BUILDING BRANDS FOR LIFE *Today and for future generations*

PZ CUSSONS GHANA Ltd
Annual Report and Financial Statements 2021

P Z CUSSONS GHANA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2021

INTRODUCING OUR NEW STRATEGY

BUILDING BRANDS FOR LIFE *Today and for future generations*

BUILDING BRANDS

We build brands that our consumers trust and love.

FOR LIFE

We have a rich heritage dating back 88 years with products that touch and improve consumers' lives.

TODAY

We act with a sense of urgency and have already made a fast start in our turnaround.

FOR FUTURE GENERATIONS

We are building a sustainable business for our employees, shareholders, the environment and the communities in which we live and work.

OUR FINANCIAL AMBITION

Our financial ambition is sustainable, profitable revenue growth. This will be achieved by the choices we have made in our new strategy of "Building brands for life. Today and for future generations".

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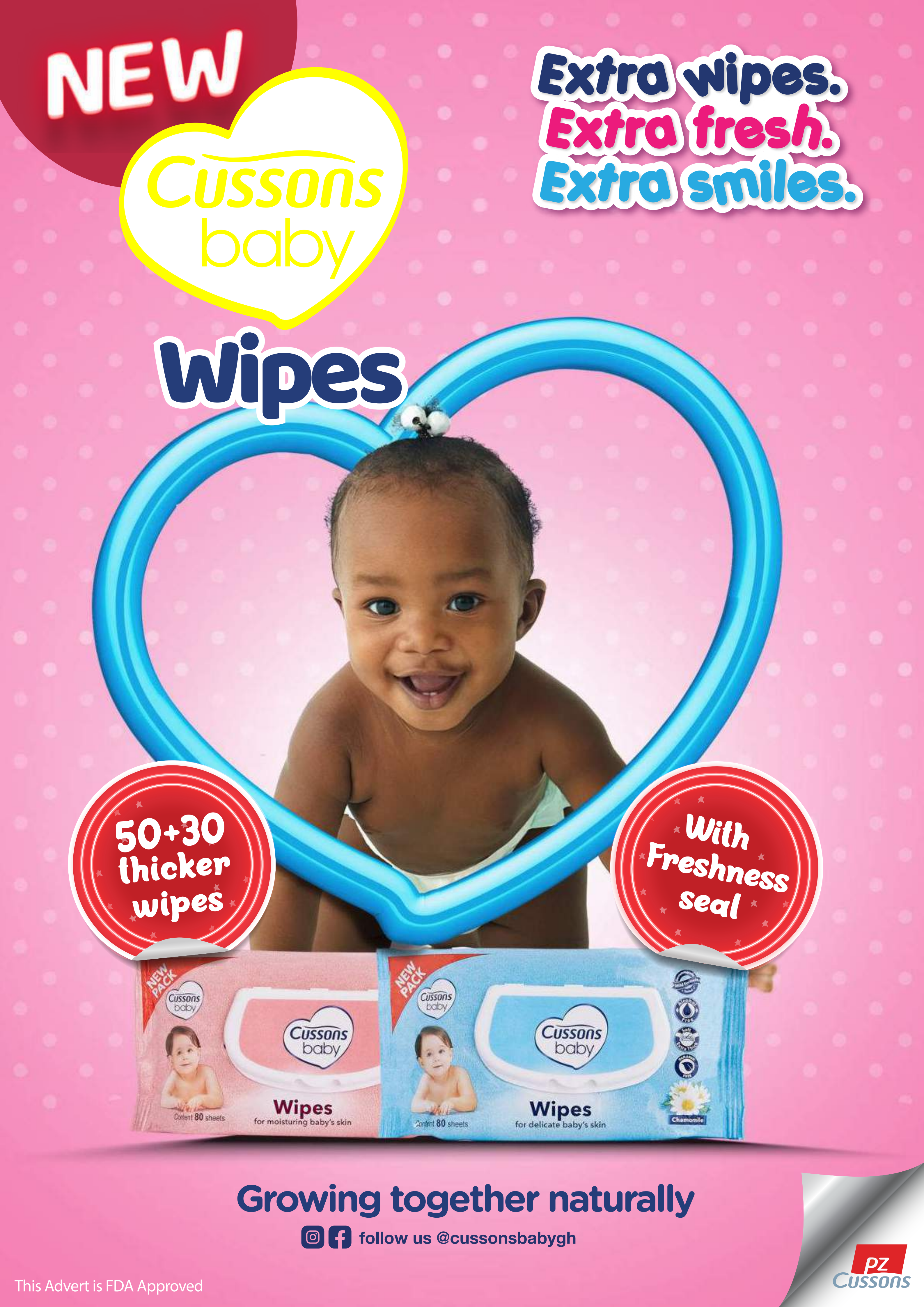
NEW
Cussons baby
Wipes
Extra wipes.
Extra fresh.
Extra smiles.
50+30 thicker wipes
With Freshness seal
NEW PACK
Cussons baby
Wipes
for moisturing baby's skin
Content 80 sheets
Wipes
for delicate baby's skin
Chamomile
Growing together naturally
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PZ Cussons

Corporate Information

Directors	Paul K. Pepera (Chairman) Helena Adu-Gyamfi Christos Giannopoulos - (Retired, July 2020) Panos Katsis (Africa CEO) - Appointed July 2020) Sekar Ramamoorthy (MD, East Africa & Ghana) - Appointed June 2020 Adiza K. Sefiyanu
Secretary	Accra Nominees Limited 2nd Floor, Cedar House 13 Samora Machel Road, Asylum Down P. O. Box GP 242, Accra
Registered office	Plot 27/3 - 27/7 Sanyo Road Tema Heavy Industrial Area P. O. Box 628 Accra, Ghana
Auditor	Deloitte & Touche Chartered Accountants The Deloitte Place Plot No. 71 off George Walker Bush highway North Dzorwulu P. O Box GP 453, Accra, Ghana
Solicitors	Legal Ink (Lawyers and Notaries) No F89/7 Emmaus Road Off 2nd Labone Street PMB 24 Kanda Accra
Bankers	Access Bank Ghana Limited ABSA Ghana Limited Ecobank Ghana Limited GCB Bank Limited Standard Chartered Bank Ghana Limited Zenith Bank Ghana Limited Guaranty Trust Bank (Ghana) Limited United Bank for Africa (Ghana) Limited Stanbic Bank Ghana Limited
Registrar	Universal Merchant Bank Limited

Notice of Meeting

NOTICE is hereby given that the 62nd Annual General Meeting of the Shareholders of PZ Cussons Ghana Limited will be held **virtually via Zoom on Thursday May 5, 2022 at 9 O'clock in the forenoon** to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive and consider the Reports of the Directors, Auditors and the Audited Financial Statements for the years ended May 31, 2020 and May 31, 2021.
2. To ratify the appointment of Directors.
3. To re-elect Directors.
4. To fix the remuneration of the Directors.
5. To confirm the Auditors' remuneration for the years ended May 31, 2020 and May 31, 2021 and to authorise the Directors to fix the remuneration of the Auditors for the year ending May 31, 2022.

SPECIAL BUSINESS

1. To change the name of the company from PZ Cussons Ghana Limited to PZ Cussons Ghana PLC in compliance with the provisions of the Companies Act 2019, Act 992.
2. To amend the company's Regulations/Constitution to accommodate the holding of Annual General/General Meetings by electronic or virtual means where the Directors deem it necessary to do so.

Dated this 21st day of March, 2022

By order of the Board

ACCRA NOMINEES LIMITED

COMPANY SECRETARIES

Note:

A member of the company entitled to attend and vote may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the company. Completed proxy forms should be deposited at the offices of the Registrars UMB, 44 Kwame Nkrumah Avenue, Okaishie, Accra, P. O. Box GP401, Accra, not less than 48 hours before the appointed time of the meeting. Failure to submit the forms before the **48 hour deadline** will result in the Proxy not being admitted to, or participating in, the meeting. A Form of Proxy is provided in the Annual Report.

Chairman's statement

Dear Shareholders,

Welcome to the 62nd Annual General Meeting of PZ Cussons Ghana Ltd.

The year 2020-21 has been challenging for each one of us. The Covid-19 pandemic has had a significant impact on lives, livelihoods, and the business. Operational challenges mounted due to restricted movement and disrupted supply lines during the first few months of the pandemic. As the second and third wave pandemic unfolded, our focus continued to be on our people's health & safety, ensuring uninterrupted supplies of Covid relevant portfolio, meeting the demand arising out of evolving consumer needs, caring for the communities in which we operate, and protecting our business. Our Brands strived to meet these changing needs by launching innovations, building awareness through communication, shifting to newer ways of reaching consumers and connecting with communities through purpose-led initiative.

On a macro view, after rebounding to an estimated 5.5 percent in 2021, global growth is expected to decelerate markedly to 3.2 percent in 2022, reflecting continued COVID-19 flare-ups, diminished fiscal support, and lingering supply bottlenecks. Although output and investment in advanced economies are projected to return to pre-pandemic trends next year, in emerging market and developing economies (EMDEs) they will remain markedly below, owing to lower vaccination rates, tighter fiscal and monetary policies, and more persistent scarring from the pandemic.

Africa was projected to recover in 2021 from its worst economic recession in half a century according to African Development Bank. Economic activity in Africa was constrained in 2020 by an unprecedented global pandemic caused by COVID–19. Real GDP in Africa was projected to grow by 3.4 percent in 2021, after contracting by 2.1 percent in 2020. This projected recovery from the worst recession in more than half a century will be underpinned by a resumption of tourism, a rebound in commodity prices, and the rollback of pandemic-induced restrictions.

Since the COVID–19 pandemic began in early 2020, governments have announced fiscal stimulus packages ranging in cost from about 0.02 percent to about 10.4 percent of GDP in Africa. It was estimated that African governments need additional gross financing of about $154 billion in 2020/21 to respond to the crisis. These fiscal stimulus packages have largely had immediate, direct implications for budgetary balances, borrowing needs, and debt levels. The economic consequences of sovereign debt restructuring are less severe in countries that act pre-emptively and collaboratively and, in those countries, where economic governance is stronger. The absence of orderly and successful sovereign debt resolution, especially with private creditors, makes the prospects of debt distress worrisome for African economies.

