

Our Brands Our Heritage





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OUR VALUES

INTEGRITY
RESPECT
RESPONSIBILITY
PIONEERING

BOARD OF DIRECTORS



MR EDWARD EFFAH
CHAIRMAN



MR GEORGE OWUSU-ANSAH
MANAGING DIRECTOR



MR CARL CRUZ
NON-EXECUTIVE DIRECTOR



MR PRIYADHARSHANA EKANAYAKE
FINANCE DIRECTOR



DR. MRS EDITH DANKWA
NON-EXECUTIVE DIRECTOR



MR PHILIP ODOTEI SOWAH
NON- EXECUTIVE DIRECTOR



MR MICHAEL ODINAKACHI UBEH
CUSTOMER DEVT. DIRECTOR



MRS ANGELA PEASAH
NON-EXECUTIVE DIRECTOR



MRS ADESOLA SOTANDE-PETERS
NON-EXECUTIVE DIRECTOR



MRS NANA YAA OWUSU-ANSAH
PERSONAL CARE DIRECTOR



MRS AMA ADADZEWA AGYEMANG
COMPANY SECRETARY



CORPORATE INFORMATION

BOARD OF DIRECTORS

Edward Effah (Chairman)
George Owusu-Ansah (Managing Director, Appointed, 1/1/2020)
Priyadharshana Ekanayake (Appointed on 6/1/2020)
Adesola Sotande-Peters
Philip Odotei Sowah
Angela Peasah
Edith Dankwa
Micheal Odinakachi Ubeh
Carl Cruz (Appointed, 29/1/2020)
Gladys Amoah (Resigned, 30/11/2019)
Alfred Yaw Oduro Nsarkoh [Resigned 30/11/2019]
Nazaire Djako (Resigned 18/11/2019)

SECRETARY

Ama Adadzewa Agyemang

AUDITOR

KPMG
Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P O Box GP 242
Accra

SOLICITORS

Sam Okudzeto & Associates
Kimathi Partners, Corporate Attorneys
Aryitey & Associates

REGISTERED OFFICE

Unilever Ghana Limited
Tema Factory, Plot No. Ind/A/2/3A-4
P O Box 721
Tema

BANKERS

Absa Bank Ghana Limited
Access Bank Ghana Limited
Ecobank Ghana Limited
First Atlantic Bank Limited
Guaranty Trust Bank Limited
Société Generale Ghana Limited
Standard Chartered Bank Limited
Stanbic Bank Limited
United Bank for Africa Limited
Universal Merchant Bank Limited



Financial Highlights

(All amounts are expressed in thousands of Ghana cedis)

	2019	2018	Change %
Revenue	333,290	632,152	(47.3)
Operating (loss)/profit	(205,615)	253,258	(181.2)
(Loss)/profit before taxation	(216,647)	250,322	(186.5)
(Loss)/profit after taxation	(160,316)	190,825	(183.7)
Cash (used in)/from operating activities	104,131	(119,907)	(186.8)
Shareholders' funds	84,952	295,141	(71.2)
Capital expenditure	23,878	60,914	(60.8)
Basic earnings per share (GH¢)	(2.5651)	3.0532	(184.0)
Diluted earnings per share (GH¢)	(2.5651)	3.0532	(184.0)
Dividend per share	-	0.8000	(100.0)
Net assets per share (GH¢)	1.3592	4.7223	(71.2)
(Loss)/profit before taxation margin (%)	(65.0)	39.6	
(Loss)/profit after taxation margin (%)	(48.1)	30.2	



Notice of Meeting

NOTICE IS HEREBY GIVEN THAT the 46th Annual General Meeting (“AGM”) of the members of Unilever Ghana Limited will be held **VIRTUALLY and streamed live on** <http://ulghagm.com/> from Unilever Ghana Limited, No. Ind/A/3A-4, Heavy Industrial Area, Tema on Friday, 24 July 2020 at 11:00am for the following purposes:

AGENDA

1. To receive the Report of the Directors, the financial position as at 31 December, 2019 together with the Accounts for the year ended on that date and the Report of the Auditors thereon.
2. To re-elect the following Directors:
 - a. Mr. George Owusu-Ansah
 - b. Mr. Carl Raymond R. Cruz
 - c. Mr Priyadharshana Ekanayake
 - d. Mr. Edward Effah
 - e. Mr. Philip O. Sowah
- f. Mrs. Angela Peasah
3. To approve the terms of appointment of Directors.
4. To approve Directors’ fees.
5. To authorize the Directors to fix the remuneration of the Auditor

SPECIAL BUSINESS

- i. That the name of the Company shall from the 24 day of July 2020 be changed from Unilever Ghana Limited to Unilever Ghana PLC to comply with the requirements of the Companies Act 2019 (Act 992) Sec 21 (1b).
- ii. That the Company shall effect all changes in its Constitution to make it compliant with the new Companies Act 2019 (Act 992).
- iii. That the Company’s Constitution be amended to accommodate the holding of Annual General Meetings by electronic or virtual means where the Directors deem it necessary to do so.

Dated this 24 day of March 2020.

By Order of the Board

A handwritten signature in black ink, appearing to read 'Agyemang', written over a horizontal line.

Ama A. Agyemang (Mrs)
Secretary

Notes

1. In compliance with the restrictions on public gatherings currently in force pursuant to the Imposition of Restrictions Act, 2020 (Act 1012) and accompanying circular from the Securities and Exchange Commission and the Registrar of Companies attendance and participation at the Annual General Meeting will be by online participation only.
2. A Member of the Company entitled to attend and vote may appoint a proxy to attend and vote instead of him. A proxy need not be a Member. The Proxy form can be downloaded from <https://ulghagm.com/> and if it is to be valid for the purposes of the meeting, it must be completed and sent via email to registrars@myumbbank.com or deposited at the Registered Office of the Registrars of the Company, Universal Merchant Bank Ghana Limited, not less than 48 hours before the Meeting.
3. The appointment of a proxy will not prevent a member from attending and voting at the Meeting via online participation. Where a member attends the Meeting by online participation, the proxy appointment shall be deemed revoked.



Notice of Meeting (Continued)

4. Following the resolution passed at the last held Annual General Meeting, the electronic version of the Annual Reports and Financial Statements shall be posted on the Business' website as follows: <https://ulghagm.com/> and same forwarded to the e-mail addresses of shareholders before the Annual General Meeting
5. **Accessing and Voting at the Virtual AGM**
A unique token number will be sent to shareholders by email and/or SMS from 3 July, 2020 to give them access to the Meeting. Shareholders who do not receive this token should contact Universal Merchant Bank Ghana Limited via registrars@myumbbank.com or call 0302 226112/220952, anytime from 3 July, 2020 but before the date of the Meeting to be sent the unique token.
6. To gain access to the Meeting, shareholders must visit <https://ulghagm.com/> and input their unique token number on Friday 24 July, 2020. Access to the Meeting will start from 9am. For shareholders who do not submit proxy forms to the Registrars prior to the meeting, they may vote electronically during the Meeting using their unique token number.

Further assistance on accessing the meeting and voting electronically can be found on <https://ulghagm.com>

For further information please contact
Universal Merchant Bank Limited
Registrars Department,
123 Kwame Nkrumah Avenue,
Sethi Plaza, Adabraka, Accra
P. O. Box 401, Accra, Ghana.
Tel: (0302 226112/220952)

NEW

CHARCOAL AND
LEMON INFUSED
FORMULA

FOR NATURALLY
WHITER TEETH



Pepsodent



Every Smile Matters

Chairman's Review

Introduction

Distinguished shareholders, ladies and gentlemen, I am delighted to welcome all of you to the 46th Annual General Meeting of your Company - Unilever Ghana Ltd. It is also my pleasure and privilege to address and present to you the Directors' Annual Report and the Audited Financial Statements for the year ended 31 December 2019.

Review of the Global Economy

The world economy showed signs of recovery throughout 2019, according to the IMF, with the last quarter of 2019 registering a slow down to end the year with an estimated growth rate of 2.9%. Global growth is projected to rise from 2.9% in 2019 to an estimated 3.3% in 2020 and 3.4% in 2021. Key risks to global growth outlook are geographical tensions between the US and Iran and the worsening of relations between the US and its trading partners, according to the Bank of Ghana.

The outbreak of the Coronavirus poses a greater risk to the global economy and conditions have heightened uncertainty in the global financial markets, causing a sharp downturn to global stock prices. These unfolding developments have further worsened pre-existing weaknesses in the global growth and caused major disruptions to global supply chains, with adverse implications for the global economy. An initial assessment by the Organization for Economic Co-operation and Development (OECD) suggests that global growth could slow further by 0.5% in 2020, given the scale of disruptions to current economic activity.

In response, most countries have cut policy rates in addition to other measures in an attempt to stabilize their financial markets, given that inflation remains subdued. The US federal reserve has its policy rate by 150 basis points to range between 0-0.25% and introduced liquidity measures to ease tightening financing conditions.

Headline inflation remained contained in advanced and emerging markets throughout 2019. In response to low inflation environment, advanced economies have pursued policies to support growth. These policies contributed significantly to favorable global financing conditions with positive effects on capital flows for emerging and developing markets economies, including Ghana, as investors searched for higher yields.

Review of the Economy of Ghana:

Ghana's economy continued to expand in 2019 as the first quarter gross domestic product (GDP) was estimated at 6.7% compared with 5.4% in the same period of 2018. The relatively high quarterly growth was driven by a strong recovery in the services sector, which grew by 7.2% compared to 1.2% in 2018. The government continued with its fiscal consolidation efforts in 2019 even though there were still challenges in meeting the revenue targets. Fiscal performance for the first half of 2019 showed an overall budget deficit of 3.3% of GDP, higher than the target of 2.9% of GDP.

This is because the revenue shortfalls of 1.6% of GDP was higher than expenditure cuts of 1% of GDP. Data from the Ghana Statistical Service point to firmer growth during 2019, although at a relatively slower pace than was recorded in 2018. Overall GDP for 2019 estimated at 6.8%.

Private sector credit grew stronger, supported largely by the well-capitalized banking sector. Inflation continued to be in single digits in the first six months of 2019; gradually rising from 9% in January to 9.5% in April 2019 but reduced to 9.1% in June 2019, mainly driven by low food inflation. It dropped further to 7.7% in October before ending the year 2019 at 7.9%.





Chairman's Review Continued

Ghana's current account in the first half of 2019 was estimated at a surplus of 0.1% of GDP supported by favorable trade conditions of Ghana's three main export commodities—Oil, Gold and Cocoa - resulting in a trade surplus of 2.8% of GDP. The current account surplus, combined with significant inflows to the capital and financial accounts, resulted in an overall balance of payments surplus equivalent to 1.9% of GDP. With the issuance of the \$3 billion Eurobond in March 2019, the international reserves significantly improved in 2019, with Gross International Reserves (GIR) of \$8.6 billion (equivalent to 4.3 months of import cover) at the end of June 2019.

The Ghana cedi came under considerable pressure in the first quarter of 2019, due to high demand, as importers sought to restock their supplies but, in the second quarter, the domestic currency market became relatively calmer. The Ghana cedi cumulatively depreciated by 13% in 2019.

Despite the good strides made in 2019, maintaining fiscal discipline and staying on a sustainable path through the 2020 election cycle would pose a challenge over the next two years. Also, the country's energy sector is in dire financial conditions, and without remedy, this poses serious fiscal risks in the coming years. The sector is facing high costs from excess power capacity and natural gas supply which are exacerbating the existing revenue gap.

Review of the Political Environment:

The country continues to enjoy stability in its democratic path. In the past two decades, it has taken major strides toward democracy under multi-party system, with its independent judiciary winning public trust. Ghana consistently ranks in the top three countries in Africa for freedom of speech and press freedom, with strong broadcast media, and radio being the medium with the greatest reach.

Business Performance:

Unilever Ghana Limited results for the year ended 31 December 2019 shows a revenue drop of 47% from GHs 632m in 2018 to GHs 333m in 2019. The results reflect difficult trading conditions in 2019 as well as a decision by management to slow down on sales in order to reset the levels of stock in trade. Operating loss for the period was GHs 205m compared with GHs 253m profit in 2018. Loss after tax was GHs 160m in 2019 vs profit of GHs 191m in 2018.

Dividends:

No dividend would be recommended to Shareholders. Dividend pay-out for 2018 was 0.80 per share amounting to a total of GHS 50,000,000.00.

Board Changes:

Mr. Nazaire Djako, Supply Chain Director, resigned from the Company on the 18 November 2019.

Mrs. Gladys Amoah and Mr. Alfred Yaw Nsarkoh, Managing Director and Non-Executive Director, respectively, resigned from the Company, effective 30 November, 2019.

Following the above resignations, the following were appointed as Directors:

Mr. George Owusu Ansah was appointed as Managing Director of Unilever Ghana Limited, effective 1 January, 2020.

Mr. Carl Cruz was appointed as a Non-Executive Director, effective 29 January 2020.

Mr. Priyadharshana Ekanayake was appointed as a Finance Director, effective 1 June, 2020.

Chairman's Review Continued

Below are the profiles of the new Directors

Mr George Owusu-Ansah

George joined Unilever as a Management Trainee and has had 29 years of work experience with Unilever; 26years in various Supply Chain and Project roles and 3 years in Customer Development Roles. His Supply Chain experiences have covered roles in the PLAN, SOURCE and DELIVER sub-functions in Ghana, Malawi, China, Singapore, Kenya and Nigeria, whilst his 3years in Customer Development covered roles as Trade Marketing Manager for Foods and later for Home and Personal Care Products at Unilever Ghana Limited.



George holds a Bachelor of Science in Computer Science and Statistics, from University of Ghana.

Mr Carl Cruz

Mr. Carl Raymond R. Cruz is a Filipino and currently Chairman, Unilever Sri Lanka He holds a Bachelor of Science degree in Marketing from De La Salle University, Philippines. He comes with extensive career in Unilever D & E Markets in Asia - Philippines, Thailand, India and Sri Lanka. Since joining Unilever in 1992, Carl has gained over 26 years' experience working in Customer Development, and in Marketing roles across Home Care, Beauty & Personal Care and Foods. Most recently, as Chairman of Unilever Sri Lanka,



Carl has successfully steered the business to a sustainable and competitive growth trajectory. He has not only established Unilever Sri Lanka as a market leader across key categories but also as the most admired employer, despite some very challenging conditions, including the Horana Fire in 2016 and the Easter Sunday Attacks in 2019.

Under Carl's leadership, the Sri Lanka business is well positioned to become a lean, agile and digitally-enabled organisation. Carl's passion for inclusion, experimentation and empowerment is reflected in his vision of Re Imagine USL - a transformational journey, that he has led from the front.

Mr Priyadharshana Ekanayake

Mr Priyadharshana Ekanayake is an experienced Finance professional with 25+ years of experience and Associate member of CIMA. He has a broad and in-depth work experience in strategic, digital and operational aspects of finance and general management. He is the immediate past National Finance Director of Unilever Sri Lanka. During the last 3.5 years in his last role he completed a \$140m insurance claim, partnered the business for 2 years of growth (7-8% which is 5x market growth) and profitability (average 200bps yoy), under extreme external volatilities including a major terrorist attack in the country. He transformed the finance origination through simplification, process optimization, technology and talent and gender balance development.



He also worked as the Director / Financial controller for global ETS organization in the year 2015-2016 (located in India / Bangalore) and led teams located in 4 geographies – Bangalore, UK, Brazil and the Philippines.

The following is the list of the subsisting Directors and their Profiles

1. Mr. Edward Effah
2. Mrs. Angela Peasah
3. Mr. Philip Sowah
4. Mrs. Adesola Sotande-Peters
5. Dr. Mrs. Edith Dankwa
6. Mrs. Nana Yaa Owusu-Ansah
7. Mr. Michael Ubeh

Chairman's Review Continued

Profile of Subsisting Directors

Mr. Edward Effah

Mr. Edward Effah established The Fidelity Group in October 1998 after a successful career as a senior finance executive. Currently, Mr. Effah is the Group CEO and Board Chairman of the Fidelity Group. Under his leadership, Fidelity has been able to establish itself as a leader in its markets in Ghana in terms of reputation, profitability and assets under management.



