Unilever

2018 ANNUAL REPORTS & FINANCIAL STATEMENTS

SUSTAINING GROWTH WITH PURPOSEFUL BRANDS

Unilever


2kg Value Pack
VALUE PACK
Vim
Vim
Lipton
Geisha
Pepsodent
Sunlight
Sunlight

Unilever

TABLE OF CONTENT

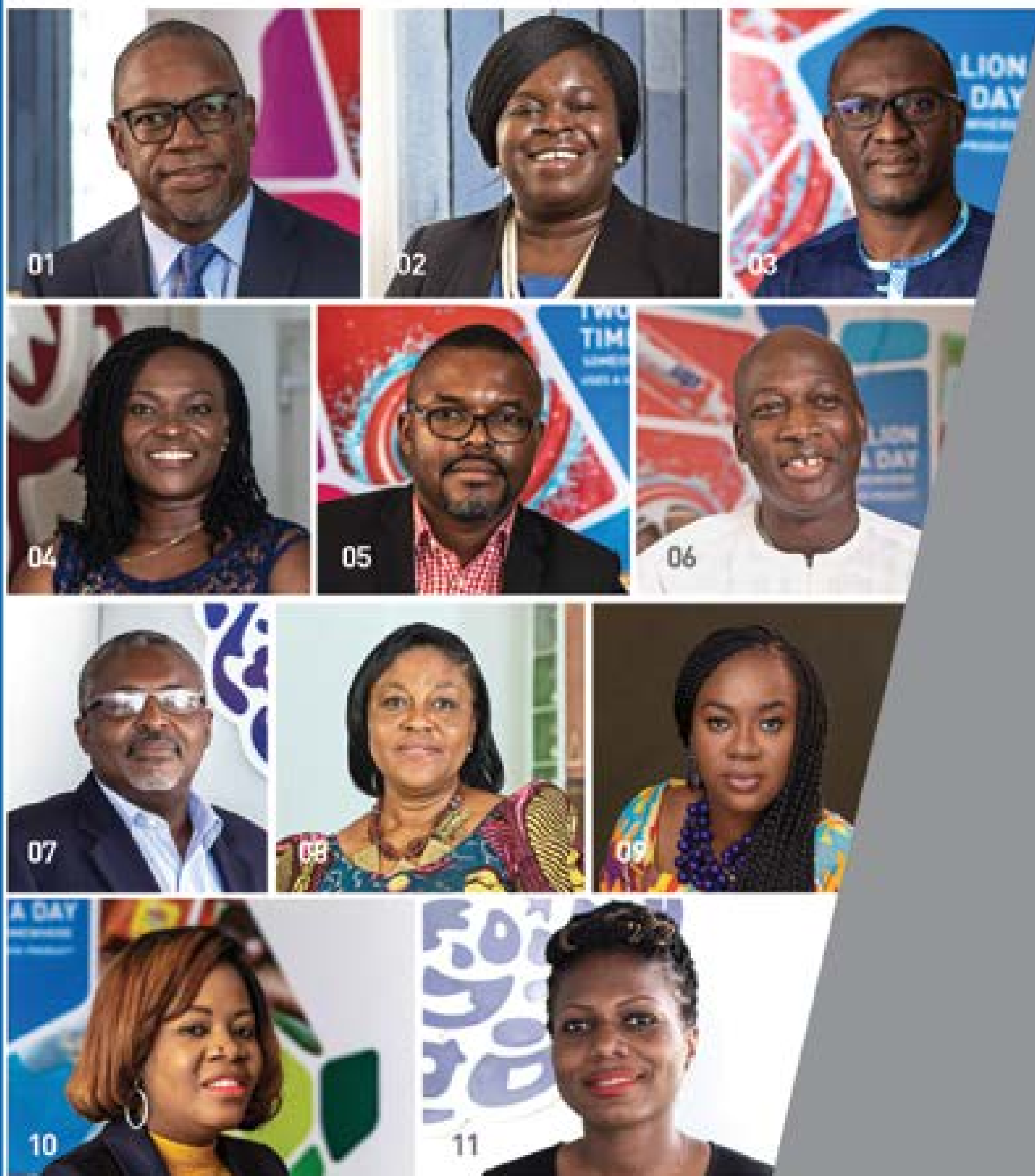
Contents	Pages
Financial highlights	4
Notice of meeting	5 - 6
Chairman's review	7 - 12
Managing Director's review	13 - 15
Corporate Governance	16 - 17
Report of the Audit Committee	18
Report of the Directors	19 - 21
Independent Auditor's Report	22 - 24
Financial Statements	
Statement of financial position	25
Statement of comprehensive income	26
Statement of cash flows	27
Statement of changes in equity	28
Notes	29 - 71
Other Information	
Analysis of shareholding	72
Five-year financial summary	73
Other disclosures	74
Proxy form	75

OUR MISSION

OUR VALUES

INTEGRITY
RESPECT
RESPONSIBILITY
PIONEERING

BOARD OF DIRECTORS



01 | MR EDWARD EFFAH
CHAIRMAN

02 | MRS GLADYS AMOAH
MANAGING DIRECTOR

03 | MR NAZAIRE DJAKO
SUPPLY CHAIN DIRECTOR

04 | DR. MRS EDITH DANKWA
NON-EXECUTIVE DIRECTOR

05 | MR MICHAEL ODINAKACHI UBEH
CUSTOMER DEVELOPMENT DIRECTOR

06 | MR ALFRED YAW ODURO NSARKOH
NON-EXECUTIVE DIRECTOR

07 | MR PHILIP ODOTEI SOWAH
NON- EXECUTIVE DIRECTOR

08 | MRS ANGELA PEASAH
NON-EXECUTIVE DIRECTOR

09 | MRS ADESOLA SOTANDE-PETERS
NON-EXECUTIVE DIRECTOR

10 | MRS NANA YAA OWUSU-ANSAH
PERSONAL CARE DIRECTOR

11 | MRS AMA ADADZEWA AGYEMANG
COMPANY SECRETARY

CORPORATE INFORMATION

BOARD OF DIRECTORS	Edward Effah (Chairman) Gladys Amoah (New Managing Director, Appointed 1/11/18) Adesola Sotande-Peters Philip Odotei Sowah Alfred Yaw Oduro Nsarkoh Angela Peasah Edith Dankwa Nazaire Djako Nana Yaa Owusu-Ansah Micheal Odinakachi Ubeh (Appointed 1/11/18) Yeo Ziobeieton (Former Managing Director, Resigned, 1/11/18)
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	Access Bank Ghana Limited Barclays Bank of Ghana Limited Ecobank Ghana Limited First Atlantic Bank Limited Guaranty Trust Bank Limited Société Generale Ghana Limited Standard Chartered Bank Limited Stanbic Bank Limited United Bank for Africa Limited Universal Merchant Bank Limited

Financial Highlights

(All amounts are expressed in thousands of Ghana cedis)

	2018	2017	Change %
Revenue	632,152	575,765	9.8%
Operating profit	253,258	67,204	276.8%
Profit before taxation	250,322	65,360	283.0%
Profit after taxation	190,825	48,149	296.3%
Cash (used in)/generated from operating activities	(9,982)	90,786	(111.0)%
Shareholders' funds	295,141	120,597	144.7%
Capital expenditure	60,914	21,005	190.0%
Basic earnings per share (GH¢)	3.0532	0.7704	296.3%
Diluted earnings per share (GH¢)	3.0532	0.7704	296.3%
Dividend per share	0.8000	0.2500	220.0%
Net assets per share (GH¢)	4.7223	1.9295	144.7%
Profit before taxation margin (%)	39.6	11.4	
Profit after taxation margin (%)	30.2	8.4	

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Members of Unilever Ghana Limited will be held at the Ghana College of Physicians and Surgeons, Ridge, Accra on Friday, 24 May 2019 at 10.00 a.m. for the following purposes:

AGENDA

1. To receive the Report of the Directors, the financial position as at 31 December, 2018 together with the Accounts for the year ended on that date and the Report of the Auditors thereon.

2. To declare Dividend.

3. To re-elect the following Directors:
   a. Mrs. Adesola Sotande-Peters
   b. Mrs. Nana Yaa Owusu-Ansah
   c. Mr. Alfred Yaw Nsarkoh
   d. Mr. Michael Odinakachi Ubeh

4. To approve the terms of appointment of a Director.

5. To approve Directors' fees.

6. To authorise the Directors to fix the remuneration of the Auditor.

7. To pass the following resolution;

SPECIAL BUSINESS

1. To amend Regulation 53 (1) and (2) of the Company's Regulations to include Regulation 53 (3) (a) and (b) as follows:

a. The electronic version of the Annual Report and Financial Statement shall be posted on the Business' website as follows: www.unileverghana.com and same forwarded to the e-mail addresses of shareholders before Annual General Meetings.

b. A limited number of hard copies of the Annual Report will be made available to shareholders at the grounds of the Annual General Meeting for use by shareholders attending the meeting.

A Member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a Member. A form of proxy is attached and if it is to be valid for the purposes of the Meeting, it must be completed and deposited at the Registered Office of the Registrars of the Company, Universal Merchant Bank Limited, not less than 48 hours before the Meeting.

Dated this 8 day of March 2019.

By Order of the Board

Ama A. Agyemang (Mrs)
Secretary

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

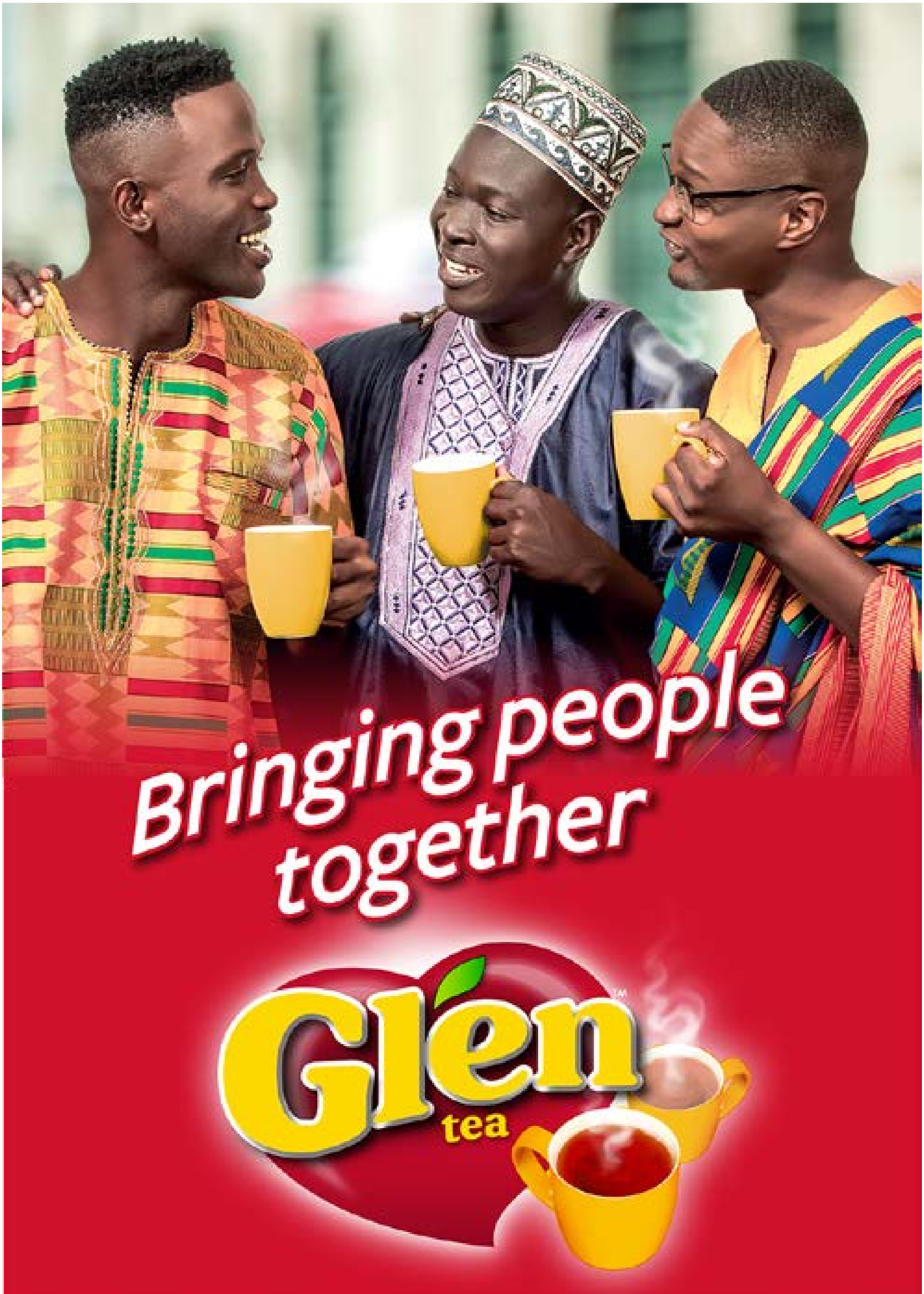
Notice of Meeting (Continued)

Dividend Warrants
When the declaration of dividend is made, the warrants of GH¢ 0.30 ordinary dividend would be posted on the 24 of June 2019 and a special dividend of GH¢ 0.50 would be posted in Quarter 4 of 2019 to holders of shares whose names are registered in the Register of members at the close of day on the 17 of May 2019.