The COVID–19 pandemic significantly curtailed Ghana's economic growth momentum. Real GDP growth was estimated to decelerate from 6.5% in 2019 to 1.7% in 2020, due to the slump in oil prices and weakened global economic activity. Nonetheless, growth is expected to be sustained by a budding recovery in construction and manufacturing sectors, combined with favourable gold and cocoa prices. Inflation was expected to reach 10% in 2020 from 8.7% in 2019 due to pandemic-related interruptions in supply chains and expansionary monetary policy aimed at mitigating the economic impacts of COVID–19. The fiscal deficit was expected to widen to 10.5% of GDP in 2020 from 4.8% in 2019 due to revenue shortfall from weak economic activity and unanticipated increased health expenditure. The current account deficit was expected to narrow to 2.5% of GDP in 2020 from 2.8% in 2019 because of reduced demand for imports. Foreign exchange reserves maintained the previous year's level of 4months of import cover as of October 2020. The Ghana cedi depreciated by 3.1% in 2020, compared with a 10% depreciation in 2019. Ghana remains at high risk of debt distress in the International Monetary Fund's 2019 Debt Sustainability Analysis because of solvency and liquidity risks. The public debt-to-GDP ratio reached 71% in September 2020 from 63% a year earlier. Banking sector reform, including recapitalization of banks and liquidation of insolvent financial institutions, had enhanced the overall resilience of the sector. Firm and household surveys reveal that during the partial lockdown, about 770,000 individuals experienced reduced wages, and 42,000 lost their jobs.

The economic outlook is good in the short to medium term, contingent on an increase in demand for Ghana's exports, improved business confidence, and successful implementation of the Ghana COVID–19 Alleviation and Revitalization of Enterprise Support program. Growth was projected to increase to 4% in 2021 and 4.1% in 2022. Inflation is expected to ease to 8.2% in 2021 and 8%, in 2022—in the midpoint of the Bank of Ghana's target band

Chairman's Statement continued

of 6%–10%. The fiscal deficit is projected to narrow to 7.2% in 2021 and 5.7% in 2022, driven by an expected increase in revenue collection in a recovering economy. However, the current account deficit is expected to widen to 2.8% of GDP in 2021 and 3.2% in 2022 as import volumes resume their pre-pandemic levels. Downside risks to the outlook emanate from a possible new wave of the virus and heightened fiscal and debt pressures.

Ghana's ability to push economic growth to its pre-crisis level is expected to be constrained by fiscal and debt risks. The country is only expected to return to its fiscal responsibility budget deficit threshold of 5% of GDP in 2024. The public debt as at the end of 2019 had cost escalation risks because almost 50% of external debt was commercial. It also showed refinancing and foreign exchange rate risks, since 90% of the domestic debt has short- to medium-term maturities, and 70% of the foreign currency debt was denominated in US dollars. To overcome these risks, domestic resource mobilization needs to be complemented with external financial assistance, including concessional loans. While maintaining the foreign exchange reserves buffer, government should actively engage its creditors in exploring other financing options including renegotiating and restructuring debt, and debt service suspension.

In this challenging environment, the FMCG industry continues to experience high costs of operations and financing, to mention but a few. The challenges facing this sector including the Covid-19 upsurge on the Supply Chain and distribution difficulties both locally and sub-regionally. The depreciation of the cedi against the major currencies remains a major risk to businesses, as disposable incomes continues to be relatively low.

Our Company had gone through tougher times in the past two years amidst the Covid-19 pandemic and continues in these challenging times, it still remains resilient and solid by putting firm measures in place to sustain our strong position in the market. Our Must Win Brands such as Camel, Cussons Baby continues to maintain their leading market positions with our Company's continued investment behind the Brands through its equity building activities, and distribution. After the exit of Haier Thermocool, the Company also sold it Pharmaceutical Brands, Zubes & Drastin, whilst Nunu was also sold off in 2020, and this is to firmly align to the simplification strategy of our operations and remain focused on our Must Win Brands to better serve the consumer for Life,Today and for future generations.

Revenue dipped in 2020 and steadily grew by 1.1% in 2021 after the exit of Haier Thermocool and the Brands in 2020. Operating profit improved by 20% in 2021 i.e., GH¢6.7m to GH¢8.1m. Profit before tax excluding revaluation gains from Property also improved by 55.3% i.e., GH¢5.0m to GH¢7.8m

The outcome of our operations this year is reflective of our commitment to a sustainable growth strategy with total asset value of GH¢166.3m. The business remains strong and solidly positioned for sustainable performance and return on investment in the years ahead. Although tougher time are ahead especially with Covid -19 still hovering around with the Russia /Ukraine war and its impact and implication on the world economies including steep increase in commodities cost, we are committed to increasing shareholders' value by optimising the marketing and distribution of our products and providing our consumers with quality products for Life, Today and for future generations whilst we continue to fulfil our corporate social responsibilities.

Our new strategy for Growth – Building brands for life. Today and for future generations

This year, the global Executive Leadership Team and the Board have reassessed our strategy and set out a new path to sustainable, profitable revenue growth. The primary drivers for the new strategy were the need to embrace changing consumer needs, including the rapidly changing consumer and shopper habits, and the need to transform the business following the underperformance of recent years. This is under pinneed by the purpose ***"For everyone , For life and For Good"***

To execute the new staregy, Our company fully embraced the group strategy pillars of "Building brands, Serve consumers, Reduce complexicity, Develop people and Grow sustainably"through embedding the our values ***BEST - Bold, Energetic, Striving and Together***. The company also executed through Camel brand, a unique CSR champion "Because we Care" for alleviating the suffering of children with Child Cancer

At this point, I would like to thank my colleagues on the Board and our parent company PZ Cussons PLC UK for their continued support and investment into our company. Finally, and very importantly, I would like to extend my sincere thanks and appreciation to the Management and Staff of PZ Cussons Ghana for their hard work, commitment and continuous dedication for focusing on improvement in the very demanding and challenging market conditions. We will continue to dedicate ourselves to enhancing and improving our business performances in the coming years with the anticipated growth in the local economy and delivering innovations

With warm regards,

Paul Pepera

Chairman


Camel.
because we care
Let's fight childhood cancer together
Give 10p. Give Hope.
10 PESEWAS
For every Camel Antiseptic liquid you buy, 10pesewas goes to the Because We Care Initiative to help a child with cancer.
To apply for support visit www.carex.com.gh/becausewecare
This initiative is brought to you by Camel in partnership with
Lions Clubs International
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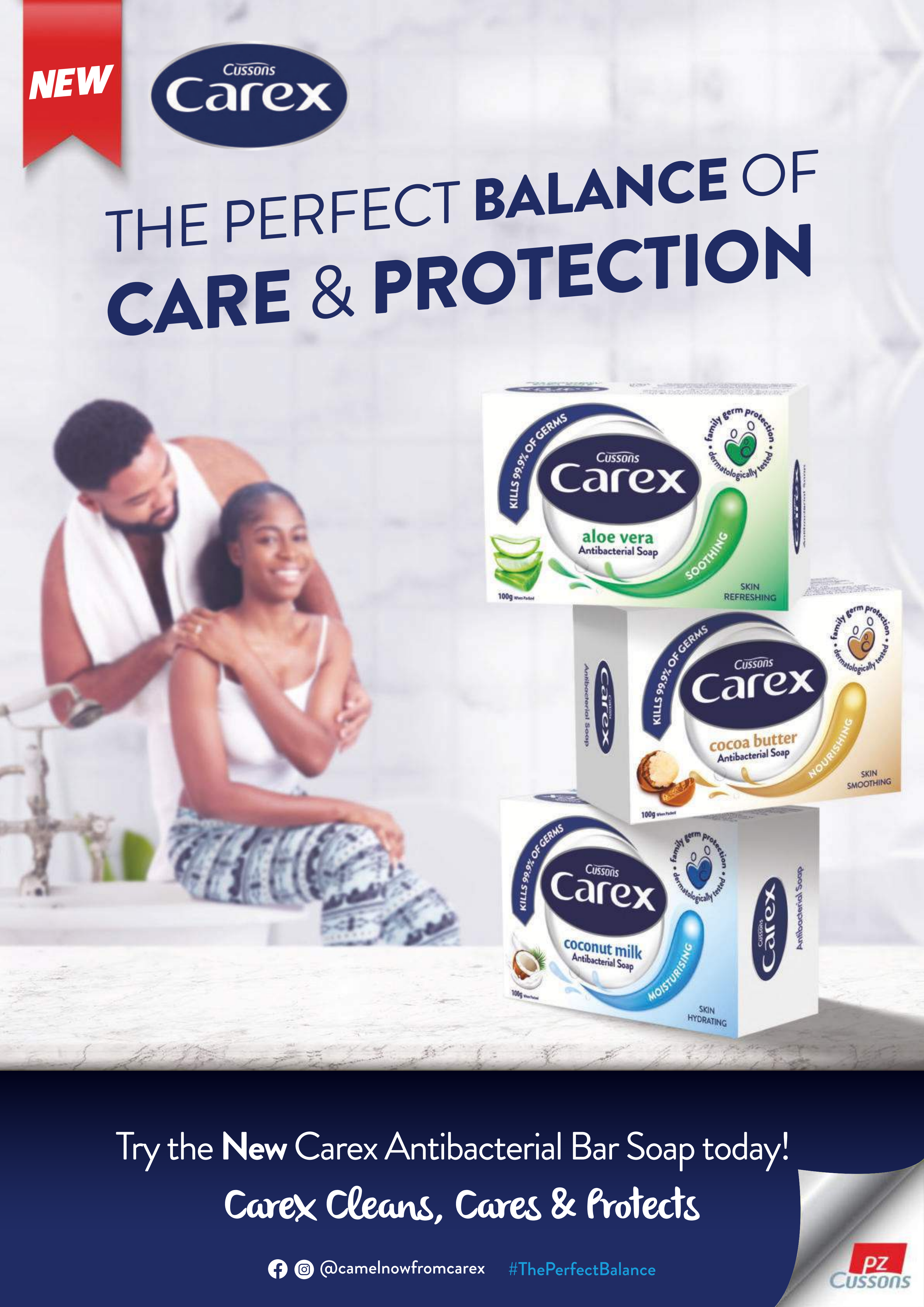
This Advert is FDA Approved
Your 10p matters
Camel
Because We Care
ANTISEPTIC
ORIGINAL
KILLS 99.9% OF GERMS
for bathing, cleaning & disinfecting
WITH ESSENTIAL PINE FRAGRANCE


NEW
Cussons Carex
THE PERFECT BALANCE OF
CARE & PROTECTION
KILLS 99.9% OF GERMS
Cussons Carex
aloe vera
Antibacterial Soap
SOOTHING
SKIN REFRESHING
family germ protection • dermatologically tested •
100g
cocoa butter
Antibacterial Soap
NOURISHING
SKIN SMOOTHING
coconut milk
Antibacterial Soap
MOISTURISING
SKIN HYDRATING
Try the New Carex Antibacterial Bar Soap today!
Carex Cleans, Cares & Protects
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PZ Cussons

Governance

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Corporate Governance Report

BUILDING BRANDS

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OUR FINANCIAL AMBITION

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Board's Responsibilities

The Board is responsible for the company's strategic development, monitoring of its business objectives and maintaining a system of effective corporate governance and internal controls. It also reviews the financial statements of the business on quarterly basis and approves the Annual Accounts and Report and recommends the payment of dividends among other things. The Board also approves for related party transactions which duly complies with the Company's policy on the subject.

