

TANTALIZERS PLC

**20  
19** ANNUAL  
REPORT  
& ACCOUNTS



**Tantalizers**  
...every bite, a promise kept

# TANTALIZERS PLC

## **Vision**

**To be a quality food service provider of first choice**

## **Mission**

**To passionately provide at all times, exceptional taste and pleasurable experience**

## **Corporate Values**

- **Passion**
- **Innovation**
- **Integrity**
- **Excellence**

## **Key Objectives**

- **To be best known for quality of offerings**
- **To be a one-stop shop for all food offerings**
- **To be present in key and profitable locations**
- **To innovatively surpass customers expectation by setting the standard for quality and service in the industry**

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## ■ DIRECTORS

|                      |                         |
|----------------------|-------------------------|
| Dr. Jaiye Oyedotun   | - Chairman              |
| Mr. Mofoluso Ayeni   | - Vice Chairman         |
| Mrs. Abosedede Ayeni | - Managing Director/CEO |
| Mr. Gbolahan Labinjo | - Executive Director    |
| Mr. Bamidele Oke     | - Executive Director    |
| Mr. Tunji Bello      | - Director              |
| Mr. Muyiwa Kupoluyi  | - Director              |

## ■ COMPANY SECRETARY/ LEGAL ADVISER

Mrs. Bamidele Dambo

## ■ REGISTERED OFFICE

Makay Plaza, 21 Road, I Close, Festac Town, Lagos.  
Tel: 07015999109, 07015999164  
tantalizers@tantalizersnig.com  
www.tantalizersnig.com



## ■ AUDITORS

Abiodun Aina & Co. (Chartered Accountants)  
Rights House, 43 Adeniyi Jones Avenue,  
Ikeja, Lagos.  
Tel: 08066083252  
Email: ishola@abiodunainang.com  
www.abiodunainang.com

## ■ BANKERS

Eco Bank Plc  
Polaris Bank Ltd  
UBA Plc  
GTBank Plc

## ■ AUDIT COMMITTEE

|                       |            |
|-----------------------|------------|
| Mr. Muyiwa Kupoluyi   | - Chairman |
| Mr. Gbolahan Labinjo  |            |
| Engr. Yemisi Shyllon  |            |
| Mr. Adebisi Babarinde |            |

## RESULT AT A GLANCE

|  | <b>2019<br/>=N=000</b> | <b>2018<br/>=N=000</b> | <b>% change<br/>incr/(decr)</b> |
|--|------------------------|------------------------|---------------------------------|
| System Revenue   | 2,817,427              | 3,517,812              | (20)                            |
| Tantalizers Revenue                                    | 1,264,625              | 1,525,094              | (17)                            |
| Operating Profit/(Loss) after finance income and costs | 33,431                 | 96,024                 | (65)                            |
| Current year taxation                                  | (11,260)               | (9,768)                | 15                              |
| Profit/(Loss) after current year taxation              | 22,172                 | 86,256                 | (74)                            |
| Shareholders' fund                                     | 717,444                | 699,917                | 2                               |
| Earnings per 50k share basic (kobo)                    | 1k                     | 3k                     | (67)                            |
| Earnings per 50k share diluted (kobo)                  | 1k                     | 3k                     | (67)                            |
| Dividend per 50k share (kobo)                          | 0                      | 0                      | -                               |

**Notice is hereby given** that the 22<sup>nd</sup> Annual General Meeting of TANTALIZERS PLC will be held at the Tantalizers Training Hall, in the Head Office, Makay Plaza, 21 Road, I Close, Festac Town, Lagos, on Monday, September 28, 2020 at 10.00 a.m to transact the following:

**ORDINARY BUSINESS:**

1. To receive the Report of the Directors, the Audited Financial Statements for the year ended 31 December 2019 together with the Reports of the Auditors and the Audit Committee thereon.
2. To re-elect the Directors retiring by rotation.
3. To authorize the Directors to fix the remuneration of the External Auditors.
4. To elect members of the Audit Committee.

**SPECIAL BUSINESS:**

To consider and if thought fit pass the following as Ordinary Resolution:

5. To approve the non-executive Directors' remuneration for 2020 financial year.

**NOTES:**

**Proxies:**

In view of the COVID-19 precautionary measures stipulated by the Federal Government of Nigeria/National Center for Disease Control (NCDC)/Lagos State Government with respect to gathering of persons (which is stated at a maximum of 50 persons) and in accordance with the Corporate Affairs Commission's guideline on holding of Annual General Meeting (AGM) of public companies, by taking advantage of Section 230 of the Companies and Allied Matters Act, (CAMA) 2004, using proxies, all shareholders are hereby advised that attendance for the meeting shall be by PROXY.

Consequently, Shareholders are required to appoint a proxy of their choice from the proposed proxies listed below to represent them at the meeting:

- |    |                     |   |                        |
|----|---------------------|---|------------------------|
| 1. | Dr. Jaiye Oyedotun  | - | Chairman of the Board. |
| 2. | Mrs. Bose Ayeni     | - | MD/CEO                 |
| 3. | Mrs. Bamidele Dambo | - | Company Secretary      |

A soft copy of proxy form is at the company's website: [www.tantalizersnig.com](http://www.tantalizersnig.com) to be downloaded for completion and deposited at the registered office of the Company or the office of the Registrars: Meristem Registrars and Probate Services Limited, 213, Herbert Macaulay Way, Yaba, Lagos, not less than 48 hours prior to the time of the meeting.

The proxy forms will be stamped at the expense of the Company provided they are duly completed and submitted as stipulated above.

**Closure of Register of Members**

The Register of members will be closed from Monday, September 14, 2020 to Friday, September 18, 2020 (both days inclusive) for the purpose of reviewing and updating the Register.

**Audit Committee**

In accordance with Section 359 (5) of the Companies & Allied Matters Act (Cap C20 Laws of the Federation of Nigeria 2004), any shareholder may nominate another shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

Please note the provisions of the Code of Corporate Governance issued by the Securities and Exchange Commission that members of the Audit Committee are expected to have basic financial literacy to be able to read Financial Statements. We therefore request that nominations be accompanied by a copy of the nominee's curriculum vitae.

**Right of Shareholders to Ask Questions**

Pursuant to Rule 19.12 (c) of the Nigerian Stock Exchange's Rulebook 2015, please note that every shareholder has a right to ask questions not only at the meeting but also in writing prior to the meeting, and such questions must be submitted to the Company not later than two weeks before the date of the meeting.

**Annual Report & Unclaimed Dividend List**

Shareholders who wish to receive electronic copies of the Annual Report & Accounts and Unclaimed Dividends list should please send their names and email addresses to the Registrars at [info@meristemregistrars.com](mailto:info@meristemregistrars.com).

**Live Streaming of the AGM:**

The AGM will be streamed live online. This will enable Shareholders and other relevant Stakeholders who will not be attending the meeting physically to also be part of the proceedings. The link for the live streaming will be made available on the Company's website: [www.tantalizersnig.com](http://www.tantalizersnig.com) and by the Registrar in due course.

Dated this 4<sup>th</sup> Day of September 2020.

**BY ORDER OF THE BOARD**



**Bamidele A. Dambo (Mrs)**  
Company Secretary  
FRC/2014/NBA/00000007237



- Chairman's Statement
- Company Profile
- Corporate Governance Report
- The Board of Directors
- Report of the Directors
- Quality, Environment, Health & Safety (QEHS)



# WE DELIVER!

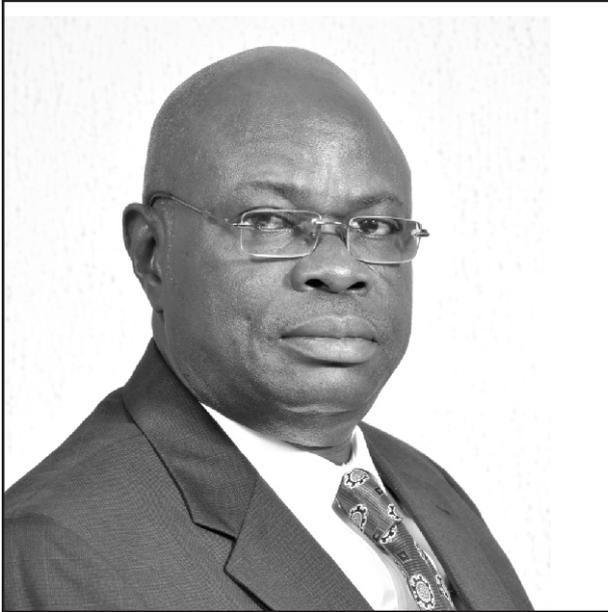
Call:

**07015999154**

**07015999023**



**Tantalizers**  
...every bite, a promise kept



**Dr. Jaiye Oyedotun**  
Chairman

Fellow Shareholders, Board Members, representatives of regulatory bodies present, it is my pleasure to welcome you to this year's Annual General Meeting for the presentation of the Financial Statements and Accounts of our Company for the year ended 31<sup>st</sup> December, 2019. May I on behalf of the board apologize for the delay in calling this year's Annual General Meeting. The unique medium of the meeting itself brings to the fore the COVID-19 pandemic that Nigeria and the whole world have been through in the last 6-8 months which practically halted social and economic activities. You are welcome to the new normal.

### Socio-Economic Environment

2019 turned out to be a better year for the Nigerian economy with a GDP growth rate of 2.29% over 2018. The economic growth was aided by the relative stability of crude oil production and high crude oil prices along with the successful political transition that took place in the course of the year. Unfortunately, this did not reflect positively on the performance of the Company as disposable income and purchasing power dipped further.

The exchange rate of the naira remained stable at **₦305** and **₦360** to the dollar on the official and parallel markets respectively with aggressive government intervention. This impacted external reserve which dropped to **\$38.7B** by the end of the year.

With an average price of **₦220** per litre, diesel cost was slightly lower than in 2018. The upward review of electricity tariff however increased our total utility costs and in turn the operational costs. This equally put additional pressure on our margins.

The closure of the country's land borders from August, 2019 led to scarcity and significant increases in the prices of raw food items like rice, frozen poultry etc. Our inability to adjust prices in line with incremental cost in our already fragile market worsened the company's profitability.

Customers' throughput reduced in 2019 and this can be attributed to three main factors:

- Unemployment rate remains on the upward swing resulting in lower disposable income and therefore purchasing power. The implementation of the new minimum wage has been selective and where implemented, the impact has not reflected in customers' throughput.
- Security was a major challenge in 2019. Terrorist activities, banditry, kidnapping, communal clashes and insurgencies heightened and these significantly reduced social-economic activities.
- Changing lifestyle which is reflected in online food ordering and home delivery has brought a number of faceless competitors into the food industry. This has been brought to the fore with the COVID-19 experience since the 1<sup>st</sup> quarter of this year, 2020.

### Operational Activities

Franchise remains our growth vehicle. With the Lafenwa Abeokuta store that opened in 2019, the total store count is now 55% franchisee owned.

Unfortunately three franchise outlets were closed during the same period because of poor performance and termination of the franchise agreements due to breaches. This further reduced the total system revenue and consequently franchise income, but the need to uphold the brand's integrity and standards was paramount in these decisions. We will keep exploring franchising opportunity in different parts of the country to grow our market share.

The paucity of fund has taken its toll on our other expansion program; the opening of new corporate stores. No new corporate store was opened in the course of the year. Rather, two stores with negative EBITDA were closed. This contributed to the drop in revenue as the closed stores could not be replaced because of cash flow challenges.

We extended our marketing frontier in the area of new media, and this improved our brand recognition, particularly in the youth segment of our target group. We also revamped our delivery program to enable us tap into the huge convenience market and this forms part of our ongoing program in the years ahead.

Working Capital inadequacy and overdue obligations remain our major challenges along with inability to fund CAPEX. Not only have they slowed our expansion program, but have reduced our ability to upgrade existing stores and replace ageing equipment. Though we pursued our plan to dispose of unutilized assets to augment Working Capital, the few assets disposed during the year were not significant enough to have a major impact on our Working Capital and debt positions.

### Company Performance

Total system revenue of **₦2.82B** was achieved in the year. This is 20% lower than our performance of 2018. The Company revenue of **₦1.26B** is a 17% decline on 2018. The closure of stores without opening replacement ones and the low working capital situation contributed largely to the decline in revenue performance.

In spite of the significant decline in revenue and the harsh business operating environment, the Company ended the year with a marginal Profit Before Tax of N33.4M coming mainly from write-backs and Other Income. The fourth quarter performance and the write-backs assisted in improving performance when compared with the year's trend which had a projected loss of N263M.