Edward is a Chartered Accountant by profession and is a member of the Institute of Chartered Accountants in England and Wales. Edward is also a member of the Institute of Directors (UK). Edward has extensive experience in business strategy formulation, calculated risk taking, strategy execution, team building, mentoring, business innovation, finance, technology strategy, capital raising, investor relations, managing Boards and effective communication with key stakeholders.

Mrs. Angela Peasah

Mrs. Angela Peasah is a chartered accountant by profession and was admitted into the membership of the Institute of Chartered Accountants (Ghana) in 1995. She holds an Executive MBA from the University of Ghana Business School, University of Ghana, Legon. She is also a product of the Institute of Professional Studies (IPS). She trained with Coopers & Lybrand from 1991 and has worked with PricewaterhouseCoopers, Saltpond Offshore, WaterAid, an International NGO in various capacities.



She is currently the Chief Accountant of the Ministry of Communications. She has managed many audit jobs including World Bank and ADF funded projects, mining, insurance and commercial organizations. Angela is a Past President of The Institute of Chartered Accountants (Ghana) and currently a member of the Nominating Committee of the International Federation of Accountants (IFAC).

Mr. Philip Sowah

Philip Sowah is a management consultant with 24+ years Senior Management experience in telecommunications, general management, information technology, and management consulting with Big 4 and Fortune 500 companies across the US, Africa and the Middle East. Philip was the managing director of Airtel Ghana where he managed the aggressive growth of the company to become the 3rd largest Mobile Network Operator (MNO) in terms of revenue. Prior to that, at Zain, Philip led the start-up and launch of a new mobile operator and brand, Zain, as the first full 3G network in Ghana.



A team player and an empowering leader, under his leadership Airtel won several industry awards. He is also the recipient of three CEO of the Year awards and PWC's Ghana's Most Respected Company and CEO Awards.

Philip is currently a Partner at Nubuke Business Investment Advisory, where he provides advisory services to government, public and private companies. He is passionate about sustainable CSR (Corporate Social Responsibility) projects. He has degrees in Physics and Mechanical Engineering from Grinnell College and Washington University- St. Louis, respectively, both in the USA.

Chairman's Review Continued

Mrs. Adesola Sotande-Peters



Mrs. Adesola Sotande-Peters is a Finance Executive (FCCA) with a strong Business Finance leaning and with over 24 years varied professional experience (spanning various organizations such as the British Broadcasting Corporation (BBC) UK, Informa Group UK, Openwave Telecoms UK, Diageo Plc (Guinness Nigeria Plc, East African Breweries Limited (Kenya), and Guinness Cameroon SA) where she has held various senior finance roles in commercial/strategic finance, financial management consultancy/analysis, with a strong focus on people development/mentoring. She holds a bachelor's degree in Business Administration and Economics from Richmond College, The American International University in London. She also holds an MBA for finance professionals from Manchester Business School. She is a fellow of the Association of Certified Chartered Accountants (FCCA) and the Institute of Chartered Accountants of Nigeria (ICAN), a member of the Institute of Directors (IOD) and the Financial Reporting Council of Nigeria (FRN). She is also a fellow of WIMBOARD Institute, IE Business School, Madrid, Spain.

Adesola currently serves as the Chief Finance Officer (CFO) of Unilever Ghana and Nigeria and leads the Controls agenda in Africa. She was appointed to the Board of Unilever Nigeria Plc. in January 2015 as the Chief Financial Officer (CFO) and as a non-executive director of Unilever Ghana in January 2017. She is entrusted with the responsibility of proactively providing strategic finance leadership to ensure optimal allocation of the company's resources in the planning and execution of the business strategy to create and maximise shareholders value across both businesses. In January 2018, Adesola was promoted to her current role as Vice President Finance for Ghana and Nigeria and to spearhead Unilever Africa Controls and Governance. This came after she played a pivotal role in driving business growth and value creation in Ghana-Nigeria during a period of very challenging conditions and has had a significant impact beyond her core functional responsibility.

Adesola serves on the Boards of the following companies in different capacities:

- Non-Executive Director at Lonadek Inc., a company that is committed to developing capacity, capability and competence across various sectors of the country.
- Chairman at WELEAD (Women Empowered for Leadership Advancement and Development), a non-profit organization with a vision to raise performance driven women to Lead, Engage and Impact growth.
- Advisory Board Member at WimBoard, an offshoot of Wimbiz, which is committed to supporting women to achieve their full potential and making significant contribution to national development
- Advisory Board Member at WiM Africa, an NGO that inspires women to grow, learn, share and inspire each other for the growth of the manufacturing sector and to promote female participation in manufacturing.

Adesola is a recipient of the 2017 CFO Awards as the CFO of the year- FMCG Category. She is very passionate about mentoring young people especially on their choice of career and channelling their energy in the right direction. She is married and has two children

Dr. Mrs. Edith Dankwa



Dr. Mrs. Edith Dankwa has built a solid reputation over the years in rendering consultancy services on marketing communications and has served as a market entry strategist for foreign businesses seeking to extend their operations to Africa. She is also the Group Publisher and CEO of Business Times Africa Magazine (BT), Energy Today Magazine (ET) and Africa's leading source of credible and relevant business information, the Business & Financial Times (B&FT) newspaper and BIA Conferences, and Urban Press.

She holds a Bachelor of Arts degree in Management Studies from the University of Cape Coast, a Post Graduate Diploma in Marketing from the Chartered Institute of

Chairman's Review Continued

Marketing - Ghana, a Post Graduate Certificate in Newspaper Management from Inwent International Institute of Journalism, Germany, Executive MBA from the GIMPA Business School and a Doctoral Degree in Business Administration (International Business) from Walden University in the USA.

Over the past decade, Edith Dankwa has effectively developed and transformed Ghana's most successful business media house, Business & Financial Times Limited, into a formidable entity. Under her visionary leadership, B&FT Limited has extended its product and service range to serve both local and international markets through the publishing of her company's flagship product Business & Financial Times Newspaper. As a publisher, Edith also runs the Pan-African business monthly, Business Times Magazine and the quarterly Pan-African energy industry publication, Energy Today Magazine both circulated in South Africa, Zimbabwe, Nigeria, Ghana and other emerging markets in Africa and beyond.

Mrs. Nana Yaa Owusu-Ansah

Mrs. Nana Yaa Owusu-Ansah is a seasoned marketer with over 14 years work experience in cross-functional roles within Unilever. She has multi-country and category experience in various positions including Personal Care Category Manager for Unilever Ghana and Skin Cleansing Category Manager for Unilever West Africa. Before being appointed as Brand Building Director for Unilever Ghana in January 2016, she was the Head of Marketing for Africa Emerging Markets, now Central Africa with responsibility for several markets including Angola, Cameroon DRC, Mauritius, Gabon and Southern African markets. In 2017, she was promoted to the position of Personal Care Director, Ghana-Nigeria.



She holds a Post Graduate Diploma in Business and Marketing Strategy from EduQual and a Masters' Degree in Marketing and Innovation from the London School of Marketing.

Mr. Michael Ubeh

Mike has been with Unilever for the last 16 years with experience spanning over Customer Management, Customer Operations and Customer Marketing. Mike is the Customer Development Director for Unilever Ghana Limited. He had previously worked with the Customer Development Centre of Excellence, Hindustan Unilever India, in the capacity of Customer Development Operations Manager, where his Key task, in addition to day to day Customer Operations, was to lead the delivery of leading edge capability in the front end measured by delivery of many projects that deliver efficiency and cost effectiveness in operations and looking at current sales and Management processes, understanding, taking insights from evolving technology and defining a service and product Mix that can ensure a quantum jump in the process efficiency.



Mike, prior to his international assignment, held various positions in Unilever Nigeria - The Route to Market (RTM) & Wholesale transformation Lead Nigeria; General Sales Manager East; Regional Sales Manager South East; Customer Marketing Manager Foods; Trade category Manager Foods and Field Sales Manager across various regions in Northern and Southern Nigeria. Mike believes that good people are valuable assets to the organisation and must be developed, inspired and motivated for greater level of achievements. Building talents & teams and growth mind set are his strongest leadership skills. He loves meeting people, travelling and has keen interest in understanding and following trends in wealth creation & Management institutions, projects that involves system, process and institutional changes. Mike is a Nigerian born in Nkawkaw, Ghana in 1975. He is married with Children

Biographical information of Directors

Age category	Up to – 40 years	0
	41 – 60 years	10
	Above 60 years	0



Managing Director's Review

INTRODUCTION:

I welcome you all to this Annual General Meeting. It is indeed gratifying that we are able to connect again in spite of the challenges posed by COVID-19. I pray we continue to stay ahead of this virus as we observe the recommended preventative measures and live our lives.

I will proceed now, to review the operations of Unilever Ghana Limited for the year ended 2019.

CUSTOMER SERVICE DEVELOPMENT

Our Customer Development function, continued to work with our 33 Key Distributors and 26 Key Account partners to deepen the distribution, availability and visibility of our brands in relevant stores nationwide.

In 2019, we expanded our coverage by establishment of 100 Sub Distributors in the rural and semi-urban areas in Ghana. This added 20,000 stores covered indirectly to our previous directly covered store universe of 62,000. In doing this, we empowered about 100 local entrepreneurs and provided job opportunities for 150 Ghanaian youth.

We would strengthen our Route-To-Market and continue our Women Empowerment program (Shakti) in 2020.

BEAUTY & PERSONAL CARE (BPC)

The Beauty & Personal Care category of Unilever Ghana maintained its market leadership despite increased competition in the Skin Cleansing and Deodorants sub-categories.

Inflationary pressures and the financial sector clean-up had an impact on the purchasing power of most consumers. This resulted in consumers switching to cheaper alternatives. In response to this, we successfully rolled-out and distributed a new portfolio of affordable GHC 1 priced products across our Champion Carbolic, Pepsodent, Geisha and Lifebuoy brands.

We launched Lux Even Complexion and activated Geisha and Axe with Mother's and students. We continued our programs to educate and promote good dental care and hygiene through the association of Pepsodent and Lifebuoy with the World Oral Health and Global Handwashing Days respectively.

HOME CARE

The Homecare category of Unilever declined due to increased competition in the value segment of the market. The entrance of backward integrated competition stretched margins in the category.

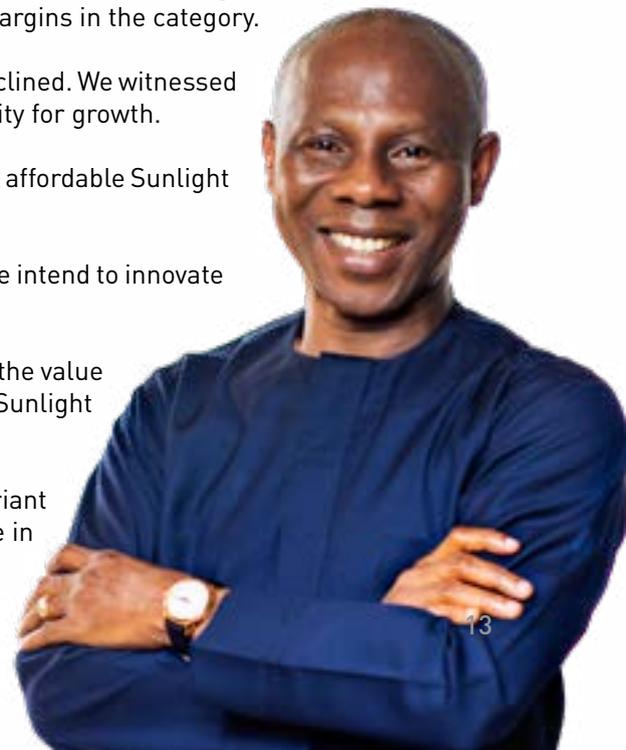
Our Fabric Solutions driven predominantly anchored around Key bar, declined. We witnessed a shift for wrapped bars by consumers and project this as an opportunity for growth.

Similar to the action we undertook in our BPC segment, we launched an affordable Sunlight Bar at GHS1 in June.

Unilever remains the market leader in the Fabric Solutions segment. We intend to innovate and support our brands to sustain our leadership.

Laundry Powders continues to experience continuing consumer pull in the value segment. We will innovate to compete in this segment to complement Sunlight and Omo to serve all consumers in this category.

In the Home & Hygiene category, we re-introduced VIM and a second variant of Sunlight Dishing Wash Liquid. We intend to strengthen our presence in this category through distribution and penetration.





Managing Director's Review Continued

In line with our purpose, we launched Domestos and CIF to support toilet hygiene and partnered with schools to reach 8,000 pupils on World Toilet day through the school's sanitation project.

We would continue to educate school children on proper Toilet Hygiene and continue to play our part to improve sanitation in Ghana.

FOODS AND REFRESHMENT

The Foods and Refreshment Category maintained market leadership in the subcategories Unilever plays in; which are Salt & Tea.

The Category launched a new TV communication campaign for Lipton and gave 100,000 Ghanaians the opportunity to sample and test Glen Tea which was launched in 2018 across the country.

We continued our social Impact and sustainability programs with the Lipton sponsored "Unlocking quality conversations" campaign aimed at supporting mental health whilst Annapurna supported awareness around iodine deficiency and associated diseases with the "Enye ne de nkoa" educational campaign.

Operating and Financial Review:

Financial results for the year ended 31 December 2019 shows a revenue drop of 47% from GHs 632m in 2018 to GHs 333m in 2019. The results reflect difficult trading conditions in 2019 as well as a decision to slow down on sales in order to reset the levels of stock in trade. Operating loss for the period was GHs 205m compared with GHs 253m profit in 2018. Loss after tax was GHs 160m in 2019 vs profit of GHs 191m.

Cash Flow:

Cash and cash equivalent improved marginally from deficit of GHs 65m in 2018 to deficit of GHs 53m. The cash situation reflects the reduced sales level for the period as well as slower cash collections from our key distributors.

Investment

Creating a brighter future for our society

Touching lives positively and creating a brighter future for our society

Unilever Ghana made great strides in 2019 delivering on its Sustainability programmes, in line with the objectives of the Unilever Sustainable Living Plan (USLP), which enjoins all Unilever operations across the globe to work towards the achievement of the following objectives:

- Help more than a billion people take action to improve their health and wellbeing
- Reduce the environmental footprint of our products
- Enhance the livelihoods of millions of people across the globe

Achieving these objectives requires that we ensure the production and sale of products that meet the relevant health and hygiene needs of our consumers, efficiency in operations and remain eco-friendly; provide sustainable jobs and opportunities in the markets we operate in.

Towards achieving our USLP objectives, we made the following investments in 2019. We had the honour of the presence of the President of Ghana, H.E. Nana Addo Dankwa Akufo-Addo, in January 2019, to commission these new assets

Biomass Plant- The new Biomass plant has capacity to generate 8 tons of steam per hour. It is designed to use palm kernel shells as fuel, hence reducing significantly or eliminating totally the use of RFO or diesel as fuel for factory operations. The design of the Biomass plant would later be modified to allow for the use of materials such as cocoa shell, coconut husk, rice husk and wood waste as fuel.



Managing Director's Review Continued

Emissions from the plant into the atmosphere are less than the Environmental Protection Agency (EPA) standard of 50mg/m³.

At full capacity of operations, the Biomass boiler would reduce the CO₂ generated from fossil fuel in the factory by 70%.

Personal Care Dryer- Drying our soap mixtures, is one of the critical activities in the soap manufacturing process. The installation of a state-of-the-art Dryer at our Tema factory is a positive step towards guaranteeing the production of great quality soap

The New PC Dryer has an installed capacity of 6TPH (Tonnage Per Hour) and supports operations at the Personal Care factory which produces soaps such as Rexona, Geisha, Lux and Lifebuoy. It also has enough capacity to produce toilet soap noodles to service demand for the entire West African subregion where Unilever operates.

The Dryer is fully automated, and eco- friendly. It emits 12% less CO₂, and consumes 40% less electricity,

Ghana Orals Supply- Unilever Ghana had depended largely on imports to service its Oral Care business.

We have invested in an Oral Care factory to enable us onshore part of our imports. This has positioned our supply close to our market & should improve our responsiveness to increasing market demand.

