GHANA
STOCK
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PRESS RELEASE

PR. No 296/2016

PZ CUSSONS (GHANA) LIMITED (PZC) -
2016 ANNUAL REPORT AND ACCOUNTS

PZC has released its 2016 Annual Report and Accounts as per the attached.

Issued in Accra, this 7th
day of September, 2016

- E N D -

att'd.

Distribution:
1. All LDMs
2. General Public
3. Company Secretary, PZ
4. MBG Registrars (Registrars for PZ shares)
5. Central Securities Depository
6. SEC
7. GSE Council Members
8. GSE Notice Board

For enquiries, contact:
General Manager/Head of Listings, GSE on 0302 669908, 669914, 669935
*JEB

PZ Cussons

PZ CUSSONS GHANA LIMITED
ANNUAL REPORT AND ACCOUNTS 2016

Creating sustainable value for all

PZ Cussons is a dynamic consumer products company and the business behind some of Ghana's best-loved and well-known brands. Diverse, growing and exciting, our brands lead in Home Care, Personal Care, Electrical Goods and Food & Nutrition.

For over a century, we have kept our promise of 'Making Life Better' every day in different ways. Our operational diversity and understanding of the commercial landscape allows us to strategically tap potentials for future growth. Our world-class supply chain and distribution networks enable us to meet consumer needs and deliver quality brands across Africa, adding value and enhancing everyday lives. Our people, our greatest asset, live and deliver our CAN DO values.

P Z CUSSONS GHANA LIMITED

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 MAY 2016

HISTORY

(Paterson Zochonis (PZ) was formed in Ghana (then Gold Coast) in 1934. Paterson Zochonis Ghana became a Public Company in 1976, and was listed on the Ghana Stock Exchange within 12 months of its inception, in 1990.

From the early activities of importing, exporting and general trading, an industrial base was established in 1969.

Consequent to the Economic recovery Programme instituted by the Government at the time, opportunity was taken in the late 80's and 90's to rejuvenate PZ's industrial potential, concentrating on Health Care and Beauty products.

Effective 1st June, 2002, the group underwent a change in name, from Paterson Zochonis to PZ Cusssons. The objective of the change was to unify the Group further under one identity and to refresh and modernize our corporate image.

With a solid product portfolio that includes a number of well established brands such as Camel Antiseptic, Imperial Leather, Nunu Milk, Haier Thermocool, Carex, Duck, Drastin, Premier, Robb, Cussons Baby, PZ Cussons can look at the future with great confidence.

Our vision is driven by our commitment to continue to expand our business through providing consumers with goods of the highest quality standards at affordable prices, while making reasonable profit and maintaining our strong family values and respect for the environment in which we operate.

Mission

We are an international, entrepreneurial conglomerate operating locally to enhance the lives of all consumers through quality, value and innovation day after day.

Vision

We shall profitably grow our business, strengthening our product portfolio, enhancing the lives of our employees, consumers and all other stakeholders, by living and breathing our shared values, every day.

Values

Our CAN DO values are inspired by the spirit of our founders.

Contents

BOARD OF DIRECTORS, OFFICERS AND OTHER CORPORATE INFORMATION

Directors	Paul K. Pepera	(Chairman)
	James Berkeley Judson	(Retired 8 February 2016)
	Charles B. Janney	
	Helena Adu-Gyamfi	
	Christopher Davis	(Retired 25 January 2016)
	David Afflu	
	MyraStella Ansah	(Retired 30 November 2015)
	Christos Giannopoulos	(Appointed 8 February 2016)
	Oluwasegun Lawrence Agbekeye	(Appointed 8 February 2016)
Secretary	Accra Nominees Limited 2nd Floor, Cedar House 13 Samora Machel Road Asylum Down P. O. Box GP242 Accra, Ghana	
Registered office	Plot 27/3 - 27/7 Sanyo Road Tema Heavy Industrial Area P. O. Box 628 Accra, Ghana	
Auditor	PricewaterhouseCoopers Chartered Accountants No.12 Airport City UNA Home, 3rd Floor PMB CT42 Cantonments Accra	
Solicitors	Legal Ink (Lawyers and Notaries) No F89/7 Emmaus Road Off 2nd Labone Street PMB 24 Kanda Accra	
Bankers	Access Bank (Ghana) Limited Barclays Bank of Ghana Limited Ecobank Ghana Limited Ghana Commercial Bank Limited Guaranty Trust Bank (Ghana) Limited Standard Chartered Bank Ghana Limited Stanbic Bank Ghana Limited United Bank for Africa (Ghana) Limited Zenith Bank (Ghana) Limited	
Registrars	Universal Merchant Bank Limited	