Related party transactions

Information regarding directors' interest in ordinary shares of the Company and remuneration is disclosed on page 9. No director has any other interest in any shares or loan stock of the Company as at 31 May 2021. Other than service contracts, no director has a material interest in any contract to which the Company was a party during the year. Related party transactions and balances are also disclosed in note 26 to the financial statements. The directors have no interest in contracts entered into by the Company.

Auditing

Independent Auditors

The firm of Deloitte & Touche were appointed on 1 June 2018 and has served as the External Auditor during the year under review. The Audit Committee has responsibility delegated from the Board of directors for making recommendations on the appointment, reappointment, removal and remuneration of the external auditors.

The Board invites the external auditors to its meetings whenever the Board is reviewing and considering the external audit plan, audited financial statements; audit reports and response to management letter are being presented to the Board for consideration and approval.

Audit Committee

The Audit Committee meets to review the financial performance, risk management, compliance with policies and legislation, 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 regulatory framework. The Committee also reviews findings of the external auditors.

Corporate Governance Report continued

Internal Control

PZ Cussons Ghana Limited has a robust internal control system which is well documented and regularly reviewed. The system incorporates internal control procedures, which are designed to provide reasonable assurance that assets are safeguarded and that the risks facing the business are being managed to eliminate or minimise their impact.

The Company'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.

Corporate Social responsibility and compliance

Corporate Governance

PZ Cussons Ghana Limited recognises the importance of good corporate governance as a means of sustained long-term viability of the business and therefore always seeks to align the attainment of the business objectives with good corporate behaviour.

In line with the framework, mission, values and business principles mandated through the PZ Cussons Company corporate accountability committee, planning takes place and resources are allocated toward achievement of accountability, compliance and reporting standards.

The Company has put in place sound operational control systems in order to safeguard the interests of shareholders and stakeholders. It adopts standard accounting practices and ensures sound internal controls to facilitate transparency in the disclosure of information and to give assurance to the reliability of the financial statements.

In the conduct of its business, PZ Cussons has sought to comply with all statutory requirements, adopted tried and proven best practices to protect the environment and its employees.

Statement on Creating Shared Value

We believe passionately that business can be a force for positive change. More than that, we believe that businesses have an active obligation to make a positive contribution to society and to minimise any negative impacts on the environment from their operations.

For us at PZ Cussons Ghana, this is not something new or unusual - it has been a key part of our culture and of who we are ever since the business was founded in Ghana in the 1930s. We have always aimed to make a positive impact on society through the products which we sell, the way in which our products are designed, manufactured and packaged and through the contributions we make to the communities in which we operate. We do this because we believe that it is Good4Business.

Our Good4Business (G4B) approach provides us with a clear framework for how we should conduct our business activities in our different regions and across all of our product categories: Personal Ca re, Home Care, Electricals and Food & Nutrition. It ensures that Creating Sustainable Value for all sits at the heart of everything we do. Specifically, it provides four areas of focus - what we call "lenses" - through which we can assess our business and ensure that Creating Sustainable Value is integrated into all our day-to-day decision-making:

- Business Governance & Ethics
- Environment
- Sourcing
- Community and charity

Health and Safety

PZ Cussons Ghana Limited, continues to ensure that business activities are undertaken in a responsible manner and in accordance with relevant statutory legislation and that employees at all levels participate in the development, promotion and maintenance of a safe and healthy working environment.

Environment

PZ Cussons Ghana Limited ensures that the operational facilities, distribution practices and products are designed to minimize the effect on the environment. With respect to the environment within which it operates, the Company continues to ensure that it complies with environmental legislation and regulations by assessing potential impact of the business and finding effective ways of reducing them.

Conflicts of Interest & Code of Ethics

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.

Furthermore, the Company is bound by the Company Code of Ethics which encapsulates the Company's values, ethical principles and ethical standards. These principles are applicable to the employees, Board, suppliers, business partners and other key stakeholders of the Company.

Insider Dealings

The company has regulations guiding directors, members of the Audit Committee and other officers of the company on

Corporate Governance Report continued

periods when they, or persons connected to them cannot lawfully effect transactions on the shares of the Company as well as the disclosure requirements when effecting any transaction on the Company's shares.

Communication with shareholders

The Board is committed to an open and consistent communication policy with shareholders and other stakeholders. The guiding principle is that all shareholders should be given equal treatment in equal situations. Thus price sensitive information is published timely in full, simple and transparent format to all shareholders at the same time.

Furthermore all shareholders have equal opportunity at the Annual General Meeting to present questions to the Board and make comments on any aspect of the financial statements.

Board and Management Structure and Process

The Board is responsible for the Company's strategic development, monitoring of its business objectives and maintaining a system of effective corporate governance. The Board Members are highly qualified and experienced in their professional areas of expertise. The Board is currently comprised of three (3) executive directors and two (2) non-executive directors, one of whom is the Chairman of the Board and both of whom are independent. The Board meets at least four (4) times a year to deliberate on, corporate strategy and implementation, approval of Annual Report and Accounts and regulatory compliance amongst other things. To ensure effective control and monitoring of the Company's business, the Board has an Audit Committee.

Internal Control

The Board maintained a sound system of internal control to safeguard shareholders investments and the company's assets. The system of internal control provides reasonable assurance against material loss. The responsibilities include oversight functions of internal audit and control, risk assessment and compliance, conformity and contingency planning, and formalisation and improvement of business process.

Outside Board and Management Position

Mr. Paul Pepera	PHC Motors Limited - Director
Mr. Panos Katsis	Africa CEO - Director
	Director of Harefield Industrial Nigeria Ltd
Mr. Sekar Ramamoorthy	MD, East Africa and Ghana - Director
Mrs. Helena Adu-Gyamfi	Perfect Personal care - Director
Mrs. Adiza K. Sefiyanu	Nil

Our Leadership team

Meet our team of Executive and Non-Executive Directors. Passionate experts, yet always keen to learn, discover and innovate, they lead by inspiring example.

Executive Directors

Panagiotis Katsis

Director, PZ Cussons Ghana Limited

Managing Director/ Chief Executive Officer, PZ Cussons Nigeria PLC.

Panagiotis Katsis is a highly competent Managing Director with experience in managing complex businesses in demanding geographies with over 15 years working experience acquired across West Africa, China and Europe.

A results-driven, self-motivated and resourceful managing director with a proven ability to develop and strengthen management teams in order to maximise company profitability and efficiency. Panos has a history of excelling in introducing organizational change and reengineering business processes to facilitate business excellence and competitive advantage. He has a master knowledge in sales & marketing including Route to Market & Revenue Growth Management, Trade marketing, Category Management, sales planning, brand marketing. Panos possesses excellent communication skills and is able to establish sustainable and profitable relationships with customers, suppliers and stakeholders across the world. He first joined the company in 1998 and has held a number of leadership roles around the PZ Cussons Group in various parts of the world.

Panos, who speaks English and Greek, received a bachelor's degree in Business Administration from the University of Salford in Manchester and an MBA from the University of Warwick. He is a native of Greece.

Until his last appointment as Managing Director of TEC Appliances (Africa) in 2018, Panos was the CEO of the PZ Cussons Group food subsidiary in Greece from 2015 to 2018. Prior to this, he was the Managing Director for TEC Appliances (Nigeria) since 2010. He is CEO for Harefield

Corporate Governance Report continued

Industrial Nigeria. He is currently the CEO for PZ Cussons Nigeria Pie, having been appointed in July 2020. He was appointed Director of PZ Cussons Ghana Limited on 1 July 2020.

Sekar Ramamoorthy

Managing Director, PZ Cussons Ghana Limited Managing Director, PZ Cussons (East Africa) Limited

Sekar Ramamoorthy is an experienced Managing Director with a demonstrated history of working in the consumer goods and consumer durable industry in wide geographies of Asia and Africa. Skilled in building and executing business strategies, Developing category and brand and new markets, Mergers and acquisitions, Negotiation, Business Planning, Management, Continuous Improvement, and Global Sourcing. Strong business development professional with a Bachelor of Engineering focused in Mechanical from AC College of Engineering and Tech.

Sekar first joined the company in 2000 as Chief Engineer for the Nigeria operating unit from where he joined the Company's operating unit in Kenya in 2004. He has since occupied various leadership roles across various locations in Africa and Asia. He speaks three languages.

Until his last appointment as Managing Director of PZ Cussons East Africa Ltd, He is currently the Managing Director for both PZ Cussons Ghana Limited and PZ Cussons East Africa Ltd, having been appointed as Managing Director for both operating units in June 2020.

Adiza K. Sefiyanu

Head of Commercial Finance

Adiza joined PZ Cussons Ghana as the Head of Commercial Finance in December 2017, and was appointed the Board in August 2018. She is a Chartered Certified Accountant with 17 years of experience in Finance. She is a Fellow of the Association of Chartered Certified Accountants (ACCA). She has held various roles in finance including planning, forecasting, business partnering, project management and reporting.

Independent Non-executive Directors

Paul Pepera

Board Chairman

Paul was appointed as Chairman in 2007. Paul has a long career working in senior management positions and being the Managing Director of PHC Motors from 1995 to present day. Paul, a barrister at law, has served on a number of boards and committees. He has served as a member of the PZ Cussons Board since 2003.