Social missions

The various social mission campaigns conducted by our brands (Lifebuoy, Pepsodent and Domestos) in collaboration the with Unilever Ghana Foundation and other partners, have yielded effective results. Below are some details captured for reference regarding the successes chalked by these campaigns:

The Lifebuoy hand washing schools programme and community engagement touched 185 thousand people in 2019. Holiday activations took place on Independence Day and May Day, in Tamale and Accra, respectively. Over 30,000 people were educated on the benefits of hand washing. The global hand washing day campaign held in the month of November touched 3.5 million people via the following mediums:

- Trade outreach programmes
- Television audiences
- Radio audiences
- Employee engagements
- School children
- Social media impressions
- Reach by influencers and
- Online platform reach

Our Oral Health campaign, which commenced in 2014 with the objective of reaching 10 million people by 2023, touched 730,000 people in 2019, reaching a cumulative figure of 5.2 million people so far. Greater Accra, Ashanti, Brong Ahafo, Central, Eastern and the Volta Regions have so far been the beneficiaries.

This year's world oral health day was the most impactful and won the number one (#1) position in the Unilever global World oral health day competition.

The Unilever Ghana Foundation in 2018 approved for the construction of 10 new hygiene stations for ten selected schools in the Tema, Ashaiman, Kpone and Sakumono communities. Global Communities, the implementing partner completed works on the facility in 2019 and handed them over to the Foundation. The hygiene stations were handed over to the beneficiary schools in the course of the year.



Managing Director's Review Continued

Unilever Ghana continues to work through the **Ghana Recycling Initiative by Private Enterprise (GRIFE)**, as a founding member, to express its position on the global fight against the plastic menace. GRIFE was able to land several projects and initiatives in 2019, including the following:

- o Second life solution research conducted by the Centre for Scientific & Industrial Research and the **Building and Road Research Institute (CSIR-BRRI)**
- o Media stakeholder engagement on post- consumer plastic management
- o Monthly Community Buy Back events.
- o Commissioning and Handing Over of Plastic Modified Concrete Pilot (Sanitation Facility)
- o Permanent beach collection programme with Coliba
- o 73.5tons (Pick-IT Sorting Center, iRecycle, Community Buy-Backs and Project Tricycle)
- o Engagements with Global Plastic Action Plan (GPAP), West Africa Clean Energy & Environment (WACEE), German Corporation for International Cooperation(GIZ), United Nations Industrial Development Organization (UNIDO) and United Nations Development Programme (UNDP).
- o Extended Producer Responsibility (EPR) Stakeholder Engagement (Veolia & PETCO)
- o Contribution to National Plastic Policy dialogue
- o 3 New Members joined GRIFE (Mohinani Group/KGM Industry Limited/Finepack)

Unilever Ghana won several awards in the course of 2019, reflective of a recognition for its invaluable contributions to the economy of Ghana. The list below represents a snapshot of some of the awards received:

- Ghana Trade & Commerce Awards
- Health, Environment, Safety & Security Awards
- Made in Ghana Awards
- 2nd Ghana Procurement & Supply Chain Awards
- Ghana Club 100 awards – 13th position
- Chartered Institute of Marketing Ghana (CIMG) Award for Manufacturing Company of the year
- Chartered Institute of Marketing Ghana (CIMG) Award for legacy brand- Pepsodent

We look forward to an exciting year in 2020, one which offers more opportunities for the company to express its vision on sustainable living in a way that would touch many more lives in a positive way.

Outlook for 2020

Management retains a positive outlook for the company in the coming years.



CORPORATE GOVERNANCE

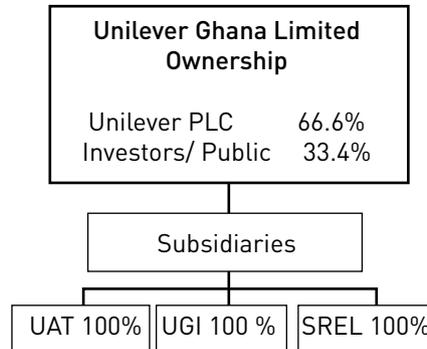
Introduction

Unilever recognises the importance of good corporate governance as a means of sustaining viability of the business in the long term, and further believes that the attainment of business objectives is directly aligned to good corporate behaviour. In line with this, and alongside the need to meet its responsibility to its shareholders and other stakeholders, the company strives to meet expectations of the community in which it operates.

In the conduct of its business, Unilever has sought to comply with all statutory requirements, adopted, tried and proven best practices to protect the environment and its employees, invested in the community in which it operates, and strived to enhance shareholder value in the process. Unilever adopts both medium and long term growth strategies, and allocates resources in order to guarantee the creation of wealth. It utilises modern technology and continuously innovates in order to satisfy changing consumer and customer needs, and in so doing, stay ahead of the competition. Unilever promotes and recognises excellence through its employee development programmes.

The company has put in place sound operational control systems in order to safeguard the interests of shareholders and stakeholders. As indicated in the Statement of Responsibility of Directors and Notes to the Accounts, the business adopts standard accounting practices to facilitate transparency in the disclosure of information and to give assurance to the reliability of the Financial Statements.

Legal Structure of Unilever



Board of Directors

The responsibility of good corporate governance is placed on the Board of Directors and the Management Team. The Board of Directors are highly qualified and experienced in their professional areas of expertise. The Board is currently comprised of Three (3) executive directors and Six (6) non-executive directors, one of whom is the Chairman of the Board. The non-executive directors are the principal external presence in the governance of Unilever Ghana Limited and provide a strong independent element. The Board meets at least four (4) times a year to deliberate on Corporate strategy and implementation, approval of Annual Report and Accounts and recommendation of dividends amongst other things.

All directors with the exception of the Managing Director submit themselves for re-election at Annual General Meetings in accordance with the regulations of the Company and the Ghana Stock Exchange. To ensure effective control and monitoring of the company's business, the Board has an Audit Committee.

The Audit Committee

The Audit Committee is made up of four non-executive directors. It is chaired by a non-executive director who has a strong background and experience in business, finance and audit. The Committee meets to review the financial performance of the company, the adequacy of the internal audit plan, progress against current audit report recommendations, the adequacy of internal control systems and the degree of business compliance with laid down internal policies, laws, code of business principles and any other relevant regulatory framework. The Committee also reviews findings of the external auditor.

The Executive Committee

There is also an Executive Committee which oversees the day to day operational/management issues affecting the business.

The Executive Committee meets regularly to review the performance of the company and assess progress against the annual plan. It also reviews programmes, strategies, key issues and assigns responsibilities and resources for the achievement of set goals.

Consequently, the committee has oversight responsibility for innovation programmes, supply chain, financing strategies and human resource development programmes.

The Executive Committee is also charged with the responsibility of identifying and assessing the risk profile within which the company operates, with a view to eliminating or minimising the impact of such risks to the achievement of set company objectives.



CORPORATE GOVERNANCE Continued

Internal Controls

Unilever has a robust internal control system, which is well documented and regularly reviewed. The system incorporates internal control procedures, which are designed to provide reasonable assurance that assets are safeguarded and that the risks facing the business are being managed to eliminate or minimise their impact. The Board of Unilever Ghana has put in place a clear organizational structure and Board authorities are delegated to middle and lower level management in line with delegated responsibilities as defined by the said structure.

Unilever's corporate internal audit function plays a key role in providing an objective assessment of the adequacy and effectiveness of the internal control systems in the business.

Code of Business Principles.

Unilever has a documented Code of Business Principles to guide all employees and business partners in the discharge of their duties. This code sets the standard of professionalism and integrity required for business operations which among other things cover the following areas: compliance with the law, conflicts of interest, acquisition of company shares, public activities, product assurance, environmental management, accuracy and reliability of financial reporting, bribery, etc, and procedures for handling instances of non-compliance.

Geisha



**BE STRONG
AND LAST LONG**





REPORT OF THE AUDIT COMMITTEE

MEMBERSHIP OF AUDIT COMMITTEE OF THE BOARD

The Unilever Ghana Audit Committee is comprised of three non-executive Directors and the Vice President, Finance of the Company. The Committee is chaired by Mrs. Angela Peasah, a Chartered Accountant, non-executive Director with an extensive background in general management, accounting, finance and audit. The Unilever Audit & Risk Manager is always in attendance at the meetings and from time to time, the external auditor, KPMG, is also invited to make presentations to the Committee.

ROLE OF THE AUDIT COMMITTEE

The Audit Committee meets quarterly to review:

- The financial performance of the Company
- The adequacy of the plan of internal audit
- Current audit reports; statutory and internal audit
- The adequacy of internal controls
- The degree of compliance to laid down policies, laws, code of ethics and business practices of the Company and
- Compliance with the Sarbanes Oxley Act on Operational Control Assessment.

SUMMARY OF THE AUDIT COMMITTEE'S ACTIVITIES IN 2019

In 2019, the Unilever Ghana Limited Audit Committee met four times on 29 January 2019, 23 April 2019, 22 July 2019 and 25 October 2019.

REVIEW OF THE FINANCIAL PERFORMANCE OF THE COMPANY

At the 29 January 2019 meeting, the Committee reviewed the performance of the Company for the financial year ended 31 December 2018 and the audited accounts for the 2018 financial year.

The Committee was updated on the Company's performance in 2019 during the 23 April 2019, 22 July 2019 and 25 October 2019 meetings.

INTERNAL AUDIT

The Internal Audit and Risk team updated the Committee on the status of the audit plan for 2019. Recommendations for improvement for test controls were remedied during the year.

Highlights on the Business Risk Matrix for the year was also provided.

EXTERNAL AUDIT

The external Auditor presented the audit plan and strategy for the year ending 31 December 2019. The key focus areas highlighted included revenue recognition, existence and valuation of inventories, impairment of receivables, management override of controls and transition adjustment and disclosures for International Financial Standard (IFRS 16) Leases.

The Audit team also updated the Committee on significant matters identified during the audit.



REPORT OF THE DIRECTORS

The Directors present their report and the financial statements of the Company for the year ended 31 December 2019.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of financial statements that give a true and fair view of Unilever Ghana Limited, comprising the statement of financial position at 31 December 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992). In addition, the Directors are responsible for the preparation of the report of the Directors.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The Auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

NATURE OF BUSINESS/PRINCIPAL ACTIVITIES

The Company is registered to carry on the business of manufacturing and marketing of fast-moving consumer goods primarily in home care, personal care and foods categories. There was no change in the nature of business of the Company during the year.

OBJECTIVE OF THE COMPANY

The objective of the Company is to make sustainable living commonplace through its brands.

HOLDING COMPANY

The Company is 66.6% owned by Unilever Overseas Holding Limited and UAC International Limited through a common control of its ultimate parent Unilever Plc, a Company incorporated in the United Kingdom.

SUBSIDIARIES OF THE COMPANY

The Company currently has direct interest in below dormant entities as at 31 December 2019:

Company Name	Country of Incorporation	Nature of Business
United Africa Trust Limited	Ghana	Investment Management
Swanzy Real Estate	Ghana	Real Estate Development
Unilever Ghana Investment Limited	Ghana	Holding Company

ASSOCIATES

The Company does not have direct or indirect equity share in any associates, at 31 December 2019.

FIVE-YEAR FINANCIAL HIGHLIGHTS

Details of the five-year financial highlights are disclosed on page 78.

FINANCIAL STATEMENT/BUSINESS REVIEW

The state of affairs of the Company is as follows:



DIRECTORS' REPORT Continued

	2019 GH¢'000	2018 GH¢'000
(Loss)/profit before tax	(216,647)	250,322
(Loss)/profit after tax	(160,316)	190,825
Total assets	489,179	726,490
Total liabilities	404,227	431,349
Total equity	84,952	295,141
	=====	=====

The Directors do not recommend the payment of dividend for the 2019 financial year. Dividend declared for 2018 was GH¢0.80 per share amounting GH¢50,000,000.

PARTICULARS OF ENTITIES IN THE INTEREST REGISTER DURING THE FINANCIAL YEAR

No Director had any interest in contracts and proposed contracts with the Company during the year under review, hence there were no entries recorded in the Interests Register as required by sections 194(6), 195(1)(a) and 196 of the Companies Act 2019, (Act 992).

RELATED PARTY TRANSACTIONS

Information regarding Directors' interests in ordinary shares of the Company and remuneration are disclosed on page 66 of the financial statements. No Director has any other interest in any shares or loan stock of the Company. Related party transactions and balances are also disclosed in note 32 to the financial statements.

CORPORATE SOCIAL RESPONSIBILITY AND CODE OF ETHICS

Our Corporate Social Responsibility (CSR) programme during the year include the following:

- o Second life solution research conducted by the Centre for Scientific & Industrial Research and the Building and Road Research Institute (CSIR-BRRI)
- o Media stakeholder engagement on post- consumer plastic management
- o Monthly Community Buy Back events.
- o Commissioning and Handing Over of Plastic Modified Concrete Pilot (Sanitation Facility)
- o Permanent beach collection programme with Coliba
- o 73.5tons (Pick-IT Sorting Center, iRecycle, Community Buy-Backs and Project Tricycle)
- o Engagements with Global Plastic Action Plan (GPAP), West Africa Clean Energy & Environment (WACEE), German Corporation for International Cooperation (GIZ), United Nations Industrial Development Organization (UNIDO) and United Nations Development Programme (UNDP).
- o Extended Producer Responsibility (EPR) Stakeholder Engagement (Veolia & PETCO)
- o Contribution to National Plastic Policy dialogue

BOARD OF DIRECTORS

Profile

Executive	Qualification	Outside board and management position
George Owusu-Ansah	o Holds Bachelor of Science in Computer Science and Statistics - University of Ghana	Nil
Nana Yaa Owusu-Ansah	o Master of Arts –Marketing & Innovation from London School of Marketing. o Post graduate Diploma – Business & Marketing Strategy Eduqual Extended Programme o Bachelor of Education – Psychology from University of Cape Coast	Nil
Mr Carl Cruz	o Holds a Bachelor of Science degree in Marketing - De La Salle University, Philippines.	Nil



DIRECTORS' REPORT Continued

Mr Priyadharshana Ekanayake	o Associate Member- CIMA	Nil
Michael Odinakachi Ubeh	o BSc (Hons) in Applied Chemistry- Federal University of Uyo Akwa Ibom Nigeria o Master in business administration Federal University of Technology -Yola Nigeria o Post Graduate Certificate in Management- University of Cumbria- London.	o Mercantile Service Provident Society provident fund in Sri Lanka- Management Committee member- o Ceylon Chamber of Commerce's Tax steering committee- Member
Non-executive		
Edward Effah	o Chartered Accountant o Member of the Institute of Chartered Accountants in England & Wales. o Member of the Institute of Directors (UK).	o Fidelity Bank – Chairman o Africa Capital LLC – Director o Legacy Bonds Limited - Director
Edith Dankwa	o Doctor of Business Administration (DBA) – Walden University USA o Master of Business Administration (MBA), Ghana Institute of Management & Public Administration. o Post Graduate Certificate – Newspaper Management International Institute of Journalism (Germany). o Post Graduate Diploma – Marketing, Chartered Institute of Marketing, Ghana. o B A Management Studies, University of Cape Coast	o Business & Financial Times Limited o Conbiz Construction & Investment Limited o Urban Press o Executive Women Network
Angela Peasah	o Chartered Accountant of the Institute of Chartered Accounts, Ghana. o Executive MBA from the University of Ghana Business School, University of Ghana, Legon. o Institute of Professional Studies (IPS)	Ministry of Communications-Chief Accountant
Adesola Sotande-Peters	o Bachelor degree in Business Administration & Economics from Richmond College, The American International University in London. o MBA for finance professionals – Manchester Business School. o Fellow of the Association of Certified Chartered Accountants (FCCA). o Member of the Institute of Chartered Accountants of Nigeria (ICAN).	Nil
Philip Odotei Sowah	o BSc Mechanical Engineering, Washington University Missouri, USA o BA Physics, Grinnell College, Iowa, USA o Airtel Leadership in Action Program –INSEAD Business School, Singapore campus	o Absa Bank Ghana Limiteds – Director o Afriwave Telecom – Director o Qualtek Limited – Director o TxtGroup Limited - Director

Biographical information of directors

Age Category Number of Directors

- Up to – 40 years -
- 41 – 60 years 10
- Above 60 years -

ROLE OF THE BOARD

The Directors are responsible for the long-term success of the Company, to determine the strategic direction of the Company and review operating, financial and risk performance. There is a formal schedule of matters reserved for the Board of Directors, including approval of the Company's annual business plan, the Company's strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, all guarantees, treasury policies, the financial statements, the Company's dividend policy, transactions involving the issue or purchase of company shares, borrowing powers, appointments to the Board, alterations to the

memorandum and articles of association, legal actions brought by or against the Company, and the scope of delegations to Board committees, subsidiary boards and the management committee. Responsibility for the development of policy and strategy and operational management is delegated to the executive Directors and a management committee, which as at the date of this report includes the Executive Directors and (5) senior managers who constitute the Leadership Team.

