

UNILEVER GHANA LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2019

UNILEVER GHANA LIMITED
ANNUAL REPORTS AND FINANCIAL STATEMENTS

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UNILEVER GHANA LIMITED
CORPORATE INFORMATION

BOARD OF DIRECTORS

Edward Effah (*Chairman*)
 George Owusu-Ansah (*Managing Director, Appointed, 1/1/20*)
 Adesola Sotande-Peters
 Philip Odotei Sowah
 Alfred Yaw Oduro Nsarkoh
 Angela Peasah
 Edith Dankwa
 Micheal Odinakachi Ubeh
 Carl Cruz (*Appointed, 29/1/20*)
 Gladys Amoah (*Resigned, 30/11/19*)
 Nazaire Djako (*Resigned 18/11/19*)

SECRETARY

Ama Adadzewa Agyemang

AUDITOR

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

SOLICITORS

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

REGISTERED OFFICE

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

BANKERS

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

FINANCIAL HIGHLIGHTS

(All amount is expressed in thousands of Ghana cedi)

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

REPORT OF THE DIRECTORS TO THE MEMBERS OF UNILEVER GHANA LIMITED

REPORT OF THE DIRECTORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

NATURE OF BUSINESS/PRINCIPAL ACTIVITIES

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

OBJECTIVE OF THE COMPANY

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

HOLDING COMPANY

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

SUBSIDIARIES OF THE COMPANY

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

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

**REPORT OF THE DIRECTORS
TO THE MEMBERS OF
UNILEVER GHANA LIMITED (CONT'D)**

ASSOCIATES

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

FIVE-YEAR FINANCIAL HIGHLIGHTS

Details of the five-year financial highlights are disclosed on page 70.

FINANCIAL STATEMENT/BUSINESS REVIEW

The state of affairs of the Company is as follows:

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

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

PARTICULARS OF ENTITIES IN THE INTEREST REGISTER DURING THE FINANCIAL YEAR

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

RELATED PARTY TRANSACTIONS

Information regarding Directors' interests in ordinary shares of the Company and remuneration are disclosed on page 57 of the financial statements. No Director has any other interest in any shares or loan stock of the Company. Related party transactions and balances are also disclosed in note 32 to the financial statements.

CORPORATE SOCIAL RESPONSIBILITY AND CODE OF ETHICS

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

- Second life solution research conducted by the Centre for Scientific & Industrial Research and the Building and Road Research Institute (CSIR-BRRI)
- Media stakeholder engagement on post-consumer plastic management
- Monthly Community Buy Back events.
- Commissioning and Handing Over of Plastic Modified Concrete Pilot (Sanitation Facility)
- Permanent beach collection programme with Coliba

**REPORT OF THE DIRECTORS
TO THE MEMBERS OF
UNILEVER GHANA LIMITED (CONT'D)**

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

- 73.5tons (Pick-IT Sorting Center, iRecycle, Community Buy-Backs and Project Tricycle)
- Engagements with Global Plastic Action Plan (GPAP), West Africa Clean Energy & Environment (WACEE), German Corporation for International Cooperation (GIZ), United Nations Industrial Development Organization (UNIDO) and United Nations Development Programme (UNDP).
- Extended Producer Responsibility (EPR) Stakeholder Engagement (Veolia & PETCO)
- Contribution to National Plastic Policy dialogue

BOARD OF DIRECTORS

Profile

Executive	Qualification	Outside board and management position
George Owusu-Ansah	<ul style="list-style-type: none"> ○ Holds Bachelor of Science in Computer Science and Statistics - University of Ghana 	Nil
Nana Yaa Kissi	<ul style="list-style-type: none"> ○ Master of Arts –Marketing & Innovation from London School of Marketing ○ Post graduate Diploma – Business & Marketing Strategy Eduqual Extended Programme ○ Bachelor of Education – Psychology from University of Cape Coast 	Nil
Michael Odinakachi Ubeh	<ul style="list-style-type: none"> ○ BSc (Hons) in Applied Chemistry - Federal University of Uyo Akwa Ibom Nigeria ○ Master in business administration Federal University of Technology - Yola Nigeria ○ Post Graduate Certificate in Management- University of Cumbria - London 	Nil
Non-Executive		
Edward Effah	<ul style="list-style-type: none"> ○ Chartered Accountant ○ Member of the Institute of Chartered Accountants in England & Wales. ○ Member of the Institute of Directors (UK) 	<ul style="list-style-type: none"> ○ Fidelity Bank – Chairman ○ Africa Capital LLC – Director ○ Legacy Bonds Limited - Director