NOTICE OF MEETING

NOTICE is hereby given that the 58th Annual General Meeting of the Shareholders of PZ Cussons Ghana Limited will be held at the Ghana-India Kofi Annan Centre for Excellence in ICT, Ringway Estates, Accra (near the Ghana Institute of Journalism) on Friday, 30 September 2016 at 11 O'clock in the forenoon to transact the following:

AGENDA

ORDINARY BUSINESS

1. To receive and consider the Report of the Directors, Report of the Auditors and the Audited Financial Statements for the year ended 31 May 2016.
2. To declare a dividend
3. To appoint Directors.
4. To re-elect Directors.
5. To fix the remuneration of the Directors.
6. To authorise the Directors to fix the remuneration of the Auditors for the ensuing year.

Dated this 18th day of August, 2016

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, Universal Merchant Bank Limited, Ridge, 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, Ladies and Gentlemen,

It is my pleasure to welcome you all to the 58th Annual General Meeting (AGM) of our company.

The world is going through very tough economic challenges on multiple fronts in 2016 with global economic growth projected at just 3.2 percent for the year. Growth in the emerging markets accounted for over 70 percent of global growth, however, emerging markets still declined for the fifth consecutive year. Modest recoveries continued in advanced economies. Major macroeconomic realignments are affecting prospects differentially across countries and regions. These include the slowdown and rebalancing in China, a further decline in commodity prices, especially for oil, with sizable redistributive consequences across most sectors and countries, uncertainties in Europe and beyond post Brexit and declining capital flows to emerging markets and developing economies. These realignments, together with a host of non-economic factors, including geo-political tensions and political discord are generating substantial uncertainty. On the whole, the pace of global economic growth has declined.

The Board of Directors is recommending to the shareholders at this AGM a dividend of GH¢ 192,919.80 (One hundred and ninety two thousand, nine hundred and nineteen Ghana cedis) representing 0.12 Gp per share (2015: 0 Gp).

In Ghana, inflation fell from 18.9% to 18.4% in June this year. This rate, being far from the central bank target of 8.0%, was largely the result of high fuel, utility and food prices. It is however expected that the tight monetary and fiscal policies that the central bank has now put in place will slow down the rate of inflation this year. On another issue, it is worth noting that the inflow of consumer products into the market from grey industries and neighbouring countries has strengthened the competitiveness of the FMCG (Fast Moving Consumer Goods) industry.

PZ Ghana however weathered the storm by putting firm measures in place to sustain our strong position in the market. Our main focus brands being Camel, Cussons Baby, Robb and Carex, continue to maintain their leading market positions due to our company's continued investment in distribution and brand equity building activities.

As a direct consequence of the factors mentioned above and the resultant dwindling consumer purchasing power in the prevailing difficult business environment in Ghana, our revenue dropped slightly by 0.5% to GH¢118.3m from GH¢118.9m in 2015. However Operating Profit increased to GH¢12.8m from a loss of GH¢1.3m in 2015, the increase mainly arose from the fair market valuation of the company's investment properties. The consequential effect of this on Profit Before Tax is an appreciable growth from the loss of GH¢4.1m that we endured in 2015 to a profit of GH¢10.3m in 2016 and Profit After Tax of GH¢1.9m from the loss of GH¢2.7m in 2015.

The outcome of our operation this year reflects our resolve to maximise shareholders' value. Our financial position with a total asset value of GH¢107m, remains strong and supports our outlook for an even better performance and return on investment in the new financial year.

The Board of Directors is recommending to the shareholders at this AGM a dividend of GH¢ 192,919.80(One hundred and ninety two thousand, nine hundred and nineteen Ghana cedis) representing 0.12 Gp per share (2015: 0 Gp). If approved, the dividend will be paid subject to appropriate withholding tax.

