GUINNESS GHANA
BREWERIES PLC

ANNUAL REPORT 2019 & FINANCIAL STATEMENTS

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CORPORATE INFORMATION

BOARD OF DIRECTORS	Felix Addo (Chairman) Gavin Pike Teye Mkushi Stephen Nirenstein (Resigned on 11 February 2019) Ignacio Blázquez Salvador Kofi Sekyere John Boadu Isaac Amedzeafe Tosu Hina Nagarajan (Appointed on 11 February 2019)
SECRETARY	Suzannè Glenda Butah Guinness Ghana Breweries Plc P. O. Box 3610 Accra
REGISTERED OFFICE	Guinness Ghana Breweries Plc Industrial Area, Kaasi P. O. Box 1536 Kumasi
INDEPENDENT AUDITOR	PricewaterhouseCoopers Chartered Accountants No. 12, Airport City Una Home 3rd Floor PMB CT42, Cantonments Accra
REGISTRAR	Universal Merchant Bank Limited 123 Kwame Nkrumah Avenue Sethi Plaza, Adabraka Accra
SOLICITOR	Legal Ink Solicitors and Notaries House No. F89/7 Emmaus Road Off 2nd Labone Street, Labone PMB 24, Kanda Accra
BANKERS	Barclays Bank of Ghana Limited Societe Generale Ghana Limited Stanbic Bank Ghana Limited Standard Chartered Bank (Ghana) Limited

CORPORATE
INFORMATION

BOARD MEMBERS

Dr. Felix Addo
Board Chairman

Gavin Pike
Managing Director

Teye Mkushi
Finance Director

Ignacio Blázquez Salvador
Board Member

Hina Nagarajan
Board member

Kofi Sekyere
Board Member

John Boadu
Board Member

Isaac Amedzeafe Tosu
Supply Chain Director

Suzannè Glenda Butah
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 47th Annual General Meeting of Guinness Ghana Breweries Plc will be held at Golden Bean Hotel, Kumasi on November 13, 2019 at 11:00am for the following purposes:

AGENDA

1. To receive the Report of the Directors, the Financial Statements for the year ended 30th June 2019 and the Report of the Auditors thereon.
2. To declare a Dividend
3. To re-elect Directors
4. To approve non-executive directors' fees
5. To authorize the Directors to fix the remuneration of the Auditors

A member of the Company entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of him. A proxy need not also be a Member. A proxy form is attached and for it to be valid for the purpose of the Meeting, it must be completed and deposited at the Registrars', Universal Merchant Bank Ghana Limited's offices not less than 48 hours before the meeting.

Dated this 18th day of September, 2019

By order of the Board
Suzannè Glenda Butah
Company Secretary

Board of Directors and Secretary

Dr. Felix Addo (Chairman), Gavin Pike (Managing Director), Teye Mkushi, Hina Nagarajan, Kofi Sekyere, Ignacio Blázquez Salvador, John Boadu, Isaac Amedzeafe Tosu, Suzannè Glenda Butah (Secretary).

Executive Management Committee

Gavin Pike, Teye Mkushi, Isaac Amedzeafe Tosu, Hazel Berrard Amuah, Sylvia Owusu-Ankomah, Obinna Anyalebechi, Samori Gambrah, Helen Opoku-Agyemang, Suzannè Glenda Butah

Audit Committee

John Boadu (Chairman), Dr. Felix Addo, Ignacio Blázquez Salvador and Teye Mkushi

Nominations Committee

Gavin Pike (Chairman), Kofi Sekyere

Registered Office

Guinness Ghana Breweries Plc, Kaase Industrial Area, P. O. Box 1536, Kumasi.

Registrar's Office

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

CHAIRMAN'S STATEMENT

DR. FELIX ADDO
Board Chairman

Our cherished shareholders, invited partners, ladies and gentlemen, on behalf of the Board of Directors of this great company, I warmly welcome all of you to the 47th Annual General Meeting (AGM) of your business - Guinness Ghana Breweries PLC.

I am honoured to be presenting this year's annual report and financial statements to you here in Kumasi, following my appointment as Board Chairman on 12 September 2018. I feel obliged to officially introduce myself to you, especially our shareholders in Kumasi and those who were not present at our last AGM in Accra.

You may recall my previous role as Chairman of the audit subcommittee. I am the immediate past Country Senior Partner of PricewaterhouseCoopers (PwC) Ghana and a former member of the PwC Africa Governance Board. I hold a BSc (Administration) from the University of Ghana and an MA (Professional Accounting) from Loyola College, Maryland (USA). I am also a member of the American Institute of Certified Public Accountants and the Institutes of Chartered Accountants Ghana and Sierra Leone. I was recently honored with a D.Sc (honorary causa) by the University of Mines and Technology, Tarkwa.

As your new Chairman, I am currently focusing on:

- ensuring a sustainable performance and value creation for your company (i.e. delivering on our strategic priorities);
- ensuring that we maintain our best in class corporate governance structures and behaviours; and
- proactively engaging our stakeholders, especially our communities, staff, distributors and consumers.

Board Changes

The only changes in the Board membership since the last AGM are that, Stephen Nirenstein has resigned and has taken on a new Managing Director role in our Diageo market in Ethiopia, and, we have welcomed Hina Nagarajan in his place. Hina was appointed onto the Board on 11 February 2019. Since 31 August 2018, she has held the role of Managing Director, Africa Emerging Markets – Diageo Plc, leading business operations across Ghana, Ethiopia, Cameroon, Indian Ocean, Angola and several other West and Central Africa countries. Her key responsibilities include Profit & Loss delivery, investment, category and innovation strategies, M&A as well as partnership opportunities. She is responsible for Corporate Governance and Compliance within all the business units in her region and leads over 1,400 people in her current role.

She was previously the Senior Vice President - Regional Director of RB (Reckitt Benckiser) North Asia in 2015, leading business operations across China, Hong Kong and Taiwan.

CHAIRMAN'S STATEMENT CONT'D

Hina has an MBA from the Indian Institute of Management, Ahmedabad, India.

Our cherished shareholders, ladies and gentlemen, in the period under review, your company saw a number of positive changes and with your kind permission, I will now provide the key highlights:

Macro-Economic Indicators

During the financial year, 2018 GDP growth was 6.3%, albeit down from 8.4% GDP growth reported in 2017. Inflation remained below 10%, although we note that there continues to be a divergence between food inflation and non-food inflation. There has been a rising trajectory of non-food inflation, taking it up to an average 10.5%. This has been driven by rising utility and commodity costs. In addition, Ghana Cedi depreciation has fuelled inflation on imported items. In the fiscal year to June 2019, the Ghana Cedi to US Dollar rate cumulatively depreciated by 18%, compared with 2.4% depreciation over the comparative period ended June 2018. The Monetary Policy Committee kept the policy rate steady at 16% as at June 2019. The 91-day Treasury bill rate, which is the reference rate for our company loan, increased to 14.8% in June 2019 from 13.3% over the comparative period.

Business Performance

In F19, Guinness Ghana delivered strong sales performance driven by pricing and the continued volume growth of our premium non-alcoholic category, particularly as we commissioned our second PET plant in the Achimota Site to take advantage of the growth in one-way formats which consumers find more convenient. We also focused on growing market share especially in the lager category which led to re-innovation of our lower mainstream proposition brand, ABC lager beer.

We continued to reward our loyal consumers with the Guinness Foreign Extra Stout (FES) National Consumer Promotion called '1957 meets 1759' to align with Ghana's 62nd Independence anniversary. In line with our priority to grow spirits faster during the year, we executed a Black Friday activation with GAME and Shoprite which was a phenomenal success. We also held in-bar sampling experiential events on Johnnie Walker Red and confident mixing sessions to educate consumers on how to drink and to mix their favourite Johnnie Walker Scotch whisky.

Bottom line growth was challenged by the significant Ghana Cedi devaluation, VAT regulation change which increased all our cost base by 5% and broader commodity inflation.

Ensuring excellence in Governance

Shareholders, ladies and gentlemen, Guinness Ghana is committed to achieving the highest standards of corporate governance, corporate responsibility and risk management in the conduct of our business. Guinness Ghana is also committed to carrying out its business responsibly and in accordance with all laws and regulations which its business is subject to. Thus, in the year under review, all aspects of your company's operations were conducted in compliance with applicable laws and regulations and the company's code of business conduct and other related policies. Quarterly Board and audit committee meetings were held, and the nominations committee also met twice.

I am also happy to inform you that in addition to the external audit carried out by PwC, the company also satisfactorily underwent two internal audits.

Engagement with Communities

As a socially responsible company, we continued to deliver safe accessible water to vulnerable and water stressed communities. A total amount of GH¢ 345,520 was invested in Waterhealth centres to provide potable water to over 100,000 beneficiaries in communities in the Northern region where we source local raw materials for production.

We also continue to work with local farmers and aggregators to support our action plan to create awareness and address specific risks associated with child labour issues across our supply chains. This is to ensure that these aggregators and farmers become partners in driving child labour awareness in the various farming communities we source our local raw materials.

To reduce our environmental impact and creating the enabling environment for progressive conversations around plastics, together with our peers and through the Ghana Recycling Initiative by Private Enterprise GRIPE coalition (known as GRIPE), we engaged stakeholders on the sustainable management of plastics to unlock enormous economic value for Ghana. GRIPE also formed the base model for a broader Alliance of Plastics Recycling in Africa led by Diageo and Unilever and signed by Coca Cola amongst other multinationals in Kigali, Rwanda in February 2019.

Furthermore, in line with our ambition to create a positive role for alcohol in society and discourage drink-driving, we launched the 6th edition of our annual road safety campaign – "Twa Kwano Mmom" ("Go the distance") which has been running since 2012. During the campaign, a total of 33,683 drivers participated in the campaign and 40,000 breathalyzer tests were conducted on commercial drivers.

In the year under review, we scaled this programme up with the following activities;

- training for over 150 MTTD (Motor Traffic & Transport Department) officials in Accra and Kumasi on drink drive and road traffic regulations to support our ambition to tackle drink driving through initiatives and partnerships which impact misuse;
- signing of a Memorandum of Understanding with Multimedia Group, Ghana's largest media outlet to promote safety on Ghana's roads; and
- transitioned the "Drink Drive Programme" to "Join the Pact" and dialed it up on social media through influencers in December to amplify our work in this area.