Administrative expenses went down by 12% relative to 2018 with the efforts in place to keep costs down. The need to significantly improve revenue while holding cost down has become imperative in order to achieve better level of operational profitability.

## Future Outlook

The potential to sustain the country's economic growth witnessed in 2019 has been curtailed by the disruptions brought about by the COVID-19 pandemic.

At the middle of Q1, 2020, the IMF reduced the GDP growth projection for Nigeria from 2.5% to 2.0% due to infrastructural deficit. But following the pandemic and its global impact on the world economy, the IMF has now projected a 5.4% contraction of the Nigerian economy. COVID-19 is the singular factor to shape world economies in decades and that has already significantly affected business performance in 2020

Inflation has been on the increase; worsened by the pandemic as there arose world-wide shortages of goods and services as a result of the prolonged lock-down.

Crude oil price crashed in April from \$60 per barrel to almost \$10. This was caused by the resultant effects of the COVID-19 lockdown that affected all facets of life from factory production to business travel. Crude oil price as at June hovered around \$43, which is still below the budget benchmark of \$57. This has adversely affected government's income.

The impact of the pandemic has also distorted the exchange rate market. While the official rate has depreciated to N375 to the dollar, the parallel market rate has gone up to N480 to the dollar. This same period last year, the parallel market was at N361. The resultant effect of this is the high set-up, raw materials and operational costs of all ventures. The fear is that the depreciation of the naira will continue and prices of goods and services will continue to rise.

Price of diesel has hovered between N185 and N225 per litre with the crash in crude oil price and the low demand during lockdown. Electricity will however cost more as the government has concluded arrangement to increase tariff, a condition agreed for the IMF approved \$3.4B emergency financial assistance to the power sector.

The coronavirus has worsened employment situation in a country already battling high unemployment rate. Several companies have closed shop in the aftermath of the pandemic with millions thrown into the job market. The situation is worsened by the continuous restrictions in several business lines, education, lifestyle, social, cultural and religious sectors in the country. Where the businesses have survived, workers' salaries have been slashed. All of these have serious impact on our ability to grow revenue. Even with the pandemic and movement restrictions, security situation has not improved in the country. Terrorist activities, kidnapping, banditry and communal clashes are still being experienced on continuous basis, further affecting socio-economic activities.

Lending rates are projected to increase. This will stunt growth and recovery of economic activities as even the limited palliatives promised by the government to the lower business segment, i.e. SMEs are not accessible.

It has been projected that agricultural product output will be low this year as farmers could not get to their farms due to the coronavirus restrictions, resulting in late planting. The increase in raw material costs already being experienced is partly due to this and this trend will likely continue to the end of the year.

## Key Priorities for 2020 and the Future

Our key focus for 2020 is to sustain the business in the short to medium term. Our efforts will be geared towards supporting our franchise partners for survival in the short term, while encouraging them in the development of new stores to achieve revenue growth and profitability in the medium to long term. Two new stores have been opened so far this year - one corporate store in Abuja just before the advent of COVID-19 and one franchise store in Lagos post COVID-19. We are optimistic to close the year with additional two franchise stores currently in the pipeline.

A second avenue identified for growing revenue is the revamping of some of our products coupled with the introduction of a few new ones. We have gone back to the drawing board and have re-worked our menus, which are gradually increasing traffic, while improvement work is still on a few others.

We are pushing our franchise program to a new frontier with improvement in engagement programs and increased freedom on products offerings. These have helped to ensure loyalty to the brand. We will continue to revamp the program to ensure adequate returns of the franchisees' investments.

Supply Chain though critical to the success of our franchise program still remains a major weak link in the Company. The plan is to continuously allocate resources to this unit so as to benefit from economies of scale. This will not only reduce the Franchisees' burden but will also help in ensuring better food cost while maintaining inputs consistency. Management will keep devising solutions to meet the funding needs of the Supply Chain unit, while retooling it for greater efficiency to meet both current and future needs of our system.

Our bakery unit is the only business stream that has shown notable growth in 2020. We will prioritize the need of the bakery in resource allocation to maximize the potential therein. We will continue the licensing of franchise bakeries to improve brand penetration and franchise income while strengthening the Brands Standards Unit to ensure product quality and standards adherence are not compromised.

There are opportunities for diversification in the food and agricultural sector of the economy. We will explore collaboration to key into the opportunities that are available. This will be pursued as part of our long term strategic growth plans utilizing the equity inflow from investors that we are still actively seeking.

We will continue to dispose non-income generating assets as well as sourcing other short term approaches to overcome working capital inadequacies, while ultimately pushing for the equity injection from interested investors to expand the business through new corporate stores. Our projection is to increase the number of corporate stores by minimum of 10 within the next 5 years.

Although COVID-19 came with a lot of challenges, it has however improved e-commerce business and logistics in Nigeria. The reality today is that some customers may never visit the physical stores again but yet have to be catered for. Riding on the back of this, we have strengthened our order centre and delivery services, improving offerings for better performance. While working on our dedicated e-commerce platform, we have signed agreement partnering with some on-line and logistic organizations for the use of their platforms for wider coverage and higher performance in this segment of the QSR space. We strongly believe the results will start manifesting very soon, with our on-going upgrade of our e-commerce platform.

With e-commerce comes the need for innovative marketing. While still using some traditional marketing techniques, more efforts will now be geared towards digital marketing and the new media to reach our target group. We are already seeing the improvement with this approach in our customer engagement feedback.

We will continuously ensure that all our outlets are safe for our staff and customers by following all the COVID-19 protocols to limit spread and transmission of the virus.

## Conclusion

Distinguished Shareholders, the rest of year 2020 will continue to struggle from the effects of the pandemic. In the words of Jack Ma, the Chinese founder of the Alibaba Group, the goal for any individual / business is to survive 2020.

Following above, the board and management will do all possible not only to survive year 2020, but to prepare the Company for better performance in 2021 and thereafter. We appreciate you for your support and advice

Thank you and may God bless you all.



**Dr. Jaiye Oyedotun**  
Chairman, Board of Directors

Tantalizers Plc is a leading fast food company established in May 1997 with a promise to deliver full value for money to an increasingly discerning target audience.

Over the years, Tantalizers Plc has set and maintained high quality and excellent service standards in the Quick Service Restaurant business. The company pioneered the integration of African menu into fast food operations.

Tantalizers as at 31st August, 2020 has 45 outlets. These outlets are spread across Lagos, Oyo, Osun, Rivers, Ogun, Ondo, Ekiti, Nasarawa, Akwa Ibom, Edo, Delta States and FCT.

Tantalizers provides direct employment for at least 1,000 Nigerians and supports hundreds of suppliers and their employees across the country.

## MILESTONES

|           |   |
|-----------|---|
| May 1997  | First outlet opened   |
| May 2001  | The novelty of Tantalizers Africana line of products was introduced   |
| Feb 2002  | The Company hit the 10-outlet mark with the opening of Okota outlet   |
| Dec 2002  | The business expanded out of Lagos to the Northern part of Nigeria, opening its first outlet in Wuse Zone 3, Abuja                    |
| Jun 2003  | Tantalizers expanded to the Western part of the country when it opened its first outlet in Ibadan                                     |
| Jan 2004  | The Company hit the 20-outlet mark<br>•The first franchise commenced operations in Abuja  |
| Jan 2004  | Operations commenced in the Eastern part of Nigeria with the opening of the Port Harcourt outlet                                      |
| Year 2005 | Tantalizers became a member of Nigeria International Franchise Association  |
| Year 2007 | Full roll out of the Tantalizers franchise. One company owned and Five (5) franchise outlets opened.                                  |
| Year 2008 | Private Placement was done in January and February  |
| Year 2008 | Tantalizers became a Public Quoted Limited Liability Company (PLC) in April and subsequent listing on Nigerian Stock Exchange in June |
| Year 2008 | First meeting of the enlarged Board of Directors held on 3 <sup>rd</sup> June   |
| May 2009  | First Annual General meeting as a quoted company  |
| Feb 2010  | Signed Funding agreement with the International Finance Corporation, IFC  |
| Mar 2010  | Funding Agreement with IFC ratified by Shareholders via an Extraordinary General Meeting  |
| Oct 2011  | Commencement of Live (real time on-line) deployment of data on Navision ERP project with the first set of outlets                     |
| Apr 2013  | Disbursement of \$2.5m loan by IFC  |
| July 2014 | Commencement of Retro-franchising program   |
| Sep 2017  | Paid back IFC Loan  |

## OUTLETS LOCATION

| TOWNS               | OUTLETS                       | ADDRESS   |
|---------------------|-------------------------------|---|
| <b>Lagos</b>        | Festac I                      | Makay Plaza, I Close, 21 Road, Festac Town  |
|                     | Lagos I                       | 19 Broad Str, Opp. Bookshop House, Lagos  |
|                     | Allen                         | 117 Allen Ave, Opp Alade Shopping Mall, Ikeja   |
|                     | Apapa                         | 62 Kofo Abayomi Ave, Apapa  |
|                     | Alaba                         | 154 Olojo Drive, Alaba Int.   |
|                     | Masha, Surulere               | 165 Ogunlana Drive, Surulere  |
|                     | Victoria Island I             | 35B Adetokunbo Ademola str., V/Island   |
|                     | Lagos II                      | 81/87 Broad Str, Jn of Broad / Abibu Oki str, Lagos   |
|                     | Satellite                     | 391 Old Ojo road, By Abule Ado Jn, Satellite  |
|                     | Akoka                         | 45 St. Finbarrs road, Akoka   |
|                     | Lekki-Phase I                 | Admiralty Way, Jn of Admiralty rd/way, Lekki Peninsula, Phase 1                             |
|                     | Ogba                          | 58 Ijaiye Ogba road, by Ijaiye Ogba / Thomas Salako str. Junction                           |
|                     | Iyana Ipaja                   | 64 Ipaja Road, Iyana Ipaja  |
|                     | RUN                           | Redemption Camp, Km 46 Lagos - Ibadan Expr. Way   |
|                     | Palmgrove                     | 63 Shipeolu street, Palmgrove   |
|                     | Ikorodu                       | 39 Lagos road, Ikorodu  |
|                     | Oyingbo                       | 73 Murtala Mohammed Way   |
|                     | Abule Egba                    | 367 Lagos Abeokuta Express Way  |
|                     | Ikotun                        | 14 Ikotun Idimu road  |
|                     | Alapere                       | 3 Oluwakemi str., Last Bus stop, Alapere  |
|                     | NIPCO, Ikorodu                | NIPCO Filling Station, Ile-Epo Oba, Sabo, Ikorodu   |
|                     | Victoria Island II            | Plot 306B, Adeola Odeku, V/I  |
|                     | Abijo                         | 42 Lekki/Epe Expressway Abijo   |
| Festac (23 Road)    | 23 Road, by UBA, Festac Town  |   |
| Aguda               | Mobile Filling Station, Aguda |   |
| <b>Abuja</b>        | Kudirat Abiola                | Conoil Filling Station, 75 Kudirat Abiola Way, Oregun                                       |
|                     | Mararaba                      | Opp. Building Materials Market, Abuja-Keffi road, Mararaba                                  |
|                     | Jikwoyi                       | Mobil Filling Station, Plot 60 Jikwoyi road, by Living Faith Church, Jikwoyi, Abuja         |
| <b>Ibadan</b>       | Gwarimpa                      | Plot 539, 3rd Avenue, Gwarimpa 2 Estate, Abuja  |
|                     | Agbowo                        | Oyo road, Opp. University of Ibadan, Agbowo   |
|                     | Mokola                        | Mokola Round about, Mokola, Ibadan  |
|                     | Challenge                     | Challenge Roundabout, Challenge, Ibadan   |
| <b>P/H Abeokuta</b> | Iwo road                      | Iwo road roundabout, Iwo road, Ibadan   |
|                     | Aba Road                      | 236 Aba road, by Bori Camp, Port Harcourt   |
|                     | Obantoko                      | Mobil Filling Station, Obantoko, Abeokuta   |
|                     | Lafenwa                       | Opposite Lafenwa Police Station, Abeokuta   |
| <b>Akure</b>        | Akure                         | 125 Oba Adesida road, Akure   |
|                     | Ado-Ekiti                     | Fajuyi road / Oke-Isa road, by Governor's office  |
| <b>Sango Ota</b>    | Sango Ota                     | By Former Tollgate, Lagos-Abeokuta Express  |
|                     | Uyo                           | Along Abak road, opp Indongesit Akanga Secretariat, Uyo                                     |
| <b>Benin</b>        | Benin                         | 96, Uselu-Lagos Road, Benin City  |
| <b>Ijebu-jesa</b>   | Ijebu-jesa                    | Timsted Hotel & Holiday Centre, km 4 Ijesha/Itawure road, Oke-Agboja Ijebu-jesa, Osun State |
| <b>Ibafo</b>        | Ibafo                         | Oando Filling Station, km 36 Lagos-Ibadan Exp road, Ibafo, Ogun State                       |
| <b>Warri</b>        | Effurun                       | Manuex Place, 209A Jakpa Road, Effurun, Warri   |
| <b>Ikare-Akoko</b>  | Ikare-Akoko                   | Forte Oil Filling Station, Jubilee Road, Ikare-Akoko  |

## VISION

“To be a quality food service provider of first choice”

## MISSION

“To passionately provide at all times, exceptional taste and pleasurable experience”

## CORPORATE VALUES

- **Passion**
- **Integrity**
- **Innovation**
- **Excellence**

## KEY OBJECTIVES

- To be best known for quality of offerings
- To be a one-stop shop for all food offerings
- To be present in key and profitable locations
- To innovatively surpass customers’ expectation by setting the standard for quality and service in the industry

## LISTING ON THE NIGERIAN STOCK EXCHANGE (NSE)

Between January 17<sup>th</sup> and February 18<sup>th</sup> 2008, Tantalizers did a Private Placement that was oversubscribed to raise fund for Outlet expansion / re-branding, reduction of loan facilities, working capital augmentation and IT / Process automation via offering of Tantalizers shares to a select group of Nigerian investors.