We restate our commitment to increasing shareholders' value by optimising the distribution of our products and providing our consumers with quality products that suits their needs, whilst we continue to fulfil our corporate and social responsibilities.

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 our Management and Staff whose hard work, commitment and continuous focus on improvement in very demanding market conditions, has been the major driving force of our success.

Paul Kwabena Pepera
Chairman
18 August 2016

FINANCIAL HIGHLIGHTS

Positive results in a challenging year

Reported results

Revenue

GH¢118,279,459

2015: GH¢118,948,017

Operating profit (loss)

GH¢12,793,260

2015: (GH¢ 1,272,023)

Profit before taxation

GH¢10,259,525

2015: (GH¢ 4,124,548)

Basic and diluted earnings per share

GH¢0.0115

2015: (GH¢ 0.0163)

Cash generated from/(used in) operating activities

GH¢2,801,033

2015: GH¢ 11,357,101

Profit/ (loss) before income tax margin (%)

GH¢0.8

2015: (3.2)

Shareholders' funds

GH¢35,899,021

2015: GH¢ 33,969,823

Profit/ (loss) after income tax margin (%)

GH¢0.2

2015: (GH¢2.1)

Unbeatable Germ Protection

Governance

Contents

CORPORATE GOVERNANCE

Introduction

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 Group corporate accountability committee, planning takes place and resources are allocated toward achievement of accountability, compliance and reporting standard. The business 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.

Board of Directors

The Board is responsible for the Company's strategic development, monitoring of its business objectives and maintaining a system of effective corporate governance.

Audit Committee

The Audit Committee reviews the financial performance, risk management, compliance with policies and legislation, internal and external audit reports and business practices.

The Audit Committee comprises two non-executive directors and one executive director.

Internal Control

PZ Cussons Ghana Limited has in place an internal control system that enables the Company to respond appropriately to significant business, operational compliance and other risks to achieve its objectives.

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 manufacturing processes, facilities, distribution practices and products are designed to minimise 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.'

BOARD OF DIRECTORS

Paul Kwabena Pepera
Chairman

David Afflu
Business Unit Director

Christos Giannopoulos
Executive Director

Charles B. Janney
Corporate Affairs Director

Oluwasegun Agbekeye
Head of Finance

Helena Adu-Gyamfi
Non-Executive Director

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2016

The directors have the pleasure in submitting to the members of PZ Cussons Ghana Limited ('the Company') their report together with the audited financial statements for the year ended 31 May 2016.

Holding company
The Company is a subsidiary of PZ Cussons (Holdings) Limited, a company incorporated in the United Kingdom. The Company's ultimate parent is PZ Cussons plc, a company incorporated in the United Kingdom.

Principal activities
The Company is engaged in business to manufacture as well as purchase, distribute and sell soaps, electrical appliances, nutritional products, cosmetics, and pharmaceutical products.

Financial results
The financial results of the Company for the year ended 31 May 2016 are set out below:

	GH¢
Profit before income tax for the year is	**10,259,525**
to which is deducted income tax expense of	**(8,330,327)**
giving a profit for the year of	**1,929,198**
to which is added balance brought forward on income surplus account of	**28,344,249**
giving a balance carried forward on income surplus account of	**30,273,447**

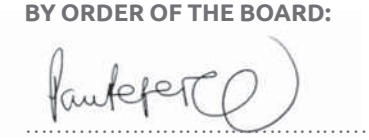
Dividend
The directors hereby recommend to the shareholders the payment of a dividend of 0.1148 pesewas per share amounting to GH¢192,919 (2015: Nil).

Directors and their interests
The members of the Board is set out on page 13. None of the directors had interests in the ordinary shares of the Company at 31 May 2016.

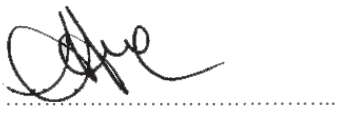
Directors' interests in contracts
The directors have no interests in contracts entered into by the Company.

Auditor
In accordance with Section 134 (5) of the Companies Act, 1963 (Act 179), the auditor, Messrs PricewaterhouseCoopers, has expressed willingness to continue in office as auditor of the Company.