During the year under review, to enhance our leadership in promoting responsible drinking, we signed a Memorandum of Understanding with the Driver and Vehicle Licensing Authority (DVLA), the first of its kind in Ghana (indeed, Africa and the world) and have also partnered the DVLA to roll out a drink driving awareness e-learning module into the national driver's test.

Awards

I am happy to announce that our quest to become the best performing, most trusted and respected consumer goods company in Ghana, is also being recognized by various awards programmes. During the financial year, we won 16 awards, including two internal awards competed among our global Diageo peers. Guinness Ghana won three awards at the Ghana Beverage Awards:

- Beer of the year – Guinness FES
- Cider/RTD of the year – Orijin
- International beer of the year- Heineken

At the Ghana Corporate Social Responsibility (CSR) Excellence Awards, Guinness Ghana was adjudged Best Company in Safety and Well-being and CSR Manufacturing Company of the Year.

Ghana was adjudged Most Outstanding market for Malta Guinness when Diageo hosted the Guinness Africa Summit in Nairobi, Kenya. At the same awards, our iconic Guinness FES won the Quality Champion of the year.

At the Sustainability and Social Investment Awards, Guinness Ghana won the Best Company in Social Enterprising Project award, Best Company in Project Supporting Local Content and Best Company in Environment Sustainability Project.

These are just some of the prestigious awards our company won through the sustained effort and hard work of the staff who are relentlessly pushing the boundaries to be more, win more and live more.

Dividend

Nananom, shareholders, ladies and gentlemen, I am delighted to cap what has been another positive year with a GH¢ 9 million (GH¢ 0.0293 per share) dividend proposal for your approval at this AGM.

Conclusion

I wish to thank you for your continued support to the business over the years. As we have commenced a new financial year, and despite the current uncertainties in both the global and local markets which are adversely impacting especially our forex exposures, I would like to assure you that we will continue to strive to be the best performing, most trusted and respected consumer products company in Ghana, as we have the right people and a clear strategy to deliver another impactful financial year.

Once again, on behalf of your new Board, let me thank you, our shareholders for keeping faith with us, our staff for their hard work, passion and commitment, our key distributors, and last but not the least, our consumers for making our investments and efforts all worthwhile.

Thank you.

REPORT OF THE DIRECTORS

The directors, in submitting to the shareholders their report and financial statements of the Company for the year ended 30 June 2019, report as follows:

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS) and complied with the requirements of the Companies Act, 1963 (Act 179).

The directors are responsible for ensuring that the Company keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

FINANCIAL STATEMENTS AND DIVIDEND

The results for the year are as set out in the statement of comprehensive income on page 11 of the financial statements.

The directors recommend the payment of a dividend per share of GH¢ 0.0293 amounting to GH¢ 9.01 million for the year ended 30 June 2019. (2018: GH¢ 0.035 per share amounting to GH¢ 10.79 million).

The directors consider the state of the Company's affairs to be satisfactory.

NATURE OF BUSINESS

The Company manufactures, distributes and sells alcoholic and non-alcoholic beverages and their ancillary products.

HOLDING COMPANY

The Company is a subsidiary of Diageo Holdings Netherlands B.V., a company incorporated in the Netherlands. The ultimate parent company is Diageo Plc, a company incorporated in the United Kingdom.

CHANGES IN DIRECTORSHIP

Since the last Annual General Meeting, Mr. Stephen Nirenstein has resigned as a director and Mrs. Hina Nagarajan has been appointed as director.

DIRECTORS RETIRING AND SEEKING RE-ELECTION

In accordance with the Companies Act, 1963 (Act 179), the Company's Regulations and Ghana Stock Exchange Rules, Mrs. Hina Nagarajan who was appointed in February 2019, Mr. John Boadu and Mr. Felix Addo will all retire and seek re-election at the next Annual General Meeting. The Board would like to recommend that shareholders support their re-election.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Company were approved by the Board of Directors on 18th September, 2019 and signed on its behalf by:

....	....
Chairman	Finance director
FELIX ADDO	TEYE MKUSHI

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF GUINNESS GHANA BREWERIES PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Guinness Ghana Breweries Plc as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

What we have audited

We have audited the financial statements of Guinness Ghana Breweries Plc (the "Company") for the year ended 30 June 2019.

The financial statements on pages 11 to 53 comprise:

- the statement of financial position as at 30 June 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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 Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT CONT'D

	How our audit addressed the key audit matter
Loss allowance on trade and other receivables of GH¢ 3.8 million As at 30 June 2019, trade and other receivables amounted to GH¢ 43.9 million after providing for loss allowance of GH¢ 3.8 million. Management applies the simplified approach (provision matrix) to providing for expected credit losses (ECL) on trade receivables, which requires the use of lifetime expected loss allowance. In applying the provision matrix, management estimates the ultimate write offs for a defined population of trade receivables, grouped according to type of customer. A loss ratio is calculated by applying the historic write offs to the payment profile of the population. Management exercises significant judgements with respect to forward-looking interest rates, exchange rates, inflation rates and techniques used for estimating ECL, default and credit impaired assets. The accounting policies, judgements and disclosures are set out in notes 2b, 3d 15, 16 and 28b of the financial statements.	We evaluated the design and tested the operating effectiveness of controls around the revenue and receivables cycle (order to cash process). We tested the ageing analysis of trade and other receivables to assess their appropriate classification. We agreed inputs in the ECL calculation to historical data/ trends. We assessed for reasonableness the assumptions and judgements made by management around the definition of default, the nature of forward-looking macroeconomic data, the weights assumed in adjusting loss rates with forward looking macroeconomic data, and the period used in assessing the historical loss rates. We assessed the adequacy of the loss allowance as at 30 June 2019 by applying the loss rates determined by management to outstanding receivable balances per customer grouping. We assessed the appropriateness and adequacy of the related disclosures made in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, Report of the Directors, Shareholder Information and Five Year Financial Summary but 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 identified above 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 on the other information, 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, 1963 (Act 179) 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 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 judgement and maintain professional scepticism throughout the audit. We also:

- 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;
- 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;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the 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 to cease to continue as a going concern; and

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

From the matters communicated with the directors, 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.

INDEPENDENT AUDITOR'S REPORT CONT'D

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and

iii) the Company's balance sheet (statement of financial position) and Company's profit and loss account (part of the statement of comprehensive income) are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Michael Asiedu-Antwi (ICAG/P/1138).

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2019/028)
Chartered Accountants
Accra, Ghana
27 September 2019

pwc

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 30 June 2019 GH¢'000	2018 GH¢'000
Revenue from contracts with customers	6	**684,979**	623,102
Cost of sales	7	**(511,023)**	(464,781)
Gross profit		**173,956**	158,321
Advertising and marketing expenses	8(i)	**(16,324)**	(21,773)
Administrative expenses	8(ii)	**(93,348)**	(76,491)
Other expenses	8(iii)	**(13,292)**	(8,876)
Impairment charges on financial assets	8(iv)	**(1,110)**	-
Other income	9	**-**	1,284
Profit from operating activities		**49,882**	52,465
Finance income	10	**2,245**	2,357
Finance costs	10	**(19,579)**	(19,392)
Profit before income tax		**32,548**	35,430
Income tax expense	11(i)	**(12,938)**	(9,226)
National fiscal stabilisation levy	11(iii)	**(1,564)**	(2,349)
Profit for the year		**18,046**	23,855
Other comprehensive income			
Items that are not subsequently reclassified to profit or loss:			
Actuarial gain (loss) on defined benefit obligations, net of tax	11(v)(b)	**535**	(163)
Other comprehensive income/ (loss)		**535**	(163)
Total comprehensive income for the year		**18,581**	23,692
Basic earnings per share	26	**GH¢** 0.059	GH¢ 0.078
Diluted earnings per share	26	**GH¢ 0.059**	GH¢ 0.078

The notes on pages 16 to 53 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Note	2019 GH¢'000	At 30 June 2018 GH¢'000
ASSETS			
Property, plant and equipment	12	**418,655**	373,208
Intangible assets	13	**2,716**	3,116
Total non-current assets		**421,371**	376,324
Inventories	14	**118,124**	81,914
Trade receivables	15	**42,637**	30,822
Other financial assets at amortised cost	16	**1,352**	-
Amounts due from related parties	17(i)	**13,440**	6,666
Other assets	18	**6,689**	5,602
Current income tax assets	11(ii)	**1,614**	3,024
Cash and bank balances	19	**53,241**	62,836
Total current assets		**237,097**	190,864
Total assets		**658,468**	567,188
EQUITY AND LIABILITIES			
Stated capital	20	**272,879**	272,879
Income surplus account		**28,280**	21,762
Total equity		**301,159**	294,641
Deferred tax liabilities	11(v)	**26,964**	23,115
Obligations under finance lease	21	**7,474**	10,575
Borrowings	17(iii)	**109,313**	108,991
Employee benefit obligations	22	**3,263**	2,145
Total non-current liabilities		**147,014**	144,826
Bank overdrafts	23	**28,723**	-
Obligations under finance lease	21	**7,466**	8,211
Trade and other payables	24	**161,816**	105,069
Amounts due to related parties	17(ii)	**11,527**	13,725
Provisions	25	**763**	716
Total current liabilities		**210,295**	127,721
Total liabilities		**357,309**	272,547
Total equity and liabilities		**658,468**	567,188

The notes on pages 16 to 53 form an integral part of these financial statements.

