tr><tr><td>Mr. Adewale Adeyipo</td><td>Managing Director/Chief Executive Officer</td></tr><tr><td>Mrs. Taba Adela Peterside</td><td>Independent Non-Executive Director (Appointed w.e.f 4th March 2022)</td></tr><tr><td>Mr. Afolabi Sobande</td><td>Executive Director</td></tr><tr><td>Mr. Ireti Yusuf</td><td>Executive Director</td></tr></tbody></table>	Names	Designation	- Mr. Philip Obioha	Chairman (Non-Executive)	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	Mrs. Taba Adela Peterside	Independent Non-Executive Director (Appointed w.e.f 4th March 2022)	Mr. Afolabi Sobande	Executive Director	Mr. Ireti Yusuf	Executive Director
Names	Designation																				
- Mr. Philip Obioha	Chairman (Non-Executive)																				
Mr. Austin Okere	Non-Executive Director																				
Mr. Abiodun Fawunmi	Non-Executive Director																				
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Mr. Wale Agbeyangi	Non-Executive Director																				
Mr. Adewale Adeyipo	Managing Director/Chief Executive Officer																				
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Mr. Afolabi Sobande	Executive Director																				
Mr. Ireti Yusuf	Executive Director																				
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																				
Locations	- Corporate office																				
Offices in Nigeria	- Abuja Port Harcourt																				
Subsidiaries	- CWG Ghana Ltd CWG Cameroun Ltd CWG Uganda Ltd FTHLAB Ltd																				
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																				
Registrars	- 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 2022

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 2022 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	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Revenue	<u>14,206,737</u>	<u>11,708,774</u>	<u>9,920,212</u>	<u>8,528,461</u>
Profit before taxation	741,385	616,425	685,710	420,892
Income tax expense	<u>(264,582)</u>	<u>(166,786)</u>	<u>(144,503)</u>	<u>(101,141)</u>
Profit after taxation	<u>476,803</u>	<u>449,639</u>	<u>541,207</u>	<u>319,751</u>

DIVIDEND

The directors recommended dividend of 4kobo per share for the year ended 31 December 2022; 2021 (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 2022 (2021: Nil).

DONATIONS

The group and the Company did not make any donation during the year ended 31 December 2022 (2021: Nil).

CWG PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2022

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
Dr. Olusegun Oso	Non-Executive Director
Mr. Abiodun Fawunmi	Non-Executive Director
Mr. Agbeyangi Babawale	Non-Executive Director
Mrs. Taba Peterside	Independent Non-Executive Director
Mr. Adewale Adeyipo	Managing Director/Chief Executive Officer
Mr. Afolabi Sobande	Executive Director
Mr. Irete Yusuf	Executive Director

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 2022 was beneficially owned as follows:			
Mr. Austin Okere	590,129,287	23.37	295,064,644
Mr. Abiodun Fawunmi	456,077,754	18.06	228,038,877
Mr. Philip Obioha	456,077,754	18.06	228,038,877
Mr. Adewale Adeyipo	258,788,245	10.25	129,394,123
Cordros Trustees Limited	258,788,144	10.25	129,394,072
Others	504,865,275	20.00	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	20.50	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	20.00	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.

CWG PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022 (2021:Nil).

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 31, 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

DCSL Corporate Services Limited
Company Secretaries



Anne Agbo

FRC/2013/NBA/00000000855

Lagos, Nigeria

Date: 21 March 2023

CWG PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

CWG Plc is committed to upholding the highest standards of Corporate Governance, with the aim of ensuring proper oversight of the Group and the Company operations and creating long-term sustainable value for all shareholders and stakeholders. The company adheres to best practices, which includes separating the powers of the Chairman and the Group CEO, as well as having 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 Exchange Limited (NGX) 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, Three (3) Executive Directors and Six (6) 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 Committee, Audit Committee, Remuneration & Nominations Committee. The Board carries out its oversight functions through the committees

FINANCE AND GENERAL PURPOSE COMMITTEE

The committee comprises eight (8) 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:

Mrs Taba Peterside - Chairman
Mr. Austin Okere
Mr. Abiodun Fawunmi
Mr. Wale Agbeyangi
Dr. Olusegun Oso
Mr. Adewale Adeyipo
Mr. Afolabi Sobande
Mr. Irete Yusuf

AUDIT COMMITTEE:

The Committee is made up of four (4) members. 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.

CWG PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

MEMBERSHIP OF THE COMMITTEE:

Mr. Abiodun Fawunmi- Chairman
Mr. Austin Okere
Mr. Wale Agbeyangi
Mrs Taba Peterside

RISK MANAGEMENT COMMITTEE:

The Committee is made up of five (5) members. The Committee is responsible for the oversight, review and recommendation of the risk management policies and framework for the approval of the Board.

MEMBERSHIP OF THE COMMITTEE:

Dr. Olusegun Oso - Chairman
Mr. Abiodun Fawunmi
Mr. Adewale Adeyipo
Mr. Afolabi Sobande
Mr. Irete Yusuf

REMUNERATION AND NOMINATIONS COMMITTEE:

The Committee is made up of five (5) 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
Mrs. Taba Peterside
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 **five (5)** 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 Exchange Limited 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 2022

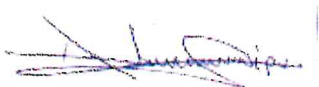
The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2020, requires the Directors to prepare consolidated financial statements for each financial year that give a true and fair view of the state of financial affairs of the group at the end of the year and of its profit or 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 2022**. 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



Mr. Adewale Adeyipo (MD/CEO)

Date: 21 March 2023



Mr. Philip Obioha (Chairman)

Date: 21 March 2023

CWG PLC

REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2022

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 as follows:

- 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: 21 March 2023

MEMBERS OF THE COMMITTEE
Mr. Akinsola Akinyemi – Chairman
Alhaji Wahab Ajani
Mr. Robert Ibekwe
Dr. Olusegun Oso
Mr. Abiodun Fawunmi

CWG PLC

CERTIFICATION OF AUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

Further to the provisions of section 405 of the Companies and Allied Matters Act 2020, we the Managing Director/CEO and Chief Financial Officer of CWG plc respectively hereby certify as follows:

- a. That we have reviewed the Audited Financial Statement (AFS) of the Company for the year ended 31st December 2022.
- b. That the AFS represents the true and correct financial position of our company as at the said date of 31st December 2022
- c. That the AFS does not contain any untrue statement of material fact or omit to state material fact, which would make the statement misleading
- d. That the AFS fairly represent, in all material respect, the financial condition and results of operations of the company as of and for the year ended 31st December 2022
- e. That we are responsible for establishing and maintaining internal controls and affirm that the company's internal controls were effective as of 31st December 2022
- f. That all significant deficiencies in the design or operation of internal control which could adversely affect the company's ability to record, process, summarize and report financial data have been disclosed to the Independent Auditors and the Audit Committee



Adewale Adeyipo
Chief Executive Officer
FRC/2019/IODN/00000019283

Dated: 21 March 2023



Atolabi Sobande
Chief Operating Officer
FRC/2020/001/00000021960

Dated: 21 March 2023

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 2022, 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 2022, 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.

1. Impairment of trade and other receivables

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.

The Group's credit exposures and respective impairment, where applicable, as at 31 December 2022 were as follows:

Exposures assessed for expected credit loss under IFRS 9	Gross Balance N'000	Impairment N'000
Cash and Cash Equivalent	922,245	
Investment in Subsidiaries	-	
Financial assets measured	218,112	(218)
Trade & Other Receivables	10,156,965	(59,605)

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.

The assumptions with the most significant impact on the Expected Credit Loss (ECL) were:

1. 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;

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:

- 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;

<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>
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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.

The engagement partner on the audit resulting in the independent auditors report is Olatunji Ogundeyin.

Olatunji Ogundeyin

Olatunji Ogundeyin, FCA,
FRC/2013/ICAN/00000002224
For: PKF Professional Services
Chartered Accountants
Lagos, Nigeria

Date: 21 March 2023

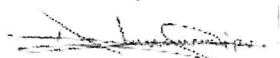


CWG PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 N'000	2021 N'000	2022 N'000	2021 N'000
Non-current assets					
Property, Plant & Equipment	16	548,055	451,899	531,661	445,661
Right of use asset	26.2	51,381	89,254	51,381	68,991
Intangible Asset	17	74,590	82,635	74,095	82,635
Investment in Subsidiaries	18	-	-	298,284	273,284
Deferred tax assets	14.5.1	1,093	4,234	-	-
Financial assets	19	236,164	18,364	236,164	18,364
Total non-current assets		911,283	646,386	1,191,585	888,935
Current assets					
Inventories	20	1,268,508	584,242	1,268,508	511,737
Trade and other receivables	21	10,097,360	6,862,003	8,626,925	5,942,616
Income tax receivables	14.3.1	16,399	-	-	-
Prepayments	22	1,317,238	164,704	1,293,052	134,259
Cash and cash equivalents	23	922,245	916,817	611,452	779,177
Total current assets		13,621,750	8,527,766	11,799,937	7,367,789
Total assets		14,533,033	9,174,152	12,991,522	8,256,724
Equity					
Issued share capital	24.1	1,262,413	1,262,413	1,262,413	1,262,413
Retained earnings	24.3	323,608	(153,195)	215,193	(326,014)
Fair value reserve	24.4	10,661	10,972	10,661	10,972
Foreign translation reserve	24.5	(124,748)	(62,504)	-	-
Total equity		1,471,934	1,057,686	1,488,267	947,371
Non-current liabilities					
Lease liability	27	-	20,110	-	20,110
Total non-current liabilities		-	20,110	-	20,110
Current liabilities					
Trade and other payables	25	9,737,398	7,524,850	8,349,080	6,834,667
Lease liability	26	19,741	54,371	19,741	25,083
Interest bearing loans & borrowings	27	1,845,437	151,370	1,688,432	85,747
Income tax payable	14.4	225,480	179,372	225,405	175,699
Contract liability	28	1,233,043	186,393	1,220,597	168,047
Total current liabilities		13,061,099	8,096,356	11,503,255	7,289,243
Total Liabilities		13,061,099	8,116,466	11,503,255	7,309,353
Total equity and liabilities		14,533,033	9,174,152	12,991,522	8,256,724