BY ORDER OF THE BOARD:



Paul Kwabena Pepera
Chairman



David Afflu
Director

Oluwasegun Agbekeye
Head of Finance
Date: 18 August 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MAY 2016

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

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

Paul Kwabena Pepera
Chairman

Oluwasegun Agbekeye
Head of Finance

David Afflu
Director

18 August 2016

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REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF PZ CUSSONS GHANA LIMITED

Report on the financial statements

We have audited the accompanying financial statements of PZ Cussons Ghana Limited set out on pages 18 to 53. These financial statements comprise the statement of financial position as at 31 May 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, 1963 (Act 179) and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of PZ Cussons Ghana Limited as at 31 May 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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

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

PricewaterhouseCoopers (ICAG/F/2016/028)
Chartered Accountants
Signed by: Oseini Amui (ICAG/P/1139)
Accra, Ghana
5 September 2016

pwc

STATEMENT OF FINANCIAL POSITION
AT 31 MAY 2016

((All amounts are in Ghana cedis)

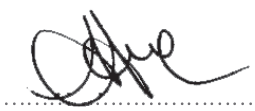
		At 31 May	
	Note	2016	2015
Assets			
Non-current assets			
Property, plant and equipment	4	**10,247,430**	12,131,530
Investments	5	**1,405,271**	1,405,271
Deferred income tax assets	17	**-**	2,083,703
Finance lease receivables	7	**1,296,381**	1,553,167
Investment properties	8	**25,250,801**	
		38,199,883	17,173,671
Current assets			
Inventories	6	**27,969,287**	26,205,083
Finance lease receivables	7	**1,047,829**	877,733
Current income tax assets	26	**-**	210,917
Trade and other receivables	9	**32,853,238**	52,550,771
Cash and cash equivalents	29	**7,459,307**	5,740,514
		69,329,661	85,585,018
Total assets		**107,529,544**	102,758,689
Equity attributable to owners			
Stated capital	10	**2,160,000**	2,160,000
Capital surplus account	11	**3,465,574**	3,465,574
Income surplus account	12	**30,273,447**	28,344,249
Total equity		**35,899,021**	33,969,823
Liabilities			
Current liabilities			
Trade and other payables	13	**39,567,410**	41,452,742
Borrowings	14	**23,255,859**	22,999,913
Dividend payable	15	**2,334,165**	2,334,165
Current income tax liability	26	**28,933**	-
Provisions for other liabilities	16	**1,419,845**	230,000
		66,606,212	67,016,820
Non-current liabilities			
Borrowings	14	**279,477**	1,772,046
Deferred income tax liabilities	17	**4,744,834**	-
		5,024,311	1,772,046
Total liabilities		**71,630,523**	68,788,866
Total equity and liabilities		**107,529,544**	102,758,689

The notes on pages 24 to 53 are an integral part of these financial statements.

The financial statements on pages 18 to 53 were approved by the Board of Directors on 18th August 2016 and signed on its behalf by:

Paul Kwabena Pepera
Chairman

Oluwasegun Agbekeye
Head of Finance



David Afflu
Business Unit Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2016

(All amounts are in Ghana cedis)

		Year ended 31 December	
	Note	2016	2015
Revenue	18	**118,279,459**	118,948,017
Cost of sales	19	**(88,055,530)**	(88,218,668)
Gross profit		**30,223,929**	30,729,349
Distribution costs	20	**(17,439,580)**	(24,000,240)
Administrative costs	21	**(15,813,466)**	(9,684,148)
Other income	22	**9,274,737**	8,839,195
Fair value gain on investment property	8	**24,144,675**	-
Other operating costs	23	**(17,597,035)**	(7,156,179)
Operating profit/ (loss)		**12,793,260**	(1,272,023)
Finance costs	24	**(2,533,735)**	(2,852,525)
Profit/ (loss) before income tax		**10,259,525**	(4,124,548)
Income tax (expense)/ credit	27	**(8,330,327)**	1,381,800
Profit/ (loss) for the year		**1,929,198**	(2,742,748)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**1,929,198**	(2,742,748)
Profit/ (loss) per share (GH¢)			
Basic and diluted	34	**0.0115**	(0.0163)