After the private placement, Tantalizers took the decision to transform the Company into a Public Limited Liability Company (PLC).

Towards creating an exceptional brand, Tantalizers Plc, became quoted by listing 2.95billion ordinary shares of 50K each at N3.50 per share on the floor of the Nigerian Stock Exchange (NSE) in June 2008.

## BOARD OF DIRECTORS

The Board of Tantalizers Plc is made up of eminent professionals who have made their marks in their respective fields of endeavour, thereby bringing several years of experience to bear on the Company. The following are the board members;

- |                         |                            |                        |                          |
|-------------------------|----------------------------|------------------------|--------------------------|
| 1. Dr. Jaiye Oyedotun   | - Chairman                 | 5. Mr. Bamidele Oke    | - Executive Director     |
| 2. Mr. Mofoluso Ayeni   | - Vice Chairman            | 6. Mr. Tunji Bello     | - Non-Executive Director |
| 3. Mrs. Abosede Ayeni   | - Managing Director / CEO  | 7. Mr. Muyiwa Kupoluyi | - Non-Executive Director |
| 4. Mr. Gbolahan Labinjo | - Deputy Managing Director |                        |                          |

## EXECUTIVE COMMITTEE

Tantalizers Plc has a well defined management structure with seasoned professionals. The Executive Committee members saddled with the day to day running of the Company are;

- |                         |                                  |
|-------------------------|----------------------------------|
| 1. Mrs. Abosede Ayeni   | - Managing Director / CEO        |
| 2. Mr. Gbolahan Labinjo | - Deputy Managing Director       |
| 3. Mr. Bamidele Oke     | - Executive Director, Finance    |
| 4. Mr. Segun Ekundayo   | - Head, Operations/Supply Chain  |
| 5. Mr. Henry Arebun     | - Head, Marketing & Franchise    |
| 6. Mr. Alfred Eburu     | - Head, Finance                  |
| 7. Mrs. Bamidele Dambo  | - Company Secretary / Head Legal |
| 8. Mrs. Folawe Adewakun | - Head, Brand Compliance         |

## PRODUCT RANGE

Tantalizers Plc has a wide range of quality product offerings for Eat-in and Take-away. These are;

- Pastries (Meat Pie, Chicken Pie, etc)
- Fast Food Meals (Rice, Chicken, Burger, Spaghetti, etc)
- African Meals (Swallows, Soups, Assorted proteins, etc)
- Desserts (Cakes, Ice Cream, Popcorn, Doughnut, etc)
- Side Items (Salads, French Fries, Scotch egg, Asun, etc)
- Drinks (Non-alcoholic)
- Breakfast (Tea, Coffee, Sandwiches, Oat Meal, etc)
- Bread (Sunshine Family, Roll, Oat, Fishy Roll, etc)

The Company also has special services for the convenience and delight of its customers namely;

- Breakfast Service
- Tantalizers Delivery Services
- Tantalizers Outdoor Services (T.O.S)
  - ↳ Outdoor Catering (Corporate & Individual Catering)
  - ↳ Industrial Canteen
  - ↳ Institutional Canteen (Tantalizers Cafeteria)

## CORPORATE SOCIAL RESPONSIBILITY

Tantalizers Plc continues to discharge its obligation as a socially responsible corporate organisation. Tantalizers has been involved in Give-back Projects to the communities where its outlets are located through activities that impact directly the lives of these people. These include Products, Cash and Gift donations, environmental beautification, Seminars, Lectures, etc. However, in 2006, Tantalizers Plc formally inaugurated its corporate social responsibility (CSR) programmes with the annual Tantalizers Undergraduate Excellence Award to the best students at all levels in selected Nigerian Universities studying Food Science or Business Administration.

## TRACK RECORD

In recognition of Tantalizers' contribution to entrepreneurship development in the society, the Company has been given many awards by various organizations. Some of these organizations include SuccessDigest, Nigerian Institute of Marketing, NIMARK (now NIMN), University of Nigeria (UNN), Nigerian Institute of Management, NIM (Chartered), Financial Standard, African Travel Quarterly Magazine (ATQ), Nigerian Institute of Food Science and Technology (NIFST), Rotary Club of Festac Metropolitan (District 9110 Nigeria), etc

## FUTURE PLANS

As part of the future plans, Tantalizers Plc intends to continue the optimization of its growth potentials. The Company is also looking into new products in the emerging taste profile areas that will be targetted at the younger population.

## EXPANSION AND RENOVATION PLAN

The company hopes to continue with its expansion program via Franchising, targetting virgin territories. Continuous revamping of the stores will be necessary as a way of strengthening the brand and improving its competitiveness for future challenges in the industry.

Tantalizers Plc is fully committed to institutionalizing corporate governance precepts as an essential part of its corporate structure. The Management of the Company recognizes the need to create and maintain policies, procedures, systems and controls in line with International Best Practices, in an effort to ensure business success. Consequently, the Company has implemented key initiatives to protect the interests of all stakeholders, enhance leadership accountability and performance, and improve overall effectiveness of the organization.

Our governance framework strives to promote efficiency and effectiveness of our business. All activities related to governance are guided by some key overriding principles as follows:

- **Separation of management from ownership.**
- **Demarcation of Board and Management roles.**
- **Establishment of necessary committees to facilitate efficient operations.**
- **Clear terms of reference and accountability (charter) for committees.**
- **Adequate and effective checks and balances within the system.**

Examples of the Company's compliance with these corporate governance requirements during the year under review are as follows:-

## I. Board of Directors – Composition and Independence

In the year under review, the Board of Tantalizers Plc comprised of Seven Directors, four of whom are Non-Executive Directors. The Company recognizes the importance of the role of the Non-Executive Directors, all of whom increase the diversity of experience as well as bring objectivity and independence of thought to Board deliberations and decision making. The position of the chairman is held by Dr. Jaiye Oyedotun, a Non-Executive Director. This is distinct from the position of the Managing Director which is held by Mrs. Bose Ayeni.

The Board has a formal schedule of Meetings each year and met 4 times in the year under review. Typically, Board meetings include consideration of a broad range of matters, including financial performance, risk assessment/policy, corporate strategy and execution program, and capital management Pursuant to and in accordance with section 258(2) of CAMA, the record of Directors' attendance at Board meetings during the year under review will be made available for inspection at the Annual General Meeting (AGM).

The table below shows the number of meetings attended by the Directors during the period January 1, 2019 to December 31, 2019.

| Name                 | Meeting Date | Meeting Date | Meeting Date | Meeting Date | % of Attendance |
|----------------------|--------------|--------------|--------------|--------------|-----------------|
|                      | 20-03-19     | 24-04-19     | 24-07-19     | 23-10-19     |                 |
| Dr. Jaiye Oyedotun   | •            | •            | •            | •            | 100%            |
| Mr. Mofoluso Ayeni   | •            | •            | •            | •            | 100%            |
| Mrs. Abosede Ayeni   | •            | •            | •            | •            | 100%            |
| Mr. Gbolahan Labinjo | •            | •            | •            | •            | 100%            |
| Mr. Muyiwa Kupoluyi  | •            | •            | •            | •            | 100%            |
| Mr. Tunji Bello      | •            | Apology      | •            | Apology      | 50%             |
| Mr. Dele Oke         | •            | •            | •            | •            | 100%            |

## ii Committees:

In conformity with the Code of Best Practice in corporate governance, the company has in place the following committees:

### a) Remuneration/Governance Committee:

The Committee's overall responsibility is to develop a remuneration policy to attract, retain and motivate people of the highest caliber who have the skills needed to achieve the Company's objectives year on year.

It ensures that it balances the interests of the shareholders, the company and Its employees. The Committee is also tasked with reviewing existing governance procedures and practices in the light of current domestic and global developments in corporate governance.

The members of the Remuneration/Governance Committee are Mr. Mofoluso Ayeni, Mr. Muiywa Kupoluyi and Hon. Tunji Bello

## ATTENDANCE OF MEETING BY MEMBERS

| MEMBERS             | ATTENDANCE (JUNE) | OCT |
|---------------------|-------------------|-----|
| Mr Mofoluso Ayeni   | •                 | •   |
| Mr. Muiywa Kupoluyi | •                 | •   |
| Hon. Tunji Bello    | •                 | •   |

## b) Risk Assessment Committee:

The Risk Committee comprises the functional directors and designated senior managers of the Company. It meets on a monthly basis and its report is forwarded to the Board of Directors for further guidance. It is responsible for the overall business risk assessment of the Company and for suggesting measures to prevent and/or mitigate the effects of business risk. As at December 31, 2019, the Risk Assessment Committee comprised of Mr. Gbolahan Labinjo (Deputy Managing Director), Mr. Dele Oke (ED Finance), Mr. Segun Ekundayo (GM Operations), and Mr. Olabode Ikiwon (Internal Auditor.)

ATTENDANCE OF MEETING BY MEMBERS HELD IN THE YEAR 2019

### RISK ASSESSMENT COMMITTEE MEETINGS

| MEMBERSHIP           | STATUS   | NO OF MEETINGS ATT'ED OUT OF 12 |
|----------------------|----------|---------------------------------|
| Mr. Gbolahan Labinjo | Chairman | 12                              |
| Mr. Bamidele Oke     | Member   | 12                              |
| Mr. Segun Ekundayo   | Member   | 12                              |
| Mr. Olabode Ikiwon   | Member   | 12                              |

## c) Audit Committee:

In accordance with section 359(5) of CAMA, members of the Audit Committee of the Company were elected at the last Annual General Meeting held on June 27, 2019. Members that served on the Audit Committee comprised two shareholders (Engr. Yemisi Shyllon and Mr Bisi Babarinde), and two directors, (Mr. Muyiwa Kupoluyi and Mr. Gbolahan Labinjo)

Their functions in the year under review were governed by the provisions of section 359(6) of CAMA. The Committee's report is as contained in the report and accounts.

The Audit Committee met four times in the year under review. See below the attendance of members of the Committee during the financial year January 1, to December 31, 2019:

| Name                 | Meeting Date | Meeting Date | Meeting Date | Meeting Date | % of Attendance |
|----------------------|--------------|--------------|--------------|--------------|-----------------|
|                      | 20-03-19     | 24-04-19     | 24-07-19     | 23-10-19     |                 |
| Mr. Muyiwa Kupoluyi  | •            | •            | •            | •            | 100%            |
| Engr. Yemisi Shyllon | •            | •            | •            | •            | 100%            |
| Mr. Bisi Babarinde   | •            | •            | •            | •            | 100%            |
| Mr. Gbolahan Labinjo | •            | •            | •            | •            | 100%            |

## iii. Insider Trading

The Company has adopted a Securities Trading Policy regarding securities transactions by its directors. The board ultimately has the responsibility for the Company's compliance with the rules relating to insider trading. The Company's directors, executives and senior employees are prohibited from dealing with the Company's shares in accordance with the Investments & Securities Act, 2007. As required by law, the shares held by directors are disclosed in the Annual Report.

## iv. Complaints Management Policy Framework

In compliance with the Securities and Exchange Commission Rule Relating to the Complaints Management Framework of the Nigerian Capital Market ("SEC Rules") issued in February, 2015, Tantalizers Plc has put in place a formal Complaints Management Policy by virtue of which complaints arising from issues covered under Investment and Securities Act 2007 (ISA) are registered, promptly resolved and quarterly submission of same is made to the Nigerian Stock Exchange.