The consolidated financial statements were approved by the Board of Directors on 21 March 2023 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 (COO)
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 2022

	Note	Group		Company	
		2022 N'000	2021 N'000	2022 N'000	2021 N'000
Revenue	7	14,206,737	11,708,774	9,920,212	8,528,461
Cost of sales	8	(10,377,506)	(8,795,196)	(6,896,406)	(6,260,213)
Gross Profit		3,829,231	2,913,578	3,023,806	2,268,248
Other income	9	65,235	143,874	43,142	103,093
Administrative expenses	10	(2,883,046)	(2,215,018)	(2,215,428)	(1,732,862)
Exchange loss	11	(219,667)	(186,865)	(126,918)	(189,024)
Finance costs	12	(55,919)	(48,542)	(44,443)	(37,961)
Finance income	13	5,551	9,398	5,551	9,398
Profit before tax		741,385	616,425	685,710	420,892
Income tax expenses	14	(264,582)	(166,786)	(144,503)	(101,141)
Profit for the year		476,803	449,639	541,207	319,751
Other comprehensive income:					
Items that may be subsequently reclassified:					
Net loss on financial assets-FVOCI	24.4	(311)	6,998	(311)	6,998
Items that may not be subsequently reclassified:					
Translation of foreign entities	24.5	(62,244)	40,841	-	-
Other comprehensive income for the year - net of tax		(62,555)	47,839	(311)	6,998
Total comprehensive income for the year - net of tax		414,248	497,478	540,896	326,749
Earnings per share(Kobo)		0.19	0.18	0.21	0.13

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 2022

	Note	Group		Company	
		2022 N'000	2021 N'000	2022 N'000	2021 N'000
Cash flows from operating activities					
Profit for the year		476,803	449,639	541,207	319,751
Adjustment for:					
Depreciation of property, plant and equipment	16	141,262	127,624	137,536	123,723
Depreciation of right-of-use assets	26.2	53,868	60,412	49,563	50,306
Amortisation of intangible assets	17	80,088	76,099	80,067	76,105
Impairment charge/(write back) on receivables	21.3	57,963	(67,296)	34,724	(67,296)
ECL Provisions - Contract assets	21.4	569	(3,583)	569	(3,583)
ECL Provisions - Related Parties	21.6	-	161	593	161
Bad Debt written off		-	35,640	-	237
ECL Provisions - Financial asset at amortised cost	19.2	218	-	218	-
Income tax expense	14.1	264,582	166,786	144,503	101,141
Finance income	13	(5,551)	(9,398)	(5,551)	(9,398)
Finance cost	12	55,919	48,542	44,443	37,961
Derecognition of Property, Plant and Equipment		-	45,744	-	45,744
WHT credit note utilised	14.4	(65,971)	(21,731)	(65,971)	(21,731)
Net foreign exchange differences		(112,381)	(22,292)	-	-
Profit on disposal of PPE	9	(4,644)	(5,358)	(5,250)	(5,358)
		<u>942,725</u>	<u>880,989</u>	<u>956,651</u>	<u>647,763</u>
Changes in:					
Deferred tax assets		326	(5,709)	-	-
Trade and other receivables	21	(3,293,889)	(734,563)	(2,720,195)	(535,561)
Income tax receivable		(16,399)	-	-	-
Prepayments	22	(1,152,534)	465,661	(1,158,793)	479,346
Inventories	20	(684,266)	1,272	(756,771)	73,778
Trade and other payables	25	2,212,548	5,186	1,514,347	72,701
Contract liabilities	28	1,046,650	(92,788)	1,052,550	(111,132)
Cash generated from operating activities		(944,839)	520,048	(1,112,211)	626,895
Income tax paid	14.4	(66,809)	(96,534)	(28,826)	(28,532)
Net cash (used in)/from operating activities		(1,011,648)	423,514	(1,141,037)	598,363
Cash flows from investing activities:					
Purchase of property, plant and equipment	16	(239,686)	(137,281)	(223,440)	(174,752)
Transfer from property, plant and equipment		(5,801)	-	-	-
Purchase of right-of-use assets	26.2	(31,905)	(75,502)	(31,905)	(52,343)
Acquisition of intangible assets	17	(72,043)	(2,667)	(71,527)	(2,667)
Addition to investment in subsidiaries	18	-	-	(25,000)	-
Addition to Financial assets measured at FVOCI & Amortised		(218,330)	-	(218,330)	-
Proceeds from sale of property, plant and equipment	16	4,549	5,358	5,155	5,358
Interest received	13	5,551	9,398	5,551	9,398
Net cash used in investing activities		(557,665)	(200,694)	(559,496)	(215,006)
Cash flows from financing activities:					
Additional loan	27.2	3,158,571	277,921	3,001,604	188,000
Repayment of loan principal	27	(1,547,432)	(378,116)	(1,467,512)	(241,111)
Additional lease liabilities		26,612	31,435	26,612	18,089
Lease obligation repayment	26.1	(68,744)	(20,632)	(52,064)	(20,632)
Interest paid	24	(55,919)	(48,542)	(44,443)	(37,961)
Net cash from/(used in) financing activities		1,513,089	(137,934)	1,464,197	(93,615)
Net (decrease)/increase in cash and cash equivalents		(56,230)	84,888	(236,337)	289,743
Net foreign exchange difference		-	-	-	-
Cash and cash equivalents at 1 January		<u>909,877</u>	<u>824,989</u>	<u>779,177</u>	<u>489,434</u>
Cash and cash equivalents at 31 December	23	853,646	909,877	542,854	779,177

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 2022

Attributable to equity holders- the Group

	Issued share capital N'000	Share premium N'000	Retained earnings N'000	Fair value reserve N'000	Foreign translation reserve N'000	Total N'000
At 1 January 2021	<u>1,262,413</u>	<u>1,852,748</u>	<u>(2,455,582)</u>	<u>3,974</u>	<u>(103,345)</u>	<u>560,208</u>
Changes in equity for 2021:						
Profit for the year	-	-	449,639	-	-	449,639
Utilized during the year (Note 24.2.b)	-	(1,852,748)	1,852,748	-	-	-
	-	(1,852,748)	2,302,387	-	-	449,638.64
Other comprehensive income for the year; net of tax						
Fairvalue gain for the year	-	-	-	6,998	-	6,998
Translation gain for the year	-	-	-	-	40,841	40,841
At 31 December 2021	<u>1,262,413</u>	<u>0</u>	<u>(153,195)</u>	<u>10,972</u>	<u>(62,504)</u>	<u>1,057,686</u>
At 1 January 2022	<u>1,262,413</u>	<u>0</u>	<u>(153,195)</u>	<u>10,972</u>	<u>(62,504)</u>	<u>1,057,686</u>
Changes in equity for 2022:						
Profit for the year	-	-	476,803	-	-	476,803
	-	-	476,803	-	-	476,803
Other comprehensive income for the year; net of tax						
Fairvalue gain for the year	-	-	-	(311)	-	(311)
Translation gain for the year	-	-	-	-	(62,244)	(62,244)
31 December 2022	<u>1,262,413</u>	<u>0</u>	<u>323,608</u>	<u>10,661</u>	<u>-124,748</u>	<u>1,471,934</u>

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

CWG PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

Attributable to equity holders- the Company					
	Issued share capital N'000	Share premium N'000	Retained earnings N'000	Fair value reserve N'000	Total N'000
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 during the year (Note 24.2.b)	-	(1,852,748)	1,852,748	-	-
	-	(1,852,748)	2,172,499	-	319,751
Other comprehensive income for the year; net of tax					
Fairvalue gain for the year	-	-	-	6,998	6,998
31 December 2021	<u>1,262,413</u>	<u>0</u>	<u>(326,014)</u>	<u>10,972</u>	<u>947,371</u>
1 January 2022	<u>1,262,413</u>	<u>0</u>	<u>(326,014)</u>	<u>10,972</u>	<u>947,371</u>
Changes in equity for 2022:					
Profit for the year	-	-	541,207	-	541,207
	-	-	541,207	-	541,207
Other comprehensive income for the year; net of tax					
Fairvalue gain for the year	-	-	-	(311)	(311)
31 December 2022	<u>1,262,413</u>	<u>0</u>	<u>215,193</u>	<u>10,661</u>	<u>1,488,267</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 2022

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 2022** 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 2022

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

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

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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
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.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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.

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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:

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.

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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-

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

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.

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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

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.

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).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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 ca

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.

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.

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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.

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.

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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.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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;
- 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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).

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 2022

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IFRS 3 Business Combinations — Reference to the Conceptual Framework
- Amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets — Onerous Contracts — Cost of Fulfilling a Contract
- Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract
- 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 Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

4.1.b. 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

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

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4.1.c. 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.

4.1.d. 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4.1.e. 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.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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 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.d. 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.e. 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 changes in accounting estimates in the Standard with the following clarifications:

- 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

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.

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4.3.f. 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

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

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

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

- 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.

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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.

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.