INTERNAL CONTROL SYSTEMS

The Directors have overall responsibility for the Company's internal control systems and annually review their effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive Directors and other senior management. The systems are designed to manage



DIRECTORS' REPORT Continued

rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. The Directors have reviewed the effectiveness of the internal control systems, including controls related to financial, operational and reputational risks identified by the Company at the reporting date and no significant failings or weaknesses were identified during this review.

DIRECTORS' PERFORMANCE EVALUATION

Every year the performance and effectiveness of the Board of Directors ("the Board"), its committees and individual Directors is evaluated. The evaluation is conducted by the completion of detailed and comprehensive written survey questionnaires via survey monkey & Microsoft forms. The results of the evaluation are shared with all members of the Board. Overall, it was noted that the board of Directors and its committees were operating in an effective manner and performing satisfactorily, with no major issues identified.

PROFESSIONAL DEVELOPMENT AND TRAINING

On appointment to the Board, Directors are provided with a full, formal and tailored programme of induction, to familiarise them with the Company's business, the risks and strategic challenges the Company faces, and the economic, competitive, legal and regulatory environment in which the Company operates. A programme of strategic and other reviews, together with the other training provided during the year, ensures that Directors continually update their skills, their knowledge and familiarity with the Company's businesses, and their awareness of sector, risk, regulatory, legal, financial and other developments to enable them to fulfil effectively their role on the Board and committees of the Board.

CONFLICTS OF INTEREST

The Company has established appropriate conflicts authorisation procedures; whereby actual or potential conflicts are regularly reviewed, and authorisations sought as appropriate if any. This has been achieved by maintaining a conflict of Interest Register for recording disclosure of interests made by directors. During the year, no such conflicts arose, and no such

authorisations were sought.

BOARD BALANCE AND INDEPENDENCE

The composition of the Board of Directors and its Committees is regularly reviewed to ensure that there is a balance and mix of skills, independence, knowledge and experience is maintained. The Board considers that the Chairman is independent on appointment and all non-Executive Directors are independent as it pertains to the management of the Company. The continuing independent and objective judgement of the non-Executive Directors have been confirmed by the Board of Directors.

CAPACITY BUILDING OF DIRECTORS TO DISCHARGE THEIR DUTIES

On appointment to the Board, Directors are provided with full, formal and tailored programmes of induction, to enable them gain in-depth knowledge about the Company's business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the Company operates. Programmes of strategic and other reviews, together with the other training programmes provided during the year, ensure that Directors continually update their skills, knowledge and familiarity with the Company's businesses. This further provides insights about the industry and other developments to enable them effectively to fulfil their role on the Board and committees of the Board.

AUDITOR

The Audit Committee has responsibility delegated from the Board of Directors for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor. KPMG has been the auditor of Unilever Ghana for 6 years. KPMG does not provide non-audit services to the Company.

AUDIT FEES

The audit fee for the year is GH¢0.46 million (2018: GH¢0.39 million).

APPROVAL OF THE REPORT OF THE DIRECTORS

The report of the Directors of Unilever Ghana Limited was approved by the Board of Directors on 28 April 2020 and signed on their behalf by

Mr. Edward Effah

George Owusu-Ansah



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNILEVER GHANA LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Unilever Ghana Limited ("the Company"), which comprise the statement of financial position as at 31 December 2019 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 28 to 76.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company at 31 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 Act, 2019 (Act 992).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.

Revenue recognition (GH¢333 million)	
Refer to Note 5 to the financial statements	
The key audit matter	How the matter was addressed in our audit
Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when goods are delivered to a customer and thus control has been transferred. There is a time lag between issues of goods to distributors and receipts of those goods close to the year end. Revenue may be recorded when control has not been transferred to the customer.	<p>We evaluated the design and implementation and tested the operating effectiveness of controls over the initiation, recording and processing of revenue.</p> <p>We assessed whether sales transactions posted before and after the balance sheet dates as well as credit notes issued after year end were recognised in the current period.</p> <p>We developed an expectation of the current year revenue balance based on trend analysis, considering historical monthly sales and returns information. We then compared the expectation to actual results and ascertained reasons for variances.</p> <p>We also considered the adequacy of the Company's disclosures in respect of revenue in line with IFRS 15. We tested selected transactions to confirm whether revenue recorded during the year have been recognised in line with requirements of IFRS 15.</p>

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNILEVER GHANA LIMITED (CONTINUED)**

Existence, accuracy and valuation of inventory (GH¢116 million) Refer to Note 19 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The Company keeps many inventory lines with significant values for the relevant segments.</p> <p>Inventory may not be measured appropriately due to nonexistence, obsolescence or inaccurate unit costs assigned to items with significant values.</p>	<p>We evaluated the design and implementation and tested the operating effectiveness of controls over periodic inventory counts and management reviews of inventory reconciliation.</p> <p>We also observed year-end inventory counts and agreed results with the Company's records. On a sample basis, we recomputed the unit cost of inventory used in the year-end of inventory valuation by agreeing the costs to supporting documentation such as purchase invoices and landed costs.</p> <p>We enquired into identified slow moving inventory and assessed reasonableness of impairment allowance recognised on such inventory.</p> <p>We also considered the adequacy of disclosures in relation to inventory recognised in the financial statements.</p>

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 2019 (Act 992) and Corporate Information which we obtained at the date of this report. The Chairman's review, Managing Director's review, Audit Committee's report and Corporate Governance statement which we expect to be available to us after that date. The other information does not include the financial statements and our auditor's 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 of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992), 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 due to fraud or error.

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

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNILEVER GHANA LIMITED (CONTINUED)

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 financial statements.

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

- o Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- o 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 Company's internal control.
- o Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- o Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or its subsidiaries to cease to continue as a going concern.
- o Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992)

We have obtained all the information and explanations which, to the best of our knowledge and belief were

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNILEVER GHANA LIMITED (CONTINUED)**

necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, so far as appears from our examination of those books. The statements of financial position and comprehensive income are in agreement with the accounting records and returns.

We are independent of the Company under audit pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The engagement partner on the audit resulting in this independent auditor's report is Evelyn Addico (ICAG/P/1478).

KPMG

.....
FOR AND ON BEHALF OF:
KPMG: (ICAG/F/2020/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

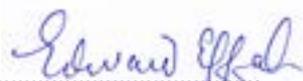
28 April 2020

Statement of financial position as at 31 December 2019

(All amounts are expressed in thousands of Ghana cedis)

	Notes	2019	2018
Assets			
Property, plant and equipment	15a	138,983	144,194
Lease-right of use assets	16a(i)	13,422	-
Deferred tax asset	14c	47,447	-
Investment in subsidiaries	18	10	10
		199,862	144,204
Non-current assets			
Inventories	19	115,659	53,436
Trade and other receivables	24	114,316	270,261
Prepayments	25	1,362	22,740
Related party receivables	32c	35,892	227,904
Current tax asset	14b	10,231	-
Cash and bank balances	28	11,857	7,945
		289,317	582,286
Current assets			
		489,179	726,490
Total assets			
Equity			
Share capital	21a	1,200	1,200
Capital surplus account	22	204	204
Retained earnings	21b	83,467	293,656
Share deals account	23	81	81
		84,952	295,141
Total equity			
Non-current liabilities			
Employee benefit obligations	17b	3,736	4,113
Deferred tax liability	14c	-	8,842
Long term lease liability	16a(iv)	1,116	-
		4,852	12,955
Non-current liabilities			
Current liabilities			
Bank overdraft	28	65,202	73,508
Trade and other payables	26	87,115	69,836
Related party payables	32d	210,056	231,651
Dividend payables	20	33,828	3,044
Provisions	29	1,378	13,743
Current tax liability	14b	-	26,612
Short term lease liability	16a(iv)	1,796	-
		399,375	418,394
Current liabilities			
		404,227	431,349
Total liabilities			
		489,179	726,490
Total liabilities and equity			

The financial statements were approved by the Board of Directors on 28 April 2020 and signed on their behalf by:



Mr. Edward Effah



George Owusu-Ansah

The notes on pages 32 to 76 form an integral part of these financial statements.



Statement of comprehensive income for the year ended 31 December 2019

(All amounts are expressed in thousands of Ghana cedis)

	Note	2019	2018
Revenue	5	333,290	632,152
Cost of sales	7	(348,684)	(440,991)
Gross (loss)/profit		(15,394)	191,161
Distribution expenses	8	(25,775)	(17,732)
Brand and marketing investment	9	(30,096)	(39,999)
Administrative expenses	10	(91,051)	(67,867)
Restructuring costs	29	(2,688)	(9,620)
Impairment on trade receivables	35c(i)	(51,038)	(10,575)
Other income	11a	10,427	118,844
Gain on disposal of spread business	11b	-	89,046
Operating (loss)/profit		(205,615)	253,258
Finance income	12	571	440
Finance costs	12	(11,603)	(3,376)
(Loss)/profit before taxation		(216,647)	250,322
Income tax credit/(expense)	14a	56,331	(59,497)
(Loss)/profit for the year		(160,316)	190,825
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gain (loss)	17b	169	620
Related tax	14c	(42)	(155)
Other comprehensive income, net of tax		127	465
Total comprehensive income		(160,189)	191,290
Earnings per share for profit attributable to equity holders of the Company			
Basic earnings per share	34	(2.5651)	3.0532
Diluted earnings per share	34	(2.5651)	3.0532

The notes from pages 32 to 76 are an integral part of these financial statements.



Statement of cash flows for the year ended 31 December

(All amounts are expressed in thousands of Ghana cedis)

	Notes	2019	2018
Cash flows from operating activities			
Cash generated from operating activities	27	104,131	(119,907)
Interest paid	12	(11,603)	(3,376)
Interest received	12	571	440
Tax paid	14b	(36,843)	(32,356)
		-----	-----
Net cash from/(used in) operating activities		56,256	(155,199)
		-----	-----
Cash flows from investing activities			
Purchase of property, plant and equipment	15a	(23,878)	(60,914)
Proceeds from sale of property, plant and equipment	15b	-	109,979
		-----	-----
Net cash used in investing activities		(23,878)	(49,064)
		-----	-----
Cash flows used in financing activities			
Dividend paid	20	(19,216)	(15,625)
Payment of lease liability		(1,997)	-
		-----	-----
Net cash used in financing activities		(21,213)	(15,625)
		-----	-----
Increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at 1 January		(65,563)	53,189
Effect of movement in exchange rate on cash and bank		1,053	3,007
		-----	-----
Cash and cash equivalents at 31 December	28	(53,345)	(65,563)
		=====	=====

The notes from pages 32 to 76 are an intergral part of these financial statements.



Statement of changes in equity as at 31 December

(All amounts are expressed in thousands of Ghana cedis)

	Share capital	Capital surplus	Retained earnings	Share deals	Total equity
Balance at 1 January 2019	1,200	204	293,656	81	295,141
Total comprehensive income					
Loss for the year	-	-	(160,316)	-	(160,316)
Other comprehensive income (Note 14c, 17b)	-	-	127	-	127
Total comprehensive income	-	-	(160,189)	-	(160,189)
Transactions with owners of the Company Distribution					
Dividend declared (Note 20)	-	-	(50,000)	-	(50,000)
Total distribution	-	-	(50,000)	-	(50,000)
Balance at 31 December 2019	1,200	204	83,467	81	84,952
	=====	====	=====	==	=====
Balance at 1 January 2018	1,200	204	119,112	81	120,597
Adjustment-initial application - IFRS 9 (net of tax)	-	-	(1,121)	-	(1,121)
Restated Balance	1,200	204	117,991	81	119,476
Total comprehensive income					
Profit for the year	-	-	190,825	-	190,825
Other comprehensive income (Note 14c, 17b)	-	-	465	-	465
Total comprehensive income	-	-	191,290	-	191,290
Transactions with owners of the Company					
Distribution					
Dividend declared (Note 20)	-	-	(15,625)	-	(15,625)
Total distribution	-	-	(15,625)	-	(15,625)
Balance at 31 December 2018	1,200	204	293,656	81	295,141
	=====	====	=====	==	=====

The notes from pages 32 to 76 are an integral part of these financial statements.



Financial Statements

Notes to the financial statements

1. REPORTING ENTITY

Unilever Ghana Limited is registered and domiciled in Ghana. The Company manufactures and sells consumer products. The Company is listed on the Ghana Stock Exchange. The financial statements at and for the year ended 31 December 2019 comprise the separate financial statements of the Company.

2. BASIS OF ACCOUNTING

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992).

This is the first set of the Company's annual financial statement in which IFRS 16 Leases have been applied. The Company adopted the requirements of IFRS 16 Leases for its financial year beginning 1 January 2019. Changes to the significant accounting policies are described in note 3.

b. Basis of measurement

The financial statements are prepared on the historical cost convention except for defined benefit obligations measured at the present value of the future benefit to employees.

c. Functional and presentation currency

The financial statements are presented in Ghana cedis (GH¢) which is the Company's functional currency. All financial information are expressed in thousands of Ghana Cedis, unless otherwise indicated.

d. Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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 judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

e. Assumption and estimated uncertainties

- (i) Information about assumptions and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:
 - o Note 17: measurement of defined benefit obligation: Key actuarial assumptions;
 - o Note 35(c)(i): measurement of ECL allowance for trade receivables: Key assumptions in determining the weighted – average loss rate
 - o Note J(ii): measurement of good returns as refund liability and refund asset: Key assumptions in determining refund liability and refund assets



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Financial Statements

Notes to the financial statements (Continued)

(ii) Measurements of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The Company regularly reviews significant unobservable inputs and valuation adjustments.

When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows:

- o Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- o Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- o Level 3: inputs for the asset and liability that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair values of asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognised transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in determining fair values is included in note 35, financial instrument - fair values and risk management.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has applied IFRS 16 (see note 2 (a)) from 1 January 2019. A number of other new standards are also effective from 1 January 2019, but they do not have a material effect on the Company's financial statements. Due to the transition method chosen by the Company in applying this standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

IFRS 16 Leases

The Company adopted IFRS 16 with a date of initial application of 1 January 2019 and applied the standard using the modified retrospective approach. The details of the changes in accounting policies are disclosed below.

(a) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(d).

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.



Financial Statements

Notes to the financial statements (Continued)

(b) As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases - i.e. these leases are on-balance sheet.

i. Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- o Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- o Did not recognize right of use assets and liabilities for leases of low value assets.
- o Applied a single discount rate to leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).
- o Excluded initial direct costs from measurement of right of use asset at the date of initial application
- o Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(d) Impact on financial statements

On transition to IFRS 16, the Company recognised additional right-of-use assets and lease liabilities. Given the transition method adopted by management, there was no impact on opening retained earnings.

	1 January 2019 GH¢'000
Right-of-use assets	17,095
Lease liabilities	4,909
Prepayments	12,186
	=====

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 18%.

	1 January 2019 GH¢'000
Operating lease commitments at 31 December 2018	6,735
Discounted using the incremental borrowing rate at 1 January 2019	5,522
Recognition exemption for short term leases (including less than 12 months of lease term at transition) (613)	-----
Lease liabilities recognised at 1 January 2019	4,909
	=====



Financial Statements

Notes to the financial statements (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented except if mentioned otherwise (see note 3).

a. Investment in subsidiaries

Investment in subsidiaries are stated at cost less impairment allowance.

b. Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss, as incurred. Spare parts, stand-by and servicing equipment held by the Company generally are classified as inventories.

However, if major spare parts and stand-by equipment are expected to be used for more than one period or can be used only in connection with an item of property, plant and equipment, then they are classified as property, plant and equipment.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each class of an item of property, plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

Plant and machinery	-	14 years
Computer equipment	-	5 years
Furniture and fittings	-	4 years
Office equipment and others	-	5 years
Moulds & dies	-	4 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date. Gains and losses on derecognition of property, plant and equipment are determined by comparing proceeds from disposal with the carrying amounts of property, plant and equipment and are recognised in profit or loss.