Board of Directors & Secretary
Mr Edward Effah; Chairman, Mrs Gladys Amoah; Managing Director, Mr Michael Odinakachi Ubeh, Dr. Mrs Edith Dankwa, Mrs Nana Yaa Owusu-Ansah, Mr Alfred Yaw Oduro Nsarkoh, Mrs Angela Peasah, Mr Nazaire Djako, Mrs Adesola Sotande-Peters, Mr. Philip Odotei Sowah, and Mrs Ama Adadzewa Agyemang, Secretary.

Board Audit Committee
Mrs Angela Peasah, Dr. Mrs Edith Dankwa, Mrs Adesola Sotande-Peters and Mr. Philip Odotei Sowah.

Registrars Office
Universal Merchant Bank Ltd, Registrars Department, Kwame Nkrumah Avenue, Sethi Plaza, Adabraka, Accra
P. O. Box 401, Accra, Ghana.


Bringing people together
Glen
tea

Chairman's Review

Introduction

Distinguished shareholders, ladies and gentlemen, I am delighted to welcome all of you to the 45th Annual General Meeting of your Company - Unilever Ghana Ltd. It is also my pleasure and privilege to address and present to you the Directors' Annual Report and the Audited Financial Statements for the year ended 31 December 2018.

Review of the Global Economy;
The global economy started 2018 on an upbeat note and was projected to grow at 3.7%, buoyed by a pickup in global manufacturing and trade through 2017. As investors' confidence in the global economic outlook lost steam, so did the upswing. One reason behind this loss in momentum is the implementation of tariffs by major economies—especially the United States—and retaliatory measures taken by others, including China. The increasingly protectionist rhetoric on trade has meant higher uncertainty about trade policy, which weighs on future investment decisions.

Despite these actions, the US economy expanded at a fast pace in 2018, as tax cuts and spending increases stimulated demand. The US Federal Reserve has continued to raise the policy interest rate as a result. Interest rates on US long-term bonds have increased, as investors see risks to future growth and value the safety of US Treasury securities.

As growth and interest rates in the United States have outpaced those in other major economies, the US dollar has appreciated against most other currencies in 2018.

Some vulnerable emerging market economies have come under strain as the US dollar gained value and the level of risk that global financial investors were prepared to accept dropped. Most of these countries have seen increases in their external borrowing costs, but the extent of these increases varied widely.

These developments affected the performance of the Ghanaian economy in 2018 and by extension our Company, Unilever Ghana Ltd.

Review of the Economy of Ghana:
After two years of sluggish growth from 2014 to 2016, Ghana's economy accelerated to 8.5% in 2017 making it the second-fastest growing African economy, trailing only Ethiopia. The year was off to a strong start; growth for the first quarter of 2018 was 6.8%, above 6.7% recorded in 2017 primarily driven by the continued expansion of oil production. Overall GDP growth for 2018 is estimated at 5.6%. In September 2018, Ghana rebased its GDP from 2006 to 2013. The rebased 2017 GDP is 24.6% greater than the previous 2017 GDP. Private consumption increased by 6.2% of GDP in 2018. The economy is projected to grow by 7.3% in 2019 and a slower 5.4% in 2020 as the effects of increased oil production from new wells fade.
Inflation trended downwards from 11.8% in December 2017 to 9.4% in December 2018, remaining broadly anchored within the medium-term target band of 8±2 percent. It is the lowest inflation rate since December 2012, as prices slowed for both food and non-food products. The decline in inflation was mainly driven by non-food prices on account of relatively stable exchange rate developments.

Chairman's Review Continued

The recapitalization exercise ended in December 2018 with a total of 23 banks meeting the minimum requirement. These banks are sound, liquid and well-capitalized, and well-positioned to translate the gains made so far from two years of far-reaching reforms to the rest of the economy, according to the Bank of Ghana. At the end of December 2018, total assets of the banking sector grew by 14.7% year-on-year to GH¢107.3 billion. Going forward, growth in industry assets is expected to rebound as banks deploy their newly-injected capital towards financial intermediation.

The Ghanaian cedi stabilized against major currencies, except for a slight depreciation against the US dollar in the second quarter of 2018. The cedi depreciated by 8.4% in 2018 to the dollar compared with 4.9% in 2017. Against the Euro, it recorded a depreciation of 3.9% in 2018 vs 16.2% in 2017.

Despite the positive outlook, Ghana faces potential domestic and global headwinds. On the domestic front, the government faces a challenge in bridging its financing needs, with domestic revenues at about 10% of GDP and gross financing needs of more than 20% of GDP. This challenge is compounded by a high external debt–to-GDP ratio. On the external front, dependence on primary commodity exports continues to expose the economy to international commodity price shocks, which could weaken GDP growth.

Ghana is gradually building industrial capacity, and growth in industry is projected at 9.8% in 2019 and 5.9% in 2020. Recent trends reflect more machinery in the country's import basket. Between 2000 and 2017, the total value of machinery imports increased fourfold, to $670 million. This rapid increase in machinery imports had a substantial adverse effect on the country's current account balance, but it reflects a gradual shift toward industrialisation.

Review of the Political Environment:
Political stability will remain underpinned by Ghana's strong democratic credentials. The government prioritizes industrialisation as a means of job creation and economic growth, but a tight fiscal policy will restrain the pace of progress. Headline economic growth will be strong but will be concentrated around the oil and gas sector, with the non-oil sector expected to pick up from 2019 onwards underpinned by pro-business reforms and steady improvement in power supply.

Business Performance:
Unilever Ghana Limited results for the year ended 31 December 2018 shows a revenue growth of 10% from GH¢ 575m in 2017 to GH¢ 632m in 2018 mostly due to increase in volumes sold. Operating profit before tax of GH¢ 250m, representing 283% increase over 2017's GH¢ 65m. Profit after tax therefore improved by 296% to GH¢ 191m compared to GH¢ 48m in 2017. Included in the operating profit for the year is an amount of GH¢ 89m, being profit on disposal of spreads business and reversal of management and technical services fees provision amounting GH¢ 111m.

Dividends:
The Board of Directors hereby propose a dividend pay-out of GH¢0.80 per share from the 2018 profits, amounting to a total of GH¢ 50,000,000.

Board Changes:
Mr Ziobeieton Yeo, Managing Director resigned from the Company on 1 of November 2018.

Mrs. Gladys Amoah, formerly the Customer Development Director and a member of the Board was promoted to the position of Managing Director effective 1 November 2018.

Mr. Michael Ubeh was appointed as the Customer Development Director effective 1 November 2018.

Mr Michael Ubeh has been with Unilever for the last 16 years with experience spanning over Customer

Chairman's Review Continued

Management, Customer Operations and Customer Marketing.
He has previously worked with the Customer Development Centre of Excellence Hindustan Unilever India in the capacity of Customer Development Operations Manager, where his key task, in addition to day to day Customer Operations, was to lead the delivery of leading edge capability in the front end, measured by delivery of many projects that deliver efficiency and cost effectiveness in operations and looking at current sales and Management processes, understanding, taking insights from evolving technology and defining a service and product mix that can ensure a quantum jump in the process efficiency.

Michael, prior to his international assignment held various positions in Unilever Nigeria - The Route to Market (RTM) & Wholesale transformation Lead Nigeria, General Sales Manager East, Regional Sales Manager South East, Customer Marketing Manager Foods, Trade category Manager Foods and Field Sales Manager across various regions in Northern and Southern Nigeria.

Until his recent appointment, he was the Customer Development Director for Distributive Trade in Nigeria.

Michael believes that good people are valuable assets to the organisation and must be developed, inspired and motivated for greater level of achievements. Building talents & teams and growth mind sets are his strongest leadership skills. He loves meeting people, travelling and has a keen interest in understanding and following trends in wealth creation & Management institutions, projects that involve system, process and institutional changes.

Michael is a Nigerian born in Nkawkaw, Ghana in 1975. He is married with Children.

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

1. **Mr. Edward Effah**
2. **Mrs. Gladys Amoah**
3. **Mr. Nazaire Djako**
4. **Dr. Mrs. Edith Dankwa**
5. **Mr. Philip Odotei Sowah**
6. **Mr. Alfred Yaw Oduro Nsarkoh**
7. **Mrs. Angela Peasah**
8. **Mrs. Adesola Sotande-Peters**
9. **Mrs. Nana Yaa Owusu-Ansah**

Profile of Subsisting Directors

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

Edward is a Chartered Accountant by profession and is a member of the Institute of Chartered Accountants in England and Wales. Edward is also a member of the Institute of Directors (UK).

Edward has extensive experience in business strategy formulation, calculated risk taking, strategy execution, team building, mentoring, business innovation, finance, technology strategy, capital raising, investor relations, managing Boards and effective communication with key stakeholders.

Chairman's Review Continued

Mrs. Gladys Amoah.
Gladys Amoah was appointed as the Managing Director for Unilever Ghana Limited effective 1 November 2018. Prior to her appointment as the Managing Director, she was appointed the Customer Development Director, Ghana effective 1 November 2016. Gladys has 17 years' experience in FMCG and has held roles in both Customer Development and Marketing. She has also got experience in Foods, Out of Home (restaurant markets), Personal Care and more recently Homecare. She has both South African and the rest of Africa experience.

She holds Bachelor of Science in Zoology and Microbiology from University of Cape Town.

Mr. Nazaire Djako
Mr Nazaire joined Unilever in 1997 as a Management Trainee in CDI, working his way up from Oil Refinery Engineer to Factory Manager Foods, before moving over to Ghana in 2008 where he started as the Chief Engineer and later as the Plant Manager HPC/ Foods. Thereafter, he took over as the lead Supply Chain manager for Ghana in 2010. In 2012, he was promoted to the position of GTM SC Director for Unilever West Africa (UWA) till 2014.

Nazaire had assignments working in South East Asia as SC Projects Director in Indonesia, where he landed crucial projects before returning to CDI in 2016. He is currently the Supply Chain Director for Unilever Ghana Limited.

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

She holds a Bachelor of Arts degree in Management Studies from the University of Cape Coast, a Post Graduate Diploma in Marketing from the Chartered Institute of Marketing - Ghana, a Post Graduate Certificate in Newspaper Management from Inwent International Institute of Journalism, Germany, Executive MBA from the GIMPA Business School and a doctoral degree in Business Administration (International Business) from Walden University in the USA.

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

Mr. Philip Odotei Sowah
Philip Sowah is a management consultant with 27+ years Senior Management experience in telecommunications, general management, information technology, and management consulting with Big 4

Chairman's Review Continued

and Fortune 500 companies across the US, Africa and the Middle East. He is currently a Partner at Nubuke Investment Business Advisory. Prior to Nubuke, Philip was the managing director of Airtel Ghana for six years where he managed the aggressive growth of the company to become the 3rd largest Mobile Network Operator (MNO) in terms of revenue. At Zain, which later became Airtel, Philip led the start-up and launch of a new mobile operator and brand, Zain, as the first full 3G network in Ghana.

A team player and an empowering leader, under his leadership Airtel won several awards including Telecoms Company of the Year in 2010 and 2012 organized by the Chartered Institute of Marketing Ghana (CIMG). He is also the recipient of three CEO of the Year awards having picked two from the Mobile World Ghana Telecoms Awards in 2011 and 2013 respectively and one from PWC's Ghana's Most Respected Company and CEO Awards in 2010. He is passionate about sustainable CSR (Corporate Social Responsibility) projects and has degrees in Physics and Mechanical Engineering from Grinnell College and Washington University- St. Louis respectively both in the USA. Philip is happily married and has 4 daughters.

Mr. Alfred Yaw Oduro Nsarkoh

Yaw Nsarkoh was appointed as Unilever Nigeria's Managing Director effective 1st January 2014. Until this appointment, he served as the Managing Director, Unilever East and Southern Africa based in Kenya. He has served as a Strategic Assistant to Unilever Executive member and President of Unilever Asia, Africa, Central and Eastern Europe based in the United Kingdom. He also served as Marketing Director Unilever Ghana and has done many other jobs in Ghana and in South Africa.

Mr. Nsarkoh holds an Honors Degree in Chemical Engineering from the University of Science and Technology, Kumasi, Ghana and a Post Graduate Diploma in Management from Henley Management College, Henley-on- Thames, United Kingdom.

Mrs. Angela Peasah

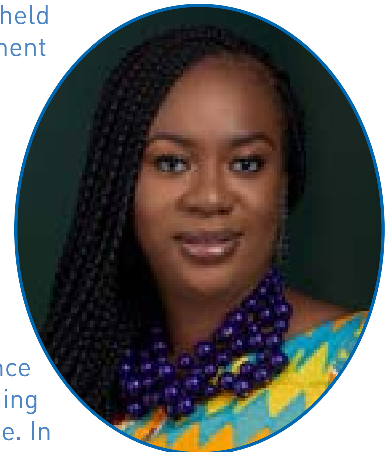
Mrs. Angela Peasah is a chartered accountant by profession and was admitted into the membership of the Institute of Chartered Accountants (Ghana) in 1995. She holds an Executive MBA from the University of Ghana, Legon. She is also a product of the Institute of Professional Studies now University of Professional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

She is currently the Director of Public Accounts at the Controller and Accountant General's Department (CAGD). She has managed many audit jobs including World Bank and ADF funded projects, mining, insurance and commercial organizations. Angela is a Past President of The Institute of Chartered Accountants (Ghana).