The financial statements on pages 11 to 53 were approved by the Board of Directors on 18th September, 2019 2019 and signed on their behalf by:

Director **Director**

STATEMENT OF CHANGES IN EQUITY

	Note	Stated capital	Income surplus account	Total
		GH¢'000	GH¢'000	GH¢'000
Year ended 30 June 2019				
Balance at 1 July 2018		**272,879**	**21,762**	**294,641**
Changes on initial application of IFRS 9				
Increase in impairment provision	28b(i)		(1,266)	**(1,266)**
		-	(1,266)	**(1,266)**
Restated total equity at 1 July 2018		**272,879**	**20,496**	**293,375**
Profit for the year		**-**	18,046	**18,046**
Other comprehensive income				
Actuarial gain on defined benefit obligations, net of tax	11(v)(b)	**-**	535	**535**
Total comprehensive income for the year		**-**	18,581	**18,581**
Transactions with owners:				
Dividends declared for 2018		-	(10,797)	**(10,797)**
Balance at 30 June 2019		**272,879**	**28,280**	**301,159**
Year ended 30 June 2018				
Balance at 1 July 2017		272,879	(1,930)	270,949
Profit for the year		-	23,855	23,855
Other comprehensive income				
Actuarial loss on defined benefit obligations, net of tax	11(v)(b)	-	(163)	(163)
Total comprehensive income for the year		-	23,692	23,692
Balance at 30 June 2018		272,879	21,762	294,641

The notes on pages 16 to 53 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Note	Year ended 30 June 2019 GH¢'000	2018 GH¢'000
Cash flows from operating activities			
Profit before income tax		**32,548**	35,430
Adjustments for:			
- Depreciation	12	**56,108**	58,326
- Amortisation	13	**1,185**	971
- Loss/(profit) on disposal of property, plant and equipment	12(e)	**2,242**	(9)
- Impairment charge	8(iv)	**1,110**	534
- Finance cost	10	**19,579**	19,392
- Finance income	10	**(2,245)**	(2,357)
- Actuarial loss/(gain) on long service awards		**(236)**	(128)
- Unrealised exchange difference		**(82)**	2,562
		110,209	114,721
Changes in:			
- Inventories		**(36,210)**	(2,129)
- Trade and other receivables		**(20,120)**	(4,085)
- Trade and other payables		**63,776**	(24)
- Related party balances		**(10,095)**	(9,803)
- Employee benefit obligations		**1,354**	295
- Provisions		**47**	558
Cash generated from operating activities		**108,961**	99,533
Interest paid		**(19,238)**	(20,351)
Current income taxes paid	11(ii)	**(7,817)**	(220)
National fiscal stabilisation levy paid	11(iii)	**(3,876)**	-
Net cash generated from operating activities		**78,030**	78,962
Cash flows from investing activities			
Acquisition of property, plant and equipment	12(a)	**(100,993)**	(61,327)
Acquisition of intangible assets	13	**(772)**	-
Proceeds from disposal of property, plant and equipment	12(e)	**1,789**	466
Interest received	10	**2,245**	2,357
Net cash used in investing activities		**(97,731)**	(58,504)

The notes on pages 16 to 53 form an integral part of these financial statements.

	Note	Year ended 30 June 2019 GH¢'000	2018 GH¢'000
Cash flows from financing activities			
Repayment of finance lease obligations		**(8,479)**	(10,278)
Dividend paid		**(10,797)**	-
Net cash used in financing activities		**(19,276)**	(10,278)
Net (decrease)/increase in cash and cash equivalents		**(38,977)**	10,180
Cash and cash equivalents at 1 July		**62,836**	52,572
Effect of movements in exchange rates on cash held		**659**	84
Cash and cash equivalents at 30 June	19	**24,518**	62,836

The notes on pages 16 to 53 form an integral part of these financial statements.

NOTES

1. General information

Guinness Ghana Breweries Plc is a public limited liability company incorporated under the Companies Act, 1963 (Act 179) and listed on the Ghana Stock Exchange. It is registered and domiciled in Ghana. The registered office is located at Industrial Area, Kaasi. The Company is primarily involved in the manufacture and distribution of alcoholic and non-alcoholic beverages and other ancillary products.

2. Summary of 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 years presented, unless otherwise stated.

a) Basis of preparation

(i) Compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared under the historical cost convention except for financial assets and liabilities measured at fair value.

(iii) New and amended standards adopted by the Company

The Company has applied the following standards for the first time for the financial year beginning on 1 July 2018:

IFRS 9 – Financial instruments

IFRS 15 - Revenue from contracts with customers

The adoption of IFRS 9 has resulted in changes in accounting policies for recognition, classification and measurement of financial assets and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'. As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures. Adjustments totalling GH¢1.2 million were made to the opening income surplus on adoption of IFRS 9. There were no changes to the measurement of financial liabilities. Further disclosures are shown in note 28b.

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 July 2018 are compared as follows:

Financial assets	Measurement category		Carrying amount	Carrying amount
	IAS 39	IFRS 9	IAS 39	IFRS 9
Trade and other receivables	Loans and receivables	Amortised cost	32,366	31,100
Cash and bank balances	Loans and receivables	Amortised cost	62,836	62,836
Amounts due from related parties	Loans and receivables	Amortised cost	6,666	6,666

Reconciliation of opening impairment loss allowance from IAS 39 to IFRS 9.

Measurement category	Loan loss allowance under IAS 39	Remeasurement	Impairment loss allowance under IFRS 9
Trade and other receivables	1,382	1,266	**2,648**

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iii) New and amended standards adopted by the Company (continued)

The Company adopted IFRS 15 using the modified retrospective transition method. The adoption of IFRS 15 did not require changes to recognition and measurement of revenue, restatement of prior year figures and the amount recorded in income surplus.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below:

IFRS 16 – Leases

IFRS 16 issued in January 2017, will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Company's operating leases. The Company estimates that its operating leases are mainly rental agreements which are for short-term and of low value and as such will be recognised on a straight-line basis as an expense in profit or loss.

Management has performed an assessment and determined that the adoption of this standard on its effective date will not have a material impact on the Company as it does not have any operating leases.

The Company's recognition of existing lease obligation in respect of vehicles, coolers and chillers is not expected to change.

The standards is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption, even in instances where the leases qualify to be recognised on the statement of financial position.

Annual Improvements to IFRS Standards 2015-2017 Cycle

The following improvements were finalised in December 2017:

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Annual Improvements to IFRS Standards 2015-2017 Cycle (continued)

IAS 19 (Amendment) - The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. Entities must calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change. Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling separately recognise any changes in the asset ceiling through other comprehensive income.

There are no other standards that are effective that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(b) Financial instruments

Financial assets and liabilities are recognised by the Company when it becomes a party to the contractual provisions of the instruments.

All financial assets and liabilities are initially measured at fair value, including transaction costs except for those classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs. There are no financial assets at fair value through profit or loss.

Classification

From 1 July 2018, the Company classifies its financial instruments into the following measurement categories:

- Financial assets at amortised cost, and
- Financial liabilities at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets

The Company classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Recognition and derecognition

Financial assets are recognised on trade-date. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

The Company holds financial assets with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Trade receivables, cash and bank balances, amounts due from related parties and other financial assets are classified as financial assets at amortised cost.

Reclassification

The Company shall reclassify all affected financial assets only when the entity changes its business model for managing financial assets in accordance with the reclassification provisions of IFRS 9.

Impairment

From 1 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The Company applies the simplified approach permitted by IFRS 9, for assessment on trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Financial liabilities

Financial liabilities comprise trade and other payables, bank overdrafts, borrowings and other non-current liabilities (excluding provisions). All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Accounting policies applied up to 30 June 2018

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

Classification

Until 30 June 2018, the company classified its financial assets as loans and receivables.

2. Summary of significant accounting policies (continued)

b) Financial instruments (continued)

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables, (excluding prepayments), amounts due from related parties and 'cash and cash equivalents' in the statement of financial position.

Recognition and measurement

Financial assets are initially recognised at fair value, plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the entity has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method.

Offsetting financial instruments

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

Impairment

Financial assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ghana Cedis ("GH¢") which is the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other net income' or 'other net expenses'.

(d) Leases

(i) Classification

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are stated as assets of the Company at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

Leases where significant portions of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the expected term of the relevant lease.

(ii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Minimum lease payments made under finance leases are apportioned between the finance expense and as reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

The Company derecognises the carrying amount of a part of an item of property, plant and equipment if that part has been replaced and the company has included the cost of the replacement in the carrying amount of the item.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Leaseholds are depreciated over the lower of the unexpired period and the useful life of the leasehold.

2. Summary of significant accounting policies (continued)

The estimated useful lives for the current and comparative periods are as follows:

Buildings	-	over period of lease up to 50 years
Plant and machinery	-	8 years to 25 years
Motor vehicles	-	3 years to 5 years
Furniture and equipment	-	3 years to 8 years
Bottles and crates	-	5 years to 10 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Gains and losses on disposal 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.

(f) Intangible assets

Software

Software acquired is stated at cost less accumulated amortisation and accumulated impairment losses.

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

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful life of the software from the date it is available for use. The estimated useful life for software is 5 to 12 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Impairment of non-financial assets

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

(h) Inventories

Inventories are measured at 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. Inventories are stated at the lower of cost and net realisable value less allowance for obsolescence and slow moving items.

(i) Employee benefits

(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 plans 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 plans

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.

(iii) Social Security Contributions

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.

(iv) Provident Fund

The Company has a provident fund scheme for staff to which the Company contributes 10% and 15% of the basic salaries of junior and senior staff respectively. Obligations under the plan are limited to the relevant contributions, which are charged to profit or loss as and when they fall due.

(v) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liabilities of the Company arising from defined benefit obligations and related current service costs are determined on an actuarial basis using the projected unit of credit method. The Company uses this method to determine the present value of defined benefit obligations, related current service costs and, where applicable, past service costs. Actuarial gains and losses, which arise mainly from changes in actuarial assumptions and differences between actuarial assumptions and what actually occurred, are recognised immediately in other comprehensive income.

The Company determines the net interest expense on the net defined benefits liability 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 – defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(vi) Other long-term benefit

The Company's obligation in respect of long-term employee benefits (long service award) other than pension plans is the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value.

The discount rate used is the rate on long dated Government of Ghana bonds. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss.

(j) Revenue from contract with customers

Revenue from contract with customers is recognised as or when performance obligations are satisfied by transferring control of a good or service to the customer. Transfer of control of goods occurs at the time of delivery. The Company's revenue is the net consideration to which it expects to be entitled, net of returns, trade discounts, taxes and volume rebates.

Revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.

Generally, payment of the transaction price is due within credit period of between 14 to 30 days with no element of financing.

It is the Company's policy to sell its products to the end customer with a right of return. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

Revenue - Sale of goods applicable up till 30 June 2018

Revenue from the sale of goods was measured at the fair value of consideration received or receivable, net of returns, trade discounts, taxes and volume rebates. Revenue was recognised when significant risks and rewards of ownership had been transferred to the buyer, there was no continuing management involvement in the goods, recovery of the consideration was probable, associated costs and possible return of goods could be estimated reliably and the amount of revenue could be measured reliably. Transfer of risks and rewards occurred when the goods were delivered to the customer. No revenue was recognised if recovery of the consideration was not considered probable or the revenue and associated costs could not be measured reliably.

2. Summary of significant accounting policies (continued)

(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. 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.

(l) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use.

The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

(m) Current and deferred income tax

Tax expense comprises current and deferred income tax. The Company provides for income taxes at current tax rates on the taxable profits of the Company.

Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(n) Dividend

Dividend payable is recognised as a liability in the period in which they are declared and the shareholders right to receive payment has been established.

(o) Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle obligation, and amount can be reliably estimated. Provisions are determined by discounting expected future cash flows at pre-tax rates that reflect current market assessments of the time value of money and, where appropriate, risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Bank overdrafts are shown as a separate line on the face of the statement of financial position.

(p) Segment reporting

Operating segments reflect the Company's management structure and the way financial information is regularly reviewed by the Chief Operating Decision Maker (CODM). Operating segments are reported in a manner consistent with internal reporting provided to the CODM.

The Company operates business units dealing in spirits, alcoholic and non-alcoholic beverages.

(q) 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.

(r) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as a separate lien on the face of the statement of financial position.

s) Stated capital

Proceeds from issue of ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects are recognised as a deduction from equity.

3. Critical accounting estimates and assumptions

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

a) Useful lives of property, plant and equipment

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment. The rates used are set out in note 2(e).

b) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

c) Estimation of defined benefit obligations

The present value of employee benefit obligations depends on factors that are determined on an actuarial basis using assumptions. Any changes in these assumptions will impact the carrying amount of the defined benefit obligations.

Additional information is set out in note 22.

3. Critical accounting estimates and assumptions (continued)

d) Impairment of financial assets at amortised cost

To measure expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on payment profile of sales over 36 months and the corresponding historical credit losses experienced within the period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic indicators affecting the ability of customers to settle outstanding receivables. Additional information is set out in note 28(b).

e) Expected credit loss provision

The Company applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime, expected loss allowance for all trade receivables. Management exercise significant judgement in the input, assumptions and techniques for estimating ECL, default and unpaid assets. Additional information is disclosed in note 28b.

4. Determination of fair values

Fair values have been determined for disclosure purposes based on the following methods.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

5. Operating segment

Management has determined the operating segments based on the reports reviewed by the executive committee of Diageo Plc, the Chief Operating Decision Maker (CODM) that are used to make strategic decisions. The CODM considers the business from a product perspective and assesses the performance of the operating segments based on net sales value. The accounting policies of the operating segments are the same. The Company's reporting segments are based on products, namely spirits, alcoholic and non-alcoholic beverages.

The CODM focuses on revenues from spirits, alcoholic and non-alcoholic beverages and considers costs in total.

The segment information provided to the CODM for the reportable segments are as follows:

	Alcoholic beverages		**Non-alcoholic beverages**		**Spirits**		**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
Revenue from external customers within Ghana	**306,510**	302,662	**328,066**	271,297	**48,177**	45,691	**682,753**	619,650
Revenue from external customers outside Ghana	-	-	-	-	**2,226**	3,452	**2,226**	3,452
Total external revenue	**306,510**	302,662	**328,066**	271,297	**50,403**	49,143	**684,979**	623,102
Depreciation and amortisation		-		-		-	**(57,293)**	(59,297)
Operating cost		-		-		-	**(577,804)**	(511,340)
Operating profit		-		-		-	**49,882**	52,465
Finance income		-		-		-	**2,245**	2,357
Finance cost		-		-		-	**(19,579)**	(19,392)
Profit before income tax		-		-		-	**32,548**	35,430
Taxes and levies		-		-		-	**(14,502)**	(11,575)
Profit for the year		-		-		-	**18,046**	23,855
Non-current assets		-		-		-	**421,371**	376,324

No measure of total assets and liabilities are reviewed by the CODM. There are no non-current assets outside Ghana and the Company had no single major customer during the year.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2019 GH¢'000	2018 GH¢'000
Revenue recognised:		
At a point in time	**684,979**	623,102
Over time	**-**	-
	684,979	623,102
Gross sales value	**981,262**	913,064
Excise duty	**(107,165)**	(130,348)
Value Added Tax	**(152,540)**	(138,778)
Taxes collected for government	**(259,705)**	(269,126)
Volume discounts	**(36,578)**	(20,836)
Net sales value	**684,979**	623,102

7. COST OF SALES

	2019 GH¢'000	2018 GH¢'000
Direct production costs	**275,204**	240,693
Production overheads	**122,497**	115,041
Depreciation expense	**49,605**	51,232
Other costs	**63,717**	57,815
	511,023	464,781

Inventories recognised as an expense during the year amounted to GH¢275 million (2018: GH¢241 million).

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2019 GH¢'000	2018 GH¢'000
(i) Advertising and marketing expenses		
Advertising and marketing expenses	**13,002**	18,437
Depreciation expense	**3,322**	3,336
	16,324	21,773

(ii) Administrative expenses	2019 GH¢'000	2018 GH¢'000
Staff cost	**67,740**	50,189
Auditor's remuneration	**181**	161
Insurance	**1,490**	1,275
Office related expenses	**9,209**	7,666
Professional/consultancy costs	**1,034**	717
Communication costs	**2,170**	1,679
Depreciation expense	**3,181**	3,758
Amortisation charge	**1,185**	971
Directors remuneration and expenses	**6,963**	7,176
Other costs	**195**	2,899
	93,348	76,491

(iii) Other expenses		
Net impairment charge (Note 28(i))	**-**	534
Net foreign exchange loss	**12,488**	5,841
Sundry expenses	**804**	2,501
	13,292	8,876

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (continued)

	2019 GH¢'000	2018 GH¢'000
(iv) Impairment charge on financial assets		
Impairment charge on financial assets		
Charge for the year	**2,259**	-
Provision no longer required	**(1,149)**	-
	1,**110**	-
(v) Personnel costs		
Wages and salaries	**54,325**	44,741
Social security contributions	**2,961**	3,171
Contributions to provident fund	**3,324**	3,081
Defined benefit plan	**426**	235
Long service award	**351**	484
Other staff expenses	**29,199**	25,700
	90,586	77,412

The total number of staff employed by the Company at the reporting date was 457 (2018: 491).

Personnel costs is charged as follows:

	2019 GH¢'000	2018 GH¢'000
Administrative expense (Note 8(ii))	**67,740**	50,189
Directors remuneration and expenses	**6,963**	7,176
Included in cost of sales	**15,883**	20,047
	90,586	77,412

9. OTHER INCOME

	2019 GH¢'000	2018 GH¢'000
Sundry income	**-**	1,284

10. FINANCE INCOME AND COSTS

	2019	2018
Finance income		
Interest on bank accounts	**2,245**	2,357
Finance costs		
Interest on borrowings	**15,474**	14,416
Finance lease interest	**2,780**	4,509
Interest on bank overdrafts	**1,325**	467
	19,579	19,392

11. TAXES AND LEVIES

	2019 GH¢'000	2018 GH¢'000
(i) Income tax expense		
Current tax charge	**9,227**	-
Deferred tax charge (Note 11(v))	**3,711**	9,226
	12,938	9,226

(ii) Current income tax asset

Year ended 30 June 2019

	Balance at 1 July GH¢'000	Payments during the year GH¢'000	Charge for the year GH¢'000	Balance at 30 June GH¢'000
Years of assessment				
Up to 2017	(2,804)	(4,927)	4,927	**(2,804)**
2018	(220)	-		**(220)**
2019	-	(2,890)	4,300	**1,410**
	(3,024)	**(7,817)**	**9,227**	**(1,614)**

Year ended 30 June 2018				
Years of assessment				
Up to 2016	(2,572)	-	-	(2,572)
2017	(232)	-	-	(232)
2018	-	(220)	-	(220)
	(2,804)	(220)	-	(3,024)

iii) National fiscal stabilisation levy

The National fiscal stabilisation levy is a levy on profit before tax. The levy was introduced in July 2013 and has been extended to December 2019.

Year ended 30 June 2019

	Balance at 1 July GH¢'000	Payments during the year GH¢'000	Charge for the year GH¢'000	Balance at 30 June GH¢'000
Years of assessment				
2018	2,349	(2,350)	-	**(1)**
2019	-	(1,526)	1,564	**38**
	2,349	**(3,876)**	**1,564**	**37**

Year ended 30 June 2018				
Years of assessment				
2018	-	-	2,349	2,349
	-	**-**	2,349	2,349

Tax liabilities up to 2015 year of assessment has been agreed with Ghana Revenue Authority.

11. TAXES AND LEVIES (continued)

(iv) Reconciliation of effective tax rate

	2019 GH¢'000	2018 GH¢'000
Profit before income tax	**32,548**	35,430
Tax calculated using statutory income tax rate of 25% (2018: 25%)	**8,137**	8,858
Expenses not deductible for tax purposes	**1,606**	2,229
Items taxed at different rate	**(1,661)**	(1,859)
Items not subject to tax	**(71)**	(2)
Adjustment in respect of prior years	**4,927**	-
Income tax expense	**12,938**	9,226
Effective tax rate	**40%**	26%

(vi) Recognised deferred tax assets and liabilities

	At 1 July (Net) GH¢'000	Charge to profit or loss GH¢'000	Recognised in OCI GH¢'000	At 30 June (Net) GH¢'000	Deferred tax assets GH¢'000	Deferred tax liabilities GH¢'000
Year ended 30 June 2019						
Property, plant and equipment	26,055	2,817	-	**28,872**	-	28,647
Provision for doubtful debts	(291)	(490)	-	**(781)**	(783)	-
Inventory provisions	(557)	(14)	-	**(571)**	(571)	-
Provision for employee benefit obligations	(453)	(227)	138	**(542)**	(680)	99
Unrealised exchange differences	(1,242)	1,242	-	**-**	-	-
Tax losses	(397)	383	-	**(14)**	(14)	-
Net deferred tax liability	**23,115**	**3,711**	**138**	**26,964**	**(2,048)**	**28,746**
Year ended 30 June 2018						
Property, plant and equipment	26,176	(121)	-	26,055	-	26,055
Provision for doubtful debts	(202)	(89)	-	(291)	(291)	-
Inventory provisions	(578)	(21)	-	(557)	(557)	-
Provision for employee benefit obligations	(372)	(37)	(44)	(453)	(474)	21
Unrealised exchange differences	(17)	(1,225)	-	(1,242)	(1,242)	-
Tax losses	(11,074)	10,677	-	(397)	(397)	-
Net deferred tax liability	13,933	9,226	(44)	23,115	(2,961)	26,076