(iv) Capital work in-progress

Property, plant and equipment under construction is stated at initial cost and depreciated from the date the asset is made available for use over its estimated useful life. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

(v) Spare parts

Spare parts stand by and servicing equipment held by the Company generally are classified as inventories.



Financial Statements

Notes to the financial statements (Continued)

However, if major spare parts and stand by equipment are expected to be used for more than one period or can be used only in connection with an item of property, plant and equipment, then they are classified as property, plant and equipment.

d. Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in Note 3.

Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

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

i. As a lessee

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- o fixed payments, including in-substance fixed payments;
- o variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;



Financial Statements

Notes to the financial statements (Continued)

- o amounts expected to be payable under a residual value guarantee; and
- o the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period was not different from IFRS 16 except for the classification of the sub-lease entered during current reporting period that resulted in a finance lease classification.



Financial Statements

Notes to the financial statements (Continued)

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- o fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- o the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments.

Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

e. Inventories

Inventories are measured at the lower of cost and net realisable value using the weighted average cost principle. The cost of inventories includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services.

f. Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial



Financial Statements

Notes to the financial statements (Continued)

assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair values plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(iii) Classification and subsequent measurement

(a) Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- o it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- o its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(b) Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- o the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- o how the performance of the portfolio is evaluated and reported to the Company's management;
- o the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- o how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- o the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.



Financial Statements

Notes to the financial statements (Continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(c) Financial assets - assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- o contingent events that would change the amount or timing of cash flows;
- o terms that may adjust the contractual coupon rate, including variable-rate features;
- o prepayment and extension features; and
- o terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(d) Financial assets - Subsequent measurement and gains and losses:

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(e) Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost and are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

(a) Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially



Financial Statements

Notes to the financial statements (Continued)

all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all the risks and rewards of the transferred assets. In these cases, transferred assets are not derecognised.

(b) Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(c) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12 month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- o the debtor is unlikely to pay its credit obligations to the Company in full due to bankruptcy
- o there are adverse changes in the payment status of debtors

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.



Financial Statements

Notes to the financial statements (Continued)

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- o significant financial difficulty of the borrower or issuer;
- o a breach of contract such as a default
- o the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- o it is probable that the borrower will enter bankruptcy or other financial reorganisation;

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Other financial liabilities comprise trade and other payables, related party payables, bank overdraft and dividend payables.



Financial Statements

Notes to the financial statements (Continued)

(iv) Share capital

Ordinary Shares

Proceeds from issue of ordinary shares are classified as equity. Incremental costs that are directly attributable to the issue of equity instruments are deducted from the initial measurement of the equity instrument.

g. Income tax

Income tax expenses comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividend.

Current tax assets and liabilities

Current tax assets and liabilities are offset only if the Company:

- a. has a legally enforceable right to set off the recognised amounts; and
- b. intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that future taxable profits will be available against which they can be used.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences, differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset only if:

- a. the Company has a legally enforceable right to set off current tax asset against current tax liabilities; and



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Financial Statements

Notes to the financial statements (Continued)

- b. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either;
 - o the same taxable entity; or

Deferred tax assets and liabilities are offset only if:

- o different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

h. Provision

Provisions for environmental restoration, restructuring costs and legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in the profit or loss.

i. Employee benefits

The Company operates various pension schemes. Some of the schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The Company has both defined benefit and defined contribution plans.

(i) Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing incentive scheme if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution schemes are recognised as an expense in profit or loss in periods during which services are rendered by employees.

a. Social security contribution

Under a national pension scheme, the Company contributes 13% of employee's basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The Company's obligation is limited to the relevant contributions, which have been recognised in the financial statements. The pension liabilities and obligations, however, rest with SSNIT.



Financial Statements

Notes to the financial statements (Continued)

b. Tier 3 Pension fund and saving scheme

The Company have a Tier 3 Pension fund and Saving Scheme for staff and management under which the Company contribute 5% and 2.5% respectively to the scheme.

(iii) Defined benefit plan

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of the economic benefit available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of future economic benefit, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Company determines the net interest expense (Income on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contribution and benefit payment.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to the past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Termination

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognised cost for restructuring. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(v) Other long term benefit

Long Service Award accrue to employees based on graduated periods of uninterrupted and dedicated service to the Company. Staff who serve for ten years and above are awarded with cash donations, bundles of aluminium roofing sheets and testimonial. The plan is not funded and the awards accrue over the service life of employees.

(j) Revenue from contracts with customers

(i) Sale of goods

The Company generates revenue primarily from the sale of its products from foods, home care and personal care. Refer to note (36) segmental information.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.



Financial Statements

Notes to the financial statements (Continued)

Customers obtain control of goods when they are delivered to the customer. Goods are considered delivered once the customer acknowledges receipt of the promised goods. Invoices are generated at that point in time. Most sales are on cash basis and credit sales are usually payable within 30 days. The Company may allow some customers to return items at their own discretion. Returned goods are exchanged for new goods or cash.

(ii) IFRS 15 refund assets and liabilities

The Company has a provision in its sale agreement that permits customers to return goods. The Company's returns policy offers only an exchange for another good – i.e. the Company does not offer a cash refund. Therefore, refund liabilities do not meet the definition of a financial liability in IAS 32 Financial Instruments: Presentation. Under IFRS 15; revenue is recognised to the extent when it is highly probable that significant returns from cumulative revenue recognised will not occur. Management is required to make reasonable estimate of returns. To the extent to which the Company can make this estimate on expected returns, revenue is adjusted for and this is presented as refund liability. The amount of refund liability is measured based on historical data. Consequently, new assets for the right to receive the returned goods should be recognised as part of inventory as refund assets. The amount of refund asset is measured at the carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in trade payables (Note 26) and the right to receive returned goods is included in inventory (Note 19).

(k) Finance income and finance costs

Finance income comprises interest income on funds invested or held in bank accounts. Interest income is recognised in profit or loss using the effective interest method. Finance costs comprise interest expense on borrowings and interest expense on lease liability which is presented in the statement of profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

The Company has presented interest expense on the lease liability separately from the depreciation charge for the right of- use asset.

(l) Foreign currency translation

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to functional currency at exchange rate prevailing at that date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

(m) Dividend

Dividend is recognised as a liability in the period in which they are declared by the Board.

(n) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating



Financial Statements

Notes to the financial statements (Continued)

Decision-Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The operating segments report are based on product category which is classified as home care products, personal care products and foods products, because they require different technology and marketing strategies.

(o) 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 weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4. NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of the financial statements of the Company for the year ended 31 December 2019, the following Standards and Interpretations were in issue but are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not early adopted them in preparing this financial statements. Those that are relevant to the Company's financial statements are:

Standard	Interpretation
Amendments to References to Conceptual Framework in IFRS Standards	<p>The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by IASB in March 2018, includes:</p> <ul style="list-style-type: none"> - A new chapter on measurement; - Guidance on reporting financial performance; - Improved definitions of an asset and a liability, and guidance supporting these definitions; and - Clarifications in important areas, such as the role of stewardship, prudence and measurement uncertainty in financial reporting. <p>The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.</p> <p>The Company does not intend to use the Framework as a reference for selecting its accounting policies in the absence of specific IFRS requirements and therefore does not expect this to impact the Company significantly.</p>

Financial Statements

Notes to the financial statements (Continued)

<p>Definition of material (Amendments to IAS 1 and IAS 8)</p>	<p>The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.</p> <p>The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments:</p> <p>“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”</p> <p>The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.</p> <p>The amendments are effective from 1 January 2020 but may be applied earlier.</p> <p>The refinements are not intended to alter the concept of materiality and would, therefore, not have a significant impact on the Company.</p>
---	--

5. REVENUE

Revenue is recognized when the Company transfers control over a good to a customer. Revenue comprises the value of goods and services invoiced less VAT, discounts and rebates.

	2019 GH¢'000	2018 GH¢'000
Gross sales value	478,955	832,443
Value added tax/NHIL	(62,709)	(121,969)
Discounts and rebates	(82,956)	(78,322)
	-----	-----
Revenue	333,290	632,152
	=====	=====
By customer:		
Third parties	332,702	617,037
Related parties (Notes 32b)	588	15,115
	-----	-----
	333,290	632,152
	=====	=====

6. (LOSS)/PROFIT BEFORE TAX

is stated after charging:

Staff cost (Note 13a, b)	45,965	42,158
Depreciation (Note 15a)	8,574	9,526
Auditor's remuneration (Note 10)	457	387
Directors' remuneration (Note 33)	3,041	3,842
	====	====



Financial Statements

Notes to the financial statements (Continued)

7. COST OF SALES

Cost of goods sold comprises raw materials, conversion costs and materials sourcing expenses.

	2019 GH¢'000	2018 GH¢'000
Raw materials & conversion costs	291,204	385,041
Supply support	12,004	5,527
Foreign exchange losses	9,035	4,238
Trade mark & knowhow fees	3,571	19,084
Depreciation (Note 15a)	7,415	8,286
Amortisation of intangible assets	-	7
Material sourcing expenses	-	515
Staff costs (Note 13a)	24,014	17,886
Lease expense	1,441	407
	-----	-----
	348,684	440,991
	=====	=====

Included in raw materials & conversion costs are write down of damaged and obsolete inventories which amounted to GH¢4,355,612 (2018: GH¢2,075,937).

8. DISTRIBUTION EXPENSES

	2019 GH¢'000	2018 GH¢'000
Inbound distribution expenses	4	410
Warehouse, storage & handling expenses	13,666	4,532
Outbound distribution expenses	12,105	12,790
	-----	-----
	25,775	17,732
	=====	=====

9. BRAND & MARKETING INVESTMENT EXPENSES

Advertising expenses	10,550	11,199
Promotion expenses	18,821	27,729
Merchandising expenses	725	1,071
	-----	-----
	30,096	39,999
	=====	=====



Financial Statements

Notes to the financial statements (Continued)

10. ADMINISTRATIVE EXPENSES

	2019 GH¢'000	2018 GH¢'000
Business group fees	19,782	11,450
Market research cost	6,568	4,144
Information technology costs	8,369	6,063
Third party service	7,254	5,232
Capability building	1,632	1,355
Directors' remuneration	3,041	3,842
Professional and legal costs	7,389	659
Bank charges	64	657
Utilities	1,314	1,273
Repairs and maintenance	905	988
Insurance	337	396
Relocation expenses	29	39
Other trading expenses	858	3,383
Depreciation (Note 15a & b)	1,159	1,240
Amortisation of intangible asset	-	7
Staff costs (Note 13b)	21,951	24,272
Auditor's remuneration	457	387
Donation	16	31
Lease expense	1,640	2,449
Loss on disposal	8,286	-
	-----	-----
	91,051	67,867
	=====	=====

11(a). OTHER INCOME

	2019 GH¢'000	2018 GH¢'000
Management fees	10,109	4,464
Sale of scrap	318	311
Net exchange gain	-	3,022
Provision no longer required*	-	111,047
	-----	-----
	10,427	118,844
	=====	=====

* This represents the reversal of provision for management and technical service fees covering 2009 to October 2017 for which GIPC approval was not granted.

11(b). Gain on disposal of spread business

	2019 GH¢'000	2018 GH¢'000
Gain on disposal of spread business	-	89,046
	=====	=====



Financial Statements

Notes to the financial statements (Continued)

This represents gain on disposal of the Company's spreads (Blue Band margarine) and all related assets attached.

12. FINANCE INCOME AND COST

	2019 GH¢'000	2018 GH¢'000
Interest on deposits and call	571 ===	440 ===
Interest on leases	(660)	-
Interest on bank overdrafts	(10,943)	(3,376)
	----- (11,603) =====	----- (3,376) =====

13. STAFF COSTS

Staff costs are charged to cost of sales and administrative expenses as follows:

a. Cost of sales

Wages & salaries to employees	22,488	16,254
Defined contribution scheme	557	599
Social security	969	1,033
	----- 24,014 =====	----- 17,886 =====

b. Administrative expenses

Wages & salaries to employees	18,302	20,890
Defined contribution scheme	1,232	754
Defined benefit scheme (Note 17b)	1,660	1,513
Actuarial gain on long service award (Note 17b)	(903)	(557)
Social security contribution	1,293	1,306
Interest on staff loans	367	366
	----- 21,951 =====	----- 24,272 =====

The average number of employees at the end of the year was 337 (2018: 348).

14(a) Income tax expense

Current tax	-	59,080
Deferred tax	(56,331)	417
	----- (56,331) =====	----- 59,497 =====



Financial Statements

Notes to the financial statements (Continued)

(b) Current tax (asset)/liability

	Balance at 1/1 GH¢'000	Charge to profit or loss GH¢'000	Payment/WHT credit during the year GH¢'000	Balance at 31/12 GH¢'000
2019				
Prior to 2013	(3,336)	-	-	(3,336)
2013-2015	1,800	-	-	1,800
2016-2018	28,148	-	(26,200)	1,948
2019	-	-	(10,643)	(10,643)
	-----	-----	-----	-----
Current tax	26,612	-	(36,843)	(10,231)
	=====	=====	=====	=====
2018				
Prior to 2013	(3,336)	-	-	(3,336)
2013-2015	1,800	-	-	1,800
2016-2017	1,424	-	(1,414)	10
2018	-	59,080	(30,942)	28,138
	-----	-----	-----	-----
Current tax	(112)	59,080	(32,356)	26,612
	====	=====	=====	=====

The above tax position is subject to agreement with the tax authorities.

(c) Deferred tax asset/liability

	Net balance at 1/1 GH¢'000	Recognised in profit GH¢'000	Recognised in OCI GH¢'000	Tax on transition adjustment GH¢'000	NET GH¢'000	Deferred tax asset GH¢'000	Deferred tax liability GH¢'000
2019							
Property, plant and equipment	16,874	(5,811)	-	-	11,063	-	11,063
Provisions	(6,985)	(10,267)	-	-	(17,252)	(17,252)	-
Loss carried forward	-	(38,177)	-	-	(38,177)	(38,177)	-
Finance cost carried forward	-	(2,234)	-	-	(2,234)	(2,234)	-
Employee benefits	(1,047)	158	42	-	(847)	(847)	-
	-----	-----	-----	-----	-----	-----	-----
Deferred tax liability	8,842	(56,331)	42	-	(47,447)	(58,510)	11,063
	=====	=====	====	=====	=====	=====	=====
2018							
Property, plant and equipment	8,529	8,345	-	-	16,874	-	16,874
Provisions	(1,088)	(5,523)	-	(374)	(6,985)	(6,985)	-
Derecognition of previously recognised deductible temporary differences	662	662	-	-	-	-	-
Revaluation of assets	60	(60)	-	-	-	-	-
Employee benefits	481	(1,683)	155	-	(1,047)	(1,047)	-
	-----	-----	-----	-----	-----	-----	-----
Deferred tax liability	8,644	417	155	(374)	8,842	(8,032)	16,874
	=====	====	====	====	=====	=====	=====



Financial Statements

Notes to the financial statements (Continued)

d. Tax reconciliation

The tax charged on the profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate. This is explained as follows:

	2019 GH¢'000	2018 GH¢'000
(Loss)/profit before taxation	(216,647)	250,322
	=====	=====
Tax calculated at the statutory income tax rate of 25%	(54,162)	62,581
Tax effect of:		
Disallowable expenses	(2,421)	21,860
Exempt income	(226)	(24,658)
Tax incentive	478	(703)
Derecognition of previously recognised deductible temporary differences	-	417
	-----	-----
Income tax expense	(56,331)	59,497
	=====	=====
Effective tax rate	26%	24%
	====	====