Helena Adu-Gyamfi

Helena is an experienced finance and accounting professional, having served in this area for the past 21 years in Unilever Ghana Ltd and PZ Cussons Ghana Ltd. She holds a Master's degree in Finance from Exeter University, UK. Her areas of expertise are Treasury and brand profitability management.

Helena was appointed as Finance Director for PZ Cussons Ghana in January 2009 and she held this position until she retired in June 2014.

Board Composition, Balance and Independence

The composition of the Board of Directors and its Committee 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 judgment of the non-Executive Directors has been confirmed by the Board of Directors.

In line with best practices, the position of the Chairman is distinct from that of the Managing Director. The Chairman is Mr. Paul K. Pepera, a Non-Executive Chairman while Sekar Ramamoorthy is the Managing Director for East Africa and Ghana. Furthermore, while the Chairman is responsible for the running of the Board, the Managing Director is responsible for co-ordinating the running of the business and implementing strategies.

Board Appointment and Induction

Directors are appointed to the Board following a declaration of vacancy at Board meeting. New Directors are selected through carefully articulated selection guidelines that place emphasis on integrity, skills and competences relevant to the Company's goals and aspirations. Furthermore, a newly appointed director receives a letter of appointment spelling out in details the entitlements, terms of reference of the Board and its Committees and the Key Performance Indicators.

Board Evaluation

The Board has established a system to undertake a formal annual self-evaluation of its performance, that of its Committees and the individual directors. The Board designed questionnaire for evaluation on areas such as the ability of the Board to fulfil its general supervisory roles, preparation of members for meetings, participation at meetings, quality of proposals made by members at meetings etc.

Corporate Governance Report continued

Role and functions of the Board

The Board is the ultimate governing body of the company and it is responsible for its overall supervision and the protection of the interest of shareholders and other stakeholders. It ensures that the company is appropriately managed to achieve strategic objectives.

The specific issues reserved for the Board include:

The ultimate direction of the company particularly the conduct and supervision of the business

- Determination of the Company's organisation
- Risk Management and internal control
- Supervision with respect to compliance with the law
- Corporate Governance matters
- Review of business performance

The Managing Director, who is the head of the Management Team, sees to the day-to-day running of the business and is answerable to the Board on all operations.

Board of Directors

Paul K. Pepera
Chairman

Sekar Ramamoorthy
Managing Director

Panos Katsis
Executive Director

Adiza K. Sefiyanu
Head, Commercial Finance

Helena Adu-Gyamfi
Non-Executive Director

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Statement of Directors' Responsibilities

The Companies Act, 2019 (Act 992) requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing the financial statements, the Directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgment and estimates have been made in the preparation of the financial statements for the year ended 31 May 2021. The directors confirm that the financial statements have been prepared on a going concern basis.

The directors are responsible for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act, 2019 (Act 992) and the International Financial Reporting Standards. They are also responsible for safeguarding the assets of the company and hence for taking steps for the prevention and detection of fraud and other irregularities. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Directors' Report

The directors have pleasure in submitting their report on the financial statements of PZ Cussons Ghana Limited for the year ended 31 May 2021.

1. Nature of business

The Company's business is purchasing, distribution and selling of soaps, electrical appliances, cosmetics, and pharmaceutical products.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2019 (Act 992). The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements on pages 18 - 21.

Summary of financial results

	2021	2020
	GH¢	GH¢
The balance brought forward in the retained earnings at 1 June	**68,956,538**	58,762,007
To which must be added (loss)/profit for the year after charging all expenses, depreciation and taxation of	**6,164,843**	10,194,531
Retained earnings as at 31 May	**75,121,381**	68,956,538

3. Dividends

The board of directors do not recommend for the payment of dividend for the year.

4. Holding company

The company's holding company is PZ Cussons (Holdings) Limited which holds 95.68% (2020: 90.24%) of the company's equity. PZ Cussons (Holdings) Limited is incorporated in United Kingdom.

5. Events after the reporting period

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material. The Company had no material subsequent events that required adjustments to or disclosure in the financial statements.

6. Directors remuneration and their interests

A total sum of GHS 366,086 was incurred as directors' fees for the year. The directors have no interest in contracts entered into by the Company.

7. Corporate Social Responsibility (CSR)

The company recognizes its social responsibilities to improve the wellbeing of the society and is committed to giving back to the society. A total of GHS 410,000.00 (2020: GHS 50,000.00) was spent under the CSR programme which included the global handwashing initiative.

8. Auditor and Audit Fees

The auditor, Deloitte and Touche, has expressed willingness to continue as auditors for PZ Cussons Ghana Limited in accordance with Section 139 (5) of the Companies Act, 2019 (Act 992). As at 31 May 2021, the amount payable in respect of audit fees was GH¢ 136,000 (2020: GH¢ 136,000)

The financial statements set out on pages 18 to 47 which have been prepared on the going concern basis, were approved by the board of directors on 13th January, 2022 and were signed on its behalf by:

By Order of the Board

Paul Kwabena Pepera
Chairman

Sekar Ramamoorthy
Managing Director

Date:

Independent Auditor's Report

TO THE MEMBERS OF PZ CUSSONS GHANA LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of PZ Cussons Ghana Limited, set out on pages 18 to 47, which comprise the statement of financial position as at 31 May 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, the notes to the financial statements, including a summary of significant accounting policies and other explanatory disclosures.

In our opinion, the financial statements give a true and fair view of the financial position of PZ Cussons Ghana Limited as at 31 May 2021, and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2019 (Act 992).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Ghana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of financial statements in Ghana.

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

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors and the Statement of Directors' Responsibilities. The other information does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2019 (Act 992) 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.

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

Independent Auditor's Report continued

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of management's 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

In accordance with the Seventh Schedule of the Companies Act, 2019 (Act 992) we expressly state that:

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

2. In our opinion:
   - proper books of accounts have been kept by the Company, so far as appears from our examination of those books.
   - the information and explanations given to us, were in the manner required by the Companies Act, 2019 (Act 992) and give a true and fair view of the:
     a. statement of financial position of the Company at the end of the financial year, and
     b. statement of profit or loss and other comprehensive income for the financial year.
3. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the accounting records and returns.
4. We are independent of the Company, pursuant to Section 143 of the Companies Act, 2019 (Act 992)

The engagement partner on the audit resulting in this independent auditor's report is **Daniel Kwadwo Owusu (ICAG/P/1327)**.

Deloitte Touche

Forandonbehalf of Deloitte & Touche
(ICAG/F/2021/129)

Chartered Accountants

Plot No. 71, Off George Walker Bush Highway

North Dzorwulu

Accra Ghana

26th January, 2022

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 May 2021

Figures in Ghana cedis	Notes	2021	2020
Continuing operations			
Revenue	3	91,455,452	90,432,108
Cost of sales	4	(64,845,519)	(63,793,236)
Gross Profit		26,609,933	26,638,872
Other Operating Income	5	4,975,927	6,405,903
Other operating gains /(losses)	11	28,269	4,249,049
Distribution costs	6	(12,116,256)	(12,436,761)
Administrative costs	7	(11,395,025)	(12,610,571)
Other operating costs	9	-	(5,496,877)
Operating profit		8,102,848	6,749,615
Finance costs	10	(304,892)	(1,729,001)
Fair value gain on investment property	14	-	16,502,338
Profit for the year before taxation		7,797,956	21,522,952
Income Tax Expense	12	(1,633,113)	(11,328,421)
(Loss)/Profit for the year from continuing operations		6,164,843	10,194,531
Other comprehensive income		-	-
Total comprehensive (loss)/profit for the year		6,164,843	10,194,531

The accompanying notes on pages 22 to 47 form an integral part of the financial statements.

Statement of Financial Position

As at 31 May 2021

Figures in Ghana cedis	Notes	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment	13	3,059,510	3,744,703
Investment property	14	88,589,051	88,339,051
		91,648,561	92,083,754
Current Assets			
Intercompany Loan	23	16,436,090	16,138,021
Inventories	16	19,579,074	8,858,092
Trade and other receivables	17	10,010,480	7,103,978
Cash and cash equivalents	18	28,683,973	26,803,589
Finance lease receivables	15		53,487
		74,709,617	58,957,167
Total Assets		166,358,178	151,040,921
Equity and Liabilities			
Equity			
Stated capital	19	2,160,000	2,160,000
Revaluation reserve	21	3,465,574	3,465,574
Retained earnings	20	75,121,381	68,956,538
		80,746,955	74,582,112
Liabilities			
Non-Current Liabilities			
Inter Company Loan	23	29,965,996	29,805,660
Deferred tax	12b	19,390,606	19,065,805
		49,356,602	48,871,465
Current Liabilities			
Trade and other payables	22	35,593,193	22,778,213
Current tax	12c	661,428	4,809,131
		36,254,621	27,587,344
Total Liabilities		85,611,223	76,458,809
Total Equity and Liabilities		166,358,178	151,040,921

The Board of Directors approved the financial statements on pages 18 to 47, on the 2021 and were signed on its behalf by:

Paul Kwabena Pepera
Chairman

Sekar Ramamoorthy
Managing Director

The accompanying notes on pages 19 to 50 form an integral part of the financial statements

Statement of Changes in Equity

For the Year Ended 31 May 2021

Figures in Ghana cedis	Stated capital	Revaluation reserve	Retained earnings	Total
Balance at 31 May 2019	2,160,000	3,465,574	58,762,007	64,387,581
Profit for the year			10,194,531	10,194,531
Balance at 31 May 2020	**2,160,000**	**3,465,574**	**68,956,538**	**74,582,112**
Profit for the year			**6,164,843**	**6,164,843**
Balance at 31 May 2021	**2,160,000**	**3,465,574**	**75,121,381**	**80,746,955**

The accompanying notes on pages 22 to 47 form an integral part of the financial statements.