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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
2022	+5%	(35,304)
	-5%	39,020
2021	+5%	(21,411)
	-5%	23,665

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	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
US Dollars	<u>(2,415,352)</u>	<u>(3,120,809)</u>	<u>191,588</u>	<u>292,702</u>

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 N218.11million (2021: N18.36 million). A decrease of 5% on the Nigerian Stock Exchange market index could have an impact of approximately N10.905 million (2021: N0.92 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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	Current	Trade receivables				>365 days	Total
			Days past due					
	N'000	N'000	1 - 30 days	31 - 60 days	61 - 90 days	91 - 365 days	N'000	N'000
31 December 2022								
Expected credit loss rate	0.25%	0.25%	0.71%	1.94%	18.99%	81.11%	81.72%	
Estimated total gross carrying amount at default	1,225,452	135	517,453	6,475	89,913	47,992	1,987	663,955
Expected credit loss	3,064	0	3,651	125	17,074	33,203	1,624	55,677
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		2647	532	2,754	2,856	14,811	-	20,953

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

	2022 N'000	2021 N'000
At 1 January	20,953	88,249
Provision for expected credit loss	34,724	-
Write back during the year	-	(67,296)
At 31 December	55,677	20,953

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

	2022 N'000	2021 N'000
At 1 January	41,024	6,230
Addition in the year/ Unused amount reversed	(37,808)	34,794
At 31 December	3,216	41,024

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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 2022		
Upside (10%)	658	658
Base (80%)	3,897	3,897
Downside (10%)	-	-
Total	<u>4,555</u>	<u>4,555</u>
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>

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.

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- 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.

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 monitor 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 2022 (2021: 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.

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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 2022						
Short-term borrowings	1,776,838	1,776,838	-	1,776,838	-	-
Bank overdraft	68,599	68,599	68,599	-	-	-
Trade and other payables	9,737,398	9,737,398	-	-	9,737,398	-
Contract liability	1,233,043	1,233,043	-	-	1,233,043	-
Lease liability	19,741	19,741	-	-	19,741	-
	12,835,619	12,835,619	68,599	1,776,838	10,990,182	-
At 31 December 2021						
Short-term borrowings	151,370	151,370	-	151,370	-	-
Bank overdraft	-	-	-	-	-	-
Trade and other payables	7,524,850	7,524,850	-	-	7,524,850	-
Contract liability	186,393	186,393	-	-	186,393	-
Lease liability	54,371	54,371	-	-	54,371	20,110
	7,916,984	7,916,984	-	151,370	7,765,614	20,110
The Company						
At 31 December 2022						
Short-term borrowings	1,619,834	1,619,834	-	1,619,834	-	-
Bank overdraft	68,598	68,598	68,598	-	-	-
Trade and other payables	8,349,080	8,349,080	-	-	8,349,080	-
Contract liability	1,220,597	1,220,597	-	-	1,220,597	-
Lease liability	19,741	19,741	-	-	19,741	-
	11,277,850	11,277,850	68,598	1,619,834	9,589,418	-
At 31 December 2021						
Short-term borrowings	85,747	85,747	-	85,747	-	-
Bank overdraft	-	-	-	-	-	-
Trade and other payables	6,834,667	6,834,667	-	-	6,834,667	-
Contract liability	168,047	168,047	-	-	168,047	-
Lease liability	45,193	45,193	-	-	27,626	20,110
	7,133,654	7,133,654	-	85,747	7,030,340	20,110

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.

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No changes were made to the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

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	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Trade and other payables	9,737,398	7,524,850	8,349,080	6,834,667
Short-term loans and borrowings	1,845,437	151,370	1,688,432	85,747
Less: cash and short-term deposits	<u>(922,245)</u>	<u>(916,817)</u>	<u>(611,452)</u>	<u>(779,177)</u>
Net debt	10,660,590	6,759,403	9,426,060	6,141,237
Equity	<u>1,471,934</u>	<u>1,057,686</u>	<u>1,488,267</u>	<u>947,371</u>
Total capital plus net debt	<u>12,132,524</u>	<u>7,817,089</u>	<u>10,914,327</u>	<u>7,088,608</u>
Gearing ratio	88%	86%	86%	87%

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.

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6.2.1 Business segment - Group

	IT Infrastructure Services		Managed & Support services		Communications & Integrated		Software		Platform business		Total	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000	2022 N'000	2021 N'000	2022 N'000	2021 N'000	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Income:												
Revenue	4,821,049	3,666,004	5,153,611	5,313,369	62,550	38,942	3,440,388	2,183,376	729,139	507,083	14,206,737	11,708,774
Other operating income	19,063	37,964	24,938	65,785	272	471	17,902	33,524	3,060	6,130	65,235	143,874
Finance Income	1,788	2,374	2,696	5,672	35	43	638	750	394	559	5,551	9,398
Total revenue	4,841,900	3,706,342	5,181,245	5,384,826	62,857	39,456	3,458,928	2,217,650	732,593	513,772	14,277,523	11,862,046
Expenses:												
Cost of sales	(4,206,090)	(2,958,426)	(3,793,230)	(4,155,520)	(55,727)	(14,635)	(2,187,736)	(1,634,202)	(134,723)	(32,413)	(10,377,506)	(8,795,196)
Administrative expenses	(624,384)	(598,356)	(1,138,250)	(946,781)	(5,633)	(20,901)	(753,281)	(458,366)	(361,498)	(190,615)	(2,883,046)	(2,215,018)
Finance cost	(22,284)	(15,513)	(30,272)	(33,029)	-	-	(3,363)	-	-	-	(55,919)	(48,542)
Net exchange difference	(86,255)	(60,222)	(133,412)	(126,643)	-	-	-	-	-	-	(219,667)	(186,865)
Total expenses	(4,939,013)	(3,632,518)	(5,095,164)	(5,261,972)	(61,360)	(35,536)	(2,944,380)	(2,092,567)	(496,221)	(223,028)	(13,536,138)	(11,245,621)
Profit/(loss) before taxation	(97,113)	73,824	86,081	122,854	1,497	3,920	514,548	125,083	236,372	290,744	741,385	616,425
Income tax expenses	(89,785)	(52,221)	(95,979)	(75,686)	(1,165)	(555)	(64,073)	(31,101)	(13,579)	(7,223)	(264,581)	(166,786)
Profit/(loss) after taxation	(193,092)	21,603	(9,898)	47,168	332	3,365	450,475	93,982	222,793	283,521	476,804	449,639
Assets and liabilities:												
Total tangible assets	114,186	100,704	368,899	308,359	1,016	852	45,619	36,754	18,335	5,230	548,055	451,899
Right-of-use assets	10,962	34,199	35,479	48,424	98	132	4,238	5,690	601	809	51,381	89,254
Intangible assets	-	-	-	-	-	-	-	-	74,590	82,635	74,590	82,635
Financial assets at FVOCI	61,674	18,364	43,622	-	43,622	-	43,622	-	43,622	-	236,162	18,364
Deferred tax assets	1,093	4,234	-	-	-	-	-	-	-	-	1,093	4,234
Total Non-current assets	187,915	157,501	448,000	356,783	44,736	984	93,479	42,444	137,148	88,674	911,282	646,386
Current assets	3,008,448	2,083,346	8,290,059	4,805,546	20,999	14,104	1,657,685	1,191,862	644,558	432,908	13,621,749	8,527,766
Non-current liabilities	-	17,455	-	2,655	-	-	-	-	-	-	-	20,110
Current liabilities	(2,817,185)	(1,925,950)	(8,309,610)	(4,680,859)	(22,259)	(13,873)	(1,228,859)	(1,049,905)	(683,187)	(425,769)	(13,061,100)	(8,096,356)
Net assets	379,178	332,351	428,448	484,125	43,477	1,215	522,305	184,401	98,519	95,813	1,471,931	1,097,905

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6.2.2 Business segment - Company

	IT Infrastructure Services		Managed & Support services		Communications & Integrated		Software		Platform business		Total	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000	2022 N'000	2021 N'000	2022 N'000	2021 N'000	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Income:												
Revenue	3,194,903	2,154,478	4,820,082	5,146,903	62,550	38,942	1,203,456	681,055	639,221	507,083	9,920,212	8,528,461
Other operating income	13,894	26,044	20,956	62,216	272	471	4,961	8,232	3,060	6,130	43,142	103,093
Finance Income	1,788	2,374	2,696	5,672	35	43	638	750	394	559	5,551	9,398
Total revenue	3,210,585	2,182,896	4,843,734	5,214,791	62,857	39,456	1,209,055	690,037	642,675	513,772	9,968,905	8,640,952
Expenses:												
Cost of sales	(2,779,047)	(1,711,501)	(3,424,916)	(4,085,610)	(55,727)	(14,635)	(568,437)	(416,054)	(68,281)	(32,413)	(6,896,408)	(6,260,213)
Administrative expenses	(343,285)	(380,903)	(1,150,453)	(912,576)	(5,633)	(20,901)	(472,360)	(227,867)	(243,697)	(190,615)	(2,215,428)	(1,732,862)
Finance cost	(14,222)	(12,132)	(30,221)	(25,829)	-	-	-	-	-	-	(44,443)	(37,961)
Net exchange difference	(40,614)	(60,409)	(86,304)	(128,615)	-	-	-	-	-	-	(126,918)	(189,024)
Total expenses	(3,177,168)	(2,164,945)	(4,691,894)	(5,152,630)	(61,360)	(35,536)	(1,040,797)	(643,921)	(311,978)	(223,028)	(9,283,197)	(8,220,060)
Profit before taxation	33,417	17,951	151,840	62,161	1,497	3,920	168,258	46,116	330,697	290,744	685,710	420,892
Income tax expenses	(46,539)	(25,550)	(70,190)	(61,038)	(911)	(462)	(16,615)	(8,077)	(10,248)	(6,014)	(144,503)	(101,141)
Profit/(loss) after taxation	(13,122)	(7,599)	81,650	1,123	586	3,458	151,643	38,039	320,449	284,730	541,207	319,751
Assets and liabilities:												
Total tangible assets	113,432	95,083	367,127	307,739	1,016	856	43,847	36,754	6,239	5,229	531,661	445,661
Right-of-use assets	10,962	14,721	35,479	47,641	98	128	4,238	5,691	602	810	51,381	68,991
Intangible assets	-	-	-	-	-	-	-	-	74,094	82,635	74,095	82,635
Investment in subsidiary	298,284	273,284	-	-	-	-	-	-	-	-	298,284	273,284
Financial assets	61,674	18,364	43,622	-	43,622	-	43,622	-	43,622	-	236,162	18,364
Total Non-current assets	484,352	401,452	446,228	355,380	44,736	984	91,707	42,445	124,557	88,674	1,191,584	888,935
Current assets	2,241,079	1,400,359	8,032,571	5,019,175	22,898	14,308	800,555	494,774	702,834	439,173	11,799,937	7,367,789
Non-current liabilities	-	20,110	-	-	-	-	-	-	-	-	-	(20,110)
Current liabilities	(2,175,081)	(1,358,627)	(7,846,834)	(5,005,322)	(22,225)	(13,882)	(776,980)	(485,327)	(682,136)	(426,085)	(11,503,256)	(7,289,243)
Net assets	550,350	463,294	631,965	369,233	45,410	1,410	115,282	51,892	145,256	101,762	1,488,264	947,371