11. TAXES AND LEVIES (continued)

	2019 GH¢'000	2018 GH¢'000
(a) Movement in deferred income tax balances		
Balance at 1 July	**23,115**	13,933
Charge for the year	**3,711**	9,226
Deferred tax on actuarial gain/(loss) in OCI	**138**	(44)
Balance at 30 June	**26,964**	23,115

(b) Amount recognised in Other Comprehensive Income

	2019 Before tax GH¢'000	2019 Tax charge GH¢'000	2019 Net of tax GH¢'000	2018 Before tax GH¢'000	2018 Tax credit GH¢'000	2018 Net of tax GH¢'000
Actuarial gain/(loss) on defined benefit liability	**673**	**(138)**	**535**	(207)	44	(163)

12. PROPERTY, PLANT AND EQUIPMENT

Year ended 30 June 2019

	Buildings GH¢'000	Plant and Machinery GH¢'000	Motor Vehicles GH¢'000	Furniture and Equipment GH¢'000	Bottles and Crates GH¢'000	Capital Work in-Progress GH¢'000	Total GH¢000
Cost							
At 1 July 2018	43,477	340,983	25,224	8,484	254,957	30,797	**703,922**
Additions	-	661	4,606	-	78	100,254	**105,599**
Disposals	-	(10,917)	(2,221)	-	(27)	-	**(13,165)**
Transfers	3,880	62,292	-	2,364	31,666	(100,202)	-
Transfers to intangible assets	-	-	-	-	-	(13)	**(13)**
At 30 June 2019	**47,357**	**393,019**	**27,609**	**10,848**	**286,674**	**30,836**	**796,343**
Accumulated deprecation							
At 1 July 2018	5,690	135,876	14,078	5,128	169,942	-	**330,714**
Charge for the year	1,261	22,178	4,127	959	27,583	-	**56,108**
Released on disposals	-	(7,157)	(1,950)	-	(27)	-	**(9,134)**
At 30 June 2019	**6,951**	**150,897**	**16,255**	**6,087**	**197,498**	**-**	**377,688**
Net book value							
At 30 June 2019	**40,406**	**242,122**	**11,354**	**4,761**	**89,176**	**30,836**	**418,655**

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Year ended 30 June 2018

	Buildings	Plant and Machinery	Motor Vehicles	Furniture and Equipment	Bottles and Crates	Capital Work in-Progress	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cost							
At 1 July 2017	37,703	326,830	18,296	7,405	232,566	17,493	640,293
Additions	-	-	7,793	105	-	61,222	69,120
Disposals	-	(1,332)	(865)	(392)	(2,425)	-	(5,014)
Transfers to intangible assets	-	-	-	-	-	(477)	(477)
Transfers	5,774	15,485	-	1,366	24,816	(47,441)	-
At 30 June 2018	43,477	340,983	25,224	8,484	254,957	30,797	703,922
Accumulated Depreciation							
At 1 July 2017	4,478	115,391	10,268	4,512	142,296	-	276,945
Charge for the year	1,212	21,508	4,593	1,008	30,005	-	58,326
Released on disposals	-	(1,023)	(783)	(392)	(2,359)	-	(4,557)
At 30 June 2018	5,690	135,876	14,078	5,128	169,942	-	330,714
Net book value							
At 30 June 2018	37,787	205,107	11,146	3,356	85,015	30,797	373,208

(a) Acquisition of property, plant and equipment

Additions to property, plant and equipment are analysed as follows:

	2019	2018
	GH¢'000	GH¢'000
Purchase for cash consideration	**100,993**	61,327
Purchases under finance lease (Note 12(b))	**4,606**	7,793
	105,599	69,120

(b) Leased plant and equipment

The Company has a lease arrangement with Stanbic Bank Ghana Limited and Societe Generale Ghana Limited to finance the purchase of motor vehicles and coolers for operational purposes. At 30 June 2019, the net book value of leased motor vehicles and coolers was GH¢ 11.4 million and GH¢ 12.8 million respectively (2018: GH¢11.1 million and GH¢16 million).

The Company acquired motor vehicles and equipment under finance lease of GH¢ 4.6 million (2018: GH¢ 7.8 million) during the year.

(c) Security

Motor vehicles and coolers acquired under lease arrangements are held as security for the finance lease obligation to Stanbic Bank Ghana Limited and Societe Generale Ghana Limited.

12. PROPERTY, PLANT AND EQUIPMENT (continued)

(d) Depreciation expense

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

	2019	2018
	GH¢'000	GH¢'000
Cost of sales (Note 7)	**49,605**	51,232
Administrative expenses (Note 8(ii))	**3,181**	3,758
Advertising and marketing expenses (Note 8(i))	**3,322**	3,336
	56,108	58,326

(e) Disposal of property, plant and equipment

	2019	2018
Cost	**13,165**	5,014
Accumulated depreciation	**(9,134)**	(4,557)
Net book value	**4,031**	457
Proceeds on disposal	**(1,789)**	(466)
Loss/(profit) on disposal	**2,242**	(9)

13. INTANGIBLE ASSETS

	2019	2018
	GH¢'000	GH¢'000
Cost		
At 1 July	**13,794**	13,317
Transfer from work in progress (Note 12)	**13**	477
Additions	**772**	-
Write off	**(498)**	-
At 30 June	**14,081**	13,794
Accumulation amortisation		
At 1 July	**10,678**	9,707
Charge for the year	**1,185**	971
Write off	**(498)**	-
At 30 June	**11,365**	10,678
Net book value		
At 30 June	**2,716**	3,116

Amortisation of intangible assets is recognised in administrative expenses (Note 8 (ii)).

13. INTANGIBLE ASSETS (continued)

(a) Security

As at 30 June 2019, there were no restrictions on title for intangible assets and no assets had been pledged as security.

14. INVENTORIES

	2019 GH¢'000	2018 GH¢'000
Raw and packaging materials	**69,632**	42,763
Work-in-progress	**6,341**	4,085
Finished products	**19,971**	14,638
Engineering spares and other consumables	**21,121**	19,840
Goods in transit	**1,059**	588
	118,124	81,914

As at 30 June 2019, there were no inventories pledged as security (2018: Nil).

15. TRADE RECEIVABLES

	2019 GH¢'000	2018 GH¢'000
Gross trade receivables	**46,382**	32,204
Loss allowance	**(3,745)**	(1,382)
Net trade receivables (Note 28b(i))	**42,637**	30,822

16. OTHER FINANCIAL ASSETS AT AMORTISED COST

Staff debtors	**50**	-
Other receivables	**1,315**	-
		1,365
Less loss allowance	**(13)**	-
Net other financial assets (Note 28b(i))	**1,352**	-

The maximum staff indebtedness did not exceed GH¢154,443 for the year (2018: GH¢98,047).

17. RELATED PARTY TRANSACTIONS

a. The Company is a subsidiary of Diageo Holdings Netherlands BV, a company incorporated in the Netherlands. The Ultimate Parent Company is Diageo Plc, a company incorporated in the United Kingdom. The Company is affiliated with other companies in the group through common control and directorship.

b. Purchase of raw materials, finished goods and plant and equipment

17. RELATED PARTY TRANSACTIONS (continued)

Raw materials, finished goods, plant and equipment purchased from related parties during the year as follows:

	2019	2018
	GH¢'000	GH¢'000
Diageo Ireland	16,521	9,353
Diageo Brands B.V.	14,622	12,201
Guinness Nigeria Plc	68,732	64,266
Diageo Great Britain	3,809	17,480
	103,684	103,300

c. Included in profit or loss is an amount of GH¢ 18.8 million (2018: GH¢ 17.5 million) in respect of royalties and technical services fees accruing to Diageo Ireland Limited, Diageo Brand BV and Diageo Great Britain.

d. Finance cost of GH¢ 15.4 million (2018: GH¢ 14.4million) was charged to profit or loss on account of loan from Diageo Finance Plc.

e. Human resource and project cost recharges

Transactions with other related parties included human resources and project costs recharges as follows:

	2019	2018
	GH¢'000	GH¢'000
Diageo Australia	-	16
Diageo Great Britain	17,234	8,222
Diageo Ireland Limited	2	20,628
Diageo Scotland Limited	4,897	4,085
East Africa Breweries Limited	-	4,335
Guinness Cameroun S.A.	4,502	109
Diageo Uzletviteli Szogaltatasok K	92	-
Diageo North America	1,060	2
Diageo Plc	549	646
Guinness Nigeria	717	834
Seychelles Breweries Ltd	122	127
Meta Abo Brewery SC	32	60
Diageo South Africa (Pty) Limited	546	654
Diageo Supply Marracuene Limitada	4	-
	29,757	39,718

NOTES CONT'D

Outstanding balances in respect of transactions with related parties at the reporting date are as follows:

(i) Amounts due from related parties

	2019	2018
	GH¢'000	GH¢'000
Diageo Great Britain	**6,625**	1,143
Diageo Ireland Limited	**4,496**	3,424
Diageo South Africa (Pty)	**510**	727
Guinness Nigeria	**52**	1,270
East Africa Brewery Limited	**89**	75
Uganda Breweries Limited	-	1
Diageo Plc	**1,210**	13
Serengeti Breweries Limited	**-**	3
Seychelles Breweries Limited	**-**	10
Diageo Brands. B.V.	**161**	-
Guinness Cameroun S.A.	**243**	-
Meta Abo Brewery SC	**5**	-
Diageo Angola Limitada	**49**	-
	13,440	6,666

(ii) Amounts due to related parties

Diageo Great Britain	**3,892**	3,111
Diageo Ireland Limited	**1,518**	3,276
Diageo Plc	**-**	252
Diageo Scotland Limited	**390**	298
Diageo Brands B.V.	**1,113**	756
Diageo North America Inc	**50**	2
East Africa Brewery Limited	**507**	515
Guinness Nigeria Plc	**3,464**	5,292
Guinness Cameroun S.A	**-**	27
Diageo Supply Marracuene Limitada	**-**	4
Diageo Angola Limitada	**-**	1
Meta Abo Brewery SC	**-**	29
Diageo South Africa (Pty) Limited	**584**	72
Diageo Business Services, India	**9**	90
	11,527	13,725

All outstanding balances with these related parties are to be settled in cash. There are no liens on the Company's assets in respect of the above liabilities.