The notes on pages 24 to 53 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
AT 31 MAY 2016

(All amounts are in Ghana cedis)

	Stated capital	Capital surplus account	Income surplus account	Total
Year ended 31 May 2016				
At 1 June 2015	2,160,000	3,465,574	28,344,249	**33,969,823**
Comprehensive income:				
Profit for the year	-	-	1,929,198	**1,929,198**
Other comprehensive income	-	-	-	**-**
Total comprehensive income	-	-	1,929,198	**1,929,198**
At 31 May 2016	**2,160,000**	**3,465,574**	**30,273,447**	**35,899,021**
Year ended 31 May 2015				
At 1 June 2014	2,160,000	3,465,574	31,086,997	36,712,571
Comprehensive income:				
Loss for the year	-	-	(2,742,748)	(2,742,748)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(2,742,748)	(2,742,748)
At 31 May 2015	2,160,000	3,465,574	28,344,249	33,969,823

The notes on pages 24 to 53 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2016

(All amounts are in Ghana cedis)

		Year ended 31 May	
	Note	**2016**	2015
Cash flows from operating activities			
Cash generated from operations	28	**6,596,708**	14,581,042
Interest paid	24	**(2,533,735)**	(2,852,525)
Tax paid	26	**(1,261,940)**	(371,416)
Net cash generated from operating activities		**2,801,033**	11,357,101
Cash flows from investing activities			
Dividend received	22	**347,998**	949,989
Purchase of property, plant and equipment	4	**(756,015)**	(2,924,745)
Proceeds from sale of property, plant and equipment	4	**-**	571,328
Net cash used in investing activities		**(408,017)**	(1,403,428)
Cash flows from financing activities			
Finance lease repaid		**(1,944,027)**	-
Finance lease received		**-**	218,836
Net cash generated from financing activities		**(1,944,027)**	218,836
Net increase in cash and cash equivalents		**448,989**	10,172,509
Cash and cash equivalents at 1 June		**5,740,514**	(4,431,995)
Cash and cash equivalents at 31 May	29	**6,189,503**	5,740,514

The notes on pages 24 to 53 are an integral part of these financial statements.

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NO ADDED PARABEN

CLINICALLY TESTED

Cussons Baby Ghana www.cussonsbaby.com.gh

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

1. General information

PZ Cussons Ghana Limited principal activity is the manufacture, purchase and distribution of electrical appliances, nutritional products, personal & 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, Tema Heavy Industrial Area, P.O. Box 628, Tema, Ghana. The Company is listed on the Ghana Stock Exchange.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The measurement basis applied is the historical cost basis, except for investment properties, land and buildings, which have been measured at fair value. The fair value of buildings were used as deemed cost in the first year of the adoption of International Financial reporting Standards. The financial statements are presented in Ghana Cedis (GH¢).

The preparation of financial statements in conformity with 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 financial statements are disclosed in note 3.

2.1.1 Changes in accounting policy and disclosures

(i.)New standards, amendments and interpretations adopted by the Company

The Company has applied the following standards and amendment for the first time for their annual reporting period commencing 1 January 2015.

Annual Improvements to IFRSs - 2010-2012 Cycle and 2011 -2013 Cycle

The adoption of these amendments did not have any impact on the current period or any prior period and it is not likely to affect future periods.

Annual Improvements to IFRSs- 2014 Cycle and
Disclosure Intiative:Amendents to IAS1

As these amendments merely clarify the existing requirements, they do not affect the company's accounting policies or any of the disclosures.

(ii) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations have been issued and are not effective for periods starting on 1 January 2015 but will be effective for later periods. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets' (effective for annual periods beginning on or after 1 July 2015). Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount.

The split between gross carrying amount and accumulated depreciation is treated in one of the following ways: either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or the accumulated depreciation is eliminated against the gross carrying amount of the asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

2. Summary of significant accounting policies
(ii) New standards and interpretations not yet adopted (continued)

IAS 24, 'Related party disclosures' (effective for annual periods beginning on or after 1 July 2015). The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

IFRS 9, 'Financial instruments', on 'Classification and measurement' of financial assets (effective date – annual periods beginning on or after 1 January 2018). This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortization (effective date – annual periods beginning on or after 1 January 2016). In this amendment the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

IFRS 15, 'Revenue from contracts with customers' (effective date – annual periods beginning on or after 1 January 2017). This converged standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. Companies using IFRS will be required to apply the revenue standard for reporting periods beginning on or after 1 January 2017.