**REPORT OF THE DIRECTORS
TO THE MEMBERS OF
UNILEVER GHANA LIMITED (CONT'D)**

Profile (cont'd)

Edith Dankwa	<ul style="list-style-type: none"> ○ Doctor of Business Administration (DBA) – Walden University, USA ○ Master of Business Administration (MBA), Ghana Institute of Management & Public Administration ○ Post Graduate Certificate – Newspaper Management International Institute of Journalism (Germany) ○ Post Graduate Diploma – Marketing, Chartered Institute of Marketing, Ghana ○ B A Management Studies, University of Cape Coast 	<ul style="list-style-type: none"> ○ Business & Financial Times Limited ○ Conbiz Construction & Investment Limited ○ Urban Press ○ Executive Women Network
Angela Peasah	<ul style="list-style-type: none"> ○ Chartered Accountant of the Institute of Chartered Accounts, Ghana ○ Executive MBA from the University of Ghana Business School, University of Ghana, Legon ○ Institute of Professional Studies (IPS) 	Nil
Adesola Stande-Peters	<ul style="list-style-type: none"> ○ Bachelor degree in Business Administration & Economics from Richmond College, The American International University in London ○ MBA for finance professionals – Manchester Business School ○ Fellow of the Association of Certified Chartered Accountants (FCCA) ○ Member of the Institute of Chartered Accountants of Nigeria (ICAN) 	Nil
Philip Sowah	<ul style="list-style-type: none"> ○ BSc Mechanical Engineering, Washington University Missouri, USA ○ BA Physics, Grinnell College, Iowa, USA ○ Airtel Leadership in Action Program – INSEAD Business School, Singapore campus 	<ul style="list-style-type: none"> ○ Barclays Bank of Ghana Limited – Director ○ Afriwave Telecom – Director ○ Qualtek Limited – Director ○ TxtGroup Limited - Director

REPORT OF THE DIRECTORS TO THE MEMBERS OF UNILEVER GHANA LIMITED (CONT'D)

Biographical information of Directors

Age Category	Number of Directors
Up to 40 years	-
41 – 60 years	9
Above 60 years	-

ROLE OF THE BOARD

The Directors are responsible for the long-term success of the Company, to determine the strategic direction of the Company and review operating, financial and risk performance. There is a formal schedule of matters reserved for the Board of Directors, including approval of the Company's annual business plan, the Company's strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, all guarantees, treasury policies, the financial statements, the Company's dividend policy, transactions involving the issue or purchase of company shares, borrowing powers, appointments to the Board, alterations to the memorandum and articles of association, legal actions brought by or against the Company, and the scope of delegations to Board committees, subsidiary boards and the management committee. Responsibility for the development of policy and strategy and operational management is delegated to the executive Directors and a management committee, which as at the date of this report includes the Executive Directors and (5) senior managers who constitute the Leadership Team.

INTERNAL CONTROL SYSTEMS

The Directors have overall responsibility for the Company's internal control systems and annually review their effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive Directors and other senior management. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. The Directors have reviewed the effectiveness of the internal control systems, including controls related to financial, operational and reputational risks identified by the Company at the reporting date and no significant failings or weaknesses were identified during this review.

DIRECTORS' PERFORMANCE EVALUATION

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

PROFESSIONAL DEVELOPMENT AND TRAINING

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

**REPORT OF THE DIRECTORS
TO THE MEMBERS OF
UNILEVER GHANA LIMITED (CONT'D)**

CONFLICTS OF INTEREST

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

BOARD BALANCE AND INDEPENDENCE

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

CAPACITY BUILDING OF DIRECTORS TO DISCHARGE THEIR DUTIES

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

AUDITOR

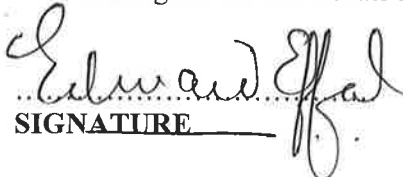
The Audit Committee has responsibility delegated from the Board of Directors for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor. KPMG has been the auditor of Unilever Ghana for 6 years. KPMG does not provide non-audit services to the Company.