Mrs. Adesola Sotande-Peters

Mrs. Adesola Sotande-Peters is a Finance Executive (FCCA) with a strong Business Finance leaning and with over 23 years varied professional experience (spanning various organizations such as the British Broadcasting Corporation (BBC) UK, Informa Group UK, Openwave Telecoms UK, Diageo Plc (Guinness Nigeria Plc, East

African Breweries Limited (Kenya), and Guinness Cameroon SA) where she has held various senior finance roles in commercial/strategic finance, financial management consultancy/analysis, with a strong focus on people development/mentoring.



She holds a bachelor degree in Business Administration and Economics from Richmond College, The American International University in London. She also holds an MBA for finance professionals from Manchester Business School. She is a fellow of the Association of Certified Chartered Accountants (FCCA) and a member of the Institute of Chartered Accountants of Nigeria (ICAN).

She was appointed to the Board of Unilever Nigeria Plc. in January, 2015 and responsible as the CFO for Unilever Nigeria to proactively provide strategic finance leadership to ensure optimal allocation of the Company's resources in the planning and execution of the business strategy to create and maximise shareholder value. In January 2018, she was promoted to the position of Vice-President Finance, Ghana Nigeria.

Mrs. Nana Yaa Owusu-Ansah

Mrs Nana Yaa Owusu-Ansah is a seasoned marketer with over 13 years work experience in cross-functional roles within Unilever.

She has multi country and category experience in various positions including Personal Care Category Manager for Unilever Ghana and Skin Cleansing Category Manager for Unilever West Africa. Before being appointed as Brand Building Director for Unilever Ghana in January 2016, she was the Head of Marketing for Africa Emerging Markets now Central Africa with responsibility for a number of markets including Angola, Cameroon DRC, Mauritius, Gabon and Southern African markets. In 2017, she was promoted to the position of Personal Care Director, Ghana-Nigeria.

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

Biographical information of Directors

Age category	Number of Directors
Up to – 40 years	-
41 – 60 years	10
Above 60 years	-

Managing Director's Review

Introduction:

Let me take this opportunity to welcome you all to this Annual General meeting as I present to you management's review of our operations in 2018.
It is management's expectation to build on the strong platform provided in 2018 to deliver its growth ambitions in 2019 and beyond.

Customer Service Development:

As the sales function at Unilever, we continue to make our first priority, driving of product and brand availability and visibility to all shoppers throughout all the shopping occasions.

Through the partnerships with our Key Distributors and Key accounts, we were able to extend our coverage directly to over 64,000 Customers over the last year. We further expanded our nationwide distributive footprint with Sub-Distributors, Tricycle deployment and the 'Shakti' model, route-to-market solutions that have allowed us to tap into the previously unexploited grey areas across the country. This has contributed strongly to our profitable and sustainable growth agenda. Over 110 youth have been employed through the tricycle salesman deployment project in Southern Ghana and an additional 100 women have been empowered economically under the Shakti program in the North as well.

We remain firmly committed to positively impacting our society and growing our business sustainably and profitably through accelerating the growth of our purpose led brands.

Home and Personal Categories

Unilever still maintained its leadership position in Home care in spite of the very fierce competitive landscape both in Powders and the Bars segments.

Our Fabric Solutions - Laundry Powders-achieved a double-digit volume growth driven mainly by Sunlight powder through its aggressive market and consumer activations across all regions in 2018. Key driver of the growth was the 200g pack size which was introduced end of 2017 to meet a growing consumer need. The influx of many GH1.00 laundry bars, continue to impact on the bar segments growth. Nonetheless, Unilever was able to achieve marginal value growth, leveraging the growing wrapped bars segment with Key Brilliant & BF leading the growth.

Sunlight Dish-wash Liquid under the Home & Hygiene category also achieved impressive growth through its trade and shopper incentive activations to appeal to more consumers.

Underpinning the 2018 performance was the implementation of the first ever USLP activation dubbed "Clothes to the Nation" (CTTN). Unilever solicited and donated over 11,000 clothes to the less privileged in the society. Overall, about 7,000 beneficiaries received the donation within the Greater Accra Region.

Beauty and Personal Care

Unilever continued to spearhead its dominant position in the personal care category through innovative product launches, consumer activities and value accretive business initiatives.

Our personal care business growth was driven by all brands especially, Pepsodent in the Oral Care category, Geisha in our skin cleansing category and Rexona in our deodorant category.

The successful roll-out of Geisha in-market activations across major markets nationwide to establish the brand's long-lasting proposition was able to garner tremendous consumer and shopper support leading to an appreciable rise in the brand's sales.

Our disruptive Rexona-Chelsea 'Be the Next Champion' consumer activation done in partnership with Chelsea football club and world-renowned footballer, Michael Essien – the first of its kind in Ghana – leveraged the strong consumer love and grass root support for football in Ghana to successfully whip up consumer interest for the brand culminating into positive sales and growth for Rexona.

With social impact being a forefront of our business, both Pepsodent and Lifebuoy commemorated World Oral Health Day and Global Handwashing Day with month long campaigns to drive awareness on the need to brush twice daily to prevent cavities

Managing Director's Review Continued

and wash hands regularly with soap on the five key occasions to prevent the spread of communicable diseases.

Through the Pepsodent and Lifebuoy educational campaign in Schools, and communities nationwide, Unilever reached over 2 million Ghanaians in 2018, with the message of "Brush 2x daily" & "Hand washing with soap & Water" on all 5 critical occasions (Before Breakfast, Lunch & Super, after using the Toilet and during Bathing).

Foods and Refreshment

Refreshment had an impressive volume recovery of over 20% mainly driven through a price correction of Lipton yellow label in response to market conditions which increased rate of sale. A trade and consumer promotion during Ramadan as well as a new brand communication message on TV supported in driving awareness and repeat purchase. Glen, a second-tier affordable brand was also launched and will be a source of growth in the coming years.

Foods had a fair growth across all brands. Blueband delivered volume growth over the first half of the year while owned by Unilever through improved distribution across more stores as well as through the continued multi-purpose campaign of the Original variant.

Annapurna achieved a double-digit volume growth over the year driven by shopper & trade activities which stimulated consumer & retailer appeal.

Operating and Financial Review:

Financial results for the year ended 31 December 2018 shows a good improvement compared with 2017 performance. Revenue increased by 10% from GH¢ 575m in 2017 to GH¢ 632m in 2018 largely due to increase in volumes sold. Operating profit before tax was recoreded as GH¢ 250m, representing 283% increase over 2017's GH¢ 65m. Profit after tax therefore improved by 296% to GH¢ 191m compared to GH¢ 48m in 2017.

Cash Flow:

Cash and cash equivalent is in deficit of GH¢ 65.5m in 2018 compared with GH¢ 53.18 in 2017 largely due to challenging environment during the period under review leading to less collections from customers.

Investment

As a company, we continue to prioritize our investment in building efficient process equipment as a means of meeting our customers' continuous demand and thereby achieving our ambitious growth. Investment of more than GH¢ 39m was undertaken in areas of a Biomass Boiler, heating, an Oral onshore project, a Ghana Tea Bag sachet onshoring project amongst many others to improve efficiency of our operations.

Creating a brighter future for our society

2018 was another great year of delivering tangible results, reflective of the objectives of our Unilever Sustainable Living Plan (USLP). We made great strides in supporting the improvement of the Health and Hygiene needs of Ghanaians; worked on projects to ensure a cleaner environment; and extended support to deprived communities to enhance livelihoods of Ghanaians. The following activities give details of our activities during the year under review:

- The campaign on hand washing with soap under Lifebuoy, was able to reach over 1 million people with the message of washing hands with soap under running water, during the 5 critical periods in a day- before breakfast, before lunch, before dinner, after using the toilet and during our daily baths. The Lifebuoy brand sponsored the Global Hand Washing Day celebrations, as it had done in the past, and extended the 2018 edition to the Central Region, where it held a durbar which attracted chiefs, health workers, educational authorities, school children and members of the public.
- The event in Accra was graced by the 2nd Lady of the Republic of Ghana, H.E. Samira Bawumia. Other dignitaries who joined her at the event grounds included the Minister for Women, Gender & Social Protection, Cynthia Morrison; Deputy ministers for Water & Sanitation and Education. Also in attendance was the Dutch Ambassador to Ghana, H.E. Ron Strikker. Representatives of NGOs in the Water and sanitation sector as well as educational authorities and about 3,000 school children were in attendance.
- The Orals team, through the Pepsodent brand, effectively utilized the platform of the World Oral Health Day celebrations to run a spirited campaign that reached many more Ghanaians with the message of brushing teeth twice daily. The brand sponsored the celebrations with an event in Accra, attended by many dignitaries in the health and education sectors with support from the Ghana Dental Association. About 4, 000 school children took part in a mass teeth brushing session during

Managing Director's Review Continued

the event. The brand was able to directly reach over 1.5 million people with the message on the benefits of brushing one's teeth twice daily. Their effort won them the prestigious and coveted CIMG Brand Activation of the year.

- The Unilever Ghana Foundation again partnered with Global Communities, a USAID sponsored NGO in the water and sanitation sector, to construct ten new hygiene stations for selected schools in the Tema, Ashaiman and Kpone-Katamanso areas. The newly constructed hygiene stations will be handed over to the following schools: Kpone Presbyterian Basic school A, Kpone Presbyterian Basic school B, Tema Manhean Anglican Primary A, Tema Manhean Anglican Primary B, Tema Manhean Anglican Primary C, Sakumono Holy Child Roman Catholic Basic, Ashiaman SDA Primary School, Ashaiman St Augustine's Primary, Kotobabi No. 2 TMA JHS, and Ashaiman AME Zion Bethel JHS.
- The Foundation also supported the relaunch of the Livelihood Enhancement project 'Shakti', in Ghana. Under this Livelihood Enhancement project, 100 women from deprived communities in the Upper West region of Ghana have been selected and trained in basic financial management and how to start small businesses of their own. Unilever Ghana gave product loans of assorted Unilever products, from which they are expected to sell, keep the profit and use the capital to restock. The Foundation and Unilever are projecting to recruit 100 more women under this project in 2019. This speaks directly to the USLP objective of enhancing the livelihood of Ghanaians.
- Also, under the USLP objective of enhancing livelihood of Ghanaians, Unilever Ghana extended support to the Ghana Prison Service, Ghana Blind Union and the Sisters of Mother Theresa Charities by donating assorted Unilever products for the upkeep of inmates of the respective facilities.
- On the environment, Unilever worked through the Ghana Recycling Initiative by Private Enterprises (GRIPE), to engage more with government and other stakeholders involved in the discussion on plastic waste. GRIPE, working through the Association of Ghana Industries (AGI) has made good progress on sharing the views and concerns of industry with decision makers. The coalition is fast tracking efforts to introduce second life solutions. Pilots run in this respect have yielded some positive results. Building blocks have been molded from plastic waste and projected to be used in building hygiene stations across the country.

The efforts of the company in its line of doing business and extending support to Ghanaians on its USLP missions did not go unnoticed as awards of approvals were received. Some of the awards are as stated below:

- FRIEND OF THE NATIONAL SCIENCE AND MATHS QUIZ – PLATINUM AWARD
- 2018 GHANA MANUFACTURING AWARDS - MANUFACTURING COMPANY OF THE YEAR.
- GHANA PROCUREMENT AND SUPPLY CHAIN AWARDS
- CHARTERED INSTITUTE OF MARKETING GHANA, AWARDS
- JOBBERMAN BEST 100 COMPANIES TO WORK FOR, RECOGNIZES UNILEVER FOR EMERGING ONE OF THE BEST 100 COMPANIES TO WORK FOR IN GHANA
- 3RD EHS AWARDS; SAFETY COMPLIANT COMPANY OF THE YEAR, UNILEVER GHANA.
- GHANA BUSINESS AWARDS; BEST CONTRIBUTING COMPANY TO THE ECONOMY OF GHANA, UNILEVER GHANA.
- SUSTAINABILITY AND SOCIAL INVESTMENT AWARDS; BEST COMPANY FOR LIVELIHOOD EMPOWERMENT, BEST COMPANY IN PROVIDING SANITATION FACILITIES
- MARKETING WORLD AWARDS; ACTIVATION OF THE YEAR WITH REXONA; CONSUMER BRAND OF THE YEAR WITH BLUE BAND MARGARINE
- GHANA CLUB 100 AWARD BY THE GHANA INVESTMENT PROMOTION CENTER
- CSR AWARD FOR GREENING & ENVIRONMENTAL PROTECTION
- CSR AWARD FOR PRODUCTION STANDARDIZATION

We are encouraged by the recognition that our efforts have attracted from these prestigious award institutions. It urges us on to do more. We will stay committed to the production and distribution of products that meet the health and hygiene needs of Ghanaians daily and invest in ventures that would always enhance the livelihoods of Ghanaians.

We look forward to a more fruitful year in 2019.