IFRS 9, 'Financial instruments'. (Effective date – Annual periods on or after 1 January 2018). This version of IFRS 9, 'Financial Instruments', replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 9, 'Financial instruments'. (Effective date – Annual periods on or after 1 January 2018). This version of IFRS 9, 'Financial Instruments', replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 13, 'Fair value measurement' (effective for annual periods beginning on or after 1 July 2015). The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.

Amendments to IAS 32, Offsetting financial assets and financial liabilities, clarify the requirements relating to the offset of financial assets and liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The directors do not anticipate that the application of these amendments to IAS 32 will have a significant impact on the Company's financial statements as the Company does not have financial asset and financial liabilities that qualify for offset.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

2. Summary of significant accounting policies (continued)
2.2 Foreign currency translation
Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (functional currency). The financial statements are presented in Ghana cedi which is the Company's functional and presentation currency.

Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'operating costs'.

2.3 Property, plant and equipment

Land and buildings comprising mainly factory and offices are stated at the revalued amount 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.

Subsequent costs are 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 the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part 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:

Leasehold land	4%
Buildings	2% to 4%
Plant, machinery and equipment	10% to 33⅓%
Motor vehicles	25%

Depreciation commences when the assets are ready for their intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income in profit or loss.

2.4 Investment properties

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

Land held under operating leases is classified and accounted for by the Company as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

2. Summary of significant accounting policies (continued)
2.4 Investment properties (continued)

Investment property is measured initially at its 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 the 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 the market) or non-standard.
- 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 properties are derecognised when they have been disposed off.

2.5 Leases
Leases are divided into finance lease and operating lease.

(a) The Company as the lessee

(i)Operating lease
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

(ii) Finance lease
Leases are classified as finance leases whenever the terms of the lease involve the substantial transfer of all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between financing charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated over the useful life of such assets.

(b.) The Company as the lessor
When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using net investment method (before tax), which reflects a constant periodic rate of return.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

2. Summary of significant accounting policies (continued)
2.6 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than the carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.7 Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first in, first out (FIFO) method. The cost of finished goods comprises invoice value, freight, insurance, customs duty and all other costs incurred in bringing the inventories to their present location, less provision for impairment, if any. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of business less applicable variable selling expenses.

2.8 Financial assets
Financial assets are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

2.8.1 Classification
The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. The directors determine the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets.

The Company's loans and receivables comprise 'trade and other receivables' (Note 9) excluding prepayments and recoverable tax), and cash and cash equivalents in the statement of financial position.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the directors intend to dispose of the investment within 12 months of the reporting date.

2.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Financial instruments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

2. Summary of significant accounting policies (continued)
2.8 Financial assets (continued)
2.8.2 Recognition and measurement (continued)

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in profit or loss within 'other income' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of other income when the Company's right to receive payments is established. Dividend income on available for sale equity instruments are recognised in profit or loss as part of other income when the Company's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as 'other income'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss as part of other income.

2.9 Offsetting financial instruments

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

2.10 Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

2.11 Trade receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of trade receivables is reduced through the use of an allowance account and the amount of loss is recognised in profit or loss within "distribution costs". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "distribution costs" in profit or loss.

2.12 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.13 Stated capital

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

2. Summary of significant accounting policies (continued)

2.14 Dividend distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.15 Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.17 Current and deferred income tax
The income tax expense or credit for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i)Current income tax

Current income tax is the amount of tax payable on taxable profit for the year in accordance with the Income Tax Act, 2000 (Act 592) as amended. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

2. Summary of significant accounting policies (continued)

2.18 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events at the reporting date; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination benefits and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. An increase in provisions is recognised as an expense in profit or loss.

2.19 Employee benefits

(i)Post-employment benefits

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 contributions 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.