Statement of Cash Flows

For the Year Ended 31 May 2021

Figures in Ghana cedis	Notes	2021	2020
Cash flows from operating activities			
Cash (used in)/generated from operations	24	**7,936,206**	20,255,859
Finance costs	24	**(304,892)**	126,877
Tax paid	12	**(5,456,015)**	(5,583,937)
Net cash (used in)/from operating activities		**2,175,299**	14,798,799
Cash flows from investing activities			
Purchase of property, plant and equipment	13	**(78,916)**	(212,827)
Addition to investment property	14	**(250,000)**	(2,771,240)
Proceeds from disposal of property, plant and equipment	13	**34,000**	5,596,231
Proceeds from disposal of investment property	14		3,092,200
Advancement of Intercompany Loan	23		(16,138,022)
Net (used in)/cash from investing activities		**(294,916)**	(10,433,658)
Total cash movement for the year		**1,880,383**	4,365,141
Cash at the beginning of the year		**26,803,590**	22,438,448
Total cash at end of the year		**28,683,973**	26,803,589

The accompanying notes on pages 22 to 47 form an integral part of the financial statements.

Notes to the Financial Statements

General information

PZ Cussons Ghana Limited principal activity is the purchase and distribution of personal and home care and health care products such as soaps, cosmetics and pharmaceutical products.

The Company is a limited liability company incorporated and domiciled in Ghana. The address of its registered office is Plot 27/3-27/7 Sanyo Road, Terna Heavy industrial Area, P. 0 Box 628, Terna, Ghana.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act, 2019 (Act 992)

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Ghana cedis, which is the company's functional currency.

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the 2021 Financial Statements are disclosed in note 1.14 and 1.15

These accounting policies are consistent with the previous period.

1.2 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Ghana cedis, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Ghana cedis by applying to the foreign currency amount the exchange rate between the Ghana cedis and the foreign currency at the date of the cash flow.

1.3 Property, plant and equipment

Land and building comprising mainly factory and offices are stated at cost less accumulated depreciation and any accumulated impairment losses. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent cost included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with items will flow to the Company and cost of the items can be measured reliably. The carrying amount of the replaced parts is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost or deemed cost amounts to their residual values, over their estimated useful life as follows;

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation

Notes to the Financial Statements continued

is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Rate
Buildings	2% -4%
Leasehold land	4%
Plant, machinery and equipment	10% - 33.33%
Motor vehicles	25%
Furniture and Fittings	10%-33.33%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Investment property

Property that is held for long-term yields or for capital appreciation or both is classified as investment property. Investment property also includes property that is being constructed or developed for the future use as investment property.

Land held under the operating lease is classified and accounted for by the Company as investment property when the rest of the definition of investment property is met.

Investment property is measured initially at cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The stage of completion.
- Whether the project/property is standard (typical for market) or non-standards.
- Past experience with similar constructions.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in the income statement. Investment property is derecognised when they have been disposed off.

1.5 Leases

The Company enters into agreements as a lessor with respect to some of its investment properties.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all risks and rewards of ownership to the lease, the contract is classified as a finance lease. All other leases are classified as operating leases.

Notes to the Financial Statements continued

When the company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use assets arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

1.6 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of finished goods comprises of all invoice value, freight, insurance, customs duty and all other costs incurred in bringing the inventories to their present location, less provision for impairments, if any.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or Equity instrument of another entity. All financial instruments are initially measured at fair value.

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Notes to the Financial Statements continued

Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

  Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - i. the Company has transferred substantially all the risks and rewards of the asset, or
  - ii. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on instruments that are measured at amortised cost or at FVTOCI as well as trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, The Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, The Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Notes to the Financial Statements continued

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment,

- the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and
- other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

  In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company). Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Financial liabilities

Initial recognition and measurement

Initial recognition and measurement of financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Notes to the Financial Statements continued

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to

settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.9 Stated capital

Ordinary shares are classified as 'stated capital' in equity. All shares are issued at no par value.

1.10 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Notes to the Financial Statements continued

1.11 Employee benefits

1.11.1 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, if the Group 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.

1.11.2 Post-employment benefits

(i) Defined contribution scheme.

The Company and all its employees contribute to a defined contribution scheme.

A defined contribution scheme is a pension plan under which the Company pays fixed contribution into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(a) Social Security and National Insurance Trust (SSNIT)

Under the national pension scheme, the Company contributes 13% of employees' 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) Provident Fund

The Company has a Provident Fund Scheme for all employees who have completed their probation period. Employees contribute 7% of their basic salary to the Fund and the Company also contributes 7%. Obligations under the plan are limited to the relevant contributions which have been recognised in the financial statements and are settled on due dates to the Fund Manager.

(ii) Defined benefit scheme

The company does not have a defined benefit scheme for employees.

1.11.3 Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in the exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of those benefits and

(b) When the entity recognises cost for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

In case of an offer made to encourage voluntary redundancy, the termination benefit 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.

1.12 Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

The Company recognises revenue when it transfers control of a product to a customer.

The Company sells its products mainly on wholesale basis through its distribution partners (DPs). Sales of goods are recognised when the Company has delivered products to the DPs. The DPs do not have full discretion over the channel and price to sell the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the DPs, and the DPs have accepted the products in accordance with the sales contract.

No element of financing is deemed present as the sales are made with credit terms of 30 days, which is consistent with the market price.

1.13 Other income

Other income earned by the Company is recognised on the following basis:

- Interest income -on an accrual basis using the effective interest rate method.
- Dividend income-when the Company's right to receive payment is established.
- Rent income-on a straight line basis over the period of the lease.

1.14 Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets,

Notes to the Financial Statements continued

liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. 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 and in any future periods affected.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are addressed below;

Business model assessment

Classification and measurement of financial assets depends on the results of the Sole Payments of Principal and Interest (SPPI) and the business model test (please see financial assets sections of note 1.8). The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the

Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Significant increase in credit risk

As explained in note 1.8, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key sources of estimation

uncertainty Impairment testing

The company reviews and tests the carrying value of accounts receivable balances to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in the income statement, the Company makes judgements as to whether there is any observable data indicating that the receivable balance is impaired.

This evidence may include significant financial difficulties of the debtor and default in payment terms (more than 180 days overdue). Management uses estimates based on historical loss experience for assets with credit risk. The methodology and assumptions used for estimating both the amount and timing of future cash flows (based on the customer's financial situation) are reviewed regularly by Management to reduce any differences between loss estimates and actual loss experience.

Calculation of loss allowance

When measuring expected credit losses the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Useful lives of property, plant and equipment

The Directors determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The directors will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Income tax

Significant judgement is required in determining the provision for income taxes. There are many transactions and

Notes to the Financial Statements continued

calculations for which the ultimate tax determination is uncertain during the course of business.

When the final outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Investment property

The valuation was determined by the amount for which the properties could be exchanged between willing parties in an arm's length transaction, based on the current prices in an active market for similar properties in the same location and conditions subject to similar lease. It is based on sales price of comparable properties in close proximity. The inputs used in estimating the value of the investment property are not quoted in an active market and are classified under level 3 fair value hierarchy classification.

1.15 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. An increase in provision is recognised as an expense in profit or loss.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

2. New Standards and Interpretations

Application of new and revised standards, amendments and interpretations

New and amended IFRS Standards that are effective for the current year

Impact of the initial application of *Covid-19-Related Rent Concessions* Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c) There is no substantive change to other terms and conditions of the lease.

Impact on accounting for changes in /ease payments applying the exemption

There was no effect of the changes in lease payment in the financial statement

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

Amendments to References to the Conceptual Framework in IFRS Standards

The Company has adopted the amendments included in *Amendments to References to the Conceptual Framework in IFRS Standard*s for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new *Framework*.

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Not all amendments, however, update those pronouncements with regard to references to and quotes from the *Framework* so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the *Framework* they are referencing to (the IASC *Framework adopted* by the IASB in 2001, the IASB Framework of 2010, or the new revised *Framework* of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38,

IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IFRS 3 Definition of a business

The Company has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

Amendments to IAS 1 and IAS 8 Definition of material

The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28 - *Sale or Contribution of Assets between an Investor and its Associate or .Joint Venture*

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

Amendments to IAS 1 - *Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of

Notes to the Financial Statements continued

cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 - *Reference to the Conceptual Framework*

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 *Framework*.

They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 - *Property, Plant and Equipment-Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 - *Onerous Contracts-Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted

Annual Improvements to IFRS Standards 2018-2020

The Annual Improvements include amendments to four Standards. Below are the relevant to the Company:

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1: D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the

Notes to the Financial Statements continued

parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2023.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Figures in Ghana cedis	2021	2020
3. Revenue		
Gross revenue from sale of goods	**106,263,259**	105,677,328
Trade rebates and discounts	**(14,807,807)**	(15,245,220)
	91,455,452	90,432,108

Revenue is recognised on dispatched of goods and customer acceptance. Revenue comprises the value of goods and services invoiced to third parties less VAT, discounts, commissions and returns.

Figures in Ghana cedis	2021	2020
4. Cost of sales		
Material cost	**61,958,146**	67,479,420
Other direct cost (including stock provision)	**2,887,373**	(3,686,184)
	64,845,519	63,793,236

Notes to the Financial Statements continued

Figures in Ghana cedis	2021	2020
5. Other operating income		
Rental income on investment property	**4,245,208**	3,790,973
Sundry income	**730,719**	2,614,930
	4,975,927	6,405,903
6. Distribution cost		
Selling and distribution costs include:		
Advertising and promotion	**4,425,476**	3,053,970
Vehicle running	**791,183**	859,162
Staff cost (Note 8)	**2,960,616**	3,509,122
Depreciation	**314,977**	339,030
Warehouse cost	**266,759**	286,474
Impairment charge on trade receivables	**(565,639)**	1,263,355
Other Costs	**3,922,884**	3,125,648
	12,116,256	12,436,761
7. Administrative costs		
Administrative expenses includes;		
Auditors' remuneration	**184,754**	185,747
Depreciation	**443,400**	567,242
Directors' fees	**366,086**	271,350
Donations	**6,417**	42,558
Staff cost (Note 8)	**1,397,022**	1,917,737
Other Costs	**8,997,346**	9,625,937
	11,395,025	12,610,571
8. Staff cost		
Staff cost is apportioned between distribution costs and administrative cost as follows;		
Distribution costs	**2,960,616**	3,509,122
Administrative costs	**1,397,022**	1,917,737
	4,357,638	5,426,859
9. Other Operating Costs		
Sundry Expenses		5,496,877
		5,496,877

No Sundry Costs were incurred in the current year. Included in Other Operating Costs (2020) is an amount of GHS 2,239,565 million which relates to an upfront VAT relief penalty charged by Ghana Revenue Authority (GRA).