To date no complaint has been filed.

## v. Compliance with Regulatory Requirements:-

For the year under review, the Company complied with all the post listing requirements of the Nigerian Stock Exchange.

## THE BOARD OF DIRECTORS



**Dr. Jaiye Oyedotun**  
Chairman



**Mr. Mofoluso Ayeni**  
Vice Chairman



**Mrs. Abosede Ayeni**  
Managing Director/CEO

## THE BOARD OF DIRECTORS



**Mr. Tunji Bello**  
Non-Executive Director



**Mr. Muyiwa Kupoluyi**  
Non-Executive Director



**Mr. Gbolahan Labinjo**  
Executive Director



**Mr. Bamidele Oke**  
Executive Director

# Pick Your Level!

## SUPER SAVER —MEAL—

...eat for less, save more!!

₦500



Spaghetti

₦650



Jollof/Fried Rice

₦800



Jollof/Fried Rice  
& Drink

**Cantalizers**  
...every bite, a promise kept

PARTICIPATING OUTLETS ONLY

# REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2019

## 1. ACCOUNTS

The Directors hereby submit their report together with the audited accounts of the Company for the year ended 31st December 2019.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of Quick Service Restaurant and Industrial/Outdoor Catering Services.

## 3. RESULTS FOR THE YEAR

|                               | <b>2019</b>   | <b>2018</b>   |
|-------------------------------|---------------|---------------|
|                               | <b>=N=</b>    | <b>=N=</b>    |
| System Revenue                | 2,817,426,737 | 3,517,811,994 |
| Tantalizers Revenue           | 1,264,625,326 | 1,525,093,640 |
| Trading Profit                | 534,912,417   | 629,424,558   |
| Other Income                  | 268,267,123   | 421,422,756   |
| Profit/(Loss) before Taxation | 33,431,468    | 96,024,262    |
| Taxation                      | (11,259,771)  | (9,768,050)   |
| Profit/(Loss) after Taxation  | 22,171,697    | 86,256,212    |

## 4. LEGAL FORM

The Company was incorporated as a Private Limited Company in June 1997 and was converted to a Public Limited Company on 23rd April 2008. The shares became quoted on the Nigerian Stock Exchange on 23rd June 2008.

## 5. DIRECTORS

The names of the Directors on the Board are as follows:

|                          |                        |
|--------------------------|------------------------|
| Dr. Jaiye Oyedotun       | Chairman               |
| Mr. Mofoluso Ayeni       | Vice-Chairman          |
| Mr. Tunji Bello          | Non-Executive Director |
| Mr. Muyiwa Kupoluyi      | Non-Executive Director |
| Mrs. Grace Abosede Ayeni | Managing Director/CEO  |
| Mr. Gbolahan Labinjo     | Executive Director     |
| Mr. Bamidele Oke         | Executive Director     |

In accordance with the provisions of **Section 259 of Companies and Allied Matters Act 2004 Cap. C20 LFN 2004**, and subject to **Article 3 of the Memorandum and Articles of Association** of the Company (as amended), one third of the non executive directors of the Company shall retire from office by rotation Mr. Mofoluso Ayeni and Mr. Muyiwa Kupoluyi retire by rotation and being eligible offer themselves for re-election.

## 6. SHARE CAPITAL HISTORY

The following changes have taken place in the Company's authorised and issued share capital since its incorporation

# REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2019

| Date | Authorised Share Capital (Units) |               | Issued and Fully Paid Up Share Capital (Units) |               |
|------|----------------------------------|---------------|--|---------------|
|      | Increase                         | Cumulative    | Increase                                       | Cumulative    |
| 1997 | -                                | 100,000       | -  | 100,000       |
| 1998 | -                                | 100,000       | -  | 100,000       |
| 1999 | -                                | 100,000       | -  | 100,000       |
| 2000 | 4,900,000                        | 5,000,000     | 4,900,000                                      | 5,000,000     |
| 2001 | -                                | 5,000,000     | -  | 5,000,000     |
| 2002 | -                                | 5,000,000     | -  | 5,000,000     |
| 2003 | -                                | 5,000,000     | -  | 5,000,000     |
| 2004 | -                                | 5,000,000     | -  | 5,000,000     |
| 2005 | -                                | 5,000,000     | -  | 5,000,000     |
| 2006 | -                                | 5,000,000     | -  | 5,000,000     |
| 2007 | 1,495,000,000                    | 1,500,000,000 | 956,684,737                                    | 961,684,737   |
| 2008 | 3,500,000,000                    | 5,000,000,000 | 1,988,315,263                                  | 2,950,000,000 |
| 2009 | -                                | 5,000,000,000 | -  | 2,950,000,000 |
| 2010 | -                                | 5,000,000,000 | 261,627,906                                    | 3,211,627,906 |
| 2011 | -                                | 5,000,000,000 | -  | 3,211,627,906 |
| 2012 | -                                | 5,000,000,000 | -  | 3,211,627,906 |
| 2013 | -                                | 5,000,000,000 | -  | 3,211,627,906 |
| 2014 | -                                | 5,000,000,000 | -  | 3,211,627,906 |
| 2015 | -                                | 5,000,000,000 | -  | 3,211,627,906 |
| 2016 | -                                | 5,000,000,000 | -  | 3,211,627,906 |
| 2017 | -                                | 5,000,000,000 | -  | 3,211,627,906 |
| 2018 | -                                | 5,000,000,000 | -  | 3,211,627,906 |
| 2019 | -                                | 5,000,000,000 | -  | 3,211,627,906 |

## 7. DIRECTORS' SHAREHOLDING

The interests of the Directors in the issued share capital of the company as recorded in the register of members for the purpose of **Section 275 of the Companies and Allied Matters Acts, CAP C20 Laws of the Federation of Nigeria 2004** and the listing requirements of the Nigeria Stock Exchange were as follows:

|                          |                      | Ordinary shares of 50k each as at |          |                    |          |
|--------------------------|----------------------|-----------------------------------|----------|--------------------|----------|
|                          |                      | 31st December 2019                |          | 31st December 2018 |          |
|                          |                      | Direct                            | Indirect | Direct             | Indirect |
| Dr. Jaiye Oyedotun       | - Chairman           | 4,040,000                         | -        | 4,040,000          | -        |
| Mr. Mofoluso Ayeni       | - Vice Chairman      | 839,519,535                       | -        | 839,519,535        | -        |
| Mrs. Grace Abosede Ayeni | - Managing Director  | 578,093,023                       | -        | 578,093,023        | -        |
| Mr. Tunji Bello          | - Director           | 5,000,000                         | -        | 5,000,000          | -        |
| Mr. Muyiwa Kupoluyi      | - Director           | 13,000,000                        | -        | 13,000,000         | -        |
| Mr. Bamidele Oke         | - Executive Director | 27,400,000                        | -        | 27,400,000         | -        |
| Mr. Gbolahan Labinjo     | - Executive Director | -                                 | -        | -                  | -        |

## 8. CORPORATE GOVERNANCE

The Company is committed to the best practice and procedure in corporate governance. Its business is conducted in a fair, honest and transparent manner in conformity with the highest ethical standards.

Members of the Board meet regularly to decide policy matters, review its performance, operations and finances and formulate strategies to enhance its growth. In accordance with section **258(2) of the Companies and Allied Matters Act Cap, C20 Laws of the Federation of Nigeria 2004**, the record of Directors' attendance at Board meetings is available for inspection at the Annual General Meeting.

# REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2019

In doing so, they ensure that:

- Proper accounting records are maintained;
- Applicable accounting standards are followed;
- Suitable accounting policies are adopted and consistently applied;
- Judgements and estimates made are reasonable and prudent;
- The going concern basis is used, unless it is unreasonable to presume that the Company will continue in business.
- Internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets, prevent and detect fraud and other irregularities.

## 9. SUBSTANTIAL INTEREST IN SHARES

|                                  | 2019<br>% of Total<br>Shares | 2019<br>No of<br>Shares | 2018<br>% of Total<br>Shares | 2018<br>No of<br>Shares |
|----------------------------------|------------------------------|-------------------------|------------------------------|-------------------------|
| Mr. Mofoluso Ayeni               | 26.10                        | 839,519,535             | 26.10                        | 839,519,535             |
| Mrs. Abosede Ayeni               | 18.00                        | 578,093,023             | 18.00                        | 578,093,023             |
| Golden Ankhs Integrated Services | 21.37                        | 686,452,253             | 21.37                        | 686,452,253             |

Except as stated above no other shareholder owns more than 5%

## 10. ANALYSIS OF SHAREHOLDINGS

| Range of Shareholding     | Number of Holders | Holder %    | Holder Cum. | Units                | Units %     | Units Cum.    |
|---------------------------|-------------------|-------------|-------------|----------------------|-------------|---------------|
| 1 - 1,000                 | 837               | 9.67        | 956         | 619,216              | 0.02        | 619,216       |
| 1,001 - 5,000             | 2,472             | 28.81       | 3,447       | 7,656,233            | 0.24        | 8,275,449     |
| 5,001 - 10,000            | 1,608             | 18.74       | 3,049       | 13,411,650           | 0.42        | 21,687,099    |
| 10,001 - 50,000           | 2,288             | 26.67       | 7,337       | 56,445,758           | 1.76        | 78,132,884    |
| 50,001 - 100,000          | 554               | 6.46        | 7,889       | 45,061,338           | 1.40        | 123,194,222   |
| 100,001 - 500,000         | 502               | 5.85        | 8,392       | 120,977,216          | 3.77        | 244,171,438   |
| 500,001 - 1,000,000       | 101               | 1.18        | 8,492       | 81,574,152           | 2.54        | 325,745,590   |
| 1,000,001 - 5,000,000     | 184               | 2.14        | 8,671       | 428,822,140          | 13.35       | 754,567,730   |
| 5,000,001 - 50,000,000    | 30                | 0.35        | 8,702       | 352,793,970          | 10.98       | 1,107,361,700 |
| 100,000,001 - 500,000,000 | 2                 | 0.02        | 8,705       | 708,967,294          | 22.08       | 1,816,328,994 |
| 500,000,001 - AND ABOVE   | 3                 | 0.02        | 8,707       | 2,104,064,811        | 43.45       | 3,211,627,907 |
| <b>TOTAL</b>              | <b>8,580</b>      | <b>100%</b> |             | <b>3,211,627,907</b> | <b>100%</b> |               |

## 11. PROPERTY, PLANT AND EQUIPMENT

Movements in Property, Plant and Equipment during the year are shown in Note 11 to the financial statements. In the opinion of the Directors, the market value of the Company's properties is not less than the value shown in the accounts.

## 12. DONATIONS AND CHARITABLE GIFTS

The Company did not make any donation in the course of the year.

**13. EMPLOYMENT AND EMPLOYEES**

**1. Employment of disabled persons**

The Company has reviewed its employment policy in line with the needs of the business. A policy of the Company stipulates that there should be no discrimination in considering applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities for employment. As at 31st December 2019, there was no disabled person in the employment of the Company.

**2. Work Environment**

The Company endeavours to ensure a safe working environment for its employees. Health and safety regulations are in force within the Company's premises and employees are aware of existing regulations. Subsidies are provided to all levels of employees for medical, transportation, housing etc

**3. Training**

The Company is pro-active and involved in staff development. It is committed to keeping employees fully informed as much as possible and ensures that all staff go through at least one training intervention in a year.

**14. POST BALANCE SHEET EVENTS**

There were no post balance sheet events which could have material effect on the financial statements of the Company at 31st December, 2019 and of the profit for the year ended on that date which have not been adequately provided for or disclosed in these financial statements.

**15. MAJOR SUPPLIERS**

The Company procures materials mainly from Nigerian Bottling Company Plc, CHI Limited, Provita Nigeria Limited, Globus Resources Limited, Ragolis Waters Limited and Allied Gas Limited.

**AUDIT COMMITTEE**

- 16.** The Committee is established to perform the functions stated in **Section 359(6) of the Companies and Allied Matters Act 2004, Cap.20 Laws of the Federation of Nigeria 2004**, There are four (4) members of the Committee and one of the two representatives of the Board is the Chairman of the Committee.

The list of the Committee members is contained on pages 2, 14 and 24

**AUDITORS**

- 17.** The Auditors Messrs Abiodun Aina & Co (Chartered Accountants) have expressed their willingness to continue in office in accordance with **Sec 357(2) of the Companies and Allied Matters Act 2004, Cap C20, Laws of the Federation of Nigeria 2004**. A resolution will be proposed authorising the Directors to fix their remuneration.