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	Group		Company	
	2022	2021	2022	2021
	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	14,206,737	11,708,774	9,920,212	8,528,461
Elimination of Inter-segment revenue	-	-	-	-
Total	<u>14,206,737</u>	<u>11,708,774</u>	<u>9,920,212</u>	<u>8,528,461</u>
Profit or Loss				
Profit before taxation	741,385	616,425	685,710	420,892
Elimination of Inter-segment profit or loss	-	-	-	-
Total	<u>741,385</u>	<u>616,425</u>	<u>685,710</u>	<u>420,892</u>
Assets				
Total assets of reportable segments	14,533,033	9,174,152	12,991,522	8,256,724
Elimination of Inter-segment assets	-	-	-	-
Total	<u>14,533,033</u>	<u>9,174,152</u>	<u>12,991,522</u>	<u>8,256,724</u>
Liabilities				
Total liabilities of reportable segments	13,061,099	8,116,466	11,503,255	7,309,353
Elimination of Inter-segment liabilities	-	-	-	-
Total	<u>13,061,099</u>	<u>8,116,466</u>	<u>11,503,255</u>	<u>7,309,353</u>

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2022
N'000

2021
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	9,920,212	8,528,461
Ghana	2,393,427	1,679,119
Uganda	1,799,841	1,481,173
Cameroon	3,339	20,023
FTHLAB	89,918	-
	<u>14,206,737</u>	<u>11,708,776</u>

	2022			2021		
	MTN N'000	UBA N'000	IBEDC N'000	MTN N'000	UBA N'000	GTB N'000
6.5 Revenue made from major customers						
The Group						
IT Infrastructure services	2,054,845	17,377	864,757	1,615,087	13,297	296,219
Communications & integrated	-	-	-	24,125	-	-
Software revenue	632,397	51,468	-	185,889	28,050	-
Managed & Support services	2,214,203	-	-	2,773,296	307,164	103,069
Platform business	-	689,696	-	-	441,084	-
	<u>4,901,445</u>	<u>758,541</u>	<u>864,757</u>	<u>4,598,397</u>	<u>789,595</u>	<u>399,288</u>
The Company						
IT Infrastructure services	1,575,968	12,488	864,757	1,190,890	12,428	296,219
Communications & integrated	-	-	-	24,125	-	-
Software revenue	428,106	36,983	-	-	28,050	-
Managed & Support services	2,189,896	366,331	-	2,757,894	297,461	103,069
Platform business	-	689,696	-	-	441,084	-
	<u>4,193,970</u>	<u>1,105,498</u>	<u>864,757</u>	<u>3,972,909</u>	<u>779,023</u>	<u>399,288</u>

As at 31 December 2022 the Company's receivables from MTN, UBA and IBEDC are N486million (2021: N62.1 million); N13.1million (2021: N6.9million) and NIL (2021: NIL) respectively.

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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 2022						
Financial Services Institutions	1,142,411	2,519,103	1,862	1,772,483	708,878	6,144,737
Government	129,973	48,007	-	61,566	13,238	252,784
Emergent	369,666	88,353	30,515	603,796	7,023	1,099,353
Telecommunications	2,301,537	784,925	30,173	2,715,766	-	5,832,401
Oil & gas	877,461	-	-	-	-	877,461
Total revenue from contracts with customers	4,821,049	3,440,388	62,550	5,153,611	729,139	14,206,736
Timing of revenue recognition						
31 December 2022						
Goods/Services transferred at a point in time	3,194,903	3,440,388	32,377	-	-	6,667,668
Services transferred over time	1,626,146	-	30,173	5,153,611	729,140	7,539,070
Total revenue from contracts with customers	4,821,049	3,440,388	62,550	5,153,611	729,140	14,206,738
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	13,816	379,249	4,978	811,352
Telecommunications	1,994,002	494,357	25,126	2,878,332	17,841	5,409,658
Oil & gas	64,297	-	-	850	-	65,147
Total revenue from contracts with customers	3,666,004	2,183,376	38,942	5,313,369	507,083	11,708,774
Timing of revenue recognition						
31 December 2021						
Goods/Services transferred at a point in time	3,555,024	1,615,698	13,817	-	-	5,184,539
Services transferred over time	109,980	567,678	26,125	5,313,369	507,084	6,524,236
Total revenue from contracts with customers	3,665,004	2,183,376	39,942	5,313,369	507,084	11,708,775

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	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 2022						
Financial Services Institutions	372,417	745,928	1,862	1,600,829	618,960	3,339,996
Government	-	-	-	-	13,238	13,238
Emergent	369,057	29,422	30,515	528,512	7,023	964,529
Telecommunications	1,575,968	428,106	30,173	2,690,740	-	4,724,987
Oil & gas	877,461	-	-	-	-	877,461
Total revenue from contracts with customers	3,194,903	1,203,456	62,550	4,820,082	639,221	9,920,211
Timing of revenue recognition						
31 December 2022						
Goods/Services transferred at a point in time	3,194,903	1,174,034	32,377	-	-	4,401,314
Services transferred over time	-	29,422	30,173	4,820,081	639,221	5,518,897
Total revenue from contracts with customers	3,194,903	1,203,456	62,550	4,820,082	639,221	9,920,211
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	5,146,903	507,083	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	5,146,903	507,083	5,840,406
Total revenue from contracts with customers	2,154,478	681,055	38,942	5,146,903	507,083	8,528,461

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 N1.881 billion (2021 : N1.110 billion) and N664 Million (2021 : N186 million) in 2022 respectively. In 2022, N59.6 million (2021 : N24.5 million) and N55.6 Million (2021 : N20.9 million) in 2022 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 increased in 2022. The increase in contract liabilities in 2022 was mainly due to some MTN and some other customer contract.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

7.1.1. Performance obligations

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

Performance Obligations	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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
7.2 Revenue from contracts with customers is made up of:				
IT Infrastructure services	4,821,049	3,666,004	3,194,903	2,154,478
Communications & integrated services	62,550	38,942	62,550	38,942
Managed & support services	5,153,611	5,313,369	4,820,082	5,146,903
Software revenue	3,440,388	2,183,376	1,203,456	681,055
Platform business	729,139	507,083	639,221	507,083
	14,206,737	11,708,774	9,920,212	8,528,461
8. Cost of sales				
OEM and other cost	10,377,506	8,795,196	6,896,406	6,260,213
	10,377,506	8,795,196	6,896,406	6,260,213
Cost of sales is made up of:				
IT Infrastructure services	4,206,090	2,958,426	2,779,047	1,711,501
Communications and integrated services	55,727	14,635	55,727	14,635
Managed support services	3,793,230	4,155,520	3,424,916	4,085,610
Software	2,187,736	1,634,202	568,437	416,054
Platform business	134,723	32,413	68,281	32,413
Total	10,377,506	8,795,196	6,896,408	6,260,213
9. Other income				
Sundry income	60,591	138,516	37,892	97,735
Profit on disposal of PPE	4,644	5,358	5,250	5,358
	65,235	143,874	43,142	103,093

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
10. Administrative expenses				
Staff costs (Note 10.1)	1,463,843	1,248,336	1,057,024	947,112
Directors fee and remuneration	62,117	17,039	32,650	14,823
Repairs and maintenance	19,594	25,773	15,246	20,389
Dep-property, plant and equipment	141,262	127,624	137,536	123,612
Dep-right-of-Use Asset	53,868	60,412	49,563	50,306
Amortisation of intangible assets	80,088	76,099	80,067	76,099
Advertisement and sales promotion	92,823	66,312	62,437	65,273
Sales Commission and Investor relations	98,816	84,125	74,817	75,311
Professional and accountancy fee	189,288	182,397	184,733	179,956
Audit fee	29,402	26,155	12,000	12,000
Bank charges	40,707	37,312	25,912	22,243
Transport and travelling	52,613	18,974	37,437	8,506
Accommodation and entertainment	6,493	8,342	4,634	8,226
Rent and rates	29,087	37,812	4,591	12,878
Insurance	19,058	30,222	16,677	17,671
Printing, postage and telephone	22,799	19,634	13,228	11,809
Internet and other subscriptions	27,458	30,859	27,458	30,859
Electricity and diesels	44,848	23,847	42,545	21,381
License and registration fees	85,042	59,664	58,505	59,109
Cleaning and security	16,900	13,707	15,401	12,507
ECL Provisions - Receivables(Note 21.3)	57,963	(67,296)	34,724	(67,296)
ECL Provisions - Contract assets (Note 21.4)	569	(3,583)	569	(3,583)
ECL Provisions - Related Parties (Note 21.6)	-	161	593	161
ECL Provisions - Financial asset (Note 19.2)	218	-	218	-
Bad Debt wrt off	-	35,640	-	237
Corporate Social Responsibility	1,088	2,797	1,088	2,797
Motor vehicle expense	6,429	3,500	6,380	3,500
Sundry expenses	240,673	49,154	219,395	26,976
	2,883,046	2,215,018	2,215,428	1,732,862
10.1. Staff costs				
Salary, wages and allowances	1,180,787	1,043,847	800,994	755,147
Contribution to pension scheme (Note 25.1.1)	98,360	84,790	88,589	75,886
Training, recruitment and other education	50,452	53,414	44,907	49,794
Medical expenses	33,595	32,084	24,594	32,084
Other personnel expenses	100,649	34,201	97,940	34,201
	1,463,843	1,248,336	1,057,024	947,112