10. Finance costs		
Net foreign exchange losses on foreign currency borrowings		1,855,879
Interest Expense	**304,892**	(126,878)
	304,892	1,729,001

Notes to the Financial Statements continued

Figures in Ghana cedis	2021	2020
11. Other operating gains (losses)		
Gains/ (losses) on disposals		
Property, plant and equipment	**28,269**	5,548,609
Sundry expenses		(1,299,560)
	28,269	4,249,049
12. Taxation		
Major components of the tax income		
Current tax	**1,308,312**	7,362,091
Deferred tax	**324,801**	3,996,330
	1,633,113	11,328,421
12.a. Current tax		
Included in the tax expense are the following:		
Charge to P&L	**1,308,312**	2,995,089
Tax adjustment from prior year		2,283,107
GRA Tax liability now accounted for		2,083,895
	1,308,312	7,362,091

12.b. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 25% (2020: 25%). The movement on the deferred income tax account is as follows:

Reconciliation of deferred tax asset / (liability)	2021	2020
At beginning of year	**(19,065,805)**	(15,099,475)
Prior year adjustment		87,771
Charge to profit or loss	**(324,801)**	(4,054,101)
Total net deferred tax liability	**(19,390,606)**	(19,065,805)

The deferred tax resulted mainly from temporary differences from capital allowance, provisions and fair value gains on investment property.

12.c. Current tax payable

Year end 31 May 2021	At 1 June	Charge to profit or loss	Payments during the year	At 31 May
Up to 2019	**3,030,976**			**3,030,976**
2020	**1,778,155**			**1,778,155**
2021		**1,308,312**	**(5,456,015)**	**(4,147,703)**
	4,809,131	**1,308,312**	**(5,456,015)**	**661,428**

Notes to the Financial Statements continued

13. Property, Plant and equipment

Company	Leasehold land	Plant and machinery	Motor vehicles	Computer equipment	Office equipment	Furniture and fittings	Assets under construction	Total
Cost	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**	
Balance at 1 June 2019	4,691,078	531,647	2,693,303	1,481,916	577,900	157,101		10,132,945
Addition		56,440			4,440	47,998	103,949	212,827
Disposal	(146,565)		(160,552)					(307,117)
Balance at 31 May 2020	4,544,513	588,087	2,532,751	1,481,916	582,340	205,099	103,949	10,038,655
Additions	41,387			3,892	13,500	20,137		78,916
Disposals/ Write Off			(158,915)					(158,915)
Balance at 31 May 2021	4,585,900	588,087	2,373,836	1,485,808	595,840	225,236	103,949	9,958,656
Accumulated depreciation								
Balance at 1 June 2019	2,472,612	323,619	1,666,055	763,765	392,954	28,171		5,647,176
Charge for the year	184,765	46,052	348,900	222,671	66,809	37,075		906,272
Disposal	(98,943)		(160,553)					(259,496)
Balance at 31 May 2020	2,558,434	369,671	1,854,402	986,436	459,763	65,246		6,293,952
Charge for the year	181,536	49,289	277,646	135,442	69,218	45,247		758,378
Disposals/ Write Off			(153,184)					(153,184)
Balance at 31 May 2021	2,739,970	418,960	1,978,864	1,121,878	528,981	110,493		6,899,146
Carrying amount								
Balance at 31 May 2020	1,986,078	218,416	678,349	495,480	122,577	139,853	103,949	3,744,703
Balance at 31 May 2021	1,845,930	169,127	394,972	363,930	66,859	114,743	103,949	3,059,510

Notes to the Financial Statements continued

Figures in Ghana cedis	2021	2020
Disposal Schedule		
Cost	**158,915**	307,117
Accumulated depreciation	**(153,184)**	(259,495)
Net book value	**5,731**	47,622
Proceeds from sale	**(34,000)**	(5,596,231)
Gain on disposal	**(28,269)**	(5,548,609)

14. Investment property (fair value)

Figures in Ghana cedis	2021	2020
At 1 June	**88,339,051**	73,457,232
Addition	**250,000**	2,771,240
Disposal	**-**	(4,391,759)
Fair value gain/(loss)		16,502,338
	88,589,051	88,339,051

Investment property is remeasured at the end of each reporting period. Changes in fair value are recognized in profit or loss as they occur. This fair value relates to the unrealized gains on the property valuation. It is the policy of PZ Cussons Limited to obtain an independent valuation of its investment property. Investment property is reflected at fair value as at 31 May 2021. Investment property is measured at fair value in the Company's statement of financial position and categorised as level 3 in the fair value hierarchy as the unrealised. valuation is partly based on unobservable data. The fair value gain is unrealised.

Disposal Schedule	
Cost	4,391,760
Net proceeds from sale	(3,092,200)
Loss on disposal	1,299,560

Figures in Ghana cedis	2021	2020
15. Finance lease receivables		
Gross finance lease receivables-minimum lease receipts		
- Not later than one year	**-**	53,487
	-	53,487
Non-current assets		
Current assets	**-**	53,487
	-	53,487

In the 2020 financial year, the company entered into finance leasing arrangements with Distribution Partners under a sub-lease agreement.

16. Inventories		
Raw and packing materials	**129,468**	146,386
Finished products	**19,449,607**	8,562,876
Engineering spares	**-**	148,830
	19,579,075	8,858,092

The charge to profit or loss for damage, obsolete and lost inventory for the year ended 31 May 2021 amounted to GH¢407,359 (2020: GH¢1,348,131).

Notes to the Financial Statements continued

Figures in Ghana cedis	2021	2020
17. Trade and other receivables		
Trade receivables	**17,291,318**	14,995,634
Impairment of trade receivables	**(7,651,392)**	(8,234,748)
Trade receivables-net	**9,639,926**	6,760,886
Amount due from officers and staff	**85,503**	159,881
Prepayments	**272,731**	173,225
Sundry receivables	**12,320**	9,986
	10,010,480	7,103,978

The creation and release of provision for impaired receivables have been included in distribution cost (note 6 in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not include any impaired assets. Except CCIF, the Company does not hold collateral as security for trade receivables.

18. Cash and cash equivalents

Cash on hand	**13,455**	3,131
Bank balances	**28,670,518**	26,800,458
	28,683,973	26,803,589

19. Stated capital

Authorised		
Ordinary shares of no par value	**200,000,000**	200,000,000
Reconciliation of number of shares issued:		
Reported as at 1 June	**168,000,000**	168,000,000
Issue of shares - ordinary shares		
	168,000,000	168,000,000
Issued		
Proceeds from issued share capital	**2,160,000**	2,160,000

There was no change in the stated capital during the year (2020:Nil).

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

20. Retained earnings

Retained earnings account represents the earnings retained by the Company. The amount available for distribution to the members of the Company is subject to the requirements of the Companies Act, 2019 (Act 992). Movement in the income surplus account are shown as part of the statement of changes in equity on page 16 of these financial statements.

21. Revaluation reserve

The capital surplus account is the unrealised appreciation arising from the revaluation of buildings used as deemed cost for IFRS transition. In 2012, the shareholders, by a special resolution, transferred GH¢1 million from capital surplus account to stated capital in accordance with Companies Act, 2019 (Act 992).

Notes to the Financial Statements continued

22. Trade and other payables

Figures in Ghana cedis	2021	2020
Trade payables	**5,082,285**	2,013,465
Amounts due to related parties	**20,630,637**	14,177,455
VAT	**412,514**	195,235
Sundry payables	**5,813,858**	3,245,690
Accruals	**3,653,899**	3,146,368
	35,593,193	22,778,213

The carrying values of the trade and other payables approximate their fair values.

23. Intercompany Loans

Current Assets		
Intercompany loan	**16,436,090**	16,138,021

This facility is a loan advance to PZ Cussons (International) Limited. Included in the Intercompany Loan is an amount of GHS 7,378,748 held with Standard Chartered Bank. This amount is being used for delisting purposes. The increase in the loan is a result of interest on the loan.

Non-current liabilities		
At amortised cost		
Intercompany loan	**29,965,996**	29,805,660

This facility is an interest free quasi equity loan facility obtained from PZ Cussons (International) Limited. There is no charge or assignment of or any other form of security in, on, or, over PZ Cussons Ghana Limited's revenue or assets. The facility is repayable in part or in full upon demand of the Lender, subject to 12 months' notice period. The increase in the loan is a result of foreign exchange difference.

24. Cash (used in)/generated from operations

Profit before taxation	**7,797,956**	21,522,952
Adjustments for:		
Depreciation and amortisation	**758,378**	906,272
Gains on disposal of PPE	**(28,269)**	(5,548,609)
Loss on disposal of Investment Property	**-**	1,299,560
Finance (gains)/costs	**304,893**	(126,878)
Fair value gains	**-**	(16,502,338)
Exchange gain/(loss) on related party loans	**(298,068)**	1,855,879
Interest on Intercompany loan	**160,335**	
Changes in working capital:		
Inventories	**(10,720,983)**	8,714,657
Trade and other receivables	**(2,906,502)**	7,991,357
Finance lease receivable	**53,487**	380,211
Trade and other payables	**12,814,979**	(237,204)
Cash generated from operations	**7,936,206**	20,255,859

Notes to the Financial Statements continued

Figures in Ghana cedis	2021	2020
25. Tax paid		
Balance at 1 June	**4,809,131**	3,030,976
Current tax for the year recognised in profit or loss	**1,308,312**	7,362,092
Balance at 31 May	**(661,428)**	(4,809,131)
Payment in the year	**5,456,015**	5,583,937

26. Related party balances

Amounts included in Trade payables regarding related parties		
PZ Cussons (Indonesia) Limited	**465,789**	1,157,679
PZ Cussons (Nigeria) Plc	**7,706,979**	5,889,968
PZ Cussons Singapore Pte Limited	**-**	938,764
	8,172,768	7,986,411
Year-end related party loan balances		
PZ Cussons International Limited (Loan to)	**16,436,090**	16,138,021
PZ Cussons International Limited (Loan from)	**29,965,996**	29,805,660
Related party transactions		
Purchases from (sales to) related parties	**4,159,490**	2,527,733
PT PZ Cussons (Indonesia) Limited		
PZ Industries (Nigeria) Plc	**52,279,476**	35,298,040
PZ Singapore	**2,198,404**	2,988,715
	58,637,370	40,814,488
Compensation to directors and other key management		
Directors fees	**366,086**	271,350
Salaries and other short-term benefits	**231,385**	1,152,427
	597,471	1,423,777