**BY ORDER OF THE BOARD**



**BAMIDELE DAMBO**

Company Secretary

FRC/2014/NBA/00000007237

**TANTALIZERS PLC**

Makay Plaza, 21 Road, I Close,  
Festac Town, Lagos State, Nigeria  
29th March 2020



Tantalizers Plc is committed to integrate QEHS excellence in all its business activities, products and services. We have reformulated some of our products to be more health friendly by introducing products with lower calories and enforcing the use of cholesterol free oil.

Tantalizers through a commitment to continual improvement in QEHS programs, strives to:

- Be a customer focused organization where our customer values their relationship with us
- Be an environmentally responsible provider of high-quality and safe products and services
- Be a good environmental steward, preserving and protecting our natural resources and practicing pollution prevention and
- Be a responsible neighbor and employer, committed to provide healthy and safe work environment which is capable of preventing ill health and injury by appropriate management of Occupational Health and Safety risks

The health and safety of our staff, customers and contractors is being managed as a principal risk especially during this COVID – 19 Pandemic

The safety protocol of frequent hand washing, hand sanitization and compelling the use of face masks / shields is being followed in all our locations nationwide.

Tantalizers Plc recognizes that QEHS is paramount to our customers, ourselves and the society we operate in. We are committed to achieving high standards in QEHS practices in accordance with the following principles.

**COMPLIANCE:** We strive to comply with all prescribed standards and applicable legal and other requirements for all our operational processes, products and services involving product requirements, significant environmental aspects and Occupational Health and Safety risks.

**PREVENTION:** We are committed to operational controls, systems, procedures, and resources and processes specifically designed to prevent activities and / or conditions that pollute the environment and affect the well-being of our employees and society at large.

**CONTINUAL IMPROVEMENT:** We consistently strive to improve our QEHS through integrity, team work, learning, sharing, benchmarking and participation in continual improvement programs and adoption of technologies that advance our QEHS goals. We are committed to maintaining appropriate controls and conducting periodic reviews of our attainment of set goals.

All of our employees have access to a range of health and wellbeing programmes. Our approach to employee wellbeing exemplifies our values and enhances engagement and productivity. In the course of the year, we had the second edition of our yearly Health And Safety Week **Titled:** PROMOTE SAFETY, PROMOTE HEALTH.

- Report of the Audit Committee
- Report of the Independent Auditors
- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flow
- Notes to the Financial Statements
- Statement of Value Added
- Five-Year Financial Summary
- Proxy Form



## REPORT OF THE AUDIT COMMITTEE

TO THE MEMBERS OF TANTALIZERS PLC

In compliance with section 359(6) of the Companies and Allied Matters Act of Nigeria, we have:

- i) Reviewed and ascertained that the accounting and reporting policies adopted by the Company are in accordance with applicable legal requirements and agreed ethical practices.
- ii) Reviewed the scope and planning of audit requirements and found them satisfactory.
- iii) Appraised the Financial Statements for the year ended December 31, 2019 and are satisfied with the explanations provided.
- iv) Reviewed the Company's systems of accounting and internal control and found them effective.
- v) Reviewed the External Auditor's Management Report for the year ended December 31, 2019 and are satisfied that management is taking appropriate steps to address issues and comments noted in the report.



**Mr Muyiwa Kupoluyi**  
Chairman, Audit Committee  
FRC/2017/ICAN/00000016465  
February 25, 2020

Members of the Audit Committee are:-

**Mr. Muyiwa Kupoluyi**  
**Engr. Yemisi Shyllon**  
**Mr. Bisi Babarinde**  
**Mr. Gbolahan Labinjo**



**Rights House**

43, Adeniyi Jones Avenue, Ikeja  
P.O. Box 632 Marina, Lagos.  
Tel: 0806 608 3252

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TANTALIZERS PLC

### Opinion

We have audited the financial statements of Tantalizers Plc [“the entity”] which comprise the statement of financial position as at 31st December, 2019 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 32 to 43.

In our opinion, the accompanying financial statements give a true and fair view of the state of the financial position of the entity as at 31st December 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards [IFRSs] and in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

### Basis for Opinion

We conducted our audit in accordance with International Standards of 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 entity in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants [Parts A and B]. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There are no key audit matters relating to the audit of the financial statements.

### Information Other than the Financial Statements and Audit Report thereon

The Directors are responsible for the other information. The other information comprises of Result at a glance, Notice of Annual General Meeting, Chairman's Statement, Company Profile, Report of Corporate Governance, Board of Directors' pictures, Report of the Directors, Statement of Quality, Environment, Health and Safety, Statement of value added, Five year financial summary and Proxy Form but does not include the financial statements and our audit report thereon.

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

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

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

### **Directors' Responsibilities for the Financial Statements**

The directors are responsible for the preparation of the financial statements that give true and fair view in accordance with International Financial Reporting Standards [IFRSs] and in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether caused by fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

### **Auditors' Responsibility for the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatements, whether caused by 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 statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether caused by 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 entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity's to express an opinion on the financial statements.

We are responsible for the direction, supervision and performance of the entity's audit. We remain solely responsible for our audit opinion.

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

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

### Report on other Legal and Regulatory Requirements

The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004 requires that in carrying out our audit work we consider and report on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of accounts have been kept by the entity, so far as appears from our examination of those books; and
- iii) the statements of financial position and comprehensive income of the entity are in agreement with the books of accounts.



**Ishola A. Eniola**  
**FRC/2013/ICAN/00000004744**  
For: Abiodun Aina & Co  
Chartered Accountants  
Lagos, Nigeria.  
26th February, 2020



## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2019

|                                      | NOTES | 2019<br>₹                | 2018<br>₹                |
|--------------------------------------|-------|--------------------------|--------------------------|
| System Revenue                       | 3     | <u>2,817,426,737</u>     | <u>3,517,811,994</u>     |
| Revenue                              |       | 1,264,625,326            | 1,525,093,640            |
| Cost of sales                        |       | <u>(729,712,909)</u>     | <u>895,669,082</u>       |
| <b>Gross Profit/(Loss)</b>           |       | <b>534,912,417</b>       | <b>629,424,558</b>       |
| Other Income                         | 4     | 268,267,123              | 421,422,756              |
| Distribution Costs                   |       | (20,790,962)             | (38,346,801)             |
| Write-Backs                          | 5     | 285,559,328              | 313,949,294              |
| Administrative expenses              |       | <u>(940,901,651)</u>     | <u>(1,063,521,403)</u>   |
| <b>Operating Profit/(Loss)</b>       | 6     | <b>127,046,255</b>       | <b>262,928,404</b>       |
| Finance Income                       | 7 (b) | 776,712                  | -                        |
| Finance Cost                         | 7 (a) | <u>(94,391,499)</u>      | <u>(166,904,142)</u>     |
| <b>Profit/(Loss) Before Taxation</b> |       | <b>33,431,468</b>        | <b>96,024,262</b>        |
| Taxation                             | 8 (a) | <u>(11,259,771)</u>      | <u>(9,768,050)</u>       |
| <b>Profit/(Loss) After Taxation</b>  |       | <b><u>22,171,697</u></b> | <b><u>86,256,212</u></b> |
| Earnings per share (basic)           | 9     | 1k                       | 3k                       |
| Earnings per share (diluted)         |       | 1k                       | 3k                       |

The notes on pages 32-43 form an integral part of these financial statements

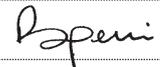
# STATEMENT OF FINANCIAL POSITION

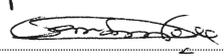
AS AT 31ST DECEMBER 2019

|  | NOTES   | 2019<br>₦              | 2018<br>₦              |
|--|---------|------------------------|------------------------|
| <b>NON CURRENT ASSETS</b>                    |         |                        |                        |
| Property, Plant and Equipment                | 10      | 2,147,582,144          | 2,363,035,231          |
| Long Term Receivables                        | 12(a)   | 171,111,319            | 175,945,951            |
|  |         | <b>2,318,693,463</b>   | <b>2,538,981,182</b>   |
| <b>Current Assets:</b>                       |         |                        |                        |
| Inventories                                  | 11      | 57,162,985             | 71,633,903             |
| Trade and Other Receivables                  | 12(b)   | 931,541,353            | 973,209,297            |
| Cash and Bank Equivalents                    | 13      | 27,723,462             | 40,892,304             |
|  |         | <b>1,016,427,800</b>   | <b>1,085,735,504</b>   |
| <b>Current liabilities:</b>                  |         |                        |                        |
| <b>Amount falling due within one year</b>    |         |                        |                        |
| Trade and Other Payables                     | 14      | 1,181,522,507          | 1,366,738,113          |
| Provisions and Deferred Income               | 15(a)   | 350,524,632            | 361,726,129            |
| <b>Borrowings:</b>                           |         |                        |                        |
| Overdrafts                                   | 16(ai)  | 100,000                | 2,577,107              |
| Term Loans                                   | 16(aii) | 421,182,546            | 518,108,579            |
| Taxation                                     | 8 (b)   | 98,814,873             | 111,461,122            |
|  |         | <b>2,052,144,558</b>   | <b>2,360,611,050</b>   |
| <b>Net Current Assets/(Liabilities)</b>      |         | <b>(1,035,716,758)</b> | <b>(1,274,875,546)</b> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |         | <b>1,282,976,705</b>   | <b>1,264,105,636</b>   |
| <b>Non Current liabilities</b>               |         |                        |                        |
| Provision and Deferred Income                | 15(b)   | 196,091,227            | 130,764,486            |
| <b>Borrowings:</b>                           |         |                        |                        |
| Term Loans                                   | 16(b)   | 369,441,337            | 433,424,158            |
| <b>NET ASSETS</b>                            |         | <b>717,444,141</b>     | <b>699,916,992</b>     |
| <b>SHAREHOLDERS' FUNDS</b>                   |         |                        |                        |
| Share Capital                                | 18      | 1,605,813,953          | 1,605,813,953          |
| Share Premium                                | 19      | 2,071,077,399          | 2,071,077,399          |
| Revaluation Reserve                          | 20      | 101,442,203            | 106,086,751            |
| Retained Deficit                             | 21      | (3,060,889,414)        | (3,083,061,111)        |
|  |         | <b>717,444,141</b>     | <b>699,916,992</b>     |

Approved by the Board of Directors on 25th February, 2020 and signed on its behalf by

**Dr. Jaiye Oyedotun** .....  Chairman FRC/2014/CISM/00000005793

**Mrs. Abosede Ayeni** .....  Managing Director/CEO FRC/2016/IODN00000015675

**Mr. Bamidele Oke** .....  ED Finance FRC/2014/1CAN/00000007239

The notes on pages 32 to 43 form an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2019

|   | Ordinary<br>Share<br>Capital | Share<br>Premium     | Revaluation<br>Reserve | Retained<br>Deficit    | Total              |
|---|------------------------------|----------------------|------------------------|------------------------|--------------------|
|   | ₦                            | ₦                    | ₦                      | ₦                      | ₦                  |
| <b>At 1st January, 2019</b>                     | <b>1,605,813,953</b>         | <b>2,071,077,399</b> | <b>106,086,751</b>     | <b>(3,083,061,111)</b> | <b>699,916,992</b> |
| Profit/(Loss) for the Year                      | -                            | -                    | -                      | 22,171,697             | 22,171,697         |
| Movement in Revaluation Reserve during the Year | -                            | -                    | (4,644,548)            | -                      | (4,644,548)        |
| <b>At 31st December , 2019</b>                  | <b>1,605,813,953</b>         | <b>2,071,077,399</b> | <b>101,442,203</b>     | <b>(3,060,889,414)</b> | <b>717,444,141</b> |
| <b>At 1st January, 2018</b>                     | <b>1,605,813,953</b>         | <b>2,071,077,399</b> | <b>157,963,915</b>     | <b>(3,169,317,323)</b> | <b>665,537,944</b> |
| Profit for the Year                             | -                            | -                    | -                      | 86,256,212             | 86,256,212         |
| Movement in Revaluation Reserve during the Year | -                            | -                    | (51,877,164)           | -                      | (51,877,164)       |
| <b>At 31st December , 2018</b>                  | <b>1,605,813,953</b>         | <b>2,071,077,399</b> | <b>106,086,751</b>     | <b>(3,083,061,111)</b> | <b>699,916,992</b> |

## STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER 2019

|   | Notes  | 2019<br>#            | 2018<br>#            |
|---|--------|----------------------|----------------------|
| Cash Received from Customers                                  |        | 1,828,992,098        | 2,369,142,360        |
| Cash Paid to Suppliers and Employees                          |        | (1,559,181,457)      | (2,049,233,473)      |
| Tax Paid  | 8(b)   | (14,361,092)         | (10,760,441)         |
| Interest Paid   |        | (94,391,499)         | (166,904,142)        |
| <b>Net cash (used in)/generated from operating activities</b> |        | <b>161,058,050</b>   | <b>142,244,304</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                    |        |                      |                      |
| Interest Received   |        | 776,712              | -                    |
| Purchase of property, plant and equipment                     | 10     | (46,196,103)         | (34,944,235)         |
| Proceeds from disposal of property, plant and equipment       |        | 90,300,000           | 215,000,000          |
| <b>Net cash (used in)/generated from investing activities</b> |        | <b>44,880,609</b>    | <b>180,055,765</b>   |
| <b>CASHFLOW FROM FINANCING ACTIVITIES</b>                     |        |                      |                      |
| Repayment of borrowings                                       |        | (140,000,000)        | (160,550,000)        |
| <b>Net cash (used in)/generated by financing activities</b>   |        | <b>(140,000,000)</b> | <b>(160,550,000)</b> |
| <b>Net increase/(decrease) in Cash and Cash Equivalents</b>   |        | <b>65,938,659</b>    | <b>161,750,069</b>   |
| Effect of Exchange Rate Changes                               |        | -                    | -                    |
| <b>Cash and Cash Equivalents at beginning of Year</b>         |        | <b>(38,315,197)</b>  | <b>(123,434,872)</b> |
| <b>Cash and Cash Equivalents at end of Year</b>               |        | <b>27,623,462</b>    | <b>38,315,197</b>    |
| <b>REPRESENTED BY</b>   |        |                      |                      |
| Cash at Bank and in Hand                                      | 13     | 27,723,462           | 40,892,304           |
| Bank Overdrafts   | 16(ai) | (100,000)            | (2,577,107)          |
| <b>Cash &amp; Cash Equivalents</b>                            |        | <b>27,623,462</b>    | <b>38,315,197</b>    |

The notes on pages 32-43 form an integral part of these financial statements

## **1. General Information**

Tantalizers Plc was incorporated in 1997 as a Private Limited Company domiciled in Nigeria. The status of the company changed to a Public Limited Company (PLC) on 23rd April, 2008 and its shares were subdivided into 50 kobo shares from the original ₦1.00. The shares became quoted on the Nigerian Stock Exchange on 23rd June, 2008. The principal activities of the entity are provision of quick service restaurant and industrial/outdoor catering services.

## **2(a) Statement of Compliance with International Financial Reporting Standards**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standard Board (IASB) and International Financial Reporting Interpretations Committee (IFRICs' interpretations).

## **(b) Basis of Preparation**

The financial statements are presented in Naira. They have been prepared on a going concern basis applying the historical cost convention. The preparation of the financial statements in conformity with the IFRSs requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. There are no areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements.

## **(c) Foreign Currency Transactions**

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities held at the reporting date are translated at the exchange rate at that date. The resulting exchange gain or loss is recognised in the other comprehensive income.

## **(d) System Revenue**

System revenue comprises of gross sales made through the Company and Franchisee - owned retail outlets.

Tantalizers' revenue consists of sales through the Company - owned retail outlets and excludes Value Added Tax, trade discounts and rebates. Revenue is recognised when the significant risks and rewards of goods and services have been passed to the buyer and it can be measured reliably.

## **(e) Finance Income**

Finance income is recognised in the other comprehensive income for all instruments measured at amortised cost using the effective interest method. The calculation takes into account interest received or paid and fees and commissions received or paid that are integral to the yield as well as incremental transaction costs. The effective interest rate is the rate that exactly discounts estimated future cash flow throughout the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset.

## **(f) Cost of Sales**

Cost of sales consists of all costs to the point of sale including warehouse and transportation costs and all the costs of operating retail outlets.

## (g) Inventories

Inventories are stated at cost and net realisable value, whichever is lower and all write downs are included in the cost of sales. However, reversal of such write down in subsequent period is used to reduce the cost of sales. Net realizable value is determined by reference to prices existing at the reporting date. Cost is determined using first-in first-out (FIFO) method of inventory valuation and comprises direct purchase and conversion costs, and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

## (h) Property, Plant and Equipment

### (i) Land and Buildings

Land and buildings are stated at cost less accumulated depreciation and any recognised provision for impairment. Properties under construction are held at cost less any recognised provision for impairment loss. Cost includes the original purchase price of the asset and the directly attributable costs incurred in bringing the asset to its location and condition necessary for it to operate in the manner intended by management.

### (ii) Plant and Machinery, Fixtures and Equipment

Plant and machinery, fixtures, equipment and vehicles are held at cost less accumulated depreciation and any recognised provision for impairment loss. Cost includes the original purchase price of the asset and the directly attributable costs incurred in bringing the asset to its location and condition necessary for it to operate in the manner intended by the management.

Subsequent costs on Plant and Machinery, Fixtures and Equipment are included in the assets' carrying amount, as appropriate only when it is probable that future economic benefits associated with the item will flow to the company for more than one accounting year and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the statement of comprehensive income during the reporting period in which they are incurred.

### iii) Depreciation

Depreciation is calculated to write down the cost of the assets to their residual values, on a straight-line method, on the following basis:

|                                      |     |
|--------------------------------------|-----|
| - Freehold land                      | Nil |
| - Improvement to restaurant building | 20% |
| - Restaurant furniture and equipment | 20% |
| - Office furniture and equipment     | 20% |
| - Plant and machinery                | 25% |
| - Motor vehicle                      | 20% |
| - Software Equipment                 | 4%  |

Depreciation of an asset begins when the asset is in the location and condition necessary for it to be operated in the manner intended by management. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the asset is depreciated separately based on the pattern which reflects how the economic benefits are consumed. Buildings under construction are not depreciated. Gains or losses on disposal are determined by comparing proceeds with the asset's carrying amount and are recognised in the other comprehensive income.

## **(iv) Leased Assets**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of the ownership to the Company. Assets funded through finance leases are capitalised as property, plant and equipment and depreciated over their estimated useful lives or the lease term, whichever is shorter. The amount capitalised at the inception of the lease is the lower of the fair value of the asset or the present value of the minimum lease payments during the lease term. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine otherwise its incremental borrowings rate is used. Any initial direct costs incurred on the finance lease are added to the amount recognised as an asset. The resulting lease obligations are included in liabilities net of finance charges. The finance charges/interest element of the rental obligations is charged directly to the statement of comprehensive income over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

## **(i) Intangible Assets**

### **Software**

Software acquired by the Company is stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use.

## **(j) Impairment of Non-Financial Assets**

Annually and again whenever indicators of impairment are detected, the Company reviews carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its value in use, is estimated in order to ascertain the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. For property, plant and equipment and intangible assets excluding goodwill, the CGU is deemed to be each retail outlet store.

Any impairment charge is recognised in the statement of comprehensive income in the year in which it occurs. Where an impairment loss, other than an impairment loss on goodwill, subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, or its original carrying value if lower.

## **(k) Borrowing and Finance Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale, are added to the cost of the assets, until such time as the assets are substantially ready for their intended use or sale. Arrangement fees and issue costs are amortised and charged to other comprehensive income as finance costs over the term of the debt.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. For all instruments measured at amortised cost, finance cost is recognised in other comprehensive income using the effective interest method as in finance income above.

All other borrowing costs are recognised in other comprehensive income in the period in which they are incurred.

## **(l) Financial Instruments**

Financial assets and liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

## **(m) Financial Assets**

All the Company's financial assets qualify under the classification of loans and receivables following IAS 39. No financial assets qualify for classification as:

- At fair value through profit or loss ('FVTPL');
- Available-for-sale ('AFS'); and
- Held to Maturity

## **(n) Trade and Other Receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Generally for trade receivables, this results in their recognition at nominal value less any allowance for any doubtful debts since in practise trade receivables do not have any interest implications. For staff loans, effective interest method does not result in their recognition at nominal value as interest is charged on such loans. Income for these financial assets is calculated on an effective yield basis and is recognised in other comprehensive income as part of finance income.

## **(o) Financial Liabilities**

### **(i) Borrowings**

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

### **(ii) Trade and Other Payables**

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method. Generally this results in their recognition at nominal invoice value since in practise trade payables do not have any interest implications.

## **(p) Impairment of Financial Assets**

An assessment of whether there is objective evidence of impairment is carried out for all financial assets or groups of financial assets at the reporting date. This assessment may be of individual assets ('individual impairment') or of a portfolio of assets ('collective impairment'). A financial asset or a group of financial assets is considered to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. For individual impairment the principal loss event is one or more missed payments, although other loss events can also be taken into account, including arrangements in place to pay less than the contractual payments, fraud and bankruptcy or other financial difficulty indicators. An assessment of collective impairment will be made of financial assets with similar risk characteristics. For these assets, portfolio loss experience is used to provide objective evidence of impairment.

Where there is objective evidence that an impairment loss exists on loans and receivables, impairment provisions are made to reduce the carrying value of financial assets to the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. For financial assets carried at amortised cost, the charge to the statement of comprehensive income reflects the movement in the level of provisions made together with amounts written off net of recoveries in the year.

## **(q) Fair Value Estimation**

Fair value estimation is grouped into Levels 1 to 3 based on the degree to which the fair value is observable as per IAS 39 guidelines as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## **(r) Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

## **(s) Classification of Financial Liabilities and Equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the consideration received, net of direct issue costs.

## **(t) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, demand deposits, investments in money market funds and deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are used by the Company in the management of its short-term commitments. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents in the statement of cash flow. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

## **(u) Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted at the reporting date. Tax expense comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to item recognised in other comprehensive income or directly in equity, in which case the related tax is also recognised in other comprehensive income or directly in equity.

Deferred tax is calculated on temporary differences, arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company.

Deferred tax is calculated based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred tax is recognised for all taxable temporary differences, except to the extent where it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity or other comprehensive income, in which case the deferred tax is also dealt with in equity or other comprehensive income respectively.

## **(v) Provisions**

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle obligation, and the amount of the obligation can be reliably estimated. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

## **(w) Employee Benefits - Pensions**

With effect from 1st January, 2005, the Company in line with the provisions of the Pension Reform Act, 2004 instituted a defined contribution pension scheme. Staff contributions to the pension are funded through payroll deductions. A defined contribution scheme under IFRS is a pension plan under which the Company pays fixed contributions to a separate entity.

Payments to defined contribution pension scheme by the Company are charged as expenses to the statement of comprehensive income as they fall due. Any contributions unpaid at the reporting date are included as an accrual in the statement of financial position as at that date. The Company has no further payment obligations once the contributions have been paid.

## **(x) Judgements and Estimates**

The Company makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. The judgements and key sources of estimating uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

## **(y) Impairment of Assets**

Financial and non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amounts may be less than their carrying values. Recoverable amount is based on a calculation of expected future cash flows using suitable discount rates and includes management assumptions and estimates of future performance.

## **(aa) Depreciation of Property, Plant and Equipment and Amortisation of Computer Software**

Depreciation and amortisation is provided so as to write down the assets to their residual values over their estimated useful lives as set out above. The selection of these residual values and estimated lives requires the exercise of management judgement.

## **(ab) Income Taxes**

The Company recognises expected liabilities for tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the period when such determination is made.