All related parties are fellow subsidiaries except Diageo Plc which is the ultimate parent

17. RELATED PARTY TRANSACTIONS (continued)

(iii) Borrowings

	2019	2018
	GH¢'000	GH¢'000
Balance at 1 July	**108,991**	109,999
Interest repayment	**(3,414)**	(4,422)
Accrued interest	**3,736**	3,414
	109,313	108,991

The Company has a loan facility of GH¢109 million from Diageo Finance Plc. Interest on the loan is at an applicable rate equal to 91 day Government of Ghana treasury bill plus a margin of 50 basis points to be determined on an ongoing basis. Prior to 1 July 2020, all or any part of the loan may be repaid at the option of the borrower subject to approval from the lender. At any time, subsequent to 1 July 2020, the lender may require the borrower to repay either in full or in part, the loan together with accrued interest and all other amounts outstanding under the agreement. The interest rate applicable at the reporting date is 15.22%.

(iv) Key management 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 is recognised in administrative expenses in the statement of profit or loss includes the following:

	2019	2018
	GH¢'000	GH¢'000
Short term benefits	**6,963**	7,176
Long term benefits	-	12

18. OTHER ASSETS

	2019	2018
	GH¢'000	GH¢'000
Staff debtors and other receivables	**-**	1,544
Prepayments	**6,689**	4,058
	6,689	5,602

19. CASH AND CASH EQUIVALENTS

	2019	2018
	GH¢'000	GH¢'000
Cash and bank balances	**53,241**	62,836
Bank overdraft (Note 23)	**(28,723)**	-
Cash and cash equivalents in the statement of cash flows	**24,518**	62,836

There are no restrictions on the Company's bank balances at the year end (2018: Nil).

20. STATED CAPITAL

(a) Ordinary shares

	Number of Shares		Proceeds	
	2019	2018	2019	2018
			GH¢'000	GH¢'000
Authorised: (number in millions)				
Ordinary shares of no par value	**400**	400		
Issued and fully paid: (number in millions)				
For cash	**179**	179	**253,678**	253,678
For consideration other than cash	**35**	35	**18,926**	18,926
Transfer from income surplus	**93**	93	**275**	275
	307	307	**272,879**	272,879

The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company.

	2019		2018	
Movement in ordinary shares	**Number (in millions)**	**GH¢'000**	Number (in millions)	GH¢'000
At 1 July and 30 June	**307**	**272,879**	307	272,879

There was no movement in ordinary shares during the year (2018: Nil).

(b) Shares in treasury

There is no unpaid liability on any share and there are no calls or instalments unpaid. There are no treasury shares.

21. OBLIGATIONS UNDER FINANCE LEASE

	Future minimum lease payments 2019 GH¢'000	**Future finance charges 2019 GH¢'000**	**Present value of minimum lease payments 2019 GH¢'000**	Future minimum lease payments 2018 GH¢'000	Future finance charges 2018 GH¢'000	Present value of minimum lease payments 2018 GH¢'000
Within one year	**9,508**	**(2,042)**	**7,466**	10,945	(2,734)	8,211
Later than one year but not later than five years	**9,120**	**(1,646)**	**7,474**	12,377	(1,802)	10,575
	18,628	**(3,688)**	**14,940**	23,322	(4,536)	18,786

The Company entered into finance lease arrangements with Stanbic Bank Ghana Limited and Societe Generale Ghana Limited. The purpose of the Stanbic facility was to finance the purchase of motor vehicles and coolers whilst the Societe Generale facility was to finance the purchase of coolers. Total principal lease repayments made in the year was GH¢ 8.4 million (2018: GH¢ 10.2 million). The applicable interest rates for Stanbic Bank Ghana Limited and Societe Generale Ghana Limited at reporting date are 18.75% and 19% respectively.

22. EMPLOYEE BENEFIT OBLIGATIONS

Defined Benefit Plan

End of Service Benefits

The Company has an end of service benefit plan that has been designed to help its permanent junior staff build up savings over a period of time. The plan is not funded. Employees who retire as junior staff are given two (2) years' annual salary. The defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk. Some of the Company's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities.

Long Service Awards

The Company operates a long service benefit plan for all employees, both management staff and junior staff, who have served the Company for ten (10) years and beyond. The plan is not funded. The awards vary depending on the number of years served by employees who meet the criteria above.

(a) Employee benefit obligations	**2019**	2018
	GH¢'000	GH¢'000
Defined benefit liabilities	**2,202**	1,067
Liability for long service awards	**1,061**	1,078
	3,263	2,145

The employee benefit obligations were independently valued by a professionally qualified actuary at 30 June 2019.

(b) Movement in defined benefit liabilities

	2019	2018
	GH¢'000	GH¢'000
Balance at 1 July	**1,067**	824
Included in profit or loss		
Current service costs	**298**	127
Interest costs	**164**	108
	462	235
Included in OCI		
Actuarial loss	**673**	207
Others		
Benefits paid	**-**	(199)
Balance at 30 June	**2,202**	1,067

c) Movement in long service award		
Balance at 1 July	**1,078**	947
Actuarial loss recognised in profit or loss	**111**	356
Benefits paid	**(128)**	(225)
Balance at 30 June	**1,061**	1,078

22. EMPLOYEE BENEFIT OBLIGATIONS (continued)

(c) Actuarial assumption

The following were the principal actuarial assumptions used in determining the defined benefit obligation.

	2019	2018
Discount rate	**12%**	11%
Salary growth	**10%**	10%
Inflation rate	**10%**	10%

The mortality rate is based on a 75% adjustment on the SSNIT mortality rate.

(d) 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 obligations by the amounts shown below:

		2019		2018
	Decrease	**Decrease**	Increase	Decrease
	GH¢'000	**GH¢'000**	GH¢'000	GH¢'000
Discount rate (1% movement)	**(309)**	**372**	(129)	361
Salary inflation (1% movement)	**392**	**(329)**	260	(221)

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

23. BANK OVERDRAFTS

	2019	2018
	GH¢'000	GH¢'000
Standard Chartered Bank Ghana Limited	**(11,977)**	-
Barclays Bank Ghana Limited	**(2,080)**	-
Stanbic Bank Ghana Limited	**(5,587)**	-
Societe Generale Ghana Limited	**(9,079)**	-
	(28,723)	-

The terms of the overdrafts are as follows:

Standard Chartered Bank Ghana Limited

The overdraft facility of GH¢20 million is to augment working capital requirements. Interest rate on the facility is 16.13% per annum plus a risk premium based on market conditions and is subject to review in line with prevailing market conditions. This facility is supported by a letter of comfort from Diageo Highlands B.V. At the end of the year, the rate was 17% per annum.

Barclays Bank Ghana Limited

The overdraft facility of GH¢5 million is to augment working capital requirements. Interest rate on the facility is 0.84% above the Ghana Reference Rate per annum and is subject to review in line with prevailing market conditions. At the end of the year, the rate was 16.98%. This facility is supported by a letter of comfort from Diageo Highlands B.V.

Stanbic Bank Ghana Limited

The overdraft facility of GH¢10 million is to augment working capital requirements. Interest rate on the facility is indexed to the Ghana reference rate of 16.14% plus a margin of 0.5% per annum and is subject to review in line with prevailing market.

23. BANK OVERDRAFTS (continued)

conditions. At the end of the year the rate was %. This facility is supported by a letter of comfort from Diageo Highlands B.V. At the end of the year, the rate was 16.64%.

Societe Generale Ghana Limited

The overdraft facility of GH¢10 million is to augment working capital requirements. Interest on this facility is the Ghana Reference Rate plus a margin of 0.39%. At the end of the year, the interest rate was 16.53% per annum. A penal interest of 8% per annum above the interest rate applies on due but unpaid sums. The facility is unsecured and will expire on 31 March 2020.

24. TRADE AND OTHER PAYABLES

	2019	2018
	GH¢'000	GH¢'000
Trade payables	**68,867**	44,559
Accrued expenses	**37,540**	24,549
National Fiscal Stabilisation Levy payable (Note 11(iii))	**37**	2,349
Other payables	**55,372**	33,612
	161,816	105,069

25. Provisions

	2019	2018
	GH¢'000	GH¢'000
Restructuring provision	**763**	716

Restructuring provision covers costs associated with restructuring in line with changes to the operating model across Diageo. Estimated restructuring costs include employee termination benefits. The Company expects to settle the liability over the next three months from 30 June 2019.

Movement in provisions during the year are set out below:

	2019	2018
	GH¢'000	GH¢'000
Balance at 1 July	**716**	158
Additional provision made during the year	**763**	2,504
Amount used during the year	**(716)**	(1,946)
Balance at 30 June	**763**	716

26. EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 30 June 2019 was based on profits attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

	2019	2018
	GH¢'000	GH¢'000
Profit attributable to ordinary shareholders	**18,046**	23,855
Weighted average number of ordinary shares	**307,595**	307,595
Basic and diluted earnings per share	**0.059**	0.078

26. EARNINGS PER SHARE (continued)

At 30 June 2019, the basic and diluted earnings per share were the same. There were no outstanding shares with potential dilutive effect on the weighted average number of ordinary shares in issue.

27. DIVIDENDS

The directors recommend the payment of a dividend per share of GH¢ 0.0293 amounting to GH¢ 9.01m for the year ended 30 June 2019 (2018: GH¢ 10.77m).

28. 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.

		Fair value
	Financial assets at amortised cost	**Level 3**
	GH¢'000	**GH¢'000**
At 30 June 2019		
Financial assets		
Trade receivables	**42,637**	**42,637**
Other financial assets at amortised cost	**1,352**	**1,352**
Amounts due from related parties	**13,440**	**13,440**
Cash and bank balances	**53,241**	**53,241**
	110,670	**110,670**
At 30 June 2019		
Financial liabilities		
Trade and other payables	**161,816**	**161,816**
Bank overdraft	**28,723**	**28,723**
Obligation under finance lease	**14,940**	**18,628**
Amounts due to related parties	**11,527**	**11,527**
Borrowings	**109,313**	**196,602**
At 30 June 2018		
Financial assets		
Trade receivables	30,822	30,822
Other financial assets at amortised cost	1,544	1,544
Amounts due from related parties	6,666	6,666
Bank balances	62,836	62,836
	101,868	101,868

28. Financial INSTRUMENT – FAIR VALUES AND RISK MANAGEMENT (continued)

(a) Accounting classification and fair values (continued)	Carrying amount	Fair value
	Other financial liabilities	Level 3
	GH¢'000	GH¢'000
At 30 June 2018		
Financial liabilities		
Trade and other payables	105,069	105,069
Obligation under finance lease	18,786	23,332
Amounts due to related parties	13,725	13,725
Borrowings	108,991	178,764
	246,571	320,890

(b) Risk management

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

- credit risk
- liquidity risk
- market risk

The Company's exposure to each of the above risks, objectives, policies and processes for measuring and managing risks including management of capital are as follows:

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit sub-committee is responsible for monitoring compliance with the Company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Company.