Outlook for 2019

Considering the level of growth achieved with our 'connected for Growth' strategy, we cannot afford to drop the bar, but to build on the strong platform achieved in 2018 and increase the operational intensity with customer focus to achieve our continuous growth ambition.

CORPORATE GOVERNANCE

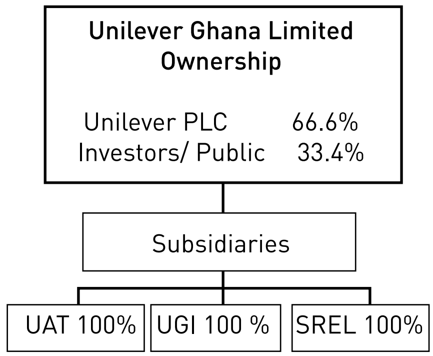
Introduction

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

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

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

Legal Structure of Unilever



Board of Directors

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

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

The Audit Committee

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

The Executive Committee

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

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

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

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

Internal Controls

Unilever has a robust internal

CORPORATE GOVERNANCE Continued

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

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

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


Geisha
BE STRONG
AND LAST LONG
NEW
Geisha
LONG LASTING SOAP
shea butter & honey
NEW
Geisha
LONG LASTING SOAP
aloe vera & honey
LASTING SOAP

REPORT OF THE AUDIT COMMITTEE

MEMBERSHIP OF AUDIT COMMITTEE OF THE BOARD

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

ROLE OF THE AUDIT COMMITTEE

The Audit Committee meets quarterly to review:

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

SUMMARY OF THE AUDIT COMMITTEE'S ACTIVITIES IN 2018

In 2018, the Unilever Ghana Limited Audit Committee met five times on 23 January, 2018, 7 March 2018, 24 April 2018, 24 July 2018 and 26 October 2018.

REVIEW OF THE FINANCIAL PERFORMANCE OF THE COMPANY

At the 23 January and 7 March 2018 meetings, the committee reviewed the financial performance of the Company for the financial year ended 31 December 2017 and the audited accounts for the 2017 financial year.
The Committee was updated on the Company's performance in 2018 during the 24 April 2018, 24 July 2018 and 26 October 2018 meetings.

INTERNAL AUDIT

The Internal Audit team updated the committee on the status of audit plan, risk and actions and outlined the Ghana Business Risk matrix for the quarter.

The Total controls tested were Four (4). Recommendations for improvement were all remediated during the year.

The audit team also updated the committee regularly on the Company's audit and risk management assessment findings.

EXTERNAL AUDIT

The external Auditor updated the Committee on the audit plan and strategy for the year ending 31 December 2018. The Key focus areas were provision for and payment for management and technical service fees, disposal of spread business, revenue recognition, existence and valuation of inventories and management override of controls and transition adjustments for International Financial Reports Standards (IFRSs) 9 &15.

The audit team also updated the committee regularly on the company's audit and risk management assessment findings.

DIRECTORS' REPORT

The Directors have the pleasure in submitting to the members, the Company's Financial Statements for the year ended 31 December 2018.

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 2018 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, 1963 (Act 179). In addition, the Directors are responsible for the preparation of the Directors' report.

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.

FIVE YEAR FINANCIAL HIGHLIGHTS

Details of the Company's five-year financial highlights are disclosed on page 73.

FINANCIAL STATEMENTS/BUSINESS REVIEW

The financial results for the year ended 31 December 2018 is reflected in the accompanying financial statements.

The Directors propose a dividend of GH¢ 0.80 (2017: GH¢ 0.25) per share amounting to GH¢50,000,000 (2017: GH¢15,625,000).

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

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 the home care, personal care and foods categories. There was no change in the nature of business of the Company during the year.

OBJECTIVES OF THE COMPANY

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

HOLDING COMPANY

The Company is 66.6% owned by Unilever Plc, a company incorporated in the United Kingdom.

RELATED PARTY TRANSACTIONS

Information regarding Directors' interests in ordinary shares of the Company and remuneration is disclosed in Note 33 and analysis of shareholders on page 72 to the financial statements. No Director has any other interest in any shares or loan stock of the Company. Other than service contracts, no Director had a material interest in any contract to which the Company was a party to during the year. Related party transactions and balances are also disclosed in note 32 to the financial statements.

AUDITOR

The Audit Committee has responsibility delegated by 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 Limited for five years. KPMG does not provide non-audit services to the Company.

DIRECTORS' REPORT Continued

Profile

Executive	Qualification	Outside board and management position
Gladys Amoah	o Holds Bachelor of Science in Zoology and Microbiology- University of Cape Town	Nil
Nazaire Djako	o Master of Science in Crude Oil (Petroleum), French Institute of Petroleum, Rueil-Malmaison – France. o Chemical and Process Engineer from University of Science and Technology, Compeiegne France. o Advance Certificate in Technology from Institute of Technology, University of Rheims, Champagne, France.	Nil
Nana Yaa Owusu-Ansah	o Master of Arts –Marketing & Innovation from London School of Marketing. o Post graduate Diploma – Business & Marketing Strategy Eduqual Extended Programme o Bachelor of Education – Psychology from University of Cape Coast	Nil
Michael Odinakachi Ubeh	o BSc (Hons) in Applied Chemistry- Federal University of Uyo Akwa Ibom Nigeria o Master in business administration Federal University of Technology -Yola Nigeria o Post Graduate Certificate in Management- University of Cumbria- London.	Nil
Non-executive		
Edward Effah	o Chartered Accountant o Member of the Institute of Chartered Accountants in England & Wales. o Member of the Institute of Directors (UK).	o Fidelity Bank – Chairman o Africa Capital LLC – Director o Legacy Bonds Limited - Director
Edith Dankwa	o Doctor of Business Administration (DBA) – Walden University USA o Master of Business Administration (MBA), Ghana Institute of Management & Public Administration. o Post Graduate Certificate – Newspaper Management International Institute of Journalism (Germany). o Post Graduate Diploma – Marketing, Chartered Institute of Marketing, Ghana. o B A Management Studies, University of Cape Coast	o Business & Financial Times Limited o Conbiz Construction & Investment Limited o Urban Press o Executive Women Network
Alfred Yaw Oduro Nsarkoh	o Degree in Chemical Engineering – University of Science & Technology, Kumasi, Ghana o Post Graduate Diploma in Management – Henley Management College, Henley-on-Thames, UK	Nil
Angela Peasah	o Chartered Accountant of the Institute of Chartered Accounts, Ghana. o Executive MBA from the University of Ghana Business School, University of Ghana, Legon. o Institute of Professional Studies (IPS)	Nil
Adesola Sotande-Peters	o Bachelor degree in Business Administration & Economics from Richmond College, The American International University in London. o MBA for finance professionals – Manchester Business School. o Fellow of the Association of Certified Chartered Accountants (FCCA). o Member of the Institute of Chartered Accountants of Nigeria (ICAN).	Nil
Philip Odotei Sowah	o BSc Mechanical Engineering, Washington University Missouri, USA o BA Physics, Grinnell College, Iowa, USA o Airtel Leadership in Action Program –INSEAD Business School, Singapore campus	o Barclays Bank of Ghana Limited – Director o Afriwave Telecom – Director o Qualtek Limited – Director o TxtGroup Limited - Director

Biographical information of directors

Age Category	Number of Directors
• Up to – 40 years	-
• 41 – 60 years	10
• Above 60 years	-

DIRECTORS' REPORT Continued

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, 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 five senior managers.

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 as at the reporting date and no significant failings or weaknesses were identified during this review.

DIRECTORS' PERORMANCE EVALUATION

Every year the performance and effectiveness of the Board of Directors ("the Board"), its committees and individual Directors are evaluated. The evaluation is conducted by the completion of detailed and comprehensive written survey questionnaires. 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 it faces, and the economic, competitive, legal and regulatory environment in which the company operates. A programme of strategic and other reviews, together with the other training provided during the year, ensures that directors continually update their skills, their knowledge and familiarity with the Company's businesses, and their awareness of sector, risk, regulatory, legal, financial and other developments to enable them to fulfil effectively their role on the Board and committees of the Board.

CONFLICTS OF INTEREST

The Company has established appropriate conflicts authorisation procedures, whereby actual or potential conflicts are regularly reviewed, and authorisations sought as appropriate. 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 the 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 has been confirmed by the Board of Directors.

CORPORATE RESPONSIBILITY

Corporate responsibilities activities can be found on pages 14 and 15.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of Unilever Ghana Limited, as identified in the first paragraph, were approved by the Board of Directors on the 28 March 2019 and signed on their behalf by:

Edward Effah

Director

Director

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 2018 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 25 to 71.

In our opinion, these financial statements give a true and fair view of the financial position of Unilever Ghana Limited as at 31 December 2018 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, 1963 (Act 179).

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 schedule in Ghana, and we have fulfilled our other ethical responsibilities in accordance with 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¢632 million

Refer to Note 5 of the financial statements

The key audit matter
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 issue 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.

How the matter was addressed in our audit
We evaluated the design and implementation and tested the operating effectiveness of controls over the initiation, recording and processing of revenue. 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. We also developed an expectation of the current year revenue balance based on trend analysis, taking into account historical monthly sales and returns information. We then compared the expectation to actual results and ascertained reasons for variances. We also considered the adequacy of the Company's disclosures in respect of revenue in line with IFRS 15.

Existence, accuracy and valuation of inventory GH¢53 million

Refer to Note 19 of the financial statements

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

The key audit matter
The Company keeps a large number of inventory lines with significant values for the all segments. Inventory may not be measured appropriately due to nonexistence, obsolescence or inaccurate unit costs assigned to items with significant values.

How the matter was addressed in our audit
We evaluated the design and implementation and tested the operating effectiveness of controls over periodic inventory counts and management review of inventory reconciliation. We also observed year- end inventory counts and agreed results with the Company's records. On a sample basis, we recomputed the unit costs of inventory used in the year-end of inventory valuation by agreeing the costs to supporting documentation such as purchase invoices and landed costs. We enquired into identified slow moving inventory and assessed reasonableness of impairment allowance recognised on such inventory. We also considered the adequacy of disclosures in relation to inventory recognised in the financial statements.

Other Information
The Directors are responsible for the other information. The other information comprises the information Report of the Directors, as required by the Companies Act, 1963 (Act 179), the Report of the Audit Committee, Managing Director's Review, the Chairman's Review and Corporate Governance which we obtained prior to the date of this auditor's report..

Other information does not include the financial statements and our auditor's report 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, 1963 (Act 179), and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- o Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 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.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act 1963(Act 179)

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 and the statements of financial position and comprehensive income are in agreement with the books of account.

The engagement partner of the audit resulting in this independent auditor's report is Anthony Kwasi Sarpong (ICAG/P/1369).

KPMG

……………………………………
FOR AND ON BEHALF OF:
KPMG: (ICAG/F/2019/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

28 March 2019


Unilever
FOR SOFT AND
FRAGRANT SKIN
NEW FLORAL BEAUTY OIL™
LUX
LUX
Soft Caress
For noticeably smooth skin
LUX

Statement of financial position as at 31 December

(All amounts are expressed in thousands of Ghana cedis)

	Notes	2018	2017
Assets			
Property, plant and equipment	15a	144,194	113,738
Intangible assets	16	-	7
Investment in subsidiaries	18	10	10
Non-current assets		144,204	113,755
Inventories	19	53,436	53,618
Trade and other receivables	24	270,261	93,937
Prepayments	25	22,740	28,747
Related party receivables	32c	227,904	125,259
Current tax asset	14b	-	112
Cash and bank balances	28	7,945	53,203
Current assets		582,286	354,876
Total assets		726,490	468,631
Equity			
Share capital	21a	1,200	1,200
Capital surplus account	22	204	204
Retained earnings	21b	293,656	119,112
Share deals account	23	81	81
Total equity		295,141	120,597
Non-current liabilities			
Employee benefit obligations	17b	4,113	4,364
Deferred tax liability	14c	8,842	8,644
Non-current liabilities		12,955	13,008
Current liabilities			
Bank overdraft	28	73,508	14
Trade and other payables	26	69,836	74,009
Related party payables	32d	231,651	154,407
Dividend payables	20	3,044	3,044
Provisions	29	13,743	103,552
Current tax liability	14b	26,612	-
Current liabilities		418,394	335,026
Total liabilities		431,349	348,034
Total liabilities and equity		726,490	468,631

Edward Effah
Director

Director

The notes on pages 29 to 71 form an integral part of these financial statements.

Statement of comprehensive income for the year ended 31 December

(All amounts are expressed in thousands of Ghana cedis)

	Note	2018	2017
Revenue	5	632,152	575,765
Cost of sales	7	(440,991)	(401,712)
		----------	----------
Gross profit		191,161	174,053
Distribution expenses	8	(17,732)	(13,156)
Brand and marketing investment	9	(39,999)	(27,537)
Administrative expenses	10	(67,867)	(56,113)
Restructuring costs	29	(9,620)	(10,906)
Impairment on trade receivables	34c(i)	(10,575)	(346)
Other Income	11a	118,844	1,209
Gain on disposal of Spread business	11b	89,046	-
		----------	--------
Operating profit		253,258	67,204
Finance income	12	440	160
Finance costs	12	(3,376)	(2,004)
		---------	--------
Profit before taxation		250,322	65,360
Income tax expense	14a	(59,497)	(17,211)
		---------	--------
Profit for the year		190,825	48,149
		---------	--------
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gain (loss)	17b	620	(18)
Related tax	14b, c	(155)	4
		-----	---
Other comprehensive income, net of tax		465	(14)
		---------	--------
Total comprehensive income		191,290	48,135
		=======	======
Earnings per share for profit attributable to equity holders of the Company			
Basic earnings per share		3.0532	0.7704
Diluted earnings per share		3.0532	0.7704

The notes from pages 29-71 are an intergral part of these financial statements.