Related parties	
Relationships	
Ultimate holding company	PZ Cussons plc
Holding company	PZ Cussons (Holdings) Limited

Notes to the Financial Statements continued

27. Categories of financial instruments

	Amortised cost	At fair value through profit or loss (FVTPL)	Total
Financial Assets- 2021			
Inter-Company Loan	16,436,090	-	16,436,090
Finance Lease receivables	-	-	-
Trade and other receivables (Less prepayments)	9,639,925	-	9,639,925
Cash and cash equivalents	28,683,973	-	28,683,973
	54,759,988		**54,759,988**
Financial liabilities-2021			
Inter Company Loan	29,965,996	-	29,965,996
Trade and other payables	35,593,193	-	35,593,193
	65,559,189	-	**65,559,189**
Financial assets-2020			
	Amortised cost	**(FVTPL)**	**Total**
Inter-Company Loan	16,138,022	-	16,138,022
Finance Lease receivables	53,487		53,487
Trade and other receivables (Less prepayments)	6,930,752	-	6,930,752
Cash and cash equivalents	26,803,589	-	26,803,589
	49,925,850	-	**49,925,850**
Financial liabilities-2020			
	Amortised cost	**(FVTPL)**	**Total**
Inter Company Loan	29,805,660	-	29,805,660
Trade and other payables	22,778,213	-	22,778,213
Total	**52,583,873**	**-**	**52,583,873**

28. Risk management

Financial 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 program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance. Risk management is carried out by a treasury department under PZ Cussons Company policies approved by the board of directors. Treasury identifies, evaluates and hedges financial risks. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Credit risk

Credit risk is the risk that financial loss arises from the failure of customer or counterparty to meet its obligations under a contract. It arises principally from selling goods on credit to distribution partners. The Company has dedicated standards, policies and procedures to control and monitor all such risks. Although the Company is potentially exposed to credit loss in the event of non-performance by counterparties, such credit risk is controlled through credit control policy whereby credit sales are only made to established dealers.

Notes to the Financial Statements continued

28. Risk management (continued)

Credit risk (continued)

Strict control is exercised through the monitoring of cash received from customers and provision is made for specific doubtful debts where necessary. The Company has a task force which follows up collection of outstanding receivables. The Company does not believe it is exposed to any material concentrations of credit risk. The amount of that best represents the Company's maximum exposure to credit risk at the year-end and is the carrying value of trade receivables, sundry receivables, amount due from related parties, finance lease receivables and cash and cash equivalents in the statement of financial position.

The Company does not grade the credit quality of trade and other receivables. All receivables that are neither past due nor impaired are within the approved credit limits, and no receivables have had their terms renegotiated.

There is no off-balance sheet credit risk exposure. Impaired trade receivables relate to customers who are experiencing financial difficulties. The other classes of receivables do not contain impaired assets are not past due. Based on the credit history of these other classes, it is expected that these will be received when due.

The Company's credit exposures are categorised as follows:

Maximum exposure to credit risk	2021	2020
Trade and other receivables (less prepayments)	**9,639,925**	6,930,752
Cash and cash equivalents	**28,683,973**	26,803,589
	38,323,898	33,734,341

Collateral held as security and other credit enhancements

There is no collateral held against any of the receivables.

Credit quality

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >90 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – credit-impaired
Loss	Amount is >180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company maintains a strong liquidity position and manages the liquidity profile of its assets, liabilities and commitments so that cash flows are appropriately balanced, and all funding obligations are met when due.

The Company has overdraft facilities with local banks to provide the Company with an option to maintaining liquidity and continuity in funding.

All financial liabilities fall due for payments within twelve months. The amounts disclosed in the table below show contractual undiscounted cash flows for financial liabilities analysed into the relevant maturity Companying based on the remaining period at the reporting date to the contractual maturity date.

Notes to the Financial Statements continued

28. Risk management (continued)

At 31 May 2021	Less than 1 year	Between 1-2 years	Between 2-5 years
Borrowings			29,965,996
Trade and other payables	35,593,191	-	-
Total	35,593,191		29,965,996

At 31 May 2020	Less than 1 year	Between 1-2 years	Between 2-5 years
Borrowings	-	-	29,805,660
Trade and other payables	22,778,213	-	-
Total	22,778,213	-	29,805,660

The table above analyses the company's financial liabilities which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date.

Foreign exchange risk

The company's activities expose it to the financial risks of changes in foreign currency exchange rates, interest rates, equity and commodity prices will reduce the Company's income or the value of its portfolios. The management of market risk is undertaken using risk limits approved by Finance Directors under a delegated authority. The Company does not hold equity or commodity instruments subject to market risk.

At 31 May 2021, if the currency had weakened/strengthened by 1% against the US dollar with all other variables held constant, post-tax profit for the year would have been GH¢ 298,068 (2020: GH¢1,855,879) lower (or higher), mainly as a result of foreign exchange gains or losses on translation of US dollar denominated bank balances, and intercompany payables/ receivables.

Foreign currency exposure at the end of the reporting period

Current assets	2021	2020
	GH¢	GH¢
Bank	**22,624,906**	10,756,982
Liabilities		
Trade payables	**14,279,962**	7,986,411
Related party borrowing	**29,965,996**	29,805,660
	44,245,958	37,792,071
Exchange rates used for conversion of foreign items were:		
USD	**5.7901**	5.7580
GBP	**8.2289**	7.0940

Notes to the Financial Statements continued

28. Risk management (continued)

Capital risk 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 shareholder and benefits for other stakeholders 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 and source funds from companies within the PZ Cussons Plc Company on negotiated credit terms consistent with others in the industry, 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 (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratio at 2021 and 2020 respectively were as follows:

Total borrowings

Figures in Ghana cedis	2021	2020
Borrowings	**29,965,996**	29,805,660
Less: Cash and cash equivalents	**(28,683,973)**	(26,803,589)
Net debt	**1,282,023**	3,002,071
Total equity	**80,746,955**	74,582,112
Total capital	**82,028,978**	77,584,183
Debt equity ratio	**1.6%**	4%

Interest rate risk

The Company's exposure to the risk for changes in market interest rates relates primarily to Company's finance lease obligations and other borrowings to support its working capital. The Company calculates its exposure to interest rate based on a defined interest rate shift. Based on the simulations performed, the impact on the post- tax profit of 1% shift would be a maximum increase or decrease finance cost of GH¢ 3,049 (2020:GH¢17,290).

Market risk management

Market risk is the risk that movements in the market rates, including foreign exchange rates, interest rates, equity and commodity prices will reduce the Company's income or value of its portfolios. The management of market risk is undertaken using risks limits approved by the Finance Director under a delegated authority. The Company does not hold any equity or commodity instruments subject to market risk.

29. Fair value information Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements continued

Figures in Ghana cedis	2021	2020
Levels of fair value measurements		
Level 3		
Recurring fair value measurements		
Assets		
Investment property		
Investment property	**88,589,051**	88,339,051
Financial assets		
Trade and other receivables (less prepayments)	**9,639,925**	6,930,752
Cash and cash equivalents	**28,683,973**	26,803,589
Total	**38,323,898**	33,734,341
Financial liabilities		
Trade and other payables	**35,593,191**	22,778,213
Borrowings	**29,965,996**	29,805,660
Total	**65,559,187**	52,583,873

30. Contingent liability

Legal

The Company does not recognize any contingent liability in the current year.

Tax

The entity does not have any contingent liability in the current year. A contingent liability of GHS 198,352,096 was disclosed in 2020 as a result of the Customs Post Clearance Audit conducted by the Ghana Revenue Authority (GRA) to cover importations between January 2013 and December 2018. An amount of GHS 6,632,974 has been determined after a reduction in the liability by the GRA. 30% has been paid and 70% fully provided for pending the final determination on the matter.

31. Commitments

There were no capital commitments at the end of the year. (2020: Nil)

32. Events after the reporting period

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material. The Company had no material subsequent events that required adjustments to or disclosure in the financial statements.

Shareholders' Information

LIST OF MEMBERS FOR PZ CUSSONS (HOLDINGS) LIMITED AS AT 31.05.21

FROM	TO	MEMBERS	SHARES	CAPITAL%
1	1,000	806	323,178	0.1924
1,001	5,000	492	955,539	0.5688
5,001	10,000	65	418,790	0.2493
10,001	9,999,999,999	231	166,302,493	98.9896
	TOTALS	**1,594**	**168,000,000**	**100.0000**

MAJOR HOLDERS FOR PZ CUSSONS (HOLDINGS) LIMITED AS AT 31.05.2021 (TOP 20)

NAME	SHARES	% OF ISSUED CAPITAL
PZ CUSSONS (HOLDINGS) LIMITED	160742480	95.68
GHANAIAN ENT. DEVT. COMMISSION	152700	0.09
MR. BUACHIE JOSEPH KWABINA	144480	0.09
MR. DODOO EDWARD T.	142800	0.09
MR. ACHEAMPONG ALBERT K.	137820	0.08
MR. CLEMENT EMMANUEL A.	92580	0.06
MRS. BADU GEORGINA	90120	0.05
MR. AMOAKOH DIAMOND C.H.	87000	0.05
MR. RENNER JOHN G. A.	84000	0.05
REV. AMOA JONATHAN YAW	81420	0.05
MR. ASIAMAH JOHN KOFI	77940	0.05
MR. YEBOAH EMMANUEL K.	76560	0.05
MAD. TAWIAH VICTORIA	72720	0.04
EST.OF THE LATE J.G.CHAWE-NARTEY	72000	0.04
MR. DOWUONA NOI	72000	0.04
THOMPSON NANA FOSUAH	68880	0.04
MR. SUNDRIES SAM	64380	0.04
MR. OWUSU WILLIAM LAWRENCE	61620	0.04
MR. OWUSU EMMANUEL YAW	53940	0.03
MRS. AGBOKPOR HILDA	53940	0.03
REPORTED TOTALS	**162,429,380**	**96.68**
NOT REPORTED	**5,570,620**	**3.32**
GRAND TOTALS	**168,000,000**	**100.00**
COMPANY CAPITAL	**168,000,000**	