The Audit sub-committee gains assurances on the effectiveness of internal control and risk management from: summary information relating to the management of identified risks; detailed reviews of the effectiveness of management of selected key risks; results of management's self-assessment processes over internal control; and independent work carried out by the Global Audit and Risk function, which provide the Audit sub-committee and management with results of procedures carried out on key risks, including extent of compliance with standards set on governance; and assurances over the quality of the Company's internal control.

The Company also has a Control, Compliance and Ethics function in place, which monitors compliance with internal procedures and processes and assesses the effectiveness of internal controls.

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

(i) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks as well as credit exposures to key distributors, wholesale and retail customers and other receivables.

(i) Risk management

For deposits with banks, the Company only transacts business with banks licensed by the Bank of Ghana.

Customer are grouped according to the characteristics of each customer. The credit control committee has established a credit policy under which new customers are assessed individually for credit worthiness before the Company's standard payment terms and conditions are offered. The Company generally trades with pre-defined and selected customers.

28. Financial INSTRUMENT – FAIR VALUES AND RISK MANAGEMENT (continued)

(b) Risk management (continued)

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

(ii) Security

For certain trade receivables, the Company may obtain security in the form of bank guarantees, collateral (such landed properties) which can be called upon if the counterparty is in default under the terms of the agreement.

iii) Impairment of financial assets

The Company's financial assets that are subject to the expected credit loss model are:

- trade receivables
- other financial assets at amortised cost
- cash and bank balances
- amounts due from related parties

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the impairment loss assessed was immaterial. The Company held bank balances of GH¢53 million (2018: GH¢62.8 million) at 30 June 2019 which represent its maximum exposure. The bank balances are held with banks licensed by the Bank of Ghana.

The Company's exposure to credit risk in respect of amounts due from related parties is minimal. The Company has transacted business with related parties over the years, and there have been no defaults in payment of outstanding debts. Therefore no expected credit loss has been recognised.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 30 June 2019 or 1 July 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the interest rates, exchange rates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

28. Financial INSTRUMENT – FAIR VALUES AND RISK MANAGEMENT (continued)

(b) Risk management (continued)

On that basis, the loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of IFRS 9) was determined as follows for both trade and other receivables:

(i) Credit risk

The loss allowance as at 30 June 2019 was determined as follows:

	Gross carrying amount	Loss rate	Lifetime expected Losses	Net Carrying amount
	GH¢'000		GH¢'000	GH¢'000
Key Distributor	**39,080**		**3,189**	**35,891**
Current	34,249	0.05%	17	34,232
More than 30 days past due	18	0.10%	0	18
More than 60 days past due	-	41.73%	-	-
More than 90 days past due	4,813	65.92%	3,172	1,641
Retail	**3,296**		**465**	**2,831**
Current	1,715	0.73%	13	1,702
More than 30 days past due	338	1.45%	5	333
More than 60 days past due	516	35.27%	182	334
More than 90 days past due	727	36.40%	265	462
Wholesale	**4,006**		**91**	**3,915**
Current	3,680	1.97%	72	3,608
More than 30 days past due	214	2.68%	6	208
More than 60 days past due	96	11.22%	11	85
More than 90 days past due	16	11.83%	2	14
Other receivables	**1,365**		**13**	**1,352**
Current	-	-	-	-
More than 30 days past due	1,365	0.92%	13	1,352
More than 60 days past due	-	-	-	-
More than 90 days past due	-	-	-	-
Total	**47,747**		**3,758**	**43,989**

Age analysis as at 30 June 2018

	2018
	GH¢'000
Current (less than 30 days)	27,095
Past due but not impaired (31-120 days)	3,991
Impaired (more than 120 days)	2,662
Total	33,748

28. Financial INSTRUMENT – FAIR VALUES AND RISK MANAGEMENT (continued)

(b) Risk management (continued)

(i) Credit risk (continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk for trade and other receivables at the reporting date was:

	2019 GH¢'000	2018 GH¢'000
Key distributors/Trade receivables	**39,079**	32,204
Retail	**3,297**	-
Wholesale	**4,006**	-
Other	**1,365**	1,544
	47,747	33,748
Loss allowance	**(3,758)**	(1,382)
Net receivable	**43,989**	32,366
Net receivable is analysed as follows;		
Trade receivables (note 15)	**42,637**	30,822
Other financial assets at amortised cost (note 16)	**1,352**	1,544
	43,989	32,366

The closing loss allowance as at June 2019 reconciles to the opening loss allowance as follows:

	2019 GH¢'000	2018 GH¢'000
Balance at 1 July calculated under IAS 39	**1,382**	962
Increase in provision on initial application of IFRS 9	**1,266**	-
Recognised in profit or loss:	**2,648**	962
Impairment charge	**2,259**	997
Provision no longer required	**(1,149)**	(463)
	3,758	534
Write-off	**-**	(114)
Balance at 30 June	**3,758**	1,382

Trade and other receivables are written off when there is no reasonable expectation of recovery.

(ii) Liquidity risk

Liquidity risk is the risk that the Company would either not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost.

The Company's approach to managing liquidity is to ensure that it maintains adequate liquidity to meet its liabilities as and when they fall due. The Company assesses its debt position every month. The Company also monitors the level of expected cash inflows on trade and other receivables on a daily basis. Diageo Finance Plc, the finance unit of the Group, makes available borrowings to the Company to support its operations.

28. Financial INSTRUMENT – FAIR VALUES AND RISK MANAGEMENT (continued)

(b) Risk management (continued)

The following are contractual maturities of financial liabilities:

		Contractual cash flows			
As at 30 June 2019	**Carrying amount**	**Total**	**6mths or less**	**6-12mths**	**After 12 mths**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Non-derivative financial liability					
Trade and other payables	**161,816**	**161,816**	**161,816**	**-**	**-**
Bank overdraft	**28,723**	**28,723**	**-**	**-**	**28,723**
Obligations under finance lease	**14,940**	**18,628**	**5,544**	**3,964**	**9,120**
Amounts due to related parties	**11,527**	**11,527**	**11,527**	**-**	**-**
Borrowings	**109,313**	**204,319**	**8,241**	**8,151**	**187,927**
Balance at 30 June 2019	**326,319**	**425,013**	**187,128**	**12,115**	**225,770**
As at 30 June 2018					
Non-derivative financial liability					
Trade and other payables	95,654	95,654	95,654	-	-
Obligations under finance lease	18,786	23,322	5,815	5,130	12,377
Amounts due to related parties	13,725	13,725	13,725	-	-
Borrowings	108,991	178,764	6,845	6,808	165,111
Balance at 30 June 2018	237,156	311,465	122,039	11,938	177,488

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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.

The Company's management committee monitors market trends on a weekly basis to manage any risk exposure. Significant items of expenditure are incurred when market prices and other economic indicators are favourable.

Foreign currency risk

The Company is exposed to currency risk on purchases and borrowings that are denominated in currencies other than the functional currency. The currencies in which these transactions are primarily denominated are Euros (EUR), US Dollars (USD), Great Britain Pounds (GBP), South African Rand (ZAR), Nigeria Naira (NGN), Hungarian Forint (HUF), Singapore Dollar (SGD) and Angola Kwanza (AOA).

The Company's exposure to foreign currency risk expressed in transaction currency at the end of the reporting period was as follows:

28. Financial INSTRUMENT – FAIR VALUES AND RISK MANAGEMENT (continued)

(b) Risk management (continued)

(vii) Market risk (continued)

At 30 June 2019

	EUR '000	USD '000	GBP '000	ZAR '000	NGN '000	HUF '000	SGD '000	AOA '000
Bank balances	5,721	321	438	-	-	-	-	-
Trade payables	(3,098)	(3,112)	(514)	-	-	-	-	-
Related party balances	(34)	(1,248)	(306)	(1,508)	(7,174)	(3,293)	(2)	(68)
Net exposure	**2,589**	**(4,039)**	**(382)**	**(1,508)**	**(7,174)**	**(3,293)**	**(2)**	**(68)**

At 30 June 2018

	EUR '000	USD '000	GBP '000	ZAR '000	KES '000	NGN '000	UGX '000	HUF '000	SGD '000	XAF '000
Bank balances	4,373	229	125	-	-	-	-	-	-	-
Trade payables	(1,964)	(1,186)	(245)							
Related party balances	(32)	(1,528)	(334)	(206)	(5,558)	(32,725)	3,060	(5,148)	(1)	(2,394)
Net exposure	2,377	(2,485)	(454)	(206)	(5,558)	(32,725)	3,060	(5,148)	(1)	(2,394)

The exchange rates for major currencies during the year are as follows:

	Average Rate		Reporting Date	
	2019 Cedis	2018 Cedis	2019 Cedis	2018 Cedis
EUR 1	**5.81**	5.39	**6.19**	5.59
USD 1	**5.11**	4.50	**5.46**	4.79
GBP 1	**6.60**	6.06	**6.93**	6.32

Sensitivity analysis on currency risks

The following table shows the effect of a strengthening or weakening of the Ghana cedi 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 30 June and 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 Ghana cedi, by the rates shown in the table, against the following currencies at 30 June would have increased/decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

28. Financial INSTRUMENT – FAIR VALUES AND RISK MANAGEMENT (continued)

(b) Risk management (continued)

(vii) Market risk (continued)

As at 30 June			**2019**			2018
		Profit or loss impact: Strengthening	**Profit or loss impact: Weakening**		Profit or loss impact: Strengthening	Profit or loss impact:: Weakening
Currency	**% Change**	**GH¢'000**	**GH¢'000**	% Change	GH¢'000	GH¢'000
Euro	±7.5	**(1,129)**	**1,129**	±7.5	(997)	997
US$	±7.5	**1,555**	**(1,555)**	±7.5	892	(892)
GBP	±7.5	**202**	**(202)**	±7.5	215	(215)

Interest rate risk

Cash flow and fair value interest rate risk

The company's main interest rate risk arises from borrowings at variable rates, which exposes it to cash flow interest rate risk.

	Carrying amounts	
	2019	2018
Variable rate instruments		
Bank overdrafts	**28,723**	-
Borrowings	**109,313**	108,991
Obligations under finance lease	**14,940**	18,786
	152,976	127,777

Cash flow sensitivity analysis for variable rate instruments

A change of 200 basis points in interest rates at the reporting date would have an increased/ (decreased) effect on equity and profit and 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.