10.2. No non-audit fee has been paid to the auditors in 2022 (2021 : Nil).

10.3. SUNDRY EXPENSES

Sundry Expenses include: Managed service contract liquidation cost, 30th Anniversary cost and Office supplies & general expenses

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
11. Exchange loss				
Exchange loss	219,667	186,865	126,918	189,024
	219,667	186,865	126,918	189,024
12. Finance cost				
Interest on overdraft	32,403	14,265	32,403	14,265
Interest on lease (Note 26.2)	7,014	8,632	7,014	8,632
Interest on short term loan (Note 27.2)	16,502	25,645	5,026	15,064
	55,919	48,542	44,443	37,961
13. Finance income				
Interest income	5,551	9,398	5,551	9,398
	5,551	9,398	5,551	9,398

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	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
14.1 Income tax expense				
Income tax	178,276	132,345	108,822	72,409
Education tax	27,076	23,482	27,076	23,482
Information technology	6,857	4,189	6,857	4,189
Police trust fund	34	14	34	14
NASENI Levy	1,714	1,047	1,714	1,047
Under provision in previous year	47,700	-	-	-
	261,657	161,077	144,503	101,141
Deferred tax (credit)/charge (Note 14.5)	2,925	5,709	-	-
Income tax expense reported in profit or loss	264,582	166,786	144,503	101,141

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
14.2 Reconciliation of tax charge				
Profit before taxation	741,385	616,425	685,710	420,892
Tax at Nigeria statutory income tax 30%	222,416	184,927	205,713	126,268
Income exempt from tax	(15,003)	-	(15,003)	-
Non-deductible expenses	-	(32,659)	-	(33,258)
Expenses that are not deductible in determining taxable profit	188,563	189,456	135,811	188,778
Impact of tax losses not recognised	-	(21,521)	-	(21,521)
Effect of tax adjustments (minimum tax, dividend tax, petroleum trust fund levy, information tax levy)	56,305	5,250	8,605	5,250
Adjustment recognised due to difference in tax rates	-	-	-	-
Education tax	27,076	23,482	27,076	23,482
Capital allowance	(217,700)	(187,858)	(217,700)	(187,858)
	261,657	161,077	144,503	101,141
Adjustments recognized in the current period in relation to the deferred tax of prior periods	2,925	5,709	-	-
Effective tax charge	264,582	166,786	144,503	101,141
Effective tax rate	36%	27%	21%	24%

The tax rate used for 2022 & 2021 reconciliations above is the corporate tax rate of 21% & 24% (for tertiary education tax) payable by corporate entities in Nigeria on taxable profits under tax law in the country.

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
14.3 Income tax receivable				
At 1 January	-	47,897	-	-
Income tax charge	79,140	(35,728)	-	-
Under provision	39,951	-	-	-
Tax paid during the year	(102,692)	(12,169)	-	-
Translation adjustment	-	-	-	-
At 31 December	16,399	-	-	-
14.4 Income Tax payable				
At 1 January	179,372	130,851	175,699	124,821
Income tax charge	264,582	166,786	144,503	101,141
Over provision	22,476	-	-	-
Tax paid during the year	(66,809)	(96,534)	(28,826)	(28,532)
WHT credit note utilised	(65,971)	(21,731)	(65,971)	(21,731)
Translation adjustment	(108,170)	-	-	-
At 31 December	225,480	179,372	225,405	175,699

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
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	1,093	4,234	-	-
Deferred tax liabilities (Note 14.5.2)	-	-	-	-
Deferred tax assets/(liabilities)	1,093	4,234	-	-

	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
2022						
Deferred tax assets in relation to:						
Accelerated depreciation for tax purpose	338	-	338	-	-	-
Short-term timing differences	3,896	(3,141)	755	-	-	-
Translation adjustment	-	717	-	-	-	-
	4,234	(2,424)	1,093	-	-	-
Deferred tax liabilities in relation to:						
Property, plant and equipment	(2,098)	2,098	-	-	-	-
Translation adjustment	-	-	-	-	-	-
	(2,098)	2,098	-	-	-	-
2021						
Deferred tax liabilities in relation to:						
Property, plant and equipment	(2,098)	-	(2,098)	-	-	-
	(2,098)	-	(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 N149.6 million (2021: N445 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 2022.

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
15. Basic earnings per share				
Profit after taxation	476,803	449,639	541,207	319,751
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	18.88	17.81	21.44	12.66
- Diluted	18.88	17.81	21.44	12.66

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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	Communication equipment N'000	ATM N'000	Total N'000
Cost										
At 1 January 2021	<u>111,395</u>	<u>175,300</u>	<u>113,341</u>	<u>94,680</u>	<u>180,159</u>	<u>63,516</u>	<u>24,784</u>	<u>1,306,925</u>	<u>14,949</u>	<u>2,085,049</u>
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)	-	-	-	-	-	-	-	-	-	-
Translation adjustment	-	-	2,077	8,109	44,773	8,165	825	22,246	-	86,195
At 31 December 2021	<u>111,395</u>	<u>176,973</u>	<u>100,630</u>	<u>107,406</u>	<u>215,882</u>	<u>77,808</u>	<u>825</u>	<u>1,326,440</u>	<u>14,949</u>	<u>2,132,308</u>
At 1 January 2022	<u>111,395</u>	<u>176,973</u>	<u>100,630</u>	<u>107,406</u>	<u>215,882</u>	<u>77,808</u>	<u>825</u>	<u>1,326,440</u>	<u>14,949</u>	<u>2,132,308</u>
Additions	-	-	4,617	4,001	59,760	584	542	167,962	2,220	239,686
Disposal	-	-	(2,110)	-	-	(4,657)	-	-	-	(6,767)
Transfer (Note 16.b.iii)	-	-	-	-	6,792	-	-	-	-	6,792
Translation adjustment	-	-	(2,679)	(4,860)	(15,826)	(5,333)	(825)	67	(0)	(29,457)
At 31 December 2022	<u>111,395</u>	<u>176,973</u>	<u>100,458</u>	<u>106,547</u>	<u>266,608</u>	<u>68,402</u>	<u>542</u>	<u>1,494,469</u>	<u>17,169</u>	<u>2,342,563</u>
Accumulated depreciation										
At 1 January 2021	<u>-</u>	<u>75,716</u>	<u>112,249</u>	<u>76,046</u>	<u>136,578</u>	<u>51,954</u>	<u>24,784</u>	<u>1,153,383</u>	<u>7,311</u>	<u>1,638,021</u>
Charge for the year	-	4,703	2,153	9,024	26,594	4,208	78	75,757	5,107	127,624
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)	-	-	-	-	-	-	-	-	-	-
Translation adjustment	-	(2)	1,452	9,375	4,065	7,115	(78)	23,385	(75)	45,237
At 31 December 2021	<u>-</u>	<u>80,417</u>	<u>79,985</u>	<u>94,445</u>	<u>161,602</u>	<u>63,277</u>	<u>-</u>	<u>1,188,340</u>	<u>12,343</u>	<u>1,680,409</u>
At 1 January 2022	<u>-</u>	<u>80,417</u>	<u>79,985</u>	<u>94,445</u>	<u>161,602</u>	<u>63,277</u>	<u>-</u>	<u>1,188,340</u>	<u>12,343</u>	<u>1,680,409</u>
Disposal	-	5,017	6,506	6,733	38,612	4,900	66	77,745	1,683	141,262
Reclassified	-	-	(2,110)	-	(95)	(4,657)	-	-	-	(6,862)
Transfer (Note 16.b.iii)	-	-	-	-	991	-	-	-	-	991
Translation adjustment	-	(1)	(2,423)	(4,993)	(9,190)	(5,051)	301	66	(1)	(21,292)
At 31 December 2022	<u>-</u>	<u>85,433</u>	<u>81,958</u>	<u>96,185</u>	<u>191,920</u>	<u>58,469</u>	<u>367</u>	<u>1,266,151</u>	<u>14,025</u>	<u>1,794,508</u>
Carrying amount:										
At 31 December 2022	<u>111,395</u>	<u>91,540</u>	<u>18,500</u>	<u>10,362</u>	<u>74,688</u>	<u>9,933</u>	<u>-</u>	<u>228,318</u>	<u>3,144</u>	<u>548,055</u>
At 31 December 2021	<u>111,395</u>	<u>96,556</u>	<u>20,645</u>	<u>12,961</u>	<u>54,280</u>	<u>14,531</u>	<u>-</u>	<u>138,100</u>	<u>2,606</u>	<u>451,899</u>

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 2022 is Nil (2021: 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.- This represents assets transferred to FTHLAB LIMITED during the year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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	Communication Equipment N'000	ATM N'000	Total N'000
Cost										
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)
At 31 December 2021	111,395	176,973	96,693	88,271	179,665	54,902	-	1,303,715	14,949	2,026,563
At 1 January 2022	111,395	176,973	96,693	88,271	179,665	54,902	-	1,303,715	14,949	2,026,563
Additions	-	-	4,617	3,914	44,622	584	-	167,483	2,220	223,440
Disposal	-	-	(2,110)	-	-	-	-	-	-	(2,110)
Transfer (Note 16.b.iii)	-	-	-	-	-	-	-	-	-	-
At 31 December 2022	111,395	176,973	99,200	92,185	224,287	55,486	-	1,471,198	17,169	2,247,894
Accumulated depreciation										
At 1 January 2021	-	75,715	110,505	67,038	110,881	38,035	24,784	1,153,382	7,312	1,587,652
Charge for the year	-	4,702	1,679	8,633	24,497	3,243	-	75,939	5,030	123,723
Disposal	-	-	(35,869)	-	-	-	-	-	-	(35,869)
Write off	-	-	-	-	-	-	(24,784)	-	-	(24,784)
Reclassified	-	-	-	-	(5,635)	-	-	5,635	-	-
Derecognised	-	-	-	-	-	-	-	(69,820)	-	(69,820)
At 31 December 2021	-	80,417	76,315	75,671	129,743	41,278	-	1,165,136	12,342	1,580,902
At 1 January 2022	-	80,417	76,315	75,671	129,743	41,278	-	1,165,136	12,342	1,580,902
Charge for the year	-	5,017	6,457	6,222	35,660	4,752	-	77,745	1,683	137,536
Disposal	-	-	(2,110)	-	(95)	-	-	-	-	(2,205)
Transfer (Note 16.b.iii)	-	-	-	-	-	-	-	-	-	-
At 31 December 2022	-	85,434	80,662	81,893	165,308	46,030	-	1,242,881	14,025	1,716,233
Carrying amount:										
At 31 December 2022	111,395	91,539	18,538	10,292	58,979	9,456	-	228,317	3,144	531,661
At 31 December 2021	111,395	96,556	20,378	12,600	49,922	13,624	-	138,579	2,607	445,661