15(a) PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land & buildings GH¢'000	Plant & machinery GH¢'000	Computer equipment GH¢'000	Furniture & fittings GH¢'000	Office equipment & others GH¢'000	Moulds & die GH¢'000	Motor Vehicles GH¢'000	Capital work in- progress GH¢'000	Total GH¢'000
Cost									
At 1/1/19	36,902	78,393	3,552	901	8,617	278	-	45,619	174,262
Additions	-	-	944	-	-	-	-	22,934	23,878
Reclass of leasehold land	(12,239)	-	-	-	-	-	-	-	(12,239)
Capitalisation/ transfers	14,620	16,276	75	218	-	-	2,708	(33,897)	-
Disposals	(8,326)	(59)	-	-	-	-	-	-	(8,385)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
At 31/12/19	30,957	94,610	4,571	1,119	8,617	278	2,708	34,656	177,516
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Accumulated depreciation									
At 1/1/19	3,376	17,926	2,400	877	5,233	256	-	-	30,068
Charge for the year	509	5,971	212	36	1,150	19	677	-	8,574
Release on disposal	(75)	(24)	-	-	-	-	-	-	(99)
Reclass of leasehold land	(10)	-	-	-	-	-	-	-	(10)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
At 31/12/19	3,800	23,873	2,612	913	6,383	275	677	-	38,533
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Carrying amount 31/12/19	27,157	70,737	1,959	206	2,234	3	2,031	34,656	138,983
	=====	=====	=====	=====	=====	=====	=====	=====	=====



Financial Statements

Notes to the financial statements (Continued)

15(a) PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land & buildings GH¢'000	Plant & machinery GH¢'000	Computer equipment GH¢'000	Furniture & fittings GH¢'000	Office equipment & others GH¢'000	Moulds & die GH¢'000	Capital work in- progress GH¢'000	Total GH¢'00
Cost								
At 1/1/18	25,693	77,479	3,128	3,476	8,602	3,815	30,626	152,819
Additions	12,239	-	-	313	-	-	48,362	60,914
Capitalisation/transfers	1,429	29,176	429	-	1,247	1,088	(33,369)	-
Disposals	(2,459)	(28,262)	(5)	(2,888)	(1,232)	(4,625)	-	(39,471)
At 31/12/18	36,902	78,393	3,552	901	8,617	278	45,619	174,262
Accumulated depreciation								
At 1/1/18	2,893	22,913	1,798	2,105	5,764	3,608	-	39,081
Charge for the year	881	6,149	607	4	1,663	222	-	9,526
Release on disposal	(398)	(11,136)	(5)	(1,232)	(2,194)	(3,574)	-	(18,539)
At 31/12/18	3,376	17,926	2,400	877	5,233	256	-	30,068
Carrying amount 31/12/18	33,526	60,467	1,152	24	3,384	22	45,619	144,194

Depreciation has been charged to the statement of comprehensive income as follows:

	2019 GH¢'000	2018 GH¢'000
Cost of sales (Note 7)	7,415	8,286
Administrative expenses (Note 10)	1,159	1,240
	8,574	9,526

There was no indication of impairment of property, plant and equipment held by the Company at 31 December 2019 (2018: Nil). At the year ended 31 December 2019, there was no restriction on title to the Company's property, plant and equipment (2018: Nil). Additionally, the Company did not pledge any of its assets as security for liabilities (2018: Nil).

b. Assets disposed

	2019 GH¢'000	2018 GH¢'000
Gross book value	8,385	39,471
Accumulated depreciation	(99)	(18,539)
Carrying amount	8,286	20,932
Consideration received	-	(109,978)
Loss/(gain) on disposal	8,286	(89,046)

This represents disposal of assets in relation to the Company's Spreads (Blue Band margarine).



Financial Statements

Notes to the financial statements (Continued)

16. LEASES

a. As a lessee

The Company leases land, vehicles and warehouse. The lease period for land is 50 years and that of vehicles and warehouse typically run for four to five years. During 2019, a portion of the leased land was sub-let by the Company. The lease and sub-lease expire in 2068.

Information about leases for which the Company is a lessee is presented below.

(i) Right-of-use assets

2019	Land GH¢'000	Vehicles GH¢'000	Warehouses GH¢'000	Total GH¢'000
Balance at 1 January	11,999	4,131	965	17,095
Charge for the year	(229)	(1,467)	(772)	(2,468)
Derecognition of right-of-use assets*	(1,205)	-	-	(1,205)
Balance at 31 December	10,565	2,664	193	13,422

* Derecognition of the right-of-use assets during 2019 is as a result of the Company entering a finance sub-lease arrangement.

(ii) Amounts recognised in profit or loss

2019

Interest on lease liabilities
Income from sub-leasing right-of-use assets offset against lease expenses
Expenses relating to short-term leases

GH¢'000

660
(14)
613
===

2018 Operating lease under IAS 17

Lease expense

2,856
=====

(iii) Amounts recognised in statement of cash flows

2019

Total cash outflow for leases

2,657
=====

(iv) Lease liabilities

2019

Maturity analysis – contractual undiscounted cash flows

Less than one year
More than one year

1,796
1,670

Total undiscounted lease liabilities at 31 December

3,466
=====

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Financial Statements

Notes to the financial statements (Continued)

Lease liabilities included in the statement of financial position at 31 December

Less than one year	1,796
More than one year	1,116

	2,912
	====

b. As a lessor

During 2019, the Company sub-leased a portion of leased land that has been presented as part of its right-of-use asset. The lease and sub-lease expire in 2068. The Company has classified the sub-lease as a finance sublease. The Company does not have any other leases as a lessor.

The Company recognised a loss of GH¢1.1 million on derecognition of the right-of-use asset pertaining to the land and presented the loss as part of operating expenses. The Company recognised interest income on lease receivables of GH¢14,225 (2018: Nil).

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date. Under IAS 17, the Company did not have any finance leases as a lessor.

	2019 GH¢'000
Less than one year	14
One to two years	14
Two to three years	14
Three to four years	14
Four to five years	14
More than five years	613

Total undiscounted lease receivable	683

Unearned finance income	(590)

Net investment in the lease	93
	====

17. POST EMPLOYMENT BENEFITS

(i) Ex-gratia pensions

Ex-gratia pensions is an unfunded scheme to retired employees of UAC (Africa) Ghana Limited. These unfunded pensions were granted to bring the total pension (including Social Security) received by retired members from UAC (Africa) Pension Fund to an agreed percentage. For current members of the Managers' Pension Scheme, this practice is not applicable.

(ii) Other long term benefits

Long Service award which is an unfunded scheme to reward staff for their continuous and dedicated service to the Company. Staff who serve for ten years and above are awarded with cash donations, bundles of aluminium roofing sheets and testimonials. The plan is not funded. The awards vary depending on the number of years served by employees who meet the criteria. This is accounted for as a defined benefit plan.

For the above schemes, a full and independent actuarial valuation was carried out at the end of the year using the Projected Unit Credit Method in accordance with IAS 19 revised.



Financial Statements

Notes to the financial statements (Continued)

a. Assumptions

The major assumptions used by the actuaries for the two major schemes are as follows:

	2019 %	2018 %
Discount rate	20.5	21.5
Salary inflation	16.0	16.0
Pension inflation	9.5	9.5

b. Post-employment benefits

	2019			2018		
	Ex-gratia Pensions GH¢'000	Long Service award GH¢'000	Total GH¢'000	Ex-gratia Pensions GH¢'000	Long service award GH¢'000	Total GH¢'000
Changes in liability						
Balance at 1 January	2,184	1,929	4,113	2,677	1,687	4,364
Service cost	-	794	794	-	756	756
Interest cost	437	429	866	430	328	758
Actuarial (gain)/loss arising from financial assumptions	65	-	65	-	-	-
Actuarial (gain)/loss arising from other sources	(234)	(903)	(1,137)	(620)	(557)	(1,177)
Benefits paid/settlement	(302)	(663)	(965)	(303)	(285)	(588)
Balance at 31 December	2,150	1,586	3,736	2,184	1,929	4,113
Interest cost %	20.5%	-	20.5%	16.0%	-	8.76%
Financial position						
Projected benefit obligation	2,150	1,586	3,736	2,184	1,929	4,113
Net defined benefit liability	2,150	1,586	3,736	2,184	1,929	4,113
Included in profit or loss						
Service cost	-	794	794	-	756	756
Interest cost	437	429	866	430	328	758
Net interest cost less interest and expected return on plan asset	437	1,223	1,660	430	1,084	1,514
Actuarial (gain)/loss	-	(663)	(663)	-	(557)	(557)
Amount recognised in profit or loss	437	560	997	430	527	957
Other comprehensive income						
Actuarial gain/(loss)	169	-	169	620	-	620



Financial Statements

Notes to the financial statements (Continued)

b. Post-employment benefits (cont'd)

	2019			2018		
	Ex-gratia Pensions GH¢'000	Long Service award GH¢'000	Total GH¢'000	Ex-gratia Pensions GH¢'000	Long service award GH¢'000	Total GH¢'000
Reconciliation of statement of financial position						
Opening value	2,184	1,929	4,113	2,677	1,687	4,364
Benefits paid/settlements	(302)	(663)	(965)	(303)	(285)	(588)
Amount recognised in profit or loss	437	320	757	430	527	957
Amount recognised in other comprehensive income	(169)	-	(169)	(620)	-	(620)
Net defined obligation	2,150	1,586	3,736	2,184	1,929	4,113

c. Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2019		2018	
	Increase GH¢'000	Decrease GH¢'000	Increase GH¢'000	Decrease GH¢'000
Discount rate (2% movement)	216	(219)	237	(211)
Salary inflation (2% movement)	43	(21)	74	70
Future pension growth (2% movement)	33	(22)	155	(140)

Although the analysis does not take account of the full distribution of cash flow expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

18. INVESTMENT IN SUBSIDIARIES

	2019 GH¢'000	2018 GH¢'000
Unilever Ghana Investments Limited	10	10

Name of subsidiary	Nature of business	% held in 2019 & 2018	Country of incorporation
United Africa Trust Limited	Investment management	100.00	Ghana
Swanzy Real Estate	Real Estate Development	100.00	Ghana
Unilever Ghana Investments Limited	Holding Company	100.00	Ghana

Investments in United Africa Trust Limited and Swanzy Real Estate are less than GH¢1,000 and so do not reflect in Note 18 above. In the opinion of Directors, the results and the financial position of the subsidiaries above have not been consolidated with that of the Company because the subsidiaries did not operate in the year and are considered less significant to Unilever Ghana Limited's financial results and position.



Financial Statements

Notes to the financial statements (Continued)

19. INVENTORIES

	2019 GH¢'000	2018 GH¢'000
Raw and packing material	19,049	15,532
Work in process	4,663	10,000
Finished goods	55,148	13,728
Non-trade stock	9,759	8,511
Goods in transit	23,518	5,665
Right to recover returned goods	3,522	-
	-----	-----
	115,659	53,436
	=====	=====

Inventories are stated at the lower of cost and net realisable value and at 31 December 2019, there were no inventories pledged as security (2018: Nil). The written-down values of raw materials and consumables and changes in work in process and finished goods included in cost of sales amounted to GH¢306,730 (2018: GH¢387,546). Inventories items are written down when they are close to expiry. Upon consumption of these inventory items before expiry, the written-down values are reversed. No reversal of write-down was recognised during the year (2018: Nil).

20. DIVIDEND PAYABLE

	2019 GH¢'000	2018 GH¢'000
Balance at 1 January	3,044	3,044
Dividend declared during the year	50,000	15,625
Payments during the year	(19,216)	(15,625)
	-----	-----
Balance at 31 December	33,828	3,044
	=====	=====

Payment of dividend is subject to a withholding tax at the rates of 8% (2018: 8%) for both resident and non-resident shareholders.

21. CAPITAL AND RESERVES

a. Share capital	No of Shares '000	2019 Proceeds GH¢'000	No of Shares '000	2018 Proceeds GH¢'000
Authorised				
Ordinary shares of no par value	100,000		100,000	
	=====		=====	
Issued and fully paid	62,500	931	62,500	931
Transferred from surplus	-	269	-	269
	-----	-----	-----	-----
	62,500	1,200	62,500	1,200
	=====	=====	=====	=====



Financial Statements

Notes to the financial statements (Continued)

There is no unpaid liability on any shares and there are no calls or instalments unpaid. There are no treasury shares. The holders of ordinary shares are entitled to receive dividend as declared from time to time and entitled to one vote per share at meetings of the Company.

b. Retained earnings

This represents the residual of cumulative annual results that are available for distribution to shareholders.

22. CAPITAL SURPLUS ACCOUNT

	2019 GH¢'000	2018 GH¢'000
Balance at 1 January	204 ===	204 ===

This represents the surplus on property, plant and equipment that was deemed as part of the cost of the related items on the Company's transition to International Financial Reporting Standards.

23. SHARE DEALS ACCOUNT

	2019 GH¢'000	2018 GH¢'000
Balance at 1 January	81 ==	81 ==

The share deals account was created in line with section 63 of the Companies Act, 2019 (Act 992) to purchase the Company's own shares.

24. TRADE AND OTHER RECEIVABLES

	2019 GH¢'000	2018 GH¢'000
Trade receivables	112,312	250,266
Impairment allowance	(63,455)	(12,417)
Net trade receivables	48,857	237,849
Amounts due from officers	-	28
Other receivables	65,366	32,384
Lease receivable	93	-
	114,316 =====	270,261 =====

The maximum indebtedness from officers of the Company amounted to GH¢Nil (2018: GH¢27,900).



Financial Statements

Notes to the financial statements (Continued)

Investment in Twifo Oil Palm Plantation (TOPP)

Included in other receivables is an amount of GH¢2,500,000 receivable from the Government of Ghana for the purchase of shares in Twifo Oil Palm Plantation (TOPP).

In 2008, the Company bought shares in TOPP valued at GH¢2,500,000 from the Government of Ghana. Subsequent to the acquisition, a law suit was brought against the Company by PS Investment Limited challenging the sale of the Government shares in TOPP to the Company.

In 2012, the Supreme Court gave a ruling to set aside the sale of the shares in TOPP to the Company. Following the Supreme Court ruling TOPP ceased to be a subsidiary and the cost of the investment in TOPP in the books of the Company was reclassified to receivables from the Government of Ghana. Subsequent to the Supreme Court ruling, the case has been taken to Alternative Dispute Resolution (ADR). As at year end the ADR process is yet to be completed.

In the opinion of the Directors, the full amount is recoverable hence no impairment allowance has been made.

25. PREPAYMENTS

	2019 GH¢'000	2018 GH¢'000
At 1 January	22,740	28,747
Additions during the year	72,072	275,031
Utilised during the year	(93,450)	(281,038)
	-----	-----
At 31 December	1,362	22,740
	=====	=====

26. TRADE AND OTHER PAYABLES

	2019 GH¢'000	2018 GH¢'000
Trade payables	61,825	46,723
Accrued liabilities	17,367	21,099
Other payables	1,460	2,014
Refund Liability	6,463	-
	-----	-----
	87,115	69,836
	=====	=====



Financial Statements

Notes to the financial statements (Continued)

27. CASH GENERATED FROM OPERATIONS

	2019 GH¢'000	2018 GH¢'000
(Loss)/profit before taxation	(216,647)	250,322
Depreciation (Note 15a)	8,574	9,526
Amortisation of intangible asset	-	7
Loss/(gain) on disposal	8,286	(89,046)
Depreciation on ROU asset	2,468	-
Derecognition of ROU asset	1,434	-
Unrealised exchange difference	(1,053)	(3,009)
Impairment allowance trade receivable	51,038	(1,495)
Employment benefit and retirement plan expense (Note 17b)	1,660	1,514
Actuarial gain on employee benefits	(903)	(557)
Benefits paid	(965)	(588)
(Increase)/decrease in inventories	(62,223)	182
Decrease/(Increase) in trade and other receivables	104,721	(176,324)
Decrease in prepayment	21,378	6,007
Decrease/(increase) in related party receivables	192,012	(102,645)
Increase/(decrease) in trade and other payables	17,279	(4,172)
(Decrease)/increase in related party payables	(21,595)	77,244
Decrease in provisions	(12,365)	(89,809)
Interest charge (Note 12)	11,603	3,376
Interest income (Note 12)	(571)	(440)
	-----	-----
Cash generated from operations	104,131	(119,907)
	=====	=====

28. CASH AND CASH EQUIVALENTS

	2019 GH¢'000	2018 GH¢'000
Bank balances	11,857	7,945
	-----	-----
Cash and bank balances in the statement of financial position	11,857	7,945
Bank overdrafts	(65,202)	(73,508)
	-----	-----
Cash and cash equivalents in the statement of cashflows	(53,345)	(65,563)
	=====	=====

The Company had no restriction on cash and bank balances at 31 December 2019 (2018: Nil).