Five Year Financial Summary

Statement of Financial Position

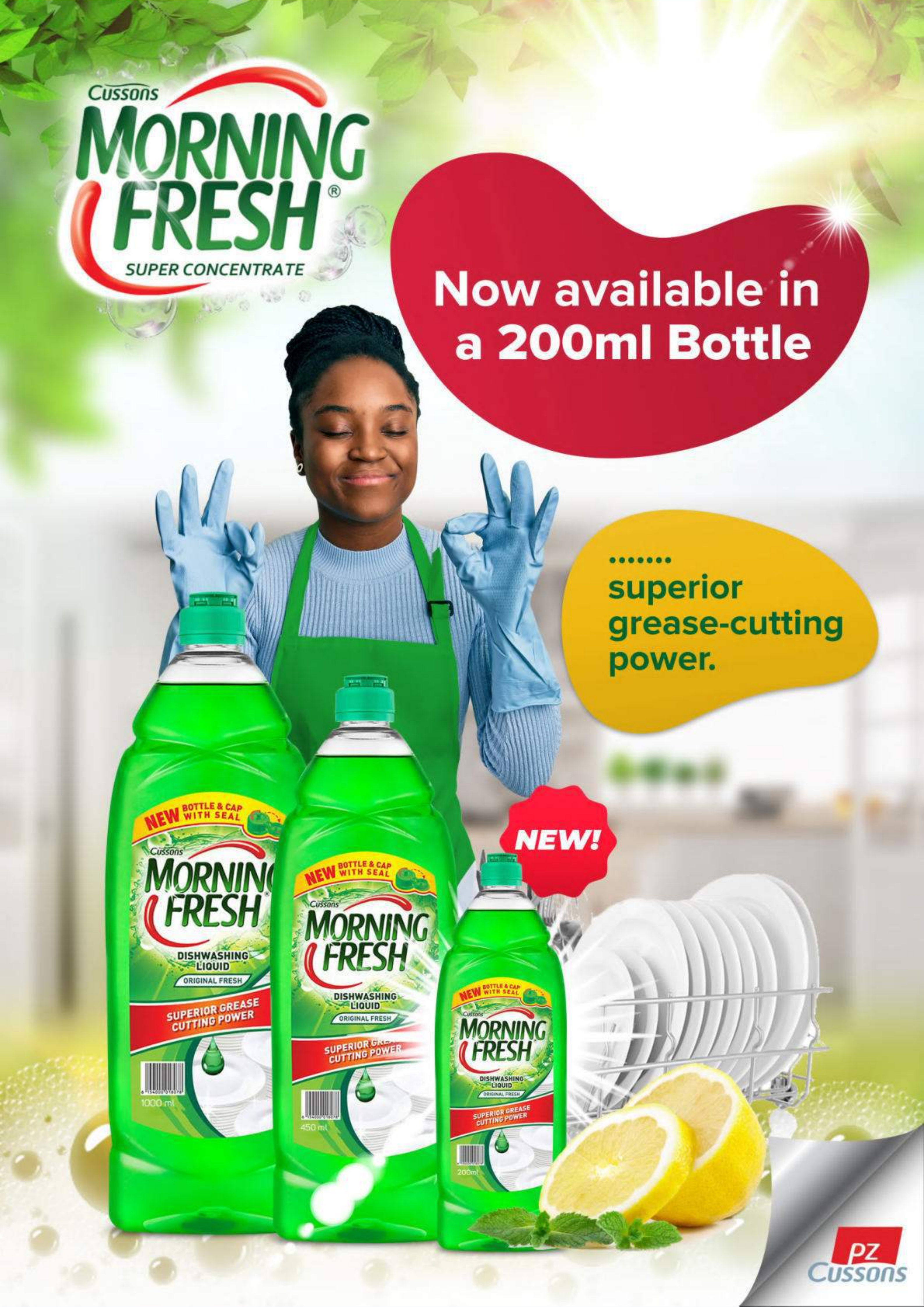
Assets

Figures in Ghana cedis	**2021**	2020	2019	2018	2017
Non-current assets	**91,648,561**	92,083,754	77,943,002	41,860,023	35,549,716
Current assets	**74,709,617**	58,957,167	55,540,228	51,984,793	70,653,664
Total assets	**166,358,178**	**151,040,921**	**133,483,230**	**93,844,816**	**106,203,380**
Liabilities					
Non-current liabilities	**49,356,602**	48,871,465	43,049,256	26,425,920	25,281,900
Current liabilities	**36,254,621**	27,587,344	26,046,393	45,526,907	65,510,129
Total liabilities	**85,611,223**	**79,458,809**	**69,095,649**	**71,952,827**	**90,792,029**
Stated Capital	**2,160,000**	2,160,000	2,160,000	2,160,000	2,160,000
Revaluation reserve	**3,465,574**	3,465,574	3,465,574	3,465,574	3,465,574
Retained earnings	**75,121,381**	68,956,538	58,762,007	16,266,415	9,785,777
Total equity	**80,746,955**	**74,582,112**	**64,387,581**	**21,891,989**	**15,411,351**
Total equity and liabilities	**166,358,178**	**151,040,921**	**133,483,230**	**93,844,816**	**106,203,380**

Statement of Profit or Loss and Other Comprehensive Income

Revenue	**91,455,452**	90,432,108	106,517,018	111,603,488	91,832,590
Cost of sales	**(64,845,519)**	(63,793,236)	(81,461,330)	(83,870,319)	(72,137,864)
Gross profit	**26,609,933**	**26,638,872**	**25,055,688**	**27,733,169**	**19,694,726**
Distribution cost	**(12,116,256)**	(12,436,761)	(9,771,115)	(10,416,622)	(14,172,504)
Administrative cost	**(11,395,025)**	(12,610,571)	(9,774,488)	(11,242,366)	(16,032,320)
Other operating income	**4,975,927**	6,405,903	24,027,193	2,117,945	3,466,567
Other operating gains/(losses)	**28,269**	4,249,049	(29,849)	1,219,656	-
Other operating cost	**-**	(5,496,877)	(891,038)	(3,634,333)	(3,461,711)
Fair value gain (loss) on investment property	**-**	16,502,338	37,988,413	6,634,199	-
Finance costs	**(304,892)**	(1,729,001)	(3,959,687)	(3,634,333)	(2,362,694)
Loss from discontinued operations	**-**	-	-2,896,382	-	-
Profit (loss) before taxation	**7,797,956**	**21,522,952**	**59,748,735**	**6,338,003**	**(12,867,936)**
Taxation	**(1,633,113)**	(11,328,421)	(17,253,143)	142,635	2,535,622
Profit (loss) for the year	**6,164,843**	**10,194,531**	**42,495,592**	**6,480,638**	**(10,332,314)**
Per share data					
Profit/ (loss) per share (Basic)	**0.0534**	0.0883	0.3715	0.0390	(0.0620)

Loss/earnings per share are based on loss/profit after tax and the number of issued and fully paid ordinary shares at the financial year.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MORNING FRESH®
SUPER CONCENTRATE
Now available in a 200ml Bottle
....
superior grease-cutting power.
NEW!
NEW BOTTLE & CAP WITH SEAL
Cussons MORNING FRESH
DISHWASHING LIQUID
ORIGINAL FRESH
SUPERIOR GREASE CUTTING POWER
1000 ml
450 ml
200ml
PZ Cussons

Proxy Form

PROXY FORM FOR USE AT THE 62ND ANNUAL GENERAL MEETING TO BE HELD VIRTUALLY VIA ZOOM MEETINGS ON THURSDAY MAY 5, 2022 AT 9 O'CLOCK IN THE FORENOON:

I/We

being member(s) of **PZ CUSSONS GHANA LIMITED** hereby appoint ____

____ or failing him/her the Chairman as my/our Proxy to vote

for me/us, and on my/our behalf at the Annual General Meeting of the company to be held on the **5th day of May, 2022** and at any and every adjournment thereof.

This form to be used:-

ORDINARY BUSINESS		
1.	*in favour of against	the Resolution to adopt the Reports of the Directors, Auditors and the Financial Statements of the Company for the years ended May 31, 2020 and May 31, 2021.
2.	*in favour of against	the Resolution to ratify the appointment of Mr. Katsis Panagiotis as a Director of the company.
3.	*in favour of against	the Resolution to ratify the appointment of Mr. Sekar Ramamoorthy as a Director of the company.
4.	*in favour of against	the Resolution to re-elect Mrs. Helena Adu-Gyamfi as a Director the company.
5.	*in favour of against	the Resolution to re-elect Ms. Adiza Sefiyanu as a Director of the company
6.	*in favour of against	the Resolution to confirm the Auditors remuneration for the years ended May 31, 2020 and May 31, 2021 and to authorise the Directors to fix the remuneration of the Auditors for the year ending May 31, 2022.
SPECIAL BUSINESS		
1.	*in favour of against	the Resolution to change the name of the company from PZ Cussons Ghana Limited to PZ Cussons Ghana PLC in compliance with the provisions of the Companies Act 2019, Act 992.
2.	*in favour of against	the Resolution to amend the company's Regulations/Constitution to accommodate the holding of Board/Annual General/General Meetings by electronic or virtual means where the Directors deem it necessary to do so.

On any other business transacted at the meeting and unless otherwise instructed in paragraphs 1 to 6 under Ordinary Business and in paragraphs 1 and 2 on Special Business above, the resolutions to which reference is made in those paragraphs, the proxy will vote as he/she thinks fit.

*** Strike out whichever is not desired**

____

Signature of Shareholder

Signed this .... day of .... 2022.

Proxy Form continued

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

1. A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The Proxy Form has been prepared to enable you exercise your vote if you cannot personally attend.
2. Provision has been made on the Form for the Chairman of the meeting to act as your Proxy but if you so wish, you may insert in the blank space the name of any person whether a member of the company or not who will attend the meeting and vote on your behalf instead of the Chairman.
3. In case of joint holders, each joint holder must sign.
4. If executed by a Corporation, the Proxy Form must bear its Common Seal or be signed on its behalf by a Director.
5. Please sign the above Proxy Form and post it so as to reach the address shown in the notices or email it to registrar.services@umbbank.com not later than 4.00 p.m. on Tuesday May 3, 2022.

Notes

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PZ CUSSONS GHANA Ltd
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P. O. Box 628, Tema
Greater Accra - Ghana