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 2022 is Nil (2021: 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.

iii.- This represents a transfer of N895,000 to FTHLAB LIMITED during the year. The transfer was already factored into the Charge of the Year computation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	The Group			The Company		
	Software N'000	Licences N'000	Total N'000	Software N'000	Licences N'000	Total N'000
17. Intangible asset						
Cost:						
At 1 January 2021	569,093	25,610	594,703	569,093	25,610	594,703
Additions in the year	-	2,667	2,667	-	2,667	2,667
At 31 December 2021	569,093	28,277	597,370	569,093	28,277	597,370
At 1 January 2022	569,093	28,277	597,370	569,093	28,277	597,370
Additions in the year	2,656	69,387	72,043	2,140	69,387	71,527
At 31 December 2022	571,749	97,664	669,413	571,233	97,664	668,897
Amortisation and impairment						
At 1 January 2021	413,020	25,610	438,630	413,020	25,610	438,630
Charge for the year	75,861	244	76,105	75,861	244	76,105
At 31 December 2021	488,881	25,854	514,735	488,881	25,854	514,735
At 1 January 2022	488,881	25,854	514,735	488,881	25,854	514,735
Charge for the year	76,352	3,736	80,088	76,331	3,736	80,067
At 31 December 2022	565,233	29,590	594,823	565,212	29,590	594,802
Carrying amount:						
At 31 December 2022	6,516	68,074	74,590	6,021	68,074	74,095
At 31 December 2021	82,868	71,810	82,635	82,352	71,810	82,635

The intangible assets are in respect of software for Vericash project with a net book value of N74 million (2021: N83 million). 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	
		2022 N'000	2021 N'000	2022 N'000	2021 N'000
CWG Cameroun	100	-	-	883	883
CWG Ghana	100	-	-	272,098	272,098
CWG Uganda	100	-	-	303	303
FTHLAB	100	-	-	25,000	-
		-	-	298,284	273,284

Note 18.1 FTHLAB LIMITED was incorporated as a Company Limited by Shares on April 27th, 2022, as a spin-off subsidiary of CWG Plc.

The Firm was incorporated for the purpose of providing IT and Communications Consultancy Services, Software/Hardware Licensing and Service Delivery and provision of IT Infrastructural support to clients.

CWG Plc maintains 100% shareholding in the FTHLAB to the tune of N25million (25million shares at a nominal value of N1 each)

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18.2 Interest in subsidiaries

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

	CWG Ghana		CWG Uganda		CWG Cameroon		FTHLAB	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Summary of statement of profit or loss and other comprehensive income:								
Revenue	2,393,427	1,679,119	1,799,841	1,481,173	3,339	20,023	89,918	-
Operating expenses	(1,912,151)	(1,280,843)	(1,500,227)	(1,237,607)	(2,279)	(16,534)	(66,442)	-
Administrative expenses	(296,997)	(291,082)	(198,519)	(177,354)	(53,617)	(13,726)	(119,073)	-
Other operating income	22,644	40,619	-	-	(551)	-	-	-
Exchange gain/(loss)	(92,748)	2,425	-	(265)	-	-	-	-
Finance cost	-	(3,583)	(11,476)	(6,999)	-	-	-	-
Profit before taxation	114,175	146,655	89,619	58,948	(53,109)	(10,237)	(95,597)	-
Income tax expense	(76,244)	(36,072)	(43,762)	(29,132)	(73)	(441)	-	-
Profit/(loss) for the year	37,931	110,583	45,858	29,816	(53,182)	(10,678)	(95,597)	-
Other comprehensive (loss)/ income	(7,856)	94,052	29,945	(33,149)	(1,161)	(16,530)	-	-
Total comprehensive income/(loss)	30,074	204,635	75,803	(3,333)	(54,343)	(27,208)	(95,597)	-
Attributable to:								
Equity holders of parent	30,074	204,635	-	(3,333)	(54,343)	(27,208)	(95,597)	-
Summary of statement of financial position:								
Inventories and cash and short-term deposits	124,263	82,077	185,137	127,892	890	177	500	-
Trade and other receivables and prepayment	1,485,576	1,056,424	342,646	81,416	33,282	(96,828)	-	-
Property, plant and equipment	4,392	5,490	-	-	399	748	11,601	-
Right-of-use assets	-	-	-	20,263	-	-	-	-
Intangible assets	-	-	-	-	-	-	495	-
Income tax receivable	1,895	-	-	-	-	-	-	-
Deferred tax (liabilities)/assets	695	665	398	3,569	-	-	-	-
Trade and other payables and contract liabilities	(1,222,078)	(586,231)	(326,569)	(154,279)	(220,171)	(60,136)	(83,192)	-
Interest-bearing loans and borrowings	-	-	(157,004)	(65,623)	-	-	-	-
Lease liability	-	(3,232)	-	(29,288)	-	(440)	-	-
Income tax payable	-	-	-	-	(75)	-	-	-
Total equity	394,743	555,193	44,608	(16,050)	(185,677)	(156,479)	(70,597)	-

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	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
19. Financial assets				
Measured at FVOCI (Note 19.1)	18,052	18,364	18,052	18,364
Measured at amortised costs (Note 19.2)	218,112	-	218,112	-
	236,164	18,364	236,164	18,364
19.1. Measured at FVOCI				
At 1 January	18,364	11,365	18,364	11,365
Additions during the year	-	-	-	-
Disposal during the year	-	-	-	-
Fair value	(312)	6,999	(312)	6,999
At 31 December	18,052	18,364	18,052	18,364

19.1.1 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 N.312 million as at 31 December 2022 (2021: N6.9million).

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
19.2. Measured at Amortised costs				
Gross investment	218,330	-	218,330	-
Less: impairment	(218)	-	(218)	-
Net carrying amount	218,112	-	218,112	-

19.2.1. This represents an investment in Cordros liquidity management with an 11% interest rate to be matured on January 31,2023.

	Level 1 N'000	Level 2 N'000	Level 3 N'000
At 31 December 2022			
Financial assets :			
Measured at FVOCI	18,364	-	-
Measured at Amortised cost	218,112	-	-
At 31 December 2021			
Financial assets :			
Measured at FVOCI	18,364	-	-
Measured at Amortised cost	-	-	-

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
20. Inventories				
ATM & Other inventory items	486,352	361,084	486,352	361,084
Work in progress	782,156	223,158	782,156	150,653
Total inventories	1,268,508	584,242	1,268,508	511,737

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20.1. Inventories value of N1.3 billion (2021: N512 million) were carried at net realisable value. No amount was charged to the statement of profit or loss and other comprehensive income in respect of written down value of inventories to net realizable value (2021: Nil). During the year 31 December 2022, NIL (2021: Nil) was recognised as expense for inventories and WIP carried at net realisable value. This is recognised in cost of sales.

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
21. Trade and other receivable				
Trade receivable (Note 21.1)	1,887,354	1,035,791	669,510	186,151
Expected credit losses (Note 21.2)	(59,605)	(24,551)	(55,677)	(20,953)
	1,827,749	1,011,240	613,833	165,198
Contract assets (Note 21.3)	1,391,885	797,736	1,222,236	797,099
Other receivables (Note 21.5)	1,276,171	74,363	1,245,803	74,363
Receivable from related parties (Note 21.6)	-	-	264,547	154,326
Withholding tax receivables	4,731,877	4,221,142	4,564,586	4,064,737
Value added tax receivables	869,678	757,522	715,920	686,893
	10,097,360	6,862,003	8,626,925	5,942,616

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.

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
21.2. Expected credit loss- Trade receivable				
At 1 January	24,551	126,889	20,953	88,249
Additional/(write back) in the year (Note 10)	57,963	(67,296)	34,724	(67,296)
Bad debt written off	-	-	-	-
Translation adjustment	(22,909)	(35,042)	-	-
At 31 December	59,605	24,551	55,677	20,953

At 31 December 2022, there was an additional/(write-back) of N34.7million (2021: N67.3 million) in the ECL provisions on trade receivables. The computation in line with the requirements of IFRS 9.

21.3. 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	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Contract assets - gross	1,395,101	838,760	1,225,452	799,745
Expected credit losses (Note 21.4)	(3,216)	(41,024)	(3,216)	(2,646)
	1,391,885	797,736	1,222,236	797,099

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	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
21.4 Expected credit losses - Contract assets				
At 1 January	41,024	6,230	2,647	6,230
Additional/(write back) in the year (Note 10)	569	(3,583)	569	(3,583)
Bad debt written off	-	-	-	-
Translation adjustment	(38,377)	38,377	-	-
At 31 December	3,216	41,024	3,216	2,647

At 31 December 2022, there was an additional charge/(write-back) of N569million (2021: N3.6 million) in the ECL provisions on trade receivables. The computation in line with the requirements of IFRS 9.