Bank overdraft facilities

At the reporting date, the Company had approved unsecured overdraft facilities with certain local banks to support working capital needs. Total limit on the facilities amount to GH¢99 million out of which GH¢65 million had been utilised by 31 December 2019. Interest is payable at the banks base rates minus a spread.



Financial Statements

Notes to the financial statements (Continued)

29. PROVISIONS

2019	Restructuring GH¢'000	Legal GH¢'000	Other GH¢'000	Total GH¢'000
Balance at 1 January	12,367	619	757	13,743
Provisions made during the year	2,688	87	(85)	2,690
Provisions used during the year	(15,055)	-	-	(15,055)
	-----	-----	-----	-----
Balance at 31 December	-	706	672	1,378
	=====	====	====	=====
2018				
Balance at 1 January	2,747	619	100,186	103,552
Management and technical services fees*	-	-	(99,438)	(99,438)
Charge during the year	9,620	-	16,478	26,098
Payments during the year	-	-	(16,469)	(16,469)
	-----	-----	-----	-----
Balance at 31 December	12,367	619	757	13,743
	=====	====	====	=====

* This represents the reversal of provision for management and technical service fees for the period 2009 to October 2017 for which GIPC approval was not granted.

Restructuring provisions relating to redundancy of some staff as a result of process change implemented by the Company.

Legal provisions relate to legal claims against the Company the outcome of which are uncertain. Other provisions relate to Annual General Meeting expenses, Registrar charges and journalist of the year award sponsor by the Company.

30. CONTINGENCIES

The Company has a pending legal case before the court for which the potential liability of GH¢826,000. (2018: GH¢826,000) was not provided for in Note 29. In the opinion of the Directors, the chances of losing this case is remote.

In 2019, Ghana Revenue Authority (GRA) submitted a report on the Company's transfer pricing audit for 2012-2016 years of assessment. The audit resulted in a tax liability of GH¢6,236,200 (2018: GH¢Nil). In the opinion of the Directors, the Company has enough evidence to justify the expenses which gave rise to the liability. The Company has objected to the report and paid GH¢1,000,000 as part of 30% of the disputed tax liability to sustain the objection in line with section 42(5) of the Revenue Administration Act, 2016 (A915).



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Financial Statements

Notes to the financial statements (Continued)

31. COMMITMENTS

Total capital expenditure commitments at the reporting date were as follows:

	2019 GH¢'000	2018 GH¢'000
Property, plant & equipment contracted	4,285 =====	2,142 =====

32. RELATED PARTY TRANSACTIONS

The Company is 66.6% owned by Unilever Overseas Holding Limited and UAC International Limited through a common control of its ultimate parent Unilever Plc. It is related to other Unilever operations across the world by virtue of common ownership by Unilever Overseas Holding Limited. Transactions and balances with related parties are as follows:

a. Purchase of goods and services

	2019 GH¢'000	2018 GH¢'000
Unilever Philippines	5,990	3,588
Unilever Nigeria PLC	14,970	12,322
Unilever Cote d'Ivoire	9,518	7,519
Unilever Gulf	2,670	2,835
Unilever Vietnam	47,645	36,270
Unilever Asia Private Limited	8,467	10,976
Unilever UK	274	235
Unilever South Africa (Pty) Limited	2,597	3,641
Unilever Supply Chain Company AG	4,050	5,886
Unilever N.V.	2,183	4,218
Unilever Indonesia	6,555	10,231
Unilever China Limited	5,078	4,732
Unilever Sichuan	3,791	13,389
Unilever Industries Private Limited	776	-
Unilever Employment Services	8	5
Unilever Pakistan Limited	-	5
Unilever Kenya Limited	1,483	496
Unilever Europe – IT	31	-
Unilever Sanayi ve Ticaret Tur	-	108
	----- 116,086 =====	----- 116,456 =====



Financial Statements

Financial risk management (Continued)

b. Sale of good and services

	2019 GH¢'000	2018 GH¢'000
Unilever Nigeria Plc	421	257
Unilever Cote d'Ivoire	167	14,858
	-----	-----
	588	15,115
	=====	=====

The following are related party balances at year end. These outstanding balances are not subject to any commitment, conditionalities and other considerations to be provided in respect of settlement and in addition to any guarantee given or to be received. In addition, no provision for doubtful debt or bad debt expense has been recorded in relation to these balances during the year (2018: Nil).

c. Related party receivables

	2019 GH¢'000	2018 GH¢'000
Unilever Nigeria Plc	21,488	105,338
Unilever Cote d'Ivoire	14,146	18,777
Unilever UK	-	102,747
Other related parties	258	1,042
	-----	-----
	35,892	227,904
	=====	=====

d. Related party payables

Unilever UK	54,173	31,549
Unilever South Africa (Party) Limited	2,317	2,886
Unilever Nigeria Plc	61,567	63,176
Unilever NV	1,120	593
Unilever Cote d'Ivoire	27,853	46,572
Unilever Gulf	655	2,215
Unilever Asia Private Limited	2,280	3,847
Unilever Vietnam	34,702	55,878
Unilever Mashreq	-	752
Unilever Philippians	6,030	1,502
Unilever Indonesia	4,228	4,634
Unilever China Limited	3,448	2,697
Unilever Industries Private Limited	830	634
Unilever Supply Chain	7,082	7,476
Unilever Sichuan	3,411	6,525
Other Related Parties	360	715
	-----	-----
	210,056	231,651
	=====	=====



Financial Statements

Financial risk management (Continued)

33. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly including any Director (whether executive or otherwise) of the Company.

Key management personnel compensation included the following:

	2019 GH¢'000	2018 GH¢'000
Short-term employee benefits		
Executive Directors	2,477	3,211
Non-executive Directors	431	476
	-----	-----
Total short-term employee benefits	2,908	3,687
	-----	-----
Long-term employee benefit		
Executive Directors	133	155
	----	----
Total long-term employee benefits	133	155
	----	----
Total employee benefit	3,041	3,842
	=====	=====

34. EARNINGS PER SHARE

The calculation of basic and diluted EPS has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding. This excludes ordinary shares purchased by the Company and held as treasury shares.

	2019 GH¢'000	2018 GH¢'000
(Loss)/profit attributable to equity holders	(160,316)	190,825
Weighted average number of ordinary shares in issue (Note 21)	62,500	62,500
Basic earnings per share	(2.5651)	3.0532
Diluted earnings per share	(2.5651)	3.0532

At the reporting date, the basic earnings per share and the diluted earnings per share were the same as there were no outstanding shares on conversion which could increase the weighted average number of ordinary shares in issue.

35. FINANCIAL INSTRUMENT – FAIR VALUES AND RISK MANAGEMENT

a. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Financial Statements

Financial risk management (Continued)

31 December 2019	Financial assets at amortised cost GH¢'000	Other financial liabilities GH¢'000	Total GH¢'000
Financial assets not measured at fair value			
Trade and other receivables (Note 24)1	105,868	-	105,868
Related party receivables (Note 32d)	35,892	-	35,892
Cash and bank balances (Note 28)	11,857	-	11,857
	-----	-----	-----
	153,617	-	153,617
	=====	=====	=====
Financial liabilities not measured at fair value			
Trade and other payables (Note 26) 2	-	79,249	79,249
Related party payables (Note 32d)	-	210,056	210,056
Dividend payable (Note 20)	-	33,828	33,828
Bank overdraft (Note 28)	-	65,202	65,202
	-----	-----	-----
	-	388,335	388,335
	=====	=====	=====
31 December 2018			
Financial assets not measured at fair value			
Trade and other receivables (Note 24)1	265,380	-	265,380
Related party receivables (Note 32d)	227,904	-	227,904
Cash and bank balances (Note 28)	7,945	-	7,945
	-----	-----	-----
	501,229	-	501,229
	=====	=====	=====
Financial liabilities not measured at fair value			
Trade and other payables (Note 26) 2	-	64,955	64,955
Related party payables (Note 32d)	-	231,651	231,651
Dividend payable (Note 20)	-	3,044	3,044
Bank overdraft (Note 28)	-	73,508	73,508
	-----	-----	-----
	-	373,158	373,158
	=====	=====	=====

1 – Excluded from trade and other receivables are statutory taxes receivable of GH¢8,448,054 (2018: GH¢4,881,000).

2 – Excluded from trade and other payables are statutory taxes payable of GH¢7,866,123 (2018: GH¢4,881,000).



Financial Statements

Financial risk management (Continued)

(b) Financial risk management

(i) Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's management team is responsible for developing and monitoring the Company's risk management policies. The team meets periodically to discuss corporate plans, evaluate progress reports and action plans to be taken. Risk issues that may have financial reporting implications are brought to the attention of the Finance Director for the necessary action to be taken. The management team reports regularly to the Board of Directors on their activities.

There is an internal audit function which monitors compliance with internal procedures and processes and also assesses the effectiveness of internal controls.

The Company's risk management policies are established to identify and analyse risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through training, management standards and procedures that have been adopted aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

(ii) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the functional currency. The currencies in which these transactions primarily are denominated are the United States Dollar (US\$), Euro (€), British pound (GBP) and South African Rand (ZAR).



Financial Statements

Financial risk management (Continued)

The Company's exposure to foreign currency risk was as follows.

2019	USD	EURO	GBP	ZAR
Bank balances	397	191	4	58
Related party receivables	4,050	1,982	3	-
Trade payables	(667)	(12)	-	-
Related party payables	(12,244)	(8,230)	(116)	(5,711)
Net exposure	(8,464)	(6,069)	(109)	(5,653)
	=====	=====	====	=====
2018				
Bank balances	1,016	602	29	3,082
Related party receivables	20,941	3,502	-	-
Trade payables	(7,646)	(2,670)	(301)	(738)
Related party payables	(23,278)	10,235	(34)	(6,689)
Net exposure	(8,967)	11,669	(306)	(4,345)
	=====	=====	====	=====

The following significant exchange rates applied during the year.

Cedis	Average Rate		Reporting Rate	
	2019	2018	2019	2018
USD 1	5.34	4.65	5.72	4.83
EUR 1	5.98	5.52	6.41	5.52
GBP 1	6.82	6.24	7.51	6.12
ZAR 1	0.37	0.34	0.41	0.34

Sensitivity analysis on currency risks

The following table shows the effect of a strengthening or weakening of GH¢ against all other currencies on the Company's profit or loss and equity. This sensitivity analysis indicates the potential impact on profit or loss and equity based upon the foreign currency exposures recorded at 31 December (see "foreign currency risk") and it does not represent actual or future gains or losses. The sensitivity analysis is based on the percentage difference between the closing exchange rate and the average exchange rate per currency recorded in the course of the respective financial year.

A strengthening/weakening of the GH¢, by the rates shown in the table, against the following currencies at 31 December would have increased/decreased equity and profit or loss by the amounts shown below.



Financial Statements

Financial risk management (Continued)

This analysis assumes that all other variables, in particular interest rates, remain constant.

As of 31 December	2019			2018		
Currency	% Change	Profit or loss/ equity impact: Strengthening GH¢'000	Profit or loss/ equity impact: Weakening GH¢'000	% Change	Profit or loss/ equity impact: Strengthening GH¢'000	Profit or loss/ equity impact: Weakening GH¢'000
USD	±7.0	3,389	(3,389)	±5	(2,212)	2,212
EUR	±7.0	(2,735)	2,735	±6	3,864	(3,864)
GBP	±10.0	(82)	82	±6	(113)	113
ZAR	±10.0	(229)	198	±10	(146)	146

As of 31 December	2019			2018		
Currency	% Change	Equity, net of tax impact: Strengthening GH¢'000	Equity, net of tax impact: Weakening GH¢'000	% Change	Equity, net of tax impact: Strengthening GH¢'000	Equity, net of tax impact: Weakening GH¢'000
USD	±7.0	2,542	(2,542)	±5	(1,659)	1,659
EUR	±7.0	(2,051)	2,051	±6	2,898	(2,898)
GBP	±10.0	(61)	61	±6	(84)	84
ZAR	±10.0	(172)	172	±10	(109)	109

Interest rate risk

At the reporting date, the profile of the Company's interest-bearing financial instruments comprised the following financial instruments:

Fixed rate instruments

Bank overdraft

Variable rate instruments

Bank overdraft

Carrying amounts	
2019 GH¢'000	2018 GH¢'000
-	-
====	====
65,202	73,508
=====	=====



Financial Statements

Financial risk management (Continued)

Sensitivity analysis for variable rate instrument

A 200 basis points increase in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular foreign currency rates remain constant. The analysis is performed on the same basis for 2018.

As of 31 December	2019			2018		
	% Change	Income statement impact GH¢'000	Equity GH¢'000	% Change	Income statement impact GH¢'000	Equity GH¢'000
Bank overdraft	±2	(894)	894	±2	(501)	501

Fair value sensitivity analysis for fixed rate instrument

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

A change of 200 basis points in interest rates would have had no impact on equity (2018: GH¢Nil). This analysis assumes that all other variables remain constant.

c. Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade and other receivables.

Exposure to credit risks

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2019 GH¢'000	2018 GH¢'000
Trade and other receivables (Note 24)1	105,868	265,380
Related party receivables (Note 32d)	35,892	227,904
Bank balances (Note 28)	11,857	7,945
	-----	-----
	153,617	501,229
	=====	=====

1 – Excluded from trade and other receivables are statutory taxes receivable of GH¢8,448,054 (2018: GH¢4,881,000).

(i) Trade and other receivables

The Company does not have any significant concentrations of credit risk. The credit controller assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. The Company's maximum exposure to credit risk at 31 December 2019 and 2018 is the same as the trade and other receivables in the statement of financial position.

There is no off-balance sheet credit risk exposure.



Financial Statements

Financial risk management (Continued)

No collateral is held for any of the assets below. The Company does not grade the credit quality of receivables. All receivables that are neither past due nor impaired are within their approved credit limits.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customers were as follows:

Trade and other receivables by type of counter party

	2019 GH¢'000	2018 GH¢'000
Key distributors	45,482	242,216
Modern trade	3,376	5,074
Institutions and companies	57,010	18,061
Amount due from officers	-	29
	-----	-----
	105,868	265,380
	=====	=====

Expected credit loss assessment for individual customers as at 1 January and 31 December 2019

The Company applies the IFRS 9 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual credit loss experience over the preceding five years on the total balance of non-credit impaired trade receivables. The Company's credit loss experience has shown that aging of receivable balances is primarily due to negotiations about variable consideration.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers as at 31 December 2019.

	2019 Loss		2018 Loss			
	Gross GH¢ GH¢'000	allowance GH¢ GH¢'000	Net GH¢ GH¢'000	Gross GH¢ GH¢'000	allowance GH¢ GH¢'000	Net GH¢ GH¢'000
Neither past due nor impaired	1,057	(35)	1,022	81,088	(364)	80,724
1 to 3 months past due	26,033	(8,861)	17,172	123,777	(1,579)	122,198
3-6 months past due	15,760	(10,071)	5,689	37,869	(6,487)	31,382
6-12 months past due	55,308	(30,334)	24,974	5,195	(3,640)	1,555
Past due above 1 year	14,154	(14,154)	-	2,337	(347)	1,990
	-----	-----	-----	-----	-----	-----
	112,312	(63,455)	48,857	250,266	(12,417)	237,849
	=====	=====	=====	=====	=====	=====



Financial Statements

Financial risk management (Continued)

The movement in the allowance for impairment was as follows:

	2019 GH¢'000	2018 GH¢'000
Balance at 1 January	12,417	1,842
Impairment loss recognised	51,038	10,575
	-----	-----
Balance at 31 December	63,455	12,417
	=====	=====

There were no financial assets that were written off during the year.

Cash and cash equivalent

The bank balances are held with credit worthy banks regulated by the Bank of Ghana.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short term maturities of the exposures.

The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance did not change during 2019.

(ii) Related party receivables

The Company's exposure to credit risk in respect of the amounts due from related parties is minimised. The Company has transacted business with related parties over the years and there has been no defaults in payment of outstanding debts. No impairment has been recognised with respect to amounts due from related parties in the current year (2018: Nil).

d. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by maintaining adequate cash reserves and calling on short term borrowing and funding from related parties. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant. Since discounting is not applied to any of these disclosed amounts, the amounts per the table can be reconciled to the amounts disclosed in the statement of financial position.



Financial Statements

Notes to the financial statements (Continued)

The Company's exposure to liquidity risk was as follows based on the notional amounts.