## **(ac) Provisions**

Provisions have been made for various costs. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2019

## NOTES

### 3 SYSTEM REVENUE

Company - Owned Outlet Sales  
Franchisee - Owned Outlet Sales

| 2019                 | 2018                 |
|----------------------|----------------------|
| ₦                    | ₦                    |
| 1,160,181,559        | 1,605,361,726        |
| 1,657,245,178        | 1,912,450,268        |
| <b>2,817,426,737</b> | <b>3,517,811,994</b> |

### 4 OTHER INCOME

Rent income  
Advertisement contribution  
Franchise Income  
Profit on Disposal of Property, Plant and Equipment  
Profit on Intercompany Sales

| 2019               | 2018               |
|--------------------|--------------------|
| ₦                  | ₦                  |
| 109,714,463        | 99,730,732         |
| 17,806,264         | 16,951,881         |
| 111,142,089        | 162,665,853        |
| 29,604,307         | 106,217,990        |
| 35,856,300         | 35,856,300         |
| <b>268,267,123</b> | <b>421,422,756</b> |

### 5 WRITE-BACKS/PROVISIONS NO LONGER REQUIRED

Past due Interests on term loans  
Back duty tax (2004-2009)

|                    |                    |
|--------------------|--------------------|
| -                  | 105,224,224        |
| 285,559,328        | 208,725,070        |
| <b>285,559,328</b> | <b>313,949,294</b> |

### 6 PROFIT/(LOSS) BEFORE TAX

This is arrived at after charging/(crediting):

Directors' Fees  
Directors' Salaries and Other Emoluments  
Depreciation  
Auditors' Remuneration  
Profit on sale of Property, Plant and Equipment

|              |               |
|--------------|---------------|
| 3,350,000    | 3,350,000     |
| 53,400,000   | 53,400,000    |
| 203,634,493  | 202,582,393   |
| 2,500,000    | 2,500,000     |
| (29,604,307) | (106,217,990) |

### 7 FINANCE INCOME AND COSTS

#### (a) FINANCE COST

Interest on Term Loans  
Interest on Overdrafts  
Other Bank Charges

|                   |                    |
|-------------------|--------------------|
| 88,186,779        | 159,476,134        |
| -                 | -                  |
| 6,204,720         | 7,428,008          |
| <b>94,391,499</b> | <b>166,904,142</b> |

#### FINANCE INCOME

#### (b) Interest income

|                  |          |
|------------------|----------|
| (776,712)        | -        |
| <b>(776,712)</b> | <b>-</b> |

#### NET FINANCE COSTS/INCOME

|                   |                    |
|-------------------|--------------------|
| <b>93,614,787</b> | <b>166,904,142</b> |
|-------------------|--------------------|

### 8 TAXATION

#### (a) Per Statement of Comprehensive Income

Income Tax  
Education Tax  
Capital Gains Tax

|                   |                  |
|-------------------|------------------|
| 5,594,692         | 5,920,277        |
| 4,002,722         | 3,847,773        |
| 1,662,357         | -                |
| <b>11,259,771</b> | <b>9,768,050</b> |

#### (b) Per Statement of Financial Position

At Beginning of the Year  
Provision during the Year

|                    |                    |
|--------------------|--------------------|
| 111,461,122        | 321,618,367        |
| 11,259,771         | 9,768,050          |
| <b>122,720,893</b> | <b>331,386,417</b> |

Prior years provision no longer required

|   |               |
|---|---------------|
| - | (208,725,070) |
|---|---------------|

Payment During the year

|              |              |
|--------------|--------------|
| (14,361,092) | (10,760,441) |
|--------------|--------------|

WHT Credit Notes Utilised during the Year

|             |           |
|-------------|-----------|
| (9,544,928) | (439,784) |
|-------------|-----------|

At end of the year

|                   |                    |
|-------------------|--------------------|
| <b>98,814,873</b> | <b>111,461,122</b> |
|-------------------|--------------------|

The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 as amended to date and Education Tax Act, CAP E4, LFN 2004.

## NOTES

### 9 EARNINGS PER SHARE

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding at the reporting date. The Company has no convertible notes and share options which could potentially dilute its EPS, hence the Company's basic and diluted EPS are essentially the same.

|                            | <b>2019</b>          | <b>2018</b>          |
|----------------------------|----------------------|----------------------|
|                            | <b>No. of shares</b> | <b>No. of shares</b> |
| Number of shares in issue  | 3,211,627,906        | 3,211,627,906        |
|                            | <b>N</b>             | <b>N</b>             |
| Profit/(Loss) for the year | 22,171,697           | 86,256,212           |
| Basic earnings             | 1k                   | 3k                   |
| Diluted earnings           | 1k                   | 3k                   |

### 10 PROPERTY, PLANT AND EQUIPMENT

|   | LAND<br>N            | BUILDING<br>N        | ASSETS IN<br>PROGRESS<br>N | RESTAURANT<br>FURNITURE &<br>EQUIPMENT<br>N | OFFICE<br>FURNITURE &<br>EQUIPMENT<br>N | PLANT &<br>MACHINERY<br>N | MOTOR<br>VEHICLES<br>N | SOFT WARE<br>EQUIPMENT<br>N | TOTAL<br>N           |
|---|----------------------|----------------------|----------------------------|---|---|---------------------------|------------------------|-----------------------------|----------------------|
| At 1st January 2019                         | 1,099,737,782        | 2,113,283,775        | 27,612,689                 | 1,622,592,723                               | 269,621,390                             | 707,047,038               | 290,983,606            | 295,092,678                 | 6,425,971,681        |
| Additions during the year                   | -                    | 18,162,566           | -                          | 6,104,940                                   | 1,557,597                               | 20,371,000                | -                      | -                           | 46,196,103           |
| Disposal during the year                    | (48,611,100)         | (29,572,947)         | -                          | -   | -                                       | (2,927,610)               | -                      | -                           | (81,111,557)         |
| At 31st December 2019                       | <b>1,051,126,782</b> | <b>2,101,873,394</b> | <b>27,612,689</b>          | <b>1,628,697,663</b>                        | <b>271,178,987</b>                      | <b>724,490,428</b>        | <b>290,983,606</b>     | <b>295,092,678</b>          | <b>6,391,056,227</b> |
| <b>DEPRECIATION</b>                         |                      |                      |                            |   |   |                           |                        |                             |                      |
| At 1st January 2019                         | -                    | 1,213,231,305        | -                          | 1,558,804,717                               | 269,221,299                             | 647,337,825               | 290,983,605            | 83,357,699                  | 4,062,936,450        |
| Charge for the year                         | -                    | 145,817,013          | -                          | 13,450,996                                  | 1,952,590                               | 20,236,373                | -                      | 14,851,976                  | 196,308,948          |
| Disposal during the year                    | -                    | (12,843,705)         | -                          | -   | -                                       | (2,927,610)               | -                      | -                           | (15,771,315)         |
| At 31st December 2019                       | -                    | <b>1,346,204,613</b> | -                          | <b>1,572,255,713</b>                        | <b>271,173,889</b>                      | <b>664,646,588</b>        | <b>290,983,605</b>     | <b>98,209,675</b>           | <b>4,243,474,083</b> |
| <b>NET BOOK VALUE AT 31ST DECEMBER 2019</b> | <b>1,051,126,782</b> | <b>755,668,781</b>   | <b>27,612,689</b>          | <b>56,441,950</b>                           | <b>5,098</b>                            | <b>59,843,840</b>         | <b>1.00</b>            | <b>196,883,003</b>          | <b>2,147,582,144</b> |
| <b>NET BOOK VALUE AT 31ST DECEMBER 2018</b> | <b>1,099,737,782</b> | <b>900,052,470</b>   | <b>27,612,689</b>          | <b>63,788,006</b>                           | <b>400,091</b>                          | <b>59,709,213</b>         | <b>1.00</b>            | <b>211,734,979</b>          | <b>2,363,035,231</b> |

#### Impairment of Property, Plant and Equipment

In accordance with IAS 36 "impairment of assets", property, plant and equipment were tested for impairments without effecting the impairment in the audited financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2019

## NOTES

### 11 INVENTORIES

|                                      | 2019<br>₦                | 2018<br>₦                |
|--------------------------------------|--------------------------|--------------------------|
| Raw Materials & Finished Products    | 22,567,532               | 26,354,884               |
| Printing & Stationaries              | 3,198,828                | 3,251,170                |
| Engineering, Kitchen & Staff Uniform | 7,378,868                | 13,538,535               |
| Packaging Materials                  | 5,969,441                | 5,360,443                |
| Gas & Diesel                         | 1,866,634                | 3,115,062                |
| Gift Certificates                    | 15,382,000               | 18,930,000               |
| Work - in -Progress                  | 799,682                  | 1,083,809                |
|                                      | <b><u>57,162,985</u></b> | <b><u>71,633,903</u></b> |

### 12 TRADE AND OTHER RECEIVABLES

#### (a) Current:

|                            |                           |                           |
|----------------------------|---------------------------|---------------------------|
| Trade Receivables          | 637,495,906               | 754,447,063               |
| Intercompany Debtors       | 27,038,502                | 100,962,710               |
| Prepayments                | 57,109,095                | 54,352,938                |
| Advances to Contractors    | 5,122,363                 | -                         |
| Amortization Expenses      | 2,211,650                 | 19,371,224                |
| Staff Debtors              | 2,108,000                 | 8,483,379                 |
| Other Receivables          | 163,463,443               | 73,271,056                |
| Withholding Tax Receivable | 36,992,394                | 35,591,983                |
|                            | <b><u>931,541,353</u></b> | <b><u>973,209,297</u></b> |

#### (b) Non - current:

|              |                           |                           |
|--------------|---------------------------|---------------------------|
| Prepaid Rent | <b><u>171,111,319</u></b> | <b><u>175,945,951</u></b> |
|--------------|---------------------------|---------------------------|

This consist of rents paid in advance on outlets that would last more than 12 months.

The Trade Receivables are non-interest bearing and are on commercial terms. The Company's exposure to credit risk arising from its credit operation is minimal given that the customer base is larger and unrelated and that the majority of customer transactions are settled through cash.

The Advances to Contractors consist of payments for outlet construction for which job completion documents were yet to be obtained, Operational Advances are advances to staff for maintenance operations and travels expenses that were yet to be retired at the end of the period.

Staff Debtors are non-interest bearing loans granted to various staff of the Company. These loans are secured by the severance pay due to the staff on the determination of their employment.

### 13 CASH AND CASH EQUIVALENTS

|                                 |                          |                          |
|---------------------------------|--------------------------|--------------------------|
| Cash Balances                   | 1,800,753                | 2,284,305                |
| Bank Balances                   | 25,922,709               | 38,607,999               |
| <b>Cash in Hand and at Bank</b> | <b><u>27,723,462</u></b> | <b><u>40,892,304</u></b> |
| Bank Overdrafts                 | (100,000)                | (2,577,197)              |
| Cash and Cash Equivalents       | <b><u>27,623,462</u></b> | <b><u>38,315,197</u></b> |

### 14 TRADE AND OTHER PAYABLES

|                        |                             |                             |
|------------------------|-----------------------------|-----------------------------|
| Trade Creditors        | 148,547,614                 | 144,828,931                 |
| Intercompany Creditors | 5,067,780                   | 5,917,391                   |
| Other Payables         | 1,027,907,113               | 1,215,991,791               |
|                        | <b><u>1,181,522,507</u></b> | <b><u>1,366,738,113</u></b> |

## NOTES

### 15 PROVISIONS AND DEFERRED INCOME

#### (a) Current:

|                            | 2019<br>₦                 | 2018<br>₦                 |
|----------------------------|---------------------------|---------------------------|
| Refundable Deposit on Rent | 4,500,000                 | 4,500,000                 |
| Provision & Accruals       | 248,705,360               | 260,574,891               |
| Retro-Franchise Deposits   | 28,871,158                | 34,928,995                |
| Deferred Income            | 68,448,114                | 61,722,243                |
|                            | <b><u>350,524,532</u></b> | <b><u>361,726,129</u></b> |

Deferred income relates to amounts received as advance rental income from Franchisees that would expire within 12 months

#### (b) Non - current:

|                          |                           |                           |
|--------------------------|---------------------------|---------------------------|
| Retro-Franchise Deposits | 71,957,343                | 78,646,251                |
| Deferred Income          | 124,133,884               | 52,118,235                |
|                          | <b><u>196,091,227</u></b> | <b><u>130,764,486</u></b> |

This relates to amounts received as advance rental income from Franchisees that would expire after 12 months.