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

21.6 Receivable from and payable to related parties

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

Related Parties	Nature of Transactions	Relationship	2022		2021	
			Receivable from related parties N'000	Payable to related parties N'000	Receivable from related parties N'000	Payable to related parties N'000
CWG Ghana	Advances and payment of salaries	Subsidiary	-	91,143	-	91,064
CWG Uganda	Advances and payment of salaries	Subsidiary	53,802	-	54,091	-
CWG Cameroun	Advances and payment of salaries	Subsidiary	132,614	-	104,704	-
FTHLAB	Advances and payment of salaries	Subsidiary	83,192	-	-	-
ECL on Intercompany receivables			(5,061)	-	(4,469)	-
Net amounts receivable from related parties			264,547	91,143	154,326	91,064

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 2022, the Group and the Company have recorded a provision for ECL of N5.1 million on the receivables relating to amounts due from related parties (2021: N4.5 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	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
22. Prepayments				
Project costs	1,224,792	51,443	1,216,545	51,443
Staff advances	39,765	56,174	40,222	45,572
Other prepayments	52,683	57,087	36,285	37,244
	1,317,238	164,704	1,293,052	134,259

22.1 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.

22.2 Project costs

This represents cost of various ongoing projects which have not been completely delivered as at year end

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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	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Cash in hand	7,781	1,224	6,493	693
Cash at bank	705,059	874,367	395,555	737,258
Short term deposits	6,179	34,286	6,179	34,286
Restricted Cash	203,225	6,940	203,225	6,940
Gross cash and bank balances	922,245	916,817	611,452	779,177
Cash and bank balances as per statement of financial position	922,245	916,817	611,452	779,177
Restricted Cash	-	(6,940)	-	-
23.1 Bank overdrafts (Note 27)	(68,598)	-	(68,598)	-
Cash and bank balances as per statement of cash flows	853,646	909,877	542,854	779,177
24.1 Authorised, issued and fully paid: 2,524,826,359 ordinary shares of 50 kobo each	1,262,413	1,262,413	1,262,413	1,262,413
24.2 Share premium				
At 1 January	-	1,852,748	-	1,852,748
Utilized during the year (Note 24.2.b)	-	(1,852,748)	-	(1,852,748)
At 31 December	-	-	-	-

(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.

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	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
24.3 Retained earnings				
At 1 January	(153,196)	(2,455,582)	(326,130)	(2,498,513)
Profit or Loss for the year	476,803	449,639	541,207	319,751
Utilized during the year (Note 24.2.b)	-	1,852,748	-	1,852,748
At 31 December	323,606	(153,196)	215,193	(326,130)

i. The directors recommended dividend of 4kobo per share for the year ended 31 December 2022.

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	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
24.4 Fair value reserve				
At 1 January	10,972	3,974	10,972	3,974
Recognised during the year	(311)	6,998	(311)	6,998
At 31 December	10,661	10,972	10,661	10,972

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	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
24.5 Foreign translation reserve				
At 1 January	(62,504)	(103,345)	-	-
Translation gain for the year	(62,244)	40,841	-	-
At 31 December	(124,748)	(62,504)	-	-

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	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
25. Trade & other payables				
Trade payables	4,711,118	2,571,154	3,730,505	2,024,063
Payable to related party (Note 21.6)	-	-	91,143	91,064
Accrued expenses (Note 25.1.1)	1,016,011	1,224,385	840,557	1,188,515
Other payables (Note 25.1)	4,010,269	3,729,311	3,686,875	3,531,025
	9,737,398	7,524,850	8,349,080	6,834,667

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

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	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
25.1. Other Payables				
Withholding Tax Payable	334,366	312,301	333,940	327,126
VAT Payable (Note 25.1)	3,668,339	3,335,113	3,345,373	3,191,716
Unclaimed Dividend	7,496	6,840	7,495	6,840
Sundry Creditors	68	75,057	67	5,343
	4,010,269	3,729,311	3,686,875	3,531,025

25.1 Reclassification of VAT Payable

For presentation purposes, VAT Receivable (Note 21) is usually reclassified to VAT Payable. The outstanding VAT Liability is then recorded as a net-off of VAT Payable and VAT Receivable.

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	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
25.1.1 Movement in pension payables				
At 1 January	261,393	218,252	252,895	215,750
Charge for the year (Note 10.1)	98,360	84,790	88,589	75,886
Remitted in the year	(111,647)	(41,649)	(101,876)	(38,741)
Translation adjustment	(4,176)	-	-	-
At 31 December	243,930	261,393	239,608	252,895

25.2. 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	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
26. Lease liability				
Lease under IFRS 16 (Note 26.1)	19,741	74,481	19,741	45,193
	19,741	74,481	19,741	45,193
26.1. Analysis by tenor				
Current portion	19,741	54,371	19,741	25,083
Non-current portion	-	20,110	-	20,110
	19,741	74,481	19,741	45,193
26.2 Movement in lease liability				
At 1 January	74,481	53,082	45,193	47,736
Additions during the year	19,598	22,803	19,598	9,457
Accretion of interest (Note 12)	7,014	8,632	7,014	8,632
Repayment of principal during the year	(61,730)	(12,000)	(45,050)	(12,000)
Repayment of interest during the year	(7,014)	(8,632)	(7,014)	(8,632)
Translation adjustment	(12,608)	10,596	-	-
At 31 December	19,741	74,481	19,741	45,193

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26.3. 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 2021	26,068	119,182	58,960	33,759	237,969
Addition	4,607	70,895	-	-	75,502
Translation adjustment	-	4,868	-	-	4,868
At 31 December 2021	30,675	194,945	58,960	33,759	318,339
At 1 January 2022	30,675	194,945	58,960	33,759	318,339
Additions	2,748	29,157	-	-	31,905
Retirement	(26,068)	(74,105)	-	-	(100,173)
Translation adjustment	-	(51,332)	-	-	(51,332)
At 31 December 2022	7,355	98,665	58,960	33,759	198,738
Accumulated depreciation					
At 1 January 2021	(8,392)	83,055	43,067	47,612	165,342
Charge for the year	2,426	41,379	8,167	8,440	60,412
Translation adjustment	-	3,331	-	-	3,331
At 31 December 2021	(5,966)	127,765	51,234	56,052	229,085
At 1 January 2022	(5,966)	127,765	51,234	56,052	229,085
Charge for the year	2,304	39,012	4,879	7,627	53,822
	(26,068)	(74,105)	-	-	(100,173)
Translation adjustment	32,413	(35,370)	-	(32,419)	(35,376)
At 31 December 2022	2,683	57,302	56,113	31,260	147,358
Carrying value:					
At 31 December 2022	4,672	41,363	2,847	2,499	51,381
At 31 December 2021	36,641	67,180	7,726	(22,293)	89,254

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	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 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
At 1 January 2022	30,675	143,612	58,960	33,759	267,006
Additions	2,748	29,157	-	-	31,905
Retirement	(26,068)	(74,105)	-	-	(100,173)
At 31 December 2022	7,355	98,664	58,960	33,759	198,738
Accumulated depreciation					
At 1 January 2021	24,022	65,427	43,067	15,193	147,709
Charge for the year	2,426	31,273	8,167	8,440	50,306
Retirement	-	-	-	-	-
At 31 December 2021	26,448	96,700	51,234	23,633	198,015
At 1 January 2022	26,448	96,700	51,234	23,633	198,015
Charge for the year	2,304	34,753	4,879	7,627	49,563
Retirement	(26,068)	(74,105)	-	-	(100,173)
At 31 December 2022	2,684	57,348	56,113	31,260	147,357
Carrying amount:					
At 31 December 2022	4,671	41,316	2,847	2,499	51,381
At 31 December 2021	4,227	46,912	7,726	10,126	68,991

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	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
27. Short-term interest-bearing loans and borrowings				
Interest-bearing loans and borrowings (Note 27.1)	1,776,838	151,370	1,619,834	85,747
Bank overdrafts (Note 27.4)	68,599	-	68,598	-
	<u>1,845,437</u>	<u>151,370</u>	<u>1,688,432</u>	<u>85,747</u>
27.1 Interest-bearing loans and borrowings				
Stanbic Bank Uganda (Note 27.1.1)	157,004	65,623	-	-
Stanbic IBTC Nigeria (Note 27.1.2)	586,656	34,507	586,656	34,507
Globus Bank Nigeria (Note 27.1.3)	1,033,178	51,240	1,033,178	51,240
	<u>1,776,838</u>	<u>151,370</u>	<u>1,619,834</u>	<u>85,747</u>
27.2 Movement in Interest-bearing loans and borrowings				
At 1 January	151,370	257,226	85,742	138,858
Additions during the year	3,158,571	252,276	3,001,604	188,000
Interest accrued (Note 12)	16,502	25,645	5,026	15,064
Repayment of loan principal during the year	(1,547,432)	(378,116)	(1,467,512)	(241,111)
Repayment of interest during the year	(16,502)	(25,645)	(5,026)	(15,069)
Translation adjustment	14,329	19,984	-	-
At 31 December	<u>1,776,838</u>	<u>151,370</u>	<u>1,619,834</u>	<u>85,742</u>

27.1.1 Stanbic Bank Uganda

The amount represents utilized amount of the Bank Guarantee facility of USD 500,000 by Stanbic IBTC Bank to CWG Uganda. The purpose of the facility is to enable the company to execute and deliver on contract awarded to the organization. The facility is for a period of 12 months, and it is renewable, every year.

27.1.2. Stanbic IBTC Nigeria

This amount represent part draw down from N2 billion General -Short Term Banking Finance (GSTBF) from Stanbic bank to CWG. The N2 billion covers Trade Finance Facility, Letter of Credit, import finance facility and Overdraft.

27.1.3. Globus Bank Nigeria

This represents Invoice discounting facility and Letter of Credit from Globus bank with a principal amount of N800million and \$304,500, respectively. The Invoice discounting facility has a tenure of ninety (90) days with maturity date of 16th January 2023 and at interest rate of 21% per annum. The Letter of credit is a 120-day tenure with a post negotiation rate of 9% per annum

27.1.4. Bank overdraft

This represents utilized amount from the N100million overdraft line from Stanbic IBTC Bank. Interest rate of the overdraft facility is 21% per annum.