AUDIT FEES

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

APPROVAL OF THE REPORT OF THE DIRECTORS

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


SIGNATURE

EDWARD EFFAH
NAME


SIGNATURE

GEORGE OWUSU-ANSAH
NAME



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

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Unilever Ghana Limited ("the Company"), which comprise the statement of financial position as at 31 December 2019 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 14 to 68.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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



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

Key Audit Matters (cont'd)

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

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 2019 (Act 992) and Corporate Information which we obtained at the date of this report. The Chairman's review, Managing Director's review, Audit Committee's report and Corporate Governance statement which we expect to be available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992), and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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



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

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 judgment 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 management.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



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

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

Report on Other Legal and Regulatory Requirements

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

We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.

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

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

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

KPMG

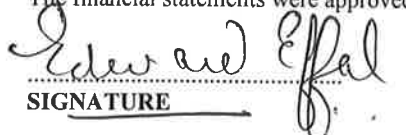
FOR AND ON BEHALF OF:
KPMG: (ICAG/F/2020/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELINKPE
P O BOX GP 242
ACCRA

28 April 2020

UNILEVER GHANA LIMITED
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

	Note	2019 GH¢'000	2018 GH¢'000
Assets			
Property, plant and equipment	15a	138,983	144,194
Lease-right of use assets	16a(i)	13,422	-
Deferred tax asset	14a	47,447	-
Investment in subsidiaries	18	10	10
Non-current assets		<u>199,862</u>	<u>144,204</u>
Inventories	19	115,659	53,436
Trade and other receivables	24	114,316	270,261
Prepayments	25	1,362	22,740
Related party receivables	32c	35,892	227,904
Current tax asset	14b	10,231	-
Cash and bank balances	28	11,857	7,945
Current assets		<u>289,317</u>	<u>582,286</u>
Total assets		<u>489,179</u>	<u>726,490</u>
Equity			
Share capital	21a	1,200	1,200
Capital surplus account	22	204	204
Retained earnings	21b	83,467	293,656
Share deals account	23	81	81
Total equity		<u>84,952</u>	<u>295,141</u>
Non-current liabilities			
Employee benefit obligations	17b	3,736	4,113
Deferred tax liability	14c	-	8,842
Long term lease liability	16a(iv)	1,116	-
Non-current liabilities		<u>4,852</u>	<u>12,955</u>
Current liabilities			
Bank overdraft	28	65,202	73,508
Trade and other payables	26	87,115	69,836
Related party payables	32d	210,056	231,651
Dividend payables	20	33,828	3,044
Provisions	29	1,378	13,743
Current tax liability	14b	-	26,612
Short term lease liability	16a(iv)	1,796	-
Current liabilities		<u>399,375</u>	<u>418,394</u>
Total liabilities		<u>404,227</u>	<u>431,349</u>
Total liabilities and equity		<u>489,179</u>	<u>726,490</u>

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


 SIGNATURE

EDWARD EFFAH
 NAME


 SIGNATURE

GEORGE OWUSU-ANSAH
 NAME

The notes on pages 18 to 68 form an integral part of these financial statements.

UNILEVER GHANA LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 GH¢'000	2018 GH¢'000
Revenue	5	333,290	632,152
Cost of sales	7	(348,684)	(440,991)
Gross (loss)/profit		(15,394)	191,161
Distribution expenses	8	(25,775)	(17,732)
Brand and marketing investment	9	(30,096)	(39,999)
Administrative expenses	10	(91,051)	(67,867)
Restructuring costs	29	(2,688)	(9,620)
Impairment on trade receivables	35c(i)	(51,038)	(10,575)
Other income	11a	10,427	118,844
Gain on disposal of spread business	11b	-	89,046
Operating (loss)/profit		(205,615)	253,258
Finance income	12	571	440
Finance costs	12	(11,603)	(3,376)
(Loss)/profit before taxation		(216,647)	250,322
Income tax credit/(expense)	14a	56,331	(59,497)
(Loss)/profit for the year		(160,316)	190,825
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial gain (loss)	17b	169	620
Related tax	14b, c	(42)	(155)
Other comprehensive income, net of tax		127	465
Total comprehensive income		(160,189)	191,290
Earnings per share for profit attributable to equity holders of the Company			
Basic earnings per share	34a	(2.5651)	3.0532
Diluted earnings per share	34a	(2.5651)	3.0532

The notes on pages 18 to 68 form an integral part of these financial statements.