31 December 2019	Contractual Cash flows		
	Carrying amount GH¢'000	6mths or less GH¢'000	6-12mths GH¢'000
Non-derivative financial liability			
Trade and other payables (Note 26)	(79,249)	(79,249)	-
Related party payables (Note 32d)	(210,056)	-	(210,056)
Dividend payables (Note 20)	(33,828)	(33,828)	-
Bank overdraft (Note 28)	(65,202)	(65,202)	-
	-----	-----	-----
	(388,335)	(178,279)	(210,056)
	=====	=====	=====
31 December 2018			
Non-derivative financial liability			
Trade and other payables (Note 26) 2	(64,955)	(64,955)	-
Related party payables (Note 32d)	(231,651)	-	(231,651)
Dividend payables (Note 20)	(3,044)	(3,044)	-
Bank overdraft (Note 28)	(73,508)	(73,508)	-
	-----	-----	-----
	(373,158)	(141,507)	(231,651)
	=====	=====	=====

2 – Excluded from trade and other payables are statutory taxes payable of GH¢7,866,123 (2018: GH¢4,881,000).

e. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may limit the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity. The Company's adjusted net debts to equity at 31 December were as follows:

	2019 GH¢'000	2018 GH¢'000
Total liabilities	404,227	431,349
Less: cash and bank balances (Note 28)	(11,857)	(7,945)
	-----	-----
Net debt	392,370	423,404
Total equity	84,952	295,141
	-----	-----
Net debt to adjusted equity ratio	4.62	1.43
	===	===

There was no change to management's approach to capital management during the year. There are no externally imposed capital requirements.



Financial Statements

Notes to the financial statements (Continued)

36. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Leadership team that are used to make strategic decisions. The Leadership team considers the business from a product perspective. The accounting policies of the operating segments are the same. The Company accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices. The leadership team assesses the performance of the operating segments based on a measure of net profit. The Company's reporting segments are based on products, namely Foods, Home Care and Personal Care. Under the Foods division are Spreads, Tea & Beverages, Savoury and Health & Wellness. The Home Care division comprises the Laundry and Household care categories. The Personal Care division has the Skin Cleansing, Skin Care, Oral and Deodorant categories.

Costs relating to segments have been allocated on the following basis: Costs such as capital are directly charged to products whenever this can be done. For instance, finished goods stock information is normally available by product.

A simple allocation rule is used in allocating costs which cannot be directly charged to product categories.

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2019 and 2018 are as follows:

Analysis by product divisions

	Foods		Home Care		Personal Care		Total	
	2019 GH¢'000	2018 GH¢'000	2019 GH¢'000	2018 GH¢'000	2019 GH¢'000	2018 GH¢'000	2019 GH¢'000	2018 GH¢'000
Revenues	28,700	75,180	95,963	191,269	208,627	365,703	333,290	632,152
Cost of sales	(30,025)	(55,940)	(100,395)	(95,395)	(218,264)	(289,656)	(348,684)	(440,991)
Distribution cost	(2,219)	(2,109)	(7,421)	(5,365)	(16,135)	(10,258)	(25,775)	(17,732)
Brand & marketing investment	(2,592)	(3,686)	(8,665)	(8,360)	(18,839)	(27,953)	(30,096)	(39,999)
Administration expenses	(7,840)	(6,296)	(26,216)	(14,966)	(56,995)	(46,605)	(91,051)	(67,867)
Restructuring expenses	(231)	(664)	(774)	(3,009)	(1,683)	(5,947)	(2,688)	(9,620)
Impairment provision	(4,395)	(1,258)	(14,695)	(3,200)	(31,948)	(6,117)	(51,038)	(10,575)
Other income	898	13,356	3,002	35,484	6,527	70,004	10,427	118,844
Gain on spreads disposal	-	89,046	-	-	-	-	-	89,046
Operating (Loss) /profit	(17,704)	107,629	(59,201)	96,458	(128,710)	49,171	(205,615)	253,258
Finance income	-	-	-	-	-	-	571	440
Finance costs	-	-	-	-	-	-	(11,603)	(3,376)
(Loss)/ Profit before taxation	(17,704)	107,629	(59,201)	96,458	(128,710)	49,171	(216,647)	250,322
Income tax expense	-	-	-	-	-	-	56,331	(59,497)
(Loss)/ Profit for the year	(17,704)	107,629	(59,201)	96,458	(128,710)	49,171	(160,316)	190,825
Property, plant and equipment	11,223	18,770	42,360	42,524	85,400	82,900	138,983	144,194



Financial Statements

Notes to the financial statements (Continued)

Reconciliation of information on reportable segment

	Asset	
	2019 GH¢'000	2018 GH¢'000
Consolidated total assets	138,983	62,335
Unallocated amounts	13,422	81,859
	-----	-----
Total assets for reportable entities	152,405	144,194
	=====	=====

Geographical information

	Revenue	
	2019 GH¢'000	2018 GH¢'000
In Ghana	332,702	617,037
Outside Ghana	588	15,115
	-----	-----
	333,290	632,152
	=====	=====

No individual customer contributed 10% or more to revenue. Segment revenue is based on the geographical location of customers, whilst segment asset is based on the geographical location of the assets.

Events after the reporting period

On 30 January 2020, the World Health Organisation (WHO) declared an international health emergency due to the outbreak of a novel coronavirus, which originated in December 2019 in Hubei province, China. The WHO declared the coronavirus outbreak to be a pandemic on 11 March 2020 in recognition of its rapid spread across the globe, with over 150 countries, including Ghana and other African countries, now affected.

The outbreak of COVID-19 and the necessary containment measures, which include travel bans, quarantines and social distancing protocols, have resulted in disruption to business and economic activity globally. At the date of authorisation of the financial statements, Unilever Ghana Limited is operating as normal. The ultimate severity of the COVID-19 outbreak is uncertain at this time and therefore we cannot currently assess the impact it may have on the Company's future operations. The Company will continue to closely monitor the spread of COVID-19 and assess its impact on the business.

No other events have occurred since the end of the reporting period that would have had a material effect on the financial statements or require disclosure.



Other information - Analysis of Shareholding

NUMBER OF SHAREHOLDERS

The Company had 11,620 ordinary shareholders at 31 December 2019 with equal voting rights distributed as follows:

Holding	No. of holders	Holders %	No. of shares	% of holdings
1 – 1,000	10,516	4.61	2,882,938	5
1,001 – 5,000	939	3.18	1,986,904	3
5,001 – 10,000	85	0.99	619,995	1
10,001 and over	89	91.22	57,010,163	91
	-----	-----	-----	-----
	11,629	100.00	62,500,000	100
	=====	=====	=====	=====

DIRECTORS' SHAREHOLDING

None of the Directors held shares in the Company at 31 December 2019.

20 LARGEST SHAREHOLDERS AT 31 DECEMBER 2019

No. of shares	% of holdings
UNILEVER OVERSEAS HOLDINGS LIMITED	26,600,045 42.56
UAC INTERNATIONAL LIMITED	14,999,955 24.00
SCGN/HONKONG SHANGHAI ARISAG A.C.F	6,799,131 10.88
SOCIAL SECURITY & NATIONAL INS.TRUST	3,315,872 5.31
SCGN/SSB LLOYD G.INV CO.FUND-LYF3	846,500 1.35
SCGN/ENTERPRISE LIFE ASSO.CO.	438,330 0.70
STD NOMS/SSBTC RE INV ICVC-FT ST	423,272 0.68
STD NOMS TVL PTY/BNYM/FLORIDA	414,644 0.66
SCGN/JPMC BANKINVEST EMERGING MKTS	250,000 0.40
SCBN/SSB EATON VANCE TAX-MANAGED	249,000 0.40
SCGN/SCTIBANK HONG KONG S/A RE CFSI	234,608 0.38
SCGN/SCBM RE STANDARD CHAR. BANK	233,900 0.37
SCBN/STATE STREET LOND C/O SSB BOST RE RUSSEL INST.	135,928 0.22
SCGN/SSL. C/O SSBTCB RE BMO I(LUX)	122,600 0.20
HFCN/EDC GHANA BALANCED FUND LIMITED	112,695 0.18
SCGB/SSB & AS CUS FOR BMO LLOYD	90,900 0.15
SCGN/HSBC BK P.RE FIRST S.G.U.FP	88,800 0.14
RAINBOW FUND L.P	72,600 0.12
SCGN/JP MORGAN CHASE DUET VIXTORIE	60,010 0.10
STD NOMS TVL PTY/BNYM/FRONTI. MKT	53,279 0.09

REPORTED TOTALS	55,542,069 88.87
	=====



Five year financial summary of the Company

Financial Position as at 31 December

	2015 GH¢'000	2016 GH¢'000	2017 GH¢'000	2018 GH¢'000	2019 GH¢'000
Employment of funds					
Property, plant and equipment	77,273	101,066	113,738	144,194	138,983
Right of use	-	-	-	-	13,422
Intangible assets	3,792	1,379	7	-	-
Employee benefits	6,671	-	-	-	-
Investment in subsidiaries	10	10	10	10	10
Deferred tax asset	-	-	-	-	47,447
Current assets	219,504	277,286	354,876	582,286	289,317
	-----	-----	-----	-----	-----
Total assets	307,250	379,741	468,631	726,490	489,179
	=====	=====	=====	=====	=====
Employment of Funds					
Total equity	63,948	75,587	120,597	295,141	84,952
Deferred income tax	4,229	6,360	8,644	8,842	-
Employee benefit obligation	3,709	4,048	4,364	4,113	3,736
Long term lease liability	-	-	-	-	1,116
Current liabilities	235,364	293,746	335,026	418,394	399,375
	-----	-----	-----	-----	-----
Total liabilities and total equity	307,250	379,741	468,631	726,490	489,179
	=====	=====	=====	=====	=====
Capital expenditure	20,341	30,822	21,005	60,914	23,878
Depreciation and amortisation	8,517	9,411	9,705	9,533	8,574
	=====	=====	=====	=====	=====
Revenue	518,731	496,306	575,765	632,152	333,290
	=====	=====	=====	=====	=====
Profit/(loss) after tax	35,710	39,049	48,149	190,825	(160,316)
Final dividend declared	(25,000)	(3,125)	-	(50,000)	-
	-----	-----	-----	-----	-----
Profit/(loss) retained in the year	10,710	35,924	48,149	140,825	(160,316)
	=====	=====	=====	=====	=====



Other disclosures

Existence of succession plan

Unilever Ghana has in place internal and external succession plans for all key roles. Succession plans are built based on readiness status (ready in less than 1 year, ready in 1-3 years, ready in 3-5years), job experience and performance. The criteria used is:

- a. Minimum three (3) successors for each key role
- b. 50% of mapped candidates should be females
- c. Minimum one (1) ready now candidate

This ensures we have a ready pool of talent to fill vacant positions and thus reduces turnaround time for recruitments. This ultimately results in minimal business disruptions when a role becomes vacant.

Training/courses for leadership team members

During the year the leadership team attended the following courses:

1. Unilever leadership development programme

This is a world class, senior leadership development experience centred on understanding the concept of authentic, purpose led leadership.

The outcome is an exceptionally powerful and important personal development plan, supported by coaching/mentoring by Unilever executives.

2. Accelerator programme for senior managers

This is aimed to accelerate development of individuals through a holistic approach with focus on assessment and self-awareness, individual development planning, leadership & behavioural capabilities, business acumen, cross functional perspectives, and network building. Other courses include: Hope in the midst of crisis, Financial modelling and advance excel and Gold for senior managers.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

Creating a brighter future for our society

Unilever Ghana continues to work through the Ghana Recycling Initiative by Private Enterprise (GRIPE), as a founding member, to express its position on the global fight against the plastic menace. GRIPE was able to land several projects and initiatives in 2019, including the following:

- o Second life solution research conducted by the Centre for Scientific & Industrial Research and the Building and Road Research Institute (CSIR-BRRI)
- o Media stakeholder engagement on post-consumer plastic management
- o Monthly Community Buy Back events.
- o Commissioning and Handing Over of Plastic Modified Concrete Pilot (Sanitation Facility)
- o Permanent beach collection programme with Coliba
- o 73.5tons (Pick-IT Sorting Center, iRecycle, Community Buy-Backs and Project Tricycle)
- o Engagements with Global Plastic Action Plan (GPAP), West Africa Clean Energy & Environment (WACEE), German Corporation for International Cooperation (GIZ), United Nations Industrial Development Organization (UNIDO) and United Nations Development Programme (UNDP)
- o Extended Producer Responsibility (EPR) Stakeholder Engagement (Veolia & PETCO)
- o Contribution to National Plastic Policy dialogue
- o 3 New Members joined GRIPE (Mohinani Group/KGM Industry Limited/Finepack)

Unilever Ghana won several awards in the course of 2019, reflective of a recognition for its invaluable contributions to the economy of Ghana. The list below represents a snapshot of some of the awards received:

- o Ghana Trade & Commerce Awards
- o Health, Environment, Safety & Security Awards
- o Made in Ghana Awards
- o 2nd Ghana Procurement & Supply Chain Awards
- o Ghana Club 100 awards – 13th position
- o Chartered Institute of Marketing Ghana (CIMG) Award for Manufacturing Company of the year
- o Chartered Institute of Marketing Ghana (CIMG) Award for legacy brand - Pepsodent

We look forward to an exciting year in 2020, one which offers more opportunities for the company to express its vision on sustainable living in a way that will touch many more lives in a positive way.

Pepsodent

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Proxy Form

Serial No.

46th Annual General Meeting To Be Held be held VIRTUALLY and streamed live on http://ulghagm.com/ from Unilever Ghana Limited, No. Ind/A/3A-4, Heavy Industrial Area, Tema on Friday, July 24 2020 for the following purposes:	For Company's Use	No. of Shares		
I/We	RESOLUTION	FOR	AGAINST	ABSTAIN
(Insert full name)	To re-elect Mr. George Owusu-Ansah as a Director			
of	To re-elect Mr. Carl R. Cruz as a Director			
(Insert full address)	To re-elect Mr Priyadharshana Ekanayake as a Director			
being a member(s) of Unilever Ghana Limited, hereby appoint (insert full name) or failing him the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of that Company to be held on Friday, July 24 2020 and at any and every adjournment thereof.	To re-elect Mr. Philip O. Sowah as a Director			
	To re-elect Mr. Edward Effah as a Director			
	To re-elect Mrs Angela Peasah as a Director			
	To approve the terms of appointment of Mr George Owusu-Ansah as a Manager			
	To approve the terms of appointment of Mr Priyadharshana Ekanayake as a Manager			
	To approve Directors' Fees			
	To authorise the Directors to fix the Remuneration of the Auditors.			
	To Change company name from Unilever Ghana Limited to Unilever Ghana PLC			
	To amend the Company's Constitution to accommodate the holding of Annual General Meetings by electronic or virtual means where the Directors deem it necessary to do so			
	To effect all changes in the Company's Constitution to make it compliant with the new Companies Act 2019 (Act 992)			
Please indicate with an "X" in the appropriate square how you wish your votes to be cast on the resolution referred to above. Unless otherwise instructed the proxy will vote or abstain from voting at his discretion.				
Dated thisday of July, 2020.				

Shareholder's signature: *(before posting the above form, please tear off this part and retain it)*

THIS PROXY FORM SHOULD NOT BE COMPLETED AND SENT TO THE REGISTRARS IF THE MEMBER WILL BE ATTENDING THE MEETING

NOTES

- (1) In the case of joint holders, each should sign.
- (2) If executed by a Corporation, the Proxy Form should bear its Common Seal or be signed on its behalf by a Director.
- (3) Please sign the above Proxy Form and send via email to registrars@myumbbank.com or deposit it at the Registered Office of the Registrars of the Company, Universal Merchant Bank Ghana Limited, not less than 48 hours before the Meeting.



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please fix
stamp

The Registrars
Universal Merchant Bank Limited
123 Kwame Nkrumah Avenue
Sethi Plaza, Adabraka
P. O. Box 401
Accra, Ghana

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NEW



with activ naturol shield



10x Better Germ Protection*
Inspired by nature^



*As per lab test on indicator organism as compared to a soap bar without actives. Creative Visualization. Washing hands with soap is an important way to prevent transmission of infection causing germs. ^Active ingredients are from plant & mineral extracts.

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