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
28. Contract liability				
At 1 January	186,391	279,179	168,047	279,178
Arising during the year	6,806,977	-	6,806,977	-
Released to profit or loss	(5,760,325)	(92,788)	(5,754,427)	(111,131)
Translation adjustment	-	-	-	-
At 31 December	1,233,043	186,391	1,220,597	168,047
29. Emoluments of directors and employees				
Directors' emoluments comprise:				
Fees	18,000	6,377	18,000	5,200
Other remunerations	91,704	47,242	91,704	47,242
	109,704	53,619	109,704	52,442
Highest paid director	91,704	47,242	91,704	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	288	444	277	427
Non-technical	95	100	72	83
	383	544	349	510

The numbers of Directors whose gross emoluments are within the bands stated below were: -

	N	N	Number	Number	Number	Number
Up to -	1,000,000		-	2	-	4
1,000,001 -	2,000,000		-	2	-	-
2,000,001 -	3,000,000		5	-	5	-
Above -	3,000,000		4	1	4	1
			9	5	9	5
Executive Directors			3	1	3	1
Non-Executive Directors			6	5	6	5
			9	6	9	6

	N'000	N'000	N'000	N'000
29.1 Staff Costs - Salaries and allowances:				
Wages, Salaries, allowances	1,180,787	1,100,724	800,994	831,893
Pension costs	98,360	84,790	88,589	75,886
Other personnel benefits- Welfare	211,452	71,855	194,197	47,327
	1,463,843	1,248,336	1,057,024	947,112

CWG PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
The numbers of employees with gross emoluments within the bands stated below were:					
N	N	Number	Number	Number	Number
Up to	- 1,000,000	120	147	114	139
	1,000,001 - 2,000,000	104	203	100	195
	2,000,001 - 3,000,000	33	42	25	40
	Above - 3,000,000	126	152	110	136
		383	544	349	510
		N'000	N'000	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	91,704	47,242	91,704	47,242
Fees paid for meetings attended	18,000	6,377	18,000	5,200
Total compensation paid to key management personnel	109,704	53,619	109,704	52,442

30. Commitments and contingencies

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

	2022		2021	
	Minimum payments N'000	Present value of payments N'000	Minimum payments N'000	Present value of payments N'000
Within one year	19,741	19,741	25,083	25,083
After one year but not more than five years	-	-	20,110	20,110
Total minimum lease payments	19,741	19,741	45,193	45,193
Less: Amount representing finance charge	-	-	-	-
Present value of minimum lease payments	19,741	19,741	45,193	45,193

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 2022**

Other National Disclosures

CWG PLC

CONSOLIDATED STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2022

	Group				Company			
	2022 N'000	%	2021 N'000	%	2022 N'000	%	2021 N'000	%
Revenue	14,206,737		11,708,774		9,920,212		8,528,461	
Other income	65,235		143,874		43,142		103,093	
	14,271,972		11,852,648		9,963,354		8,631,554	
Bought-in-material:								
- Local	(11,738,532)		(9,680,919)		(7,909,011)		(6,975,572)	
Value added	<u>2,533,440</u>	<u>100</u>	<u>2,171,729</u>	<u>100</u>	<u>2,054,343</u>	<u>100</u>	<u>1,655,982</u>	<u>100</u>

Applied as follows:-

To pay employees

- Wages, salaries and other staff costs	1,463,843	59	1,248,336	57	1,057,024	51	947,112	57
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To pay government

- Corporate tax	264,582	10	166,786	8	144,503	7	101,141	6
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To pay provider of capital

- Interest expense and similar charge:	55,919	3	48,542	2	44,443	2	37,961	2
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To provide for replacement of assets dividend to shareholders and development of business:

- Deferred tax write back	(2,925)	(0)	(5,709)	(0)	-	-	-	-
- Depreciation and amortization	275,218	11	264,135	12	267,166	13	250,017	15
Profit for the year	476,803	18	449,639	21	541,207	26	319,751	19

Value added	<u>2,533,440</u>	<u>100</u>	<u>2,171,729</u>	<u>100</u>	<u>2,054,343</u>	<u>100</u>	<u>1,655,982</u>	<u>100</u>
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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.

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FINANCIAL SUMMARY - GROUP

31 DECEMBER	2022 N'000	2021 N'000	2020 N'000	2019 N'000	2018 N'000
Statement of financial position					
Assets employed					
Non current assets	911,283	646,386	687,716	883,501	631,606
Current assets	13,621,750	8,527,766	7,364,639	7,458,710	9,684,743
Total assets	14,533,033	9,174,152	8,052,355	8,342,211	10,316,349
Liabilities					
Creditors within one year	13,061,099	8,096,356	7,469,939	8,111,538	10,194,856
Creditors due after one year	-	20,110	22,208	38,753	6,850
Total liabilities	13,061,099	8,116,466	7,492,147	8,150,291	10,201,706
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
Accumulated losses	323,608	(153,195)	(2,455,582)	(2,898,736)	(2,971,646)
Fair value reserve of financial assets at FVOCI	10,661	10,972	3,974	6,162	6,162
Foreign translation reserve	(124,748)	(62,504)	(103,345)	(30,667)	(35,034)
Total equity and liabilities	14,533,033	9,174,152	8,052,355	8,342,211	10,316,349
Statement of profit or loss account and other comprehensive income					
Revenue	14,206,737	11,708,774	11,715,818	9,566,537	7,755,122
Direct costs	(10,377,506)	(8,795,196)	(9,080,002)	(7,241,345)	(5,898,460)
Gross profit	3,829,231	2,913,578	2,635,816	2,325,192	1,856,662
Other income	65,235	143,874	132,550	1,139,175	142,213
Administrative expenses	(2,883,046)	(2,215,018)	(2,099,710)	(2,533,078)	(3,293,162)
Exchange loss/ (gain)	(219,667)	(186,865)	(24,615)	(224,551)	238,382
Finance costs	(55,919)	(48,542)	(97,283)	(73,121)	(60,374)
Finance income	5,551	9,398	504	391	1,525
Profit/(loss) on ordinary activities before tax	741,385	616,425	547,262	634,008	(1,114,754)
Income tax expense	(264,582)	(166,786)	(104,109)	(561,266)	(31,484)
Profit/(loss) after taxation	476,803	449,639	443,153	72,742	(1,146,238)
Earning/(loss) per share - basic (kobo)	0.19	0.18	0.18	0.03	(0.45)
Net Asset per share (kobo)	5.76	3.63	3.19	3.30	4.09

CWG PLC

FINANCIAL SUMMARY - COMPANY

31 DECEMBER	2022 N'000	2021 N'000	2020 N'000	2019 N'000	2018 N'000
Assets employed					
Non current assets	1,191,585	888,935	948,055	1,127,177	3,015,000
Current assets	<u>11,799,937</u>	<u>7,367,789</u>	<u>6,345,404</u>	<u>6,292,849</u>	<u>906,622</u>
Total assets	<u>12,991,522</u>	<u>8,256,724</u>	<u>7,293,459</u>	<u>7,420,026</u>	<u>3,921,622</u>
Liabilities					
Creditors within one year	11,503,255	7,289,243	6,652,727	7,056,935	1,577,688
Creditors due after one year	<u>-</u>	<u>20,110</u>	<u>20,110</u>	<u>35,978</u>	<u>554,100</u>
Total liabilities	11,503,255	7,309,353	6,672,837	7,092,913	2,131,788
Capital employed					
Issued share capital	1,262,413	1,262,413	1,262,413	1,262,413	828,850
Share premium	-	-	1,852,748	1,852,748	575,391
Accumulated losses	215,193	(326,014)	(2,498,513)	(2,794,210)	382,553
Fair value reserve of financial assets at FVOCI	10,661	10,972	3,974	6,162	-
Foreign translation reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,040</u>
Total equity and liabilities	<u>12,991,522</u>	<u>8,256,724</u>	<u>7,293,459</u>	<u>7,420,026</u>	<u>3,921,622</u>
Statement of profit or loss account and other comprehensive income					
Revenue	9,920,212	8,528,461	8,692,532	7,090,060	6,018,112
Direct costs	<u>(6,896,406)</u>	<u>(6,260,213)</u>	<u>(6,638,481)</u>	<u>(5,215,724)</u>	<u>(4,641,243)</u>
Gross profit	3,023,806	2,268,248	2,054,051	1,874,336	1,376,869
Other income	43,142	103,093	37,853	1,097,461	141,940
Administrative expenses	<u>(2,215,428)</u>	<u>(1,732,862)</u>	<u>(1,652,834)</u>	<u>(2,074,194)</u>	<u>(2,906,239)</u>
Exchange (loss)/gain	<u>(126,918)</u>	<u>(189,024)</u>	<u>(32,340)</u>	<u>(245,864)</u>	<u>246,849</u>
Finance costs	<u>(44,443)</u>	<u>(37,961)</u>	<u>(77,290)</u>	<u>(60,830)</u>	<u>(50,195)</u>
Finance income	<u>5,551</u>	<u>9,398</u>	<u>504</u>	<u>391</u>	<u>1,525</u>
Profit/(Loss) on ordinary activities					
Profit/(Loss) before taxation	685,710	420,892	329,944	591,300	(1,189,251)
Income tax expense	<u>(144,503)</u>	<u>(101,141)</u>	<u>(34,247)</u>	<u>(547,868)</u>	<u>(38,314)</u>
Profit/(loss) after taxation	<u>541,207</u>	<u>319,751</u>	<u>295,697</u>	<u>43,432</u>	<u>(1,227,565)</u>
Earnings/(Loss) per share - basic (kobo)	<u>0.21</u>	<u>0.13</u>	<u>0.12</u>	<u>0.02</u>	<u>(0.49)</u>