UNILEVER GHANA LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 GH¢'000	2018 GH¢'000
Cash flows from operating activities			
Cash generated from operating activities	27	104,131	(119,907)
Interest paid	12	(11,603)	(3,376)
Interest received	12	571	440
Tax paid	14b	(36,843)	(32,356)
		-----	-----
Net cash from/(used in) operating activities		56,256	(155,199)
		-----	-----
Cash flows from investing activities			
Purchase of property, plant and equipment	15a	(23,878)	(60,914)
Proceeds from sale of property, plant and equipment	15b	-	109,979
		-----	-----
Net cash used in investing activities		(23,878)	(49,064)
		-----	-----
Cash flows used in financing activities			
Dividend paid	20	(19,216)	(15,625)
Payment of lease liability		(1,997)	(15,625)
		-----	-----
Net cash used in financing activities		(21,213)	(15,625)
		-----	-----
Increase/(decrease) in cash and cash equivalents		11,165	(121,759)
Cash and cash equivalents at 1 January		(65,563)	53,189
Effect of movement in exchange rate on cash and bank		1,053	3,007
		-----	-----
Cash and cash equivalents at 31 December	28	(53,345)	(65,563)
		=====	=====

The notes on pages 18 to 68 form an integral part of these financial statements.

UNILEVER GHANA LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

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

The notes on pages 18 to 68 form an integral part of these financial statements.

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. REPORTING ENTITY

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

2. BASIS OF ACCOUNTING

a. Statement of compliance

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

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

b. Basis of measurement

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

c. Functional and presentation currency

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

d. Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

e. Assumption and estimated uncertainties

(i) Information about assumptions and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 17: measurement of defined benefit obligation: Key actuarial assumptions;
- Note 35(c)(i): measurement of ECL allowance for trade receivables: Key assumptions in determining the weighted – average loss rate

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

e. Assumption and estimated uncertainties (cont'd)

- Note J(ii): measurement of good returns as refund liability and refund asset: Key assumptions in determining refund liability and refund assets

(ii) Measurements of fair values

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

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

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

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

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

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

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has applied IFRS 16 (see note 2 (a)) from 1 January 2019. A number of other new standards are also effective from 1 January 2019, but they do not have a material effect on the Company's financial statements.

Due to the transition method chosen by the Company in applying this standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

IFRS 16 Leases

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

(a) Definition of a lease

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

(a) Definition of a lease (cont'd)

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

(b) As a lessee

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

i. Leases classified as operating leases under IAS 17

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

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

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

(d) Impact on financial statements

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

1 January 2019
GH¢'000

Right-of-use assets	17,095
Lease liabilities	4,909
Prepayments	12,186

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

(d) Impact on financial statements (cont'd)

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

a. Investment in subsidiaries

Investment in subsidiaries are stated at cost less impairment allowance.

b. Property, plant and equipment

(i) Recognition and measurement

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

(ii) Subsequent costs

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

(iii) *Depreciation*

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

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

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

(iv) *Capital work in-progress*

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

(v) *Spare parts*

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

d. Leases

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

Policy applicable from 1 January 2019

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

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

i. As a lessee

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

i. As a lessee (cont'd)

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

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

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

Short-term leases and leases of low-value assets

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

i. As a lessor (cont'd)

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

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

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

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

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

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

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

Policy applicable before 1 January 2019

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

As a lessee (cont'd)

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

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

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

e. Inventories

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

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

f. Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

(ii) Classification and subsequent measurement

(a) Financial assets

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

(a) Financial assets (cont'd)

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

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

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

(b) Financial assets - Business model assessment

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

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

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

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

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

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

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

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

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

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

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

Financial assets at amortised cost

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

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

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

(iii) *Derecognition*

(a) *Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

(b) Financial liabilities

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

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

(c) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

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

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

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

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

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

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

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

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

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

(iii) *Offsetting*

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

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

(iv) *Share capital*

Ordinary Shares

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

g. Income tax

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

(i) Current tax

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

Current tax assets and liabilities

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

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

(ii) Deferred tax

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

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

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

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

Deferred tax assets and liabilities are offset only if:

- a. the Company has a legally enforceable right to set off current tax asset against current tax liabilities; and
- b. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either;
 - o the same taxable entity; or

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

g. Income tax (cont'd)

Deferred tax assets and liabilities are offset only if:

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

h. Provision

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

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

i. Employee benefits

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

(i) Short term benefits

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

(ii) Defined contribution plan

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

a. Social security contribution

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

b. Tier 3 Pension fund and saving scheme

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

(iii) *Defined benefit plan*

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

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

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

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

(iv) *Termination*

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

(v) *Other long term benefit*

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

(j) Revenue from contracts with customers

(i) *Sale of goods*

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

(i) Sale of goods (cont'd)

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

(ii) IFRS 15 refund assets and liabilities

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

(k) Finance income and finance costs

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

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

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

(l) Foreign currency translation

Transactions and balances

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

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

(m) Dividend

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

(n) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

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

(o) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4. NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

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

Standard	Interpretation
Amendments to References to Conceptual Framework in IFRS Standards	<p>The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by IASB in March 2018, includes:</p> <ul style="list-style-type: none"> - A new chapter on measurement; - Guidance on reporting financial performance; - Improved definitions of an asset and a liability, and guidance supporting these definitions; and - Clarifications in important areas, such as the role of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

The Company does not intend to use the Framework as a reference for selecting its accounting policies in the absence of specific IFRS requirements and therefore does not expect this to impact the Company significantly.

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Definition of material (Amendments to IAS 1 and IAS 8) The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments:

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from 1 January 2020 but may be applied earlier.

The refinements are not intended to alter the concept of materiality and would, therefore, not have a significant impact on the Company.

5. REVENUE

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

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

6. (LOSS)/PROFIT BEFORE TAX

is stated after charging:

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

7. COST OF SALES

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

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

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

8. DISTRIBUTION EXPENSES

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

9. BRAND & MARKETING INVESTMENT EXPENSES

Advertising expenses	10,550	11,199
Promotion expenses	18,821	27,729
Merchandising expenses	725	1,071
	<u>30,096</u>	<u>39,999</u>

10. ADMINISTRATIVE EXPENSES

Business group fees	19,782	11,450
Market research cost	6,568	4,144
Information technology costs	8,369	6,063

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

10. ADMINISTRATIVE EXPENSES (CONT'D)

	2019 GH¢'000	2018 GH¢'000
Third party service	7,254	5,232
Capability building	1,632	1,355
Directors' remuneration	3,041	3,842
Professional and legal costs	7,389	659
Bank charges	64	657
Utilities	1,314	1,273
Repairs and maintenance	905	988
Insurance	337	396
Relocation expenses	29	39
Other primary expenses	649	3,383
Depreciation (Note 15a &b)	1,159	1,240
Amortisation of intangible asset	-	7
Staff costs (Note 13b)	21,951	24,272
Auditor's remuneration	457	387
Donation	16	31
Lease expense	1,640	2,449
Loss on disposal	8,296	-
Other trading expenses	209	-
	<u>91,051</u>	<u>67,867</u>

11(a). OTHER INCOME

Management fees	10,109	4,464
Sale of scrap	318	311
Net exchange gain	-	3,022
Provision no longer required*	-	111,047
	<u>10,427</u>	<u>118,844</u>

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

11(b). Gain on disposal of spread business

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

12. FINANCE INCOME AND COST

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

13. STAFF COSTS

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

a. Cost of sales

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

b. Administrative expenses

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

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

14(a) Income tax expense

Current tax	-	59,080
Deferred tax	(56,331)	417
	<u>(56,331)</u>	<u>59,497</u>

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

(b) Current tax (asset)/liability

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

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

UNILEVER GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

(c) Deferred tax asset/liability

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

d. Tax reconciliation

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

	2019 GH¢'000	2018 GH¢'000
(Loss)/profit before taxation	(216,647)	250,322
Tax calculated at the statutory income tax rate of 25%	(54,161)	62,581
<i>Tax effect of:</i>		
Disallowable expenses	(2,422)	21,860
Exempt income	(226)	(24,658)
Tax incentive	478	(703)
Derecognition of previously recognised deductible temporary differences	-	417
Income tax expense	(56,331)	59,497
Effective tax rate	26%	24%