Statement of cash flows for the year ended 31 December

(All amounts are expressed in thousands of Ghana cedis)

	Notes	2018	2017
Cash flows from operating activities			
Cash generated from operations	27	(9,928)	90,786
Interest paid	12	(3,376)	(2,004)
Interest received	12	440	160
Tax paid	14b	(32,356)	(15,411)
Net cash (used in)/generated from operating activities		(45,220)	73,531
Cash flows from investing activities			
Purchase of property, plant and equipment	15a	(60,914)	(21,005)
Net cash used in investing activities		(60,914)	(21,005)
Cash flows used in financing activities			
Dividend paid	20	(15,625)	(3,125)
Net cash used in financing activities		(15,625)	(3,125)
(Decrease)/increase in cash and cash equivalents		(121,759)	49,401
Cash and cash equivalents at 1 January		53,189	3,476
Effect of movement in exchange rate on cash and bank		3,007	312
Cash and cash equivalents at 31 December	28	(65,563)	53,189

The notes from pages 29-71 are an intergral part of these financial statements.

Statement of changes in equity as at 31 December

(All amounts are expressed in thousands of Ghana cedis)

	Share capital	Capital surplus	Retained earnings	Share deals	Total equity
Balance at 1 January 2018	1,200	204	119,112	81	120,597
Adjustment-initial application -IFRS-9 (net of tax)	-	-	(1,121)	-	(1,121)
Restated balance at 1 January 2018	1,200	204	117,991	81	119,476
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					
Distribution					
Dividend declared	-	-	(15,625)	-	(15,625)
Total distribution	-	-	(15,625)	-	(15,625)
Balance at 31 December 2018	1,200	204	293,656	81	295,141

	Share capital	Capital surplus	Retained earnings	Share deals	Total equity
Balance at 1 January 2017	1,200	204	74,102	81	75,587
Total comprehensive income					
Profit for the year	-	-	48,149	-	48,149
Other comprehensive income (Note 14b, 17b)	-	-	(14)	-	(14)
Total comprehensive income	-	-	48,135	-	48,135
Transactions with owners of the Company					
Distribution					
Dividend declared	-	-	(3,125)	-	(3,125)
Total distribution	-	-	(3,125)	-	(3,125)
Balance at 31 December 2017	1,200	204	119,112	81	120,597

The notes from pages 29-71 are an intergral part of these financial statements.

Financial Statements

Notes to the financial statements

1. REPORTING ENTITY

Unilever Ghana Limited is registered and domiciled in Ghana. The Company manufactures and sells consumer products. The Company is listed on the Ghana Stock Exchange. For Companies Act, 1963 (Act 179) reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of comprehensive income, in these financial statements. The financial statements at and for the year ended 31 December 2018 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, 1963 (Act 179). The financial statements were authorised on 28 March, 2019.

This is the first set of the Company's annual financial statement in which IFRS 15 Revenue from Contracts with customers and IFRS 9 Financial Instruments have been applied. The Company adopted the requirements of IFRS 15 Revenue from Contracts and IFRS 9 Financial Instruments for its financial period beginning 1 January 2018. 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 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 assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2018, is included in the following notes:

- o Note 17: measurement of defined benefit obligation: Key actuarial assumptions; and
- o Note 34(c)(i) : measurement of ECL allowance for trade receivables: Key assumptions in determining the weighted –average loss rate


Unilever
FOR 12 HOURS
FRESH
BREATH
NEW
TOOTHPASTE/DENTIFRICE/DENTIFRICO
closeup
DEEP ACTION
12 HOURS
FRESH
BREATH
RED HOT
THIS IS NOT JUST A TOOTHPASTE
THIS IS closeup
closeup
DEEP ACTION
12 HOURS
FRESH
BREATH
RECOGNIZED by
fdi
FDI World Dental Federation
FDI recognizes that twice daily brushing with a fluoride toothpaste such as Closeup Deep Action is beneficial to oral health.

(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 34, financial instrument - fair values and risk management.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has initially applied IFRS 15 and IFRS 9 (see note 2 (a)) from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade receivables.

The effect of initially applying these standards is mainly attributed to an increase in impairment losses recognised on financial assets.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or service. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

IFRS 15 did not have a significant impact on the Company's accounting policies with respect to its revenue streams. The Company has one performance obligation, which is the delivery of goods. The Company has elected to treat delivery as an integrated activity and not as a separate performance obligation. There are no changes to performance obligations under the new standard.

Due to the transition methods chosen by the Company in applying these standards, comparative information

Financial Statements

Notes to the financial statements (Continued)

throughout these financial statements has not been restated to reflect the requirements of the new standards.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of comprehensive income.

Previously, the Company's approach was to include the impairment of trade receivables in selling, general and administrative expenses, consequently, the Company reclassed impairment loses amounting to GH¢ 346,000 recognised under IAS 39 from selling, general and administrative expenses to impairment loss on trade receivables in the statement of comprehensive income for the year ended 31 December 2017.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments:

Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

The information below summarise the impact, net of tax, of transactions to IFRS 9 on the opening balance of reserves and retained earnings

	GH¢'000
Recognition of expected credit loss under IFRS 9	1,495
Related tax	(374)
Impact at 1 January 2018	1,121

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has had a significant effect on the Company's accounting policies related to financial liabilities.

The following table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018 and its related carrying amounts.

Financial Statements

Notes to the financial statements (Continued)

In GH¢'000	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Trade and other receivables (Note 24)	Loans and receivables	Amortised cost	93,937	93,937
Related party receivable (Note 32c)	Loans and receivables	Amortised cost	125,259	125,259
Cash and cash equivalents (Note 28)	Loans and receivables	Amortised cost	53,189	53,189
Total financial assets			**272,385**	**272,385**
Financial liabilities				
Trade and other payables (Note 26)	Other financial liabilities	Other financial liabilities	74,009	74,009
Related party payable (Note 32d)	Other financial liabilities	Other financial liabilities	154,407	154,407
Dividend payable (Note 20)	Other financial liabilities	Other financial liabilities	3,044	3,044
Total financial liabilities			**231,460**	**231,460**

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2018.

Financial asset	**IAS 39 Carrying amount GH¢'000**	**Remeasurement/ reclassification GH¢'000**	**IFRS 9 carrying amount GH¢'000**
Amortised cost			
Trade and other receivables:			
Brought forward: Loans and receivable:	93,938	-	93,938
Re-measurement	(346)	(1,495)	(1,841)
Carried forward: amortised cost	93,592	(1,495)	92,097

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

Under IFRS 9, credit losses are recognised earlier than under IAS 39. For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

The Company has determined that the application of IFRS 9's impairment requirements at 1 January 2018 will result in an additional allowance for impairment at said date and have hence passed an equity adjustment to reflect same as follows:

	GH¢'000
Loss Allowance as at 31 December 2017 under IAS 39	346
Additional Impairment recognised at 1 January 2018	1,495
Loss Allowance as at 1 January 2018	1,841

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

- The determination of the business model within which a financial asset is held have been made on the basis of the facts and circumstances that existed at the date of initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

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

a. Investment in subsidiaries

Investment in subsidiaries are stated at cost less impairment allowance.

b. Property, plant and equipment

(i) Recognition and measurement

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

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss, as incurred. Spare parts, stand-by and servicing equipment held by the Company generally are classified as inventories. However, if major spare parts and stand-by equipment are expected to be used for more than one period or can be used only in connection with an item of property, plant and equipment, then they are classified as property, plant and equipment.

(iii) Depreciation

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

Leasehold land & buildings	-	40 years
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.

c. Intangible assets

Software

Software acquired is measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

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

d. Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes on a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

(ii) Lease assets - Leasee

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased asset is initially measured at an amount equal to the lower of its fair value and present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

Financial Statements

Notes to the financial statements (Continued)

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are 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 - Policy applicable from 1 January 2018

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

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

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

- 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: Policy applicable from 1 January 2018

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: policy applicable from 1 January 2018

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

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

- 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).

Financial Statements

Notes to the financial statements (Continued)

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: Policy applicable from 1 January 2018

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 assets - Policy applicable before 1 January 2018

The Company classified its financial assets into the loans and receivables category - loans and receivables; Financial assets - Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

Loans and receivables were measured at amortised cost using the effective interest method.

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

Financial liabilities are classified as measured at amortised cost. Other financial liabilities 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 of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(b) Financial liabilities

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

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

(c) Impairment

(i) Non-derivative financial assets

Policy applicable from 1 January 2018

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.

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.

Financial Statements

Notes to the financial statements (Continued)

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; or

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.

Policy applicable before 1 January 2018

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise and indications that a debtor will enter bankruptcy.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between it carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off

The Company considers evidence of impairment for these assets at both individual and collective level. All individually significant financial assets are tested for impairment on an individual basis. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The recoverable amount of the asset is the greater of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.
An impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount.

All impairment losses are recognised in profit or loss. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

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.


Removes
Tough
stains
Removes
Tough
Stains
OMO
auto
Washing Machine
Powder

Financial Statements

Notes to the financial statements (Continued)

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 recognised 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;
    - the same taxable entity; or
    - 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.

Financial Statements

Notes to the financial statements (Continued)

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.

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 (35) segmental information.

Revenue recognition under IFRS 15 (applicable from 1 January 2018)

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.

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.

Revenue recognition under IAS 18 (applicable before 1 January 2018)

Revenue recognition

Revenue from the sale of goods is measured at the fair value of consideration received or receivable, net of returns, trade discounts, taxes and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the buyer, there is no continuing management involvement in the goods, recovery of the consideration is probable, associated costs and possible return of goods can be estimated reliably and the amount of revenue can be measured reliably. Transfer of risks and rewards occurs when the goods are delivered to the customer.

(ii) Sale of goods to key distributors and modern trade

The Company manufactures and sells a range of fast moving consumer goods to its key distributors and modern trades. Sale of the goods are recognised when the Company has delivered products to the key distributor and modern trades.

Delivery does not occur until the products have been shipped to the specified location, the risk of obsolescence and loss have been transferred to the distributor and either the distributor has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Company has objective evidence that all

Financial Statements

Notes to the financial statements (Continued)

criteria for acceptance have been satisfied.

(k) Finance income and finance costs

Finance income comprises interest income on funds invested or held in bank accounts. Interest income is recognised in profit or loss using the effective interest method.

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

(l) 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 the profit or loss within other income or other expenses.

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

(m) Dividend

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

(n) Segmental reporting

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

(p) 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.

This excludes ordinary shares purchased by the Company and held as treasury shares.

	2018 GH¢'000	**2017 GH¢'000**
Profit attributable to equity holders	190,825	48,149
Weighted average number of ordinary shares in issue (Note 21)	62,500	62,500
Basic earnings per share	3.0532	0.7704
Diluted earnings per share	3.0532	0.7704

Financial Statements

Notes to the financial statements (Continued)

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

4. NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

A number of new standards, amendments to standards and interpretations 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 the financial statements. The Company does not plan to adopt these standards early.

Of those standards that are not yet effective, IFRS 16 is expected to have a significant impact on the Company's financial statements in the period of initial application.

Standard	Name	Issue Date	Effective Date
IFRS 16	Leases	13 January 2016	1 January 2019
IFRIC 23	Uncertainty over Income Tax treatment	7 June 2017	1 January 2019

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, that is the customer ('lessee') and the supplier ('lessor').

IFRS 16 replaces the previous leases standard, IAS 17 Leases and related interpretations. IFRS 16 has one model for lessees, which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors.

IFRIC 23 Uncertainty over Income Tax treatments

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

Financial Statements

Notes to the financial statements (Continued)

5. REVENUE

Revenue is recognised 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.

	2018 GH¢'000	2017 GH¢'000
Gross sales value	832,443	754,764
Value added tax/NHIL	(121,969)	(105,573)
Discounts and rebates	(78,322)	(73,426)
	---------	----------
Revenue	632,152	575,765
	=======	=======
By customer:		
Third parties	617,037	542,925
Related parties (Notes 32b)	15,115	32,840
	--------	----------
	632,152	575,765
	=======	========

6. PROFIT BEFORE TAX

	2018 GH¢'000	2017 GH¢'000
is stated after charging:		
Staff cost (Note 13a, b)	42,158	34,891
Depreciation	9,526	8,333
Auditors' remuneration	387	397
Directors' remuneration	3,842	3,933
	======	=====

7. COST OF SALES

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

	2018 GH¢'000	2017 GH¢'000
Raw materials & conversion costs	385,041	349,574
Supply Support	5,528	3,428
Foreign exchange losses	4,238	6,281
Trade mark & knowhow fees	19,084	15,646
Depreciation (Note 15a&b)	8,286	7,440
Amortisation of intangible assets (Note 16)	6	1,012
Material sourcing expenses	515	1,610
Staff costs (Note 13a)	17,886	16,623
Operating lease expense	407	98
	--------	----------
	440,991	401,712
	=======	=======

Included in raw materials & conversion costs are damaged and obsolete inventories amounting to GH¢2,075,937 (2017: GH¢1,561,469).