### 16 BORROWINGS

#### (a) Current

|   |                           |                           |
|---|---------------------------|---------------------------|
| i Bank Overdrafts                               | 100,000                   | 2,577,107                 |
| ii Term Loans:                                  |                           |                           |
| Polaris Bank/BOI Loan: due in year 2019         | 327,957,772               | 476,248,475               |
| EcoBank Plc Restructured Loan: due in year 2020 | 93,224,774                | 41,860,104                |
|   | <b><u>421,182,546</u></b> | <b><u>518,108,579</u></b> |
|   | <b><u>421,282,546</u></b> | <b><u>520,685,686</u></b> |

#### (b) Non - Current Term Loans:

|  |                           |                           |
|--|---------------------------|---------------------------|
| Eco Bank Plc/BOI Restructured Loan: due in year 2020 | -                         | 52,528,979                |
| Eco Bank Plc/BOI Restructured Loan: due in year 2031 | 369,441,337               | 380,895,179               |
|  | <b><u>369,441,337</u></b> | <b><u>433,424,158</u></b> |
|  | <b><u>790,723,883</u></b> | <b><u>954,109,844</u></b> |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2019

|   | 2019                          | 2018                          |
|---|-------------------------------|-------------------------------|
| <b>18 SHARE CAPITAL</b>   | <b>₦</b>                      | <b>₦</b>                      |
| (a) Authorised<br>5,000,000,000 Ordinary shares of 50k each   | <u><b>2,500,000,000</b></u>   | <u><b>2,500,000,000</b></u>   |
| (b) Issued and Fully Paid<br>3,211,627,906 Ordinary Shares of 50k each  | <u><b>₦ 1,605,813,953</b></u> | <u><b>₦ 1,605,813,953</b></u> |
| <b>19 SHARE PREMIUM</b>   |                               |                               |
| This represents the excess of consideration paid over the nominal value of the 1,026,630,526 shares issued during the private placement offer in 2008 and the 261,627,906 shares issued during the special placement offer in 2010. |                               |                               |
| <b>20 REVALUATION RESERVE</b>   |                               |                               |
| At beginning of the Year  | 106,086,751                   | 157,963,915                   |
| Movements during the year   | <u>(4,644,548)</u>            | <u>(51,877,164)</u>           |
| At end of the Year  | <u><b>101,442,203</b></u>     | <u><b>106,086,751</b></u>     |
| <b>21 RETAINED EARNINGS/(DEFICIT)</b>   |                               |                               |
| At Beginning of the Year  | (3,083,061,111)               | (3,169,317,323)               |
| Retained Profit(Loss) for the Year  | <u>22,171,697</u>             | <u>86,256,212</u>             |
| At End of the Year  | <u><b>(3,060,889,414)</b></u> | <u><b>(3,083,061,111)</b></u> |
| <b>22 INFORMATION REGARDING DIRECTORS AND EMPLOYEES</b>   |                               |                               |
| (a) Directors' emoluments comprise:   |                               |                               |
| Fees  | 3,350,000                     | 3,350,000                     |
| Salaries and other emoluments   | <u>53,400,000</u>             | <u>53,400,000</u>             |
|   | <u><b>56,750,000</b></u>      | <u><b>56,750,000</b></u>      |
| (b) Fees and other emoluments disclosed above include amount paid to:   |                               |                               |
| Chairman  | 750,000                       | 750,000                       |
| Other Directors   | <u>56,000,000</u>             | <u>56,000,000</u>             |
|   | <u><b>56,750,000</b></u>      | <u><b>56,750,000</b></u>      |

|   | 2019<br>Number     | 2018<br>Number     |
|---|--------------------|--------------------|
| (c) <b>The number of Directors excluding the Chairman with gross emoluments within the bands stated below were:</b> |                    |                    |
| ₦400,001 - ₦500,000   | 3                  | 3                  |
| ₦500,001 - ₦600,000   | 1                  | 1                  |
| ₦3,000,000 and above  | 4                  | 4                  |
|   | <b>₦</b>           | <b>₦</b>           |
| (d) <b>Highest Paid Director</b>  | <b>24,000,000</b>  | <b>24,000,000</b>  |
| (e) <b>EMPLOYEES</b>  | <b>Number</b>      | <b>Number</b>      |
| The average number of persons employed during the year was as follows:  |                    |                    |
| Managerial  | 125                | 131                |
| Others  | 227                | 241                |
|   | <b>352</b>         | <b>372</b>         |
| (f) The aggregate staff cost was:   |                    |                    |
| Salaries and Wages  | 281,879,759        | 335,776,505        |
| Other related staff cost  | 71,767,322         | 126,892,728        |
|   | <b>353,647,081</b> | <b>462,669,233</b> |
| (g) <b>Employees remunerated at higher rates</b>  | <b>Number</b>      | <b>Number</b>      |
| The number of employees in receipt of emoluments within the following bands are:                                    |                    |                    |
| Below ₦200,000  | 5                  | 8                  |
| ₦200,001 - ₦300,000   | 207                | 212                |
| ₦300,001 - ₦400,000   | 15                 | 15                 |
| ₦400,001 - ₦500,000   | 33                 | 35                 |
| ₦500,001 - ₦1,000,000   | 75                 | 82                 |
| Over ₦2,000,000   | 17                 | 20                 |
|   | <b>352</b>         | <b>372</b>         |

## 23 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

There were no guarantees and other financial commitments as at 31st December, 2019

## 24 RELATED PARTY TRANSACTIONS

The Company did not enter into any related party transaction during the year.

## 25 COMPARATIVE FIGURES

Certain comparative figures have been reclassified in line with the current year's presentation.

## STATEMENT OF VALUE ADDED

FOR THE YEAR ENDED 31ST DECEMBER 2019

|  | <b>2019</b>          | %            | <b>2018</b>          | %            |
|--|----------------------|--------------|----------------------|--------------|
|  | <b>₹</b>             |              | <b>₹</b>             |              |
| Revenue  | 1,264,625,326        |              | 1,525,093,640        |              |
| Other Income   | 553,826,451          |              | 735,372,050          |              |
|  | <b>1,818,451,777</b> |              | <b>2,260,465,690</b> |              |
| Bought in Material and Services                              | (1,140,672,781)      |              | (1,322,285,660)      |              |
| <b>VALUE ADDED</b>   | <b>677,778,996</b>   | <b>100</b>   | <b>928,180,030</b>   | <b>100</b>   |
| <b>APPLIED AS FOLLOWS</b>                                    |                      |              |                      |              |
| <b>To Pay Employees:</b>                                     |                      |              |                      |              |
| Staff Costs  | 353,647,081          | <b>52.18</b> | 462,669,223          | <b>49.85</b> |
| <b>To Pay Government:</b>                                    |                      |              |                      |              |
| Taxation   | 11,259,771           | <b>1.66</b>  | 9,768,050            | <b>1.05</b>  |
| <b>To Pay Providers of Funds:</b>                            |                      |              |                      |              |
| Interest & Similar Charges                                   | 94,391,499           | <b>13.93</b> | 166,904,142          | <b>17.98</b> |
| <b>To Provide for Replacement of Assets and Development:</b> |                      |              |                      |              |
| Depreciation   | 196,308,948          | <b>28.96</b> | 202,582,393          | <b>21.83</b> |
| Retained Profit/(Loss) for the year                          | 22,171,697           | <b>3.27</b>  | 86,256,212           | <b>9.28</b>  |
|  | <b>677,778,996</b>   | <b>100</b>   | <b>928,180,030</b>   | <b>100</b>   |

## FIVE-YEAR FINANCIAL SUMMARY

FOR THE YEAR ENDED 31ST DECEMBER 2019

|   | 2019<br>₹          | 2018<br>₹          | 2017<br>₹          | 2016<br>₹          | 2015<br>₹            |
|---|--------------------|--------------------|--------------------|--------------------|----------------------|
| <b>STATEMENT OF FINANCIAL POSITION:</b>                     |                    |                    |                    |                    |                      |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>                        | 2,147,582,144      | 2,363,035,231      | 2,781,243,455      | 4,343,256,444      | 4,620,932,163        |
| <b>LONG TERM RECEIVABLES</b>                                | 171,111,319        | 175,945,951        | 188,183,072        | 156,160,667        | 175,412,475          |
| <b>NET CURRENT LIABILITIES</b>                              | (1,231,807,985)    | (1,405,640,032)    | (1,872,256,296)    | (2,612,230,292)    | (1,845,271,217)      |
| <b>LONG TERM LIABILITIES</b>                                | (369,441,337)      | (433,424,158)      | (431,632,287)      | (1,148,709,613)    | (1,196,074,513)      |
|   | <b>717,444,141</b> | <b>699,916,992</b> | <b>655,537,944</b> | <b>738,477,206</b> | <b>1,754,998,908</b> |
| <b>PAID UP CAPITAL</b>                                      | 1,605,813,953      | 1,605,813,953      | 1,605,813,953      | 1,605,813,953      | 1,605,813,953        |
| <b>SHARE PREMIUM</b>  | 2,071,077,399      | 2,071,077,399      | 2,071,077,399      | 2,071,077,399      | 2,071,077,399        |
| <b>REVALUATION RESERVE</b>                                  | 101,442,203        | 106,086,751        | 157,963,915        | 674,273,256        | 674,273,256          |
| <b>RETAINED EARNINGS/(DEFICIT)</b>                          | (3,060,889,414)    | (3,083,061,111)    | (3,169,317,323)    | (3,612,687,402)    | (2,596,165,700)      |
|   | <b>717,444,141</b> | <b>699,916,992</b> | <b>665,537,944</b> | <b>738,477,206</b> | <b>1,754,998,908</b> |
| <b>STATEMENT OF COMPREHENSIVE INCOME AND APPROPRIATION:</b> |                    |                    |                    |                    |                      |
| REVENUE   | 1,264,625,326      | 1,525,093,640      | 1,750,534,664      | 1,941,415,688      | 1,931,011,567        |
| PROFIT/(LOSS) BEFORE TAX                                    | 33,431,468         | 96,024,262         | 450,624,793        | (1,008,368,286)    | (695,943,261)        |
| TAXATION  | (11,259,771)       | (9,768,050)        | (7,254,714)        | (8,153,416)        | (11,136,204)         |
| PROFIT/(LOSS) AFTER TAX                                     | 22,171,697         | 86,256,212         | 443,370,079        | (1,016,521,702)    | (707,079,465)        |
| EARNINGS PER SHARE (Basic)                                  | 1k                 | 3k                 | 14k                | (32k)              | (22k)                |
| EARNINGS PER SHARE (Diluted)                                | 1k                 | 3k                 | 14k                | (32k)              | (22k)                |
| NET ASSETS PER SHARE*                                       | 22k                | 22k                | 21k                | 23k                | 54k                  |

### NOTE

Earnings per share are based on the number of issued ordinary shares at the end of each financial year

\*Net assets per share are based on the net assets and the number of issued and fully paid ordinary shares at the end of each financial year.

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**Tantalizers Plc**

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Festac Town, Lagos, Nigeria.

|               |                   |                        |
|---------------|-------------------|------------------------|
| <b>Lagos:</b> | <b>Wale</b>       | <b>- 0701 5999 117</b> |
|               | <b>Shobanke</b>   | <b>- 0701 5999 161</b> |
|               | <b>Mary-Queen</b> | <b>- 0701 5999 032</b> |
|               | <b>Ibukun</b>     | <b>0802 058 9053</b>   |
| <b>Abuja:</b> | <b>Rachael</b>    | <b>- 0701 5999 027</b> |

Email: [tantalizers@tantalizersnig.com](mailto:tantalizers@tantalizersnig.com)

Website: [www.tantalizersnig.com](http://www.tantalizersnig.com)



Annual General Meeting to be held at 10:00am  
On Monday, 28th Day of September, 2020 at Tantalizers  
Training Hall, Makay Plaza, 21 Road, I Close, Festac Town,  
Lagos.

I/We\* \_\_\_\_\_

Of \_\_\_\_\_

Being a member/members of Tantalizers Plc  
hereby appoint\*\* \_\_\_\_\_

Or failing him/her, the Chairman of the meeting as my/our  
proxy to act and to vote for me/us on my/our behalf at the  
Annual General Meeting of the Company to be held  
Monday, 28th Day of September, 2020 and at any  
adjournment thereof.

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 2020

Signature \_\_\_\_\_

**NOTES:**

- 1. Please sign this proxy card and post it to reach the Registrars not less than 48 hours before the time for holding the meeting.**
- 2. If executed by a corporation the proxy card should be sealed with the common seal.**
- 3. This proxy card will be used both by the show of hands and in the event of a poll being directed or demanded.**
- 4. In the case of joint holders the signature of any one of them will suffice, but the names of all joint holders should be shown.**

**List of Proposed Proxies:**

**Dr. Jaiye Oyedotun.**

**Mrs. Bose Ayeni.**

**Mrs. Bamidele Dambo**

| S/N   | RESOLUTION   | FOR | AGAINST |
|---|--|-----|---------|
|   | <b>Ordinary Business</b>   |     |         |
| 1.  | "That the Audited Financial Statement for the year ended 31 <sup>st</sup> December, 2019, together with the Reports of the Directors, Auditors and the Audit Committee be and are hereby received and approved." |     |         |
| 2.  | "That the following be and are hereby re-elected as Directors:<br><br>Mr. Mofoluso Ayeni.<br>Mr. Muyiwa Kupoluyi   |     |         |
| 3.  | "That the Auditors be and are hereby re-appointed and the Directors authorized to fix the Auditors' remuneration for the year ending 31 <sup>st</sup> December, 2020."   |     |         |
| 4.  | "To elect members of the Audit Committee.  |     |         |
| 5.  | "That the remuneration of the non-executive Directors for 2020 financial year be approved."  |     |         |
| Please indicate "X" in the appropriate box how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion |  |     |         |



The Registrars  
Meristem Registrars and Probate Services Limited  
213, Herbert Macaulay Way,  
Yaba, Lagos

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For further details, please contact:

**Sunkanmi:** 07015999120  
**Doris:** 07012910542  
**Gloria:** 07015999080  
**Rachael:** 07015999027  
**Henry:** 07015999018

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