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

15(a) PROPERTY, PLANT AND EQUIPMENT

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

15(a) PROPERTY, PLANT AND EQUIPMENT

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

15(a) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

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

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

b. Assets disposed

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

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

16. LEASES

a. As a lessee

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

(i) Right-of-use assets

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

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

(ii) Amounts recognised in profit or loss

	GH¢'000
2019	
Interest on lease liabilities	660
Income from sub-leasing right-of-use assets offset against lease expenses	(14)
Expenses relating to short-term leases	613
	<u> </u>
2018	
Operating lease under IAS 17	
Lease expense	2,856
	<u> </u>

(iii) Amounts recognised in statement of cash flows

2019	
Total cash outflow for leases	2,657
	<u> </u>

(iv) Lease liabilities

2019	
Maturity analysis – contractual undiscounted cash flows	
Less than one year	1,796
More than one year	1,670
	<u> </u>
Total undiscounted lease liabilities at 31 December	3,466
	<u> </u>

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

Less than one year	1,796
More than one year	1,116
	<u> </u>
	2,912
	<u> </u>

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

b. As a lessor

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

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

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

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

Total undiscounted lease receivable	683

Unearned finance income	(590)

Net investment in the lease	93
	=====

17. POST EMPLOYMENT BENEFITS

(i) Ex-gratia pensions

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

(ii) Other long term benefits

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

(ii) *Other long term benefits (cont'd)*

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

a. Assumptions

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

b. Post-employment benefits

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

b. Post-employment benefits (cont'd)

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

c. Sensitivity Analysis

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

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

18. INVESTMENT IN SUBSIDIARIES

		2019 GH¢'000	2018 GH¢'000
Unilever Ghana Investments Limited		10	10
		<u>10</u>	<u>10</u>
Name of subsidiary	Nature of business	% held in 2019 & 2018	Country of incorporation
United Africa Trust Limited	Investment management	100.00	Ghana
Swanzy Real Estate	Real Estate Development	100.00	Ghana
Unilever Ghana Investments Limited	Holding Company	100.00	Ghana

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

19. INVENTORIES

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

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

20. DIVIDEND PAYABLE

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

21. CAPITAL AND RESERVES

a. Share capital

	2019		2018	
	No of Shares '000	Proceeds GH¢'000	No of Shares '000	Proceeds GH¢'000
<i>Authorised</i>				
Ordinary shares of no par value	100,000		100,000	
Issued and fully paid	62,500	931	62,500	931
Transferred from surplus	-	269	-	269
	62,500	1,200	62,500	1,200

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

b. Retained earnings

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

22. CAPITAL SURPLUS ACCOUNT

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

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

23. SHARE DEALS ACCOUNT

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

24. TRADE AND OTHER RECEIVABLES

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

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

Investment in Twifo Oil Palm Plantation (TOPP)

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

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

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

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

25. PREPAYMENTS

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

26. TRADE AND OTHER PAYABLES

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

27. CASH GENERATED FROM OPERATIONS

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

28. CASH AND CASH EQUIVALENTS

Bank balances	11,857	7,945
Cash and bank balances in the statement of financial position	11,857	7,945
Bank overdrafts	(65,202)	(73,508)
Cash and cash equivalents in the statement of cashflows	<u>(53,345)</u>	<u>(65,563)</u>

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Bank overdraft facilities

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

29. PROVISIONS

2019

	Restructuring GH¢'000	Legal GH¢'000	Other GH¢'000	Total GH¢'000
Balance at 1 January	12,367	619	757	13,743
Provisions made during the year	2,688	87	(85)	2,690
Provisions used during the year	(15,055)	-	-	(15,055)
	-----	----	----	-----
Balance at 31 December	-	706	672	1,378
	=====	=====	=====	=====

2018

Balance at 1 January	2,747	619	100,186	103,552
Management and technical services fees*	-	-	(99,438)	(99,438)
Charge during the year	9,620	-	16,478	26,098
Payments during the year	-	-	(16,469)	(16,469)
	-----	----	-----	-----
Balance at 31 December	12,367	619	757	13,743
	=====	=====	=====	=====