Financial Statements

Notes to the financial statements (Continued)

8. DISTRIBUTION EXPENSES

	2018 GH¢'000	2017 GH¢'000
Inbound distribution expenses	410	1,077
Warehouse, storage & handling expenses	4,532	3,382
Outbound distribution expenses	12,790	8,697
	17,732	13,156

9. BRAND & MARKETING INVESTMENT EXPENSES

	2018 GH¢'000	2017 GH¢'000
Advertising expenses	11,199	13,386
Promotion expenses	27,729	12,932
Merchandising expenses	1,071	1,219
	39,999	27,537

10. ADMINISTRATIVE EXPENSES

	2018 GH¢'000	2017 GH¢'000
Business group fees	11,450	7,885
Market research cost	4,144	4,276
Information technology costs	6,063	5,215
Third party service	5,232	3,346
Capability building	1,355	706
Directors' remuneration	3,842	3,933
Professional and legal costs	659	-
Bank charges	657	622
Utilities	1,273	1,109
Repairs and maintenance	988	778
Insurance	396	28
Relocation expenses	39	15
Other primary expenses	3,383	7,129
Depreciation (Note 15a &b)	1,240	893
Amortisation of intangible asset (Note 16)	7	361
Staff costs (Note 13b)	24,272	18,268
Auditor's remuneration	387	397
Donation	31	69
Operating lease expense	2,449	1,429
	67,867	56,459

Financial Statements

Notes to the financial statements (Continued)

11a. OTHER INCOME

	2018 GH¢'000	2017 GH¢'000
Management fees	4,464	1,012
Sale of scrap	311	137
Provision for professional and legal fees	-	60
Exchange gain	3,022	-
Provision no longer required*	111,047	-
	118,844	1,209

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

11b. Gain on disposal of spread business

	2018 GH¢'000	2017 GH¢'000
	89,046	-

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

12. FINANCE INCOME AND COST

	2018 GH¢'000	2017 GH¢'000
Interest on deposits and call	440	160
Interest on bank overdrafts	(3,376)	(2,004)

13. STAFF COSTS

Staff costs are charged to cost of sales and administrative expenses as below. The average number of employees at the end of the year was 348 (2017: 373).

a. Cost of sales

	2018 GH¢'000	2017 GH¢'000
Wages & salaries to employees	16,254	15,112
Defined contribution scheme	599	529
Social security	1,033	982
	17,886	16,623

Financial Statements

Notes to the financial statements (Continued)

b. Administrative expenses

	2018 GH¢'000	2017 GH¢'000
Wages & salaries to employees	20,890	15,120
Defined contribution scheme	754	572
Defined benefit scheme (Note 17b)	1,513	1,472
Actuarial gain on long service award (Note 17b)	(557)	(281)
Social security	1,306	995
Interest on staff loans	366	390
	24,272	18,268

14(a) Income tax expense

	2018 GH¢'000	2017 GH¢'000
Current tax	59,080	14,923
Deferred tax	417	2,288
	59,497	17,211

(b) Current tax (asset)/liability

	Balance at 1 January GH¢'000	Charge to profit or loss GH¢'000	Payment/WHT credit during the year GH¢'000	Balance at 31Dec. GH¢'000
Prior to 2013	(3,336)	-	-	(3,336)
2013-2015	1,800	-	-	1,800
2016	-	-	-	-
2017	1,424	-	(1,414)	10
2018	-	59,080	(30,942)	28,138
Current tax	(112)	59,080	(32,356)	26,612

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

(c) Deferred tax

	Net balance at 1 January	Recognised in profit GH¢'000	Recognised in OCI GH¢'000	Tax on transition adjustment GH¢'000	2018 NET GH¢'000	Deferred tax asset GH¢'000	Deferred tax liability GH¢'000
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	(458)	458	-	-	-	-	-
Employee benefits	939	(2,141)	155	-	(1,047)	(1,047)	-
Deferred tax liability	8,644	417	155	(374)	8,842	(8,032)	16,874

Financial Statements

Notes to the financial statements (Continued)

	Net balance at 1 January	Recognised in profit GH¢'000	Recognised in OCI GH¢'000	Tax on transition adjustment GH¢'000	NET GH¢'000	2017 Deferred tax asset GH¢'000	Deferred tax liability GH¢'000
Property, plant and equipment	6,973	1,556	-	-	8,529	-	8,529
Provisions	(1,088)	-	-	-	(1,088)	(1,088)	-
Derecognition of previously recognised deductible temporary differences	-	662	-	-	662	662	-
Revaluation of assets	60	-	-	-	60	-	60
Employee benefits	(458)	-	-	-	(458)	(458)	-
Employee benefits	873	70	(4)	-	939	-	939
	-------	-------	-----	-------	-------	-------	-------
Deferred tax liability	6,360	2,288	(4)	-	8,644	(884)	9,528
	=====	=====	===	====	=====	====	=====

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:

	2018 GH¢'000	2017 GH¢'000
Profit before taxation	250,322	65,360
	======	=====
Tax calculated at the statutory income tax rate of 25%	62,581	16,340
Tax effect of:		
Disallowable expenses	21,860	4,780
Exempt income	(24,658)	(3,978)
Tax incentive	(703)	(593)
Derecognition of previously recognised deductible temporary differences	417	662
	---------	--------
Income tax expense	59,497	17,211
	======	======
Effective tax rate	24%	26%
	====	====

Financial Statements

Notes to the financial statements (Continued)

15(a) PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land & buildings GH¢'000	Plant & machinery GH¢'000	Computer equipment GH¢'000	Furniture & fittings GH¢'000	Office equipment & others GH¢'000	Moulds & die GH¢'000	Capital work in-progress GH¢'000	Total GH¢'000
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)	-
Write-offs during the year	(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
Write-offs during the year	(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

	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¢'000
Cost								
At 1/1/17	21,077	59,156	2,916	3,476	5,483	3,815	35,891	131,814
Additions	555	4,029	212	-	1,112	-	15,097	21,005
Capitalisation/transfers	4,061	14,294	-	-	2,007	-	(20,362)	-
At 31/12/17	25,693	77,479	3,128	3,476	8,602	3,815	30,626	152,819
Accumulated depreciation								
At 1/1/17	2,303	17,975	1,187	1,972	4,264	3,047	-	30,748
Charge for the year	590	4,938	611	133	1,500	561	-	8,333
At 31/12/17	2,893	22,913	1,798	2,105	5,764	3,608	-	39,081
Carrying amount 31/12/17	22,800	54,566	1,330	1,371	2,838	207	30,626	113,738

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

	2018 GH¢'000	2017 GH¢'000
Cost of sales (Note 7)	8,286	7,440
Administrative expenses (Note 10)	1,240	893
	9,526	8,333

There was no charge on the property, plant and equipment of the Company at the reporting date.

Financial Statements

Notes to the financial statements (Continued)

b. Assets written off

	Leasehold Land & building GH¢'000	Plant & machinery GH¢'000	Computer equipment GH¢'000	Furniture & fittings GH¢'000	Office equipment & others GH¢'000	Total GH¢'000
Gross book value	2,459	28,262	5	2,888	5,858	39,472
Accumulated depreciation	(398)	(11,136)	(5)	(1,232)	(5,768)	(18,539)
	-------	---------	------	-------	------	---------
Carrying amount	2,061	17,126	-	1,656	90	20,933
	=====	======	===	=====	===	======

16. INTANGIBLE ASSETS

	2018 GH¢'000	2017 GH¢'000
Cost		
Balance at 1 January	12,138	12,138
	--------	--------
Balance at 31 December	12,138	12,138
	--------	--------
Accumulated amortisation		
Balance at 1 January	12,131	10,759
Charge for the year	7	1,372
	--------	--------
Balance at 31 December	12,138	12,131
	--------	--------
Carry amount at 31 December	-	7
	====	==

Intangible assets represent software that are used in managing employee information and processing of the Company's business transactions.

Amortisation has been charged to profit or loss as follows:

	2018 GH¢'000	2017 GH¢'000
Cost of sales (Note 7)	7	1,012
Administrative expenses (Note 10)	-	360
	----	-------
	7	1,372
	===	=====

17. POST EMPLOYMENT BENEFITS

The Company has a defined benefit scheme comprising the following post-employment benefit plans:

(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.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Financial Statements

Notes to the financial statements (Continued)

(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.

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:

	2018	2017
Discount rate	21.5%	17.0%
Salary inflation	16.0%	16.0%
Pension inflation	9.5%	12.5%

Financial Statements

Notes to the financial statements (Continued)

b. Post-employment benefits

	2018 Unfunded GH¢'000	2018 Long Service award GH¢'000	2018 Total GH¢'000	2017 Unfunded GH¢'000	2017 Long service award GH¢'000	2017 Total GH¢'000
Changes in liability						
Balance at 1 January	2,677	1687	4,364	2,539	1,509	4,048
Service cost	-	756	756	-	756	756
Interest cost	430	328	758	429	287	716
Actuarial (gain)/loss arising from financial assumptions	-	-	-	(170)	(204)	(374)
Actuarial (gain)/loss arising from other sources	(620)	(557)	(1,177)	188	(77)	111
Benefits paid/settlement	(303)	(285)	(588)	(309)	(584)	(893)
Balance at 31 December	2,184	1,929	4,113	2,677	1,687	4,364
Interest cost %	16.0%	-	8.76%	17.0%	0.0%	8.76%
Financial position						
Projected benefit obligation	2,184	1,929	4,113	2,677	1,687	4,364
Net defined benefit liability	2,184	1,929	4,113	2,677	1,687	4,364
Included in profit or loss						
Service cost	-	756	756	-	756	756
Interest cost	430	328	758	429	287	716
Net interest cost less interest and expected return on plan asset	430	1,084	1,514	429	1,043	1,472
Actuarial (gain)/loss	-	(557)	(557)	-	(281)	(281)
Amount recognised in profit or loss	430	527	957	429	762	1,191
Other comprehensive income						
Actuarial gain/(loss)	620	-	620	(18)	-	(18)
Reconciliation of statement of financial position						
Opening value	2,677	1,687	4,364	2,539	1,509	4,048
Employer contribution	(303)	(285)	(588)	(309)	(584)	(893)
Amount recognised in profit or loss	430	527	957	429	762	1,191
Amount recognised in other comprehensive income	(620)	-	(620)	18	-	18
Net defined obligation	2,184	1,929	4,113	2,677	1,687	4,364

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:

Financial Statements

Notes to the financial statements (Continued)

	2018		2017	
	Increase GH¢'000	Decrease GH¢'000	Increase GH¢'000	Decrease GH¢'000
Discount rate (2% movement)	237	(211)	279	(320)
Salary inflation (2% movement)	74	70	(73)	68
Future pension growth (2% movement)	155	(140)	(227)	200

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

18. INVESTMENT IN SUBSIDIARIES

	2018 GH¢'000	2017 GH¢'000
Unilever Ghana Investments Limited	10	10
	==	==

Name of subsidiary	Nature of business	% held in 2018 & 2017	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 result 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

	2018 GH¢'000	2017 GH¢'000
Raw and packing material	15,532	9,759
Work in process	10,000	1,564
Finished goods	13,728	26,060
Non-trade stock	8,511	4,085
Goods in transit	5,665	12,150
	-------	-------
	53,436	53,618
	======	======

Inventories are stated at the lower of cost and net realisable value and at 31 December 2018, there were no inventories pledged as security (2017: 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¢387,546 (2017: GH¢353,002). 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 (2017: Nil).

Financial Statements

Notes to the financial statements (Continued)

20. DIVIDEND PAYABLE

	2018 GH¢'000	2017 GH¢'000
Balance at 1 January	3,044	3,044
Dividend declared during the year	15,625	3,125
Payments during the year	(15,625)	(3,125)
	--------	-------
Balance at 31 December	3,044	3,044
	======	======

Payment of dividend is subject to a withholding tax at the rates of 8% (2017: 8%) for both resident and non-resident shareholders.

21. CAPITAL AND RESERVES

a. Share capital (stated capital)

	2018		2017	
	No of Shares '000	Proceeds GH¢'000	No of Shares '000	Proceeds GH¢'000
Authorised				
Ordinary shares				
of no par value	100,000		100,000	
	======		======	
Issued and fully paid	62,500	931	62,500	931
Transferred from surplus	-	269	-	269
	--------	-------	--------	------
	62,500	1,200	62,500	1,200
	======	=====	======	=====

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 (Income surplus)

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

22. CAPITAL SURPLUS ACCOUNT

	2018 GH¢'000	2017 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.

Financial Statements

Notes to the financial statements (Continued)

23. SHARE DEALS ACCOUNT

	2018 GH¢'000	2017 GH¢'000
Balance at 1 January	81	81
	==	==

The share deals account was created in line with section 63 of the Companies Act 1963 (Act 179) to purchase the Company's own shares.