30 June			**2019**			2018
	% Change	**Profit or Loss impact: GH¢'000**	**Equity GH¢'000**	% Change	Profit or Loss impact: GH¢'000	Equity GH¢'000
Overdrafts and loans	±2%	±136	±136	±2%	±19	±19
Borrowings	±2%	±2,297	±2,297	±2%	±2,140	±2,140
Obligations under finance lease	±2%	±296	±296	±2%	±426	±426

29. Capital risk management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

	2019 GH¢'000	2018 GH¢'000
Borrowing	**109,313**	108,991
Less: cash and cash equivalents	**(24,518)**	(62,836)
Net debt	**84,795**	46,155
Total equity	**301,159**	294,641
Gearing ratio	**28.15%**	16%

30. CAPITAL COMMITMENTS

Capital commitments authorised but not expended for property, plant and equipment at the reporting date amounted to GH¢20.8 million (2018: GH¢7.65 million).

31. CONTINGENT LIABILITIES

Contingent liabilities, in respect of possible claims and lawsuits at the reporting date amounted to GH¢57,000 (2018: GH¢55,025). Judgement in respect of these cases have not been determined as at 30 June 2019. No provision has been made as professional advice on the cases indicate that it is unlikely that any significant loss will arise.

Appendix I

SHAREHOLDER INFORMATION

Analysis of Shareholding

(i) Number of Shareholders

The Company had 4,442 ordinary shareholders at 30 June 2019 distributed as follows:

	Holding No. of Holders	Total Holding	% Holding
1 – 1,000	3,166	748,232	0.24
1,001 – 5,000	624	1,538,253	0.50
5,001 – 10,000	396	3,128,538	1.02
10,001 – 999,999,999	256	302,179,804	98.24
	4,442	307,594,827	100.00

(ii) List of twenty largest shareholders as at 30 June 2019

	Name	No. of Shares	% Holding
1	DIAGEO HOLDINGS NETHELANDS BV	247,291,361	80.40
2	SOCIAL SECURITY AND NATIONAL INSURANCE TRUST	23,294,870	7.57
3	STD NOMS TVL PTY/BNYM LUX/EAST	6,000,971	1.95
4	STD NOMS/BNYMSANV RE BNYMRE TERRA	4,985,000	1.62
5	SCGN/EPACK INVESTMENT FUND LTD	3,328,015	1.08
6	SCGN/ENTERPRISE LIFE ASSO. CO.	2,416,576	0.79
7	STD NOMS/BNYMSANV RE BNYMSANVLON RE	2,213,400	0.72
8	SCBN/JPMC IRE RE CORONATION FD MGR	1,951,789	0.63
9	SCBN/JPM IRE RE CORONATION FD MGR	1,572,777	0.51
10	SCGN/CACEIS FRANCE RE HMG GLOBETRO	860,011	0.28
11	SCGN/GH. MED. ASSOC. PENSION FUND	605,294	0.20
12	STD NOMS TVL PTY/ENTERPRISE TIER 3	546,307	0.18
13	SCBN/CITIBANK LONDON ROBECO AFRIKA	482,632	0.16
14	SCGN/ DATABANK BALANCED FUND LTD	451,200	0.15
15	STD NOMS TVL PTY/HERITAGE FUND LTD	450,300	0.15
16	TEACHERS FUND	347,925	0.11
17	ELAC SHAREHOLDERS FUND	229,163	0.07
18	GES OCCUPATIONAL PENSION SCHEME	220,600	0.07
19	STD NOM/METLIFE CLASSIC FUND	186,400	0.06
20	HFCN/COCOBOD TIER 3 PENSION SCHM	183,943	0.06
	Reported Totals	297,618,534	96.76
	Not Reported	9,976,293	3.24
	Company Total	**307,594,827**	**100**

Appendix II

FIVE YEAR FINANCIAL SUMMARY

	2019 GH¢'000	2018 GH¢'000	2017 GH¢'000	2016 GH¢'000	2015 GH¢'000
Results					
Revenue	**684,979**	623,102	587,447	566,308	437,348
Profit/(loss) before tax	**32,548**	35,430	11,576	(1,871)	(49,107)
Income tax and NFSL (expense)/credit	**(14,502)**	(11,575)	(4,662)	(5,809)	3,636
Profit/(loss) after tax	**18,046**	23,855	6,914	(7,680)	(45,471)
Dividend paid	**(10,797)**	-	-	-	-
Retained profit/(loss)	**7,249**	23,855	6,914	(7,680)	(45,471)
Statement of financial position					
Property, plant and equipment	**418,655**	373,208	363,348	374,066	336,091
Intangible assets	**2,716**	3,116	3,610	2,135	2,698
Cash and bank balances	**53,241**	62,836	52,579	44,087	48,826
Other current assets	**183,856**	128,028	108,370	108,638	93,039
Total assets	**658,468**	567,188	527,907	528,926	480,654
Total liabilities	**(357,309)**	(272,547)	(256,958)	(264,669)	(385,472)
	301,159	294,641	270,949	264,257	95,182
Share capital	**272,879**	272,879	272,879	272,879	96,252
Income surplus	**28,280**	21,762	(1,930)	(8,622)	(1,070)
	301,159	294,641	270,949	264,257	95,182
Revenue collected for Government					
Excise duty	**107,165**	130,348	130,167	111,728	72,618
Sales tax/value added tax	**152,540**	138,778	128,023	122,878	91,856
	259,705	269,126	258,190	234,606	164,474
Statistics					
EPS (GH¢)	**0.059**	0.078	0.022	(0.036)	(0.215)
Dividend per share (GH¢)	**0.0293**	0.035	-	- -	
Net asset per share (GH¢)	**0.98**	0.96	0.88	0.86	0.45
Current ratio	**1.13:1**	1.49:1	1.35:1	1.20:1	0.81:1
Return on shareholders' fund (%)	**5.99**	8.10	2.55	(2.91)	(47.77)
Return on net sales value (%)	**2.63**	3.83	1.18	(1.36)	(10.40)

NOTES

NOTES

ABC
GOLDEN
LAGER BEER
LOCALLY
SOURCED
ABC
19
73
BREWERY
SANKOFA
YENKYI
A LEGEND REBORN
ABC
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LAGER BEER
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GOLDEN
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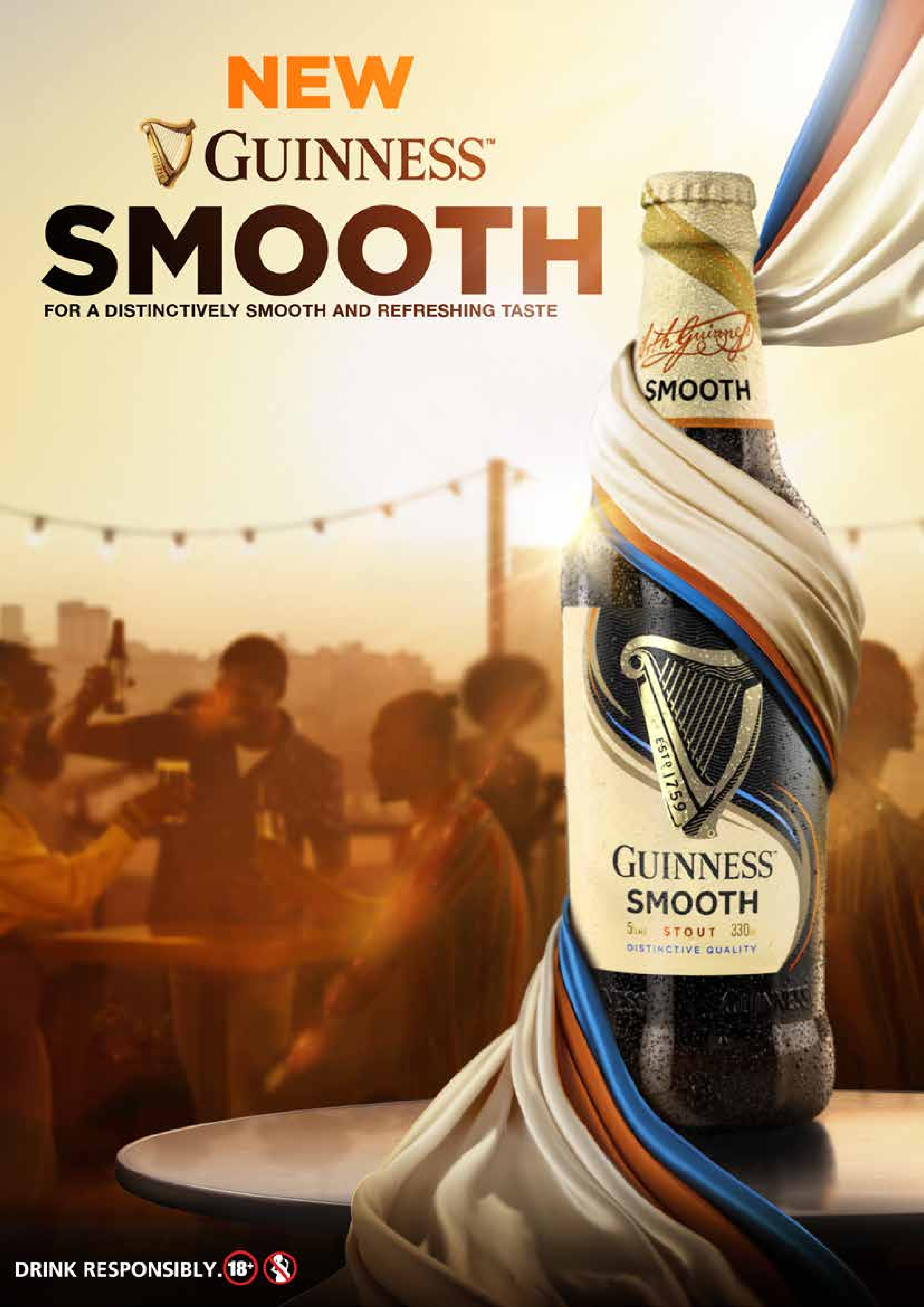
NEW
GUINNESS
SMOOTH
FOR A DISTINCTIVELY SMOOTH AND REFRESHING TASTE
SMOOTH
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SMOOTH
STOUT
DISTINCTIVE QUALITY
DRINK RESPONSIBLY. 18+