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

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

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

30. CONTINGENCIES

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

31. COMMITMENTS

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

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

32. RELATED PARTY TRANSACTIONS

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

a. Purchase of goods and services

	2019 GH¢'000	2018 GH¢'000
Unilever Philippians	5,990	3,588
Unilever Nigeria PLC	14,970	12,322
Unilever Cote d'Ivoire	9,518	7,519
Unilever Gulf	2,670	2,835
Unilever Vietnam	47,645	36,270
Unilever Asia Private Limited	8,467	10,976
Unilever UK	274	235
Unilever South Africa (Pty) Limited	2,597	3,641
Unilever Supply Chain Company AG	4,050	5,886
Unilever N.V.	2,183	4,218
Unilever Indonesia	6,555	10,231
Unilever China Limited	5,078	4,732
Unilever Sichuan	3,791	13,389
Unilever Industries Private Limited	776	-
Unilever Employment Services	8	5
Unilever Pakistan Limited	-	5
Unilever Kenya Limited	1,483	496
Unilever Europe – IT	31	-
Unilever Sanayi ve Ticaret Tur	-	108
	116,536	116,506

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

b. Sale of good and services

	2019 GH¢'000	2018 GH¢'000
Unilever Nigeria Plc	421	257
Unilever Cote d'Ivoire	167	14,858
	<u>588</u>	<u>15,115</u>

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

c. Related party receivables

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

d. Related party payables

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

33. KEY MANAGEMENT PERSONNEL COMPENSATION

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

Key management personnel compensation included the following:

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

34. EARNINGS PER SHARE

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

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

35. FINANCIAL INSTRUMENT – FAIR VALUES AND RISK MANAGEMENT

a. Accounting classification and fair values

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

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

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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(b) Financial risk management

(i) Overview

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

- credit risk
- liquidity risk
- market risks

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

Risk management framework

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

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

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

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

(ii) Market risk

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

Foreign currency risk

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

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

2019	USD	EURO	GBP	ZAR
Bank balances	397	191	4	58
Related party receivables	4,050	1,982	3	-
Trade payables	(667)	(12)	-	-
Related party payables	(12,244)	(8,230)	(116)	(5,711)
Net exposure	(8,464)	(6,609)	(109)	(5,653)

2018				
Bank balances	1,016	602	29	3,082
Related party receivables	20,941	3,502	-	-
Trade payables	(7,646)	(2,670)	(301)	(738)
Related party payables	(23,278)	10,235	(34)	(6,689)
Net exposure	(8,967)	11,669	(306)	(4,345)

The following significant exchange rates applied during the year.

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

Sensitivity analysis on currency risks

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Sensitivity analysis on currency risks (cont'd)

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

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

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

Interest rate risk

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

	Carrying amounts	
	2019 GH¢'000	2018 GH¢'000
Fixed rate instruments		
Bank overdraft	-	-
Variable rate instruments		
Bank overdraft	65,202	73,508

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Sensitivity analysis for variable rate instrument

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

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

Fair value sensitivity analysis for fixed rate instrument

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

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

c. Credit risk

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

Exposure to credit risks

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

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

(i) *Trade and other receivables*

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

There is no off-balance sheet credit risk exposure.

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

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

Trade and other receivables by type of counter party

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

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

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

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

The movement in the allowance for impairment was as follows:

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

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

Cash and cash equivalent

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

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

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

(ii) *Related party receivables*

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

d. Liquidity risk

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

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

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

31 December 2019

	Carrying amount GH¢'000	<u>Contractual Cash flows</u>	
		6mths or less GH¢'000	6-12mths GH¢'000
Non-derivative financial liability			
Trade and other payables (Note 26)	(79,249)	(79,249)	-
Related party payables (Note 32d)	(210,056)	-	(210,056)
Dividend payables (Note 20)	(33,828)	(33,828)	-
Bank overdraft (Note 28)	(65,202)	(65,202)	-
	<u>(388,335)</u>	<u>(178,279)</u>	<u>(210,056)</u>

31 December 2018

Non-derivative financial liability			
Trade and other payables (Note 26) ²	(64,955)	(64,955)	-
Related party payables (Note 32d)	(231,651)	-	(231,651)
Dividend payables (Note 20)	(3,044)	(3,044)	-
Bank overdraft (Note 28)	(73,508)	(73,508)	-
	<u>(373,158)</u>	<u>(141,507)</u>	<u>(231,651)</u>