24. TRADE AND OTHER RECEIVABLES

	2018 GH¢'000	2017 GH¢'000
Trade receivables	250,266	85,618
Impairment allowance	(12,417)	(346)
	----------	--------
Net trade receivables	237,849	85,272
Amounts due from officers	28	156
Other receivables	32,384	2,806
Plan asset on curtailment (Note 17a)	-	5,703
	---------	--------
	270,261	93,937
	=======	======

The maximum indebtedness from officers of the Company amounted to GH¢27,900 (2017: GH¢156,322). Plan assets relates to surplus arising from curtailment of employee benefit obligation.

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.

Financial Statements

Notes to the financial statements (Continued)

25. PREPAYMENTS

	2018 GH¢'000	2017 GH¢'000
At 1 January	28,747	18,427
Additions during the year	275,031	123,515
Utilised during the year	(281,038)	(113,195)
	---------	---------
At 31 December	22,740	28,747
	=======	======

26. TRADE AND OTHER PAYABLES

	2018 GH¢'000	2017 GH¢'000
Trade payables	46,723	50,615
Accrued liabilities	21,099	11,075
Other payables	2,014	12,319
	---------	--------
	69,836	74,009
	=======	======

27. CASH (USED IN)/GENERATED FROM OPERATION

	2018 GH¢'000	2017 GH¢'000
Profit before taxation	250,322	65,360
Depreciation (Note 15a &b)	9,526	8,333
Amortisation of intangible asset (Note 16)	13	1,372
Unrealised exchange difference	(2,762)	(312)
Impairment allowance inventories & trade receivable	(1,495)	-
Employment benefit and retirement plan expense (Note 17b)	956	1,191
(Increase)/decrease in inventories	182	662
Increase in trade and other receivables	(176,324)	(32,018)
Increase in prepayment	6,007	(10,320)
(Increase)/decrease in related party receivables	(102,645)	8,290
Increase/(decrease) in trade and other payables	(4,172)	(11,734)
Increase/(decrease) in related party payables	77,244	(41,390)
Increase in provisions	(89,809)	100,401
Increase in employee benefits obligation	(252)	-
Interest charge (Note 12)	3,376	2,004
Interest income (Note 12)	(440)	(160)
Benefits paid	(588)	(893)
Net asset write off (15b)	20,933	-
	--------	-------
Cash (used in)/ generated from operation	(9,928)	90,786
	======	======

Financial Statements

Notes to the financial statements (Continued)

28. CASH AND CASH EQUIVALENTS

	2018 GH¢'000	2017 GH¢'000
Bank balances	7,945	53,203
	-------	--------
Cash and bank balances in the statement of financial position	7,945	53,203
Bank overdrafts	(73,508)	(14)
	---------	--------
Cash and cash equivalents in the statement of cashflows	(65,563)	53,189
	=======	======

The Company had no restriction on cash and bank balances at 31 December 2018 (2017: Nil).

Bank overdraft facilities

At the reporting date, the Company had approved unsecured overdraft facilities with certain local banks to support working capital needs. Interest is payable at the banks base rates minus a spread. The facilities are scheduled for renewal in 2019.

29. PROVISIONS

2018	Restructuring GH¢'000	Legal GH¢'000	Other GH¢'000	Total GH¢'000
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.

2017	Restructuring GH¢'000	Legal GH¢'000	Other GH¢'000	Total GH¢'000
Balance at 1 January	1,576	723	852	3,151
Reclassification from related party	-	-	99,436	99,436
Charge during the year	10,906	-	1,569	12,475
Payments during the year	(9,735)	(104)	(1,671)	(11,510)
	--------	------	----------	---------
Balance at 31 December	2,747	619	100,186	103,552
	======	===	=======	=======

Included in the other provision is an amount of GH¢99.4 million net relating to management and technical service fees from 2009 to October 2017 for which management is yet to obtain approval from the GIPC. Management has sent a formal request to the GIPC during the period for the approval to be granted for these fees.

Financial Statements

Notes to the financial statements (Continued)

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

Legal provisions relate to legal suit against the Company for which 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 certain legal cases pending before the courts with a potential liability of GH¢826,000. (2017: GH¢826,000). In the opinion of the Directors no loss is anticipated beyond the provision already made in the financial statements.

31. COMMITMENTS

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

	2018 GH¢'000	2017 GH¢'000
Property, plant & equipment contracted	2,142	8,524
	=====	=====

32. RELATED PARTY TRANSACTIONS

The Company is 66.6% owned and controlled by Unilever Overseas Holding Limited. 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	2018 GH¢'000	2017 GH¢'000
Unilever Market Development - South Africa	-	-
Unilever Philippians	3,588	3,102
Unilever Nigeria PLC	12,322	12,742
Unilever Cote d' Ivoire	7,519	6,419
Unilever Gulf	2,835	882
Unilever Vietnam	36,270	39,409
Unilever Mashreq	-	780
Unilever Asia Private Limited	-	2,647
Unilever UK	235	217
Unilever South Africa (Pty) Limited	3,641	3,603
Unilever Supply Chain Company AG	5,886	3,386
Unilever N.V.	4,218	3,288
Unilever Indonesia	10,231	12,689
Unilever China Limited	4,732	498
Unilever Sichuan	13,389	-
Unilever Industries Private Limited	10,976	-
Unilever Employment Services	5	92
Unilever Pakistan Limited	55	9
Unilever Kenya Limited	496	599
Unilever Europe – IT	-	67
Unilever Sanayi ve Ticaret Tur	108	-
	----------	--------
	116,506	90,429
	========	======


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Financial Statements

Notes to the financial statements (Continued)

b. Sale of good and services	**2018 GH¢'000**	**2017 GH¢'000**
Unilever Nigeria Plc	257	31,224
Unilever Cote d'Ivoire	14,858	1,105
Unilever Lipton Ceylon Limited	-	511
	15,115	32,840

The following are balances due from and to related parties at year end.

c. Related party receivables	**2018 GH¢'000**	**2017 GH¢'000**
Unilever Nigeria Plc	105,338	105,678
Unilever Cote d'Ivoire	18,777	17,873
Unilever Kenya	-	6
Unilever South Africa	153	329
Unilever Malawi	107	161
Unilever Lipton Ceylon Limited	512	512
Unilever Overseas Holdings Limited	-	700
Unilever UK	102,747	-
Unilever Ethiopia	270	-
	227,904	125,259

d. Related party payables	**2018 GH¢'000**	**2017 GH¢'000**
Unilever UK	31,549	7,112
Unilever South Africa (Party) Limited	2,886	1,912
Unilever Nigeria Plc	63,176	47,682
Unilever N. V	593	1,783
Unilever Cote d' Ivoire	46,572	44,994
Unilever Gulf	2,215	2,476
Unilever Asia Private Limited	3,847	137
Unilever Vietnam	55,878	23,330
Unilever Mashreq	752	2,420
Unilever Philippians	1,502	2,157
Unilever Indonesia	4,634	12,434
Unilever China Limited	2,697	1,011
Unilever Industries Private Limited	634	674
Unilever Supply Chain	7,476	5,642
Unilever Sichuan	6,525	-
Other Related Parties	715	643
	231,651	154,407

Financial Statements

Financial risk management (Continued)

33. KEY MANAGEMENT PERSONNEL COMPENSATION

	2018 GH¢'000	2017 GH¢'000
Short-term employee benefits		
Executive directors	3,211	3,424
Non-executive directors	476	408
Total short-term employee benefits	3,687	3,832
Long-term employee benefit		
Executive directors	155	101
Total long-term employee benefits	155	101
Total employee benefit	3,842	3,933

34. 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.

31 December 2018	Loans & receivables GH¢'000	Other financial liabilities GH¢'000	Total GH¢'000
Financial assets not measured at fair value			
Trade and other receivables (Note 24)	270,261	-	270,261
Related party receivables (Note 32c)	227,904	-	227,904
Cash and bank balances (Note 28)	7,945	-	7,945
	506,110	-	506,110
Financial liabilities not measured at fair value			
Trade and other payables (Note 26)	-	64,955	64,955
Related party payables (Note 32d)	-	231,651	231,651
Dividend payable (Note 20)	-	3,044	3,044
Bank overdraft (Note 28)	-	73,508	73,508
	-	373,158	373,158

Financial Statements

Financial risk management (Continued)

31 December 2017	receivables GH¢'000	Other Loans & liabilities GH¢'000	financial Total GH¢'000
Financial assets not measured at fair value			
Trade and other receivables (Note 24)	93,937	-	93,937
Related party receivables (Note 32c)	125,259	-	125,259
Cash and bank balances (Note 28)	53,203	-	53,203
	272,399	-	272,399
Financial liabilities not measured at fair value			
Trade and other payables (Note 26)	-	71,932	71,932
Related party payables (Note 32d)	-	154,407	154,407
Dividend payable (Note 20)	-	3,044	3,044
Bank overdraft	-	14	14
	-	229,397	229,397

Excluded from trade and other payables are statutory taxes payable of GH¢4,881,000 (2017: GH¢2,077,273).

b. Risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by a Treasury department under policies approved by the Board of Directors and the parent, Unilever Overseas Holding Limited.

(i) 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.

(ii) Foreign exchange risk

The risk of adverse movements in exchange rates which leads the Company to experience actual or balance sheet losses. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar (US$), Euro (£), British pound (GBP) and South African Rand (ZAR). Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies.

Exposure for monetary assets and liabilities denominated in foreign currencies is kept at an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

Financial Statements

Financial risk management (Continued)

The Company's exposure to foreign currency risk was as follows based on notional amounts.

2018	**USD**	**EURO**	**GBP**	**ZAR**
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

2017	**USD**	**EURO**	**GBP**	**ZAR**
Bank balances	729	599	320	606
Related party receivables	23,103	3,499	-	-
Trade payables	(456)	34	(20)	(338)
Related party payables	(19,718)	(9,269)	(39)	(3,699)
Net exposure	3,658	(5,137)	261	(3,431)

The following significant exchange rates applied during the year.

	Average Rate		**Reporting Rate**	
Cedis	**2018**	**2017**	**2018**	**2017**
USD 1	4.65	4.53	4.83	4.54
EUR 1	5.52	5.36	5.52	5.43
GBP 1	6.24	6.06	6.12	6.10
ZAR 1	0.34	0.34	0.34	0.37

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

Financial Statements

Financial risk management (Continued)

As of 31 December	2018			2017		
Currency	% Change	Profit or loss/ impact: Strengthening GH¢'000	Profitor loss/ impact: Weakening GH¢'000	% Change	Profit or loss/ impact: Strengthening GH¢'000	Profit or loss/ impact: Weakening GH¢'000
USD	±5	(2,212)	2,212	±3	(498)	498
EUR	±6	3,864	(3,864)	±8	(2,229)	2,229
GBP	±6	(113)	113	±6	95	(95)
ZAR	±10	(146)	146	±10	(126)	126

As of 31 December	2018			2017		
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	±5	(1,659)	1,659	±3	(374)	374
EUR	±6	2,898	(2,898)	±8	(1,672)	1,672
GBP	±6	(84)	84	±6	71	(71)
ZAR	±10	(109)	109	±10	(95)	95

(iii) Interest rate risk

The risk of a company's profit being adversely affected by movement in interest rates. The Company's only interest-bearing financial instruments are the bank overdraft and bank balances, which are at variable rates, and on which they are therefore exposed to cash flow interest rate risk. The Company regularly monitors financing options available to ensure optimum interest rates are obtained.

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 2017.

Fixed rate instrument

The Company has no fixed rate financial instruments (2017: Nil).

Variable rate instrument

	2018 GH¢'000	2017 GH¢'000
Bank overdraft	73,508	14
	======	==

Financial Statements

Financial risk management (Continued)

	2018 200bp Increase	2018 200bp Decrease	2017 200bp Increase	2017 200bp Decrease
Bank overdraft	82,329	(82,329)	232	(232)
	======	=======	===	===

Cash flow sensitivity analysis for variable rate instrument

A 2% additional increase in interest rate at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

As of 31 December	2018			2017		
	% Change	Income statement impact GH¢'000	Equity GH¢'000	% Change	Income statement impact GH¢'000	Equity GH¢'000
Bank overdraft	±2	(501)	501	±2	(1)	1

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.

(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 2018 and 2017 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 above assets. 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, and no receivables have had their terms renegotiated. The maximum exposure to credit risk at 31 December 2018 was as follows:

Financial Statements

Financial risk management (Continued)

	2018 GH¢'000	2017 GH¢'000
Trade and other receivables (Note 24)	270,261	93,937
Amount due from related companies (Note 32c)	227,904	125,259
Cash and bank balances (Note 28)	7,945	53,203
	----------	----------
	506,110	272,399
	======	======
Trade and other receivables by type of counter party:		
Key distributors	242,216	78,293
Modern trade	5,074	4,380
Institutions and companies	22,942	11,108
Amount due from officers	29	156
	---------	--------
	270,261	93,937
	=======	======

Impairment analysis of trade and other receivables

Expected credit loss assessment for customers as at 1 January 2018 and 31 December 2018

The Company uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the age of the receivables. Loss rates are based on actual credit loss experience over the past three years.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from customers as at 31 December 2018.

	Weighted average loss rate	carrying amount GH¢	Loss allowance GH	Credit-impaired
Current (not past due)	0.50%	81,088	364	Yes
1 to 3 months past due	1.25%	123,777	1,579	Yes
3-6 months past due	15%	37,869	6,488	Yes
6-12 months past due	30%	5,195	3,640	Yes
Past due above 1 year	75%	2,337	346	Yes
		---------	-------	
		250,266	12,417	
		=======	======	

Movements in the allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables during the year was as follows. Comparative amounts for 2017 represent the allowance account for impairment losses under IAS 39.

Financial Statements

Financial risk management (Continued)

	2018 GH¢	2017 GH¢
Opening balance 1 January under IAS 39	346	346
Adjustment on initial application of IFRS 9	1,495	-
	-------	-----
Balance at January under IFRS 9	1,841	346
Impairment loss on trade receivable	10,575	-
	---------	-----
	12,416	346
	======	====

At 31 December 2018, the impairment loss of GH¢12,416,000 (2017: GH¢346,000) related to customers whose balances were outstanding for over 180 days and some debts that were specifically impaired.

Cash and cash equivalent

The Company's cash and cash equivalents position was GH¢(65,563) as at 31 December 2018 (2017: GH¢53,189). The cash and cash equivalents are held with bank and financial institution counterparties.

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

On initial application of IFRS 9, the Company did not recognise an impairment allowance on cash and cash equivalent as at 1 January 2018 due to the insignificance of the amount.

The amount of the allowance did not change during 2018.

(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.

(ii) Related party receivables (cont'd)

The Company held bank balances of GH¢(65.5)m million at 31 December 2018 (2017: GH¢53.2 million) which represents its maximum exposure. The bank balances are held with the company's bankers.

d. Liquidity risk

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

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

Financial Statements

Financial risk management (Continued)

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

31 December 2018

	Contractual Cash flows		
	Carrying amount GH¢'000	**6mths or less GH¢'000**	**6-12mths GH¢'000**
Non-derivative financial liability			
Trade and other payables (Note 26)	(69,836)	(69,836)	-
Related party payables (Note 32d)	(231,651)	-	(231,651)
Dividend payables (Note 20)	(3044)	(3044)	-
Bank overdraft (Note 28)	(73,508)	(73,508)	-
	(378,039)	(146,388)	(231,651)

31 December 2017

	Contractual Cash flows		
	Carrying amount GH¢'000	**6mths or less GH¢'000**	**6-12mths GH¢'000**
Non-derivative financial liability			
Trade and other payables (Note 26)	(74,009)	(74,009)	-
Related party payables (Note 32d)	(154,407)	-	(154,407)
Dividend payables (Note 20)	(3,044)	(3,044)	-
Bank overdraft (Note 28)	(14)	(14)	-
	(231,474)	(77,067)	(154,407)

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:

	2018 GH¢'000	**2017 GH¢'000**
Total liabilities	418,394	348,034
Less: cash and bank balances (Note 28)	(7,945)	(53,203)
Net debt	410,449	294,831
Total equity	295,141	120,597
Net debt to adjusted equity ratio	1.39	2.4

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

Financial Statements

Financial risk management (Continued)

35. 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 intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices. The leadership team assesses the performance of the operating segments based on a measure of net profit. The Company's reporting segments are based on products, namely Foods, Home Care and Personal Care. Under the Foods division are Spreads, Tea & Beverages, Savoury and Health & Wellness. The Home Care division comprises the Laundry and Household care categories. The Personal Care division has the Skin Cleansing, Skin Care, Oral and Deodorant categories.

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

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

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2018 and 2017 are as follows:

Analysis by product divisions

	Foods		Home Care		Personal Care		Total	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Revenues	75,180	100,035	191,269	180,017	365,703	295,713	632,152	575,765
Cost of sales	(55,940)	(47,460)	(95,395)	(158,405)	(289,656)	(195,847)	(440,991)	(401,712)
Distribution cost	(2,109)	(3,163)	(5,365)	(4,787)	(10,258)	(5,206)	(17,732)	(13,156)
Brand & marketing investment	(3,686)	(2,976)	(8,360)	(6,316)	(27,953)	(18,245)	(39,999)	(27,537)
Administration expenses	(6,296)	(6,909)	(14,966)	(16,927)	(46,605)	(32,623)	(67,867)	(56,459)
Restructuring expenses	(664)	(1,432)	(3,009)	(3,588)	(5,947)	(5,886)	(9,620)	(10,906)
Impairment provision	(1,258)	-	(3,200)	-	(6,117)	-	(10,575)	-
Other income	13,356	150	35,484	406	70,004	653	118,844	1,209
Gain on spreads disposal	89,046	-	-	-	-	-	89,046	-
Operating profit	107,629	38,245	96,458	(9,600)	49,171	38,559	253,258	67,204
Finance income	-	-	-	-	-	-	440	160
Finance costs	-	-	-	-	-	-	(3,376)	(2,004)
Profit/(Loss) before taxation	107,629	38,245	96,458	(9,600)	49,171	38,559	250,322	65,360
Income tax expense	-	-	-	-	-	-	(59,497)	(17,211)
Profit/(Loss) for the year	107,629	38,245	96,458	(9,600)	49,171	38,559	190,825	48,149
Property, plant and equipment and intangible asset	18,770	33,824	42,524	29,362	82,900	46,630	144,194	109,816

Financial Statements

Notes to the financial statements (Continued)

Reconciliation of information on reportable segment

	Assets	
	2018 GH¢'000	**2017 GH¢'000**
Consolidated total assets	62,335	109,816
Unallocated amounts	81,555	3,939
	---------	--------
Total assets for reportable entities	143,890	113,755
	=======	=======

Geographical information

	Revenues	
	2018 GH¢'000	**2017 GH¢'000**
In Ghana	617,037	542,925
Outside Ghana	15,115	32,840
	---------	---------
	632,152	575,765
	=======	=======

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.

Other information - Analysis of Shareholding

NUMBER OF SHAREHOLDERS

The Company had 11,620 ordinary shareholders as at 31 December 2018 with equal voting rights distributed as follows:

Holding	No. of holders	Holders %	No. of shares	% of holdings
1 – 1,000	10,505	4.63	2,890,730	5
1,001 – 5,000	941	3.18	1,987,074	3
5,001 – 10,000	89	1.03	645,227	1
10,001 and over	85	91.16	56,976,969	91
	--------	--------	--------------	-----
	11,620	100.00	62,500,000	100
	======	======	=========	===

DIRECTORS' SHAREHOLDING

None of the Directors held shares in the Company as at 31 December 2018.

20 LARGEST SHAREHOLDERS AT 31 DECEMBER 2018

		No. of shares	% of holdings
1.	UNILEVER OVERSEAS HOLDINGS LIMITED	26,600,045	42.56
2.	UAC INTERNATIONAL LIMITED	14,999,955	24.00
3.	SCGN/HONKONG SHANGHAI ARISAG A.C.F	7,014,831	11.22
4.	SOCIAL SECURITY & NATIONAL INS.TRUST	3,315,872	5.31
5.	SCGN/SSB LLOYD G.INV CO.FUND-LYF3	846,500	1.55
6.	STD NOMS/SSBTC RE INV ICVC-FT ST	512,072	0.82
7.	STD NOMS TVL PTY/BNYM/FLORIDA	414,644	0.66
8.	SCGN/ELAC POLICY HOLDERS FUND	271,230	0.43
9.	SCGN/JPMC BANKINVEST EMERGING MKTS	250,000	0.40
10.	SCBN/SSB EATON VANCE TAX-MANAGED	249,000	0.40
11.	SCGN/SCTIBANK HONG KONG S/A RE CFSI	234,608	0.38
12.	SCGN/SCBM RE STANDARD CHAR. BANK	233,900	0.37
13.	SCBN/STATE STREET LOND C/O SSB BOST RE RUSSEL INST.	146,000	0.23
14.	SCGN/SSL. C/O SSBTCB RE BMO I(LUX)	122,600	0.20
15.	HFCN/EDC GHANA BALANCED FUND LIMITED	112,695	0.18
16.	SCGB/SSB & AS CUS FOR BMO LLOYD	90,900	0.14
17.	RAINBOW FUND L.P	72,600	0.12
18.	SCGN/JP MORGAN CHASE DUET VIXTORIE	60,010	0.10
19.	STD NOMS TVL PTY/BNYM/FRONTI. MKT	53,279	0.09
20.	STD BANK NOMS (TVL) PTY	50,000	0.08
		--------------	-------
	REPORTED TOTALS	55,650,741	89.04
		=========	=====

Five year financial summary of the Company

Financial Position as at 31 December

	2014 GH¢'000	2015 GH¢'000	2016 GH¢'000	2017 GH¢'000	2018 GH¢'000
Employment of funds					
Property, plant and equipment	63,172	77,273	101,066	113,738	144,194
Intangible assets	6,205	3,792	1,379	7	-
Employee benefits	7,410	6,671	-	-	-
Investment in subsidiaries	10	10	10	10	10
Current assets	148,411	219,504	277,286	354,876	582,286
Total assets	225,208	307,250	379,741	468,631	726,490
Employment of Funds					
Total equity	31,593	63,948	75,587	120,597	295,141
Deferred income tax	5,788	4,229	6,360	8,644	8,842
Employee benefit obligation	2,284	3,709	4,048	4,364	4,113
Current liabilities	185,543	235,364	293,746	335,026	418,394
Total liabilities and total equity	225,208	307,250	379,741	468,631	726,490
Capital expenditure	13,515	20,341	30,822	21,005	60,755
Depreciation and amortisation	7,307	8,517	9,411	9,705	9,533
Revenue	410,450	518,731	496,306	575,765	632,152
Profit/(Loss) after tax	(710)	35,710	39,049	48,149	190,825
Final dividend declared	-	(25,000)	(3,125)	(15625)	-
Profit/(loss) retained in the year	(710)	10,710	35,924	32,524	190,825

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.

Excelerator 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.


3 BENEFITS IN
1 TOOTHPASTE
FRESHENS BREATH
ANTI-CAVITY
WHITENS TEETH
Pepsodent
Pepsodent
Pepsodent
A Smile changes everything

Proxy Form

Serial No.

<table>
<tr><td>ANNUAL GENERAL MEETING TO BE HELD at 10.00 a.m. on Friday, 24th May, 2019 at The Ghana College of Physicians and Surgeons, Accra</td><td>For Company's Use</td><td colspan="3">No. of Shares</td></tr>
<tr><td rowspan="2">I/We ....
(Insert full name)</td><td>RESOLUTION</td><td>FOR</td><td>AGAINST</td><td>ABSTAIN</td></tr>
<tr><td>To declare a Dividend</td><td></td><td></td><td></td></tr>
<tr><td>of ....
(Insert full address)</td><td>To re-elect Mrs Nana Yaa Owusu-Ansah as a Director</td><td></td><td></td><td></td></tr>
<tr><td rowspan="5">being a member(s) of Unilever Ghana Limited, hereby appoint

....
(insert full name)</td><td>To re-elect Mrs. Adesola Sotande-Peters as a Director</td><td></td><td></td><td></td></tr>
<tr><td>To re-elect Mr Alfred Yaw Oduro Nsarkoh as a Director</td><td></td><td></td><td></td></tr>
<tr><td>To re-elect Mr. Michael Odinakachi Ubeh as a Director</td><td></td><td></td><td></td></tr>
<tr><td>To approve the terms of appointment of Mr Michael Obinakachi Ubeh as a Manager</td><td></td><td></td><td></td></tr>
<tr><td>To approve Directors' Fees</td><td></td><td></td><td></td></tr>
<tr><td rowspan="3">or failing him the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of that Company to be held on Friday, 24th May 2019 and at any and every adjournment thereof.</td><td>To authorise the Directors to fix the Remuneration of the Auditors.</td><td></td><td></td><td></td></tr>
<tr><td>To amend Regulation 53 (1) and (2) of the Company's Regulations to include Regulation 53 (3) (a) and (b) as follows:

a. The electronic version of the Annual Report and Financial Statement shall be posted on the Business' website as follows: www.unileverghana.com and same forwarded to the e-mail addresses of shareholders before Annual General Meetings.

b. A limited number of hard copies of the Annual Report will be made available to shareholders at the grounds of the Annual General Meeting for use by shareholders attending the meeting.</td><td></td><td></td><td></td></tr>
<tr><td colspan="4">Please indicate with an "X" in the appropriate square how you wish your votes to be cast on the resolution referred to above. Unless otherwise instructed the proxy will vote or abstain from voting at his discretion.</td></tr>
<tr><td colspan="5">Dated this ....day of May, 2019.</td></tr>
</table>

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

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

NOTES

(1) In the case of joint holders, each should sign.
(2) If executed by a Corporation, the Proxy Form should bear its Common Seal or be signed on its behalf by a Director.
(3) Please sign the above Proxy Form and post it so as to reach the address shown overleaf not later than 11.00 a.m. on 22nd May 2019.

Unilever

Third fold here

please fix stamp

Second fold here

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

First fold here

Fourth fold here


NEW
Lifebuoy
Unilever
with activ naturol shield
NEW
Lifebuoy
Total 10
10x Better
Germ Protection*
Inspired by nature^
NEW
Lifebuoy
Lemon Fresh
*As per lab test on indicator organism as compared to a soap bar without actives. Creative Visualization. Washing hands with soap
is an important way to prevent transmission of infection causing germs. ^Activ ingredients are from plant & mineral extracts.

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