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

e. Capital management

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

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

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

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

36. SEGMENT INFORMATION

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

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

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

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

UNILEVER GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

36. SEGMENT INFORMATION (CONT'D)

Analysis by product divisions

	Foods		Home Care		Personal Care		Total
	2019	2018	2019	2018	2019	2018	
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Revenues	28,700	75,180	95,963	191,269	208,627	365,703	632,152
Cost of sales	(30,025)	(55,940)	(100,395)	(95,395)	(218,264)	(289,656)	(440,991)
Distribution cost	(2,219)	(2,109)	(7,421)	(5,365)	(16,135)	(10,258)	(17,732)
Brand & marketing investment	(2,592)	(3,686)	(8,665)	(8,360)	(18,839)	(27,953)	(39,999)
Administration expenses	(7,840)	(6,296)	(26,216)	(14,966)	(56,995)	(46,605)	(67,867)
Restructuring expenses	(231)	(664)	(774)	(3,009)	(1,683)	(5,947)	(9,620)
Impairment provision	(4,395)	(1,258)	(14,695)	(3,200)	(31,948)	(6,117)	(10,575)
Other income	898	13,356	3,002	35,484	6,527	70,004	118,844
Gain on spreads disposal	-	89,046	-	-	-	-	89,046
Operating (Loss) /profit	(17,704)	107,629	(59,201)	96,458	(128,710)	49,171	253,258
Finance income	-	-	-	-	-	-	400
Finance costs	-	-	-	-	-	-	(3,376)
(Loss)/ Profit before taxation	(17,704)	107,629	(59,201)	96,458	(128,710)	49,171	250,322
Income tax expense	-	-	-	-	-	-	(59,947)
(Loss)/ Profit for the year	(17,704)	107,629	(59,201)	96,458	(128,709)	49,171	190,825
Property, plant and equipment	11,223	18,770	42,360	42,524	85,400	82,900	144,194

UNILEVER GHANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Reconciliation of information on reportable segment

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

Geographical information

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

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

Events after the reporting period

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

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

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

OTHER INFORMATION – ANALYSIS OF SHAREHOLDING

NUMBER OF SHAREHOLDERS

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

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

DIRECTORS' SHAREHOLDING

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

20 LARGEST SHAREHOLDERS AT 31 DECEMBER 2019

	No. of shares	% of holdings
UNILEVER OVERSEAS HOLDINGS LIMITED	26,600,045	42.56
UAC INTERNATIONAL LIMITED	14,999,955	24.00
SCGN/HONKONG SHANGHAI ARISAG A.C.F	6,799,131	10.88
SOCIAL SECURITY & NATIONAL INS.TRUST	3,315,872	5.31
SCGN/SSB LLOYD G.INV CO.FUND-LYF3	846,500	1.35
SCGN/ENTERPRISE LIFE ASSO.CO.	438,330	0.70
STD NOMS/SSBTC RE INV ICVC-FT ST	423,272	0.68
STD NOMS TVL PTY/BNYM/FLORIDA	414,644	0.66
SCGN/JPMC BANKINVEST EMERGING MKTS	250,000	0.40
SCBN/SSB EATON VANCE TAX-MANAGED	249,000	0.40
SCGN/SCTIBANK HONG KONG S/A RE CFSI	234,608	0.38
SCGN/SCBM RE STANDARD CHAR. BANK	233,900	0.37
SCBN/STATE STREET LOND C/O SSB BOST RE RUSSEL INST.	135,928	0.22
SCGN/SSL. C/O SSBTCB RE BMO I(LUX)	122,600	0.20
HFCN/EDC GHANA BALANCED FUND LIMITED	112,695	0.18
SCGB/SSB & AS CUS FOR BMO LLOYD	90,900	0.15
SCGN/HSBC BK P.RE FIRST S.G.U.FP	88,800	0.14
RAINBOW FUND L.P	72,600	0.12
SCGN/JP MORGAN CHASE DUET VIXTORIE	60,010	0.10
STD NOMS TVL PTY/BNYM/FRONTI. MKT	53,279	0.09
REPORTED TOTALS	<u>55,542,069</u>	<u>88.87</u>

FIVE YEAR FINANCIAL SUMMARY OF THE COMPANY

Financial Position as at 31 December

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

OTHER DISCLOSURES

Existence of succession plan

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

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

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

Training/courses for leadership team members

During the year the leadership team attended the following courses.

Unilever leadership development programme

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

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

Accelerator programme for senior managers

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Creating a brighter future for our society

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

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

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

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

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