The Company's contributions to the defined contribution schemes are recognised as an employee benefit expense when they fall due.

(ii)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 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 costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of discounts, Value Added Tax (VAT) and returns.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the risk and rewards have been transferred.

The Company sells its products on mainly wholesale basis through its distribution partners (DPs). Sale of goods are recognised when the Company has delivered products to the DPs, the DPs have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the DPs acceptance of 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 to 150 days, which is consistent with the market practice.

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.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

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 a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful lives of property, plant and equipment

The Company 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. The rates used are set out in note 2.3.

Income tax

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

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

Investment property

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

3.2 Critical judgements in applying the entity's accounting policies

Receivables

Critical judgements are made by the directors in determining the recoverable amount of impaired receivables. The carrying amount of impaired receivables is set out in notes 31.1.

Inventories

Critical judgements are made by the directors in determining the recoverable amount of inventories.

Investment in Norpalm Ghana Limited

The directors have assessed the level of influence that the Company has on Norpalm Ghana Limited and concluded that the Company does not exercise significant influence over the affairs of Norpalm Ghana Limited as it does not participate in policy making decisions of the entity. The investment is therefore not treated as investment in an associated company.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

4. Property, plant and equipment

At 1 June 2014	Land and buildings	Plant, machinery and equipment	Motor vehicles	Assets under construction	Total
Cost	9,848,370	5,915,957	3,737,893	588,505	20,090,725
Accumulated depreciation	(3,134,977)	(4,541,058)	(1,559,774)	-	(9,235,809)
Net book amount	6,713,393	1,374,899	2,178,119	588,505	10,854,916
Year ended 31 May 2015					
Opening net book amount	6,713,393	1,374,899	2,178,119	588,505	10,854,916
Additions	-	-	-	2,924,745	2,924,745
Transfers	6,286	496,887	1,019,804	(1,522,977)	-
Disposals	-	-	(45,867)	-	(45,867)
Depreciation charge	(430,043)	(466,005)	(706,216)	-	(1,602,264)
Closing net book amount	6,289,636	1,405,781	2,445,840	1,990,273	12,131,530
At 31 May 2015					
Cost	9,854,656	5,239,486	4,427,426	1,990,273	21,511,841
Accumulated depreciation	(3,565,020)	(3,833,705)	(1,981,586)	-	(9,380,311)
Net book amount	6,289,636	1,405,781	2,445,840	1,990,273	12,131,530
Year ended 31 May 2016					
Opening net book amount	6,289,636	1,405,781	2,445,840	1,990,273	12,131,530
Additions	387,540	-	-	729,675	1,117,215
Transfer to investment property	(1,106,126)	-	-	-	(1,106,126)
Transfers	-	112,044	424,195	(536,239)	-
Disposals	-	-	-	-	-
Depreciation charge	(437,591)	(536,466)	(921,132)	-	(1,895,189)
Closing net book amount	**5,133,459**	**981,359**	**1,948,903**	**2,183,709**	**10,247,430**
At 31 May 2016					
Cost	9,136,070	5,350,876	4,851,621	2,183,709	21,522,276
Accumulated depreciation	(4,002,611)	(4,369,517)	(2,902,718)	-	(11,274,846)
Net book amount	5,133,459	981,359	1,948,903	2,183,709	10,247,430

The Company's buildings were last revalued on 31 December 2004 by independent valuers. The revaluation surplus net of applicable deferred income taxes was credited to equity and is shown as 'capital surplus account' in equity (Note 11).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

4. Property, plant and equipment (continued)

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2016	2015
Cost	**242,896**	242,896
Accumulated depreciation	**(127,857)**	(122,729)
	115,309	120,167
Profit on disposal of property, plant and equipment		
Cost	-	1,503,627
Accumulated depreciation	-	(1,457,760)
Net book amount	-	45,867
Sale proceeds	-	(571,328)
Profit on disposal	-	(525,461)
Attributable to assets disposed-off in the ordinary		
course of business (Note 22)	-	(125,261)
Attributable to assets disposed-off as part of		
restructuring (Note 23)	-	(400,200)
	-	525,461

Property, plant and equipment include motor vehicles with net book value of GH¢2,626,993 (2015: GH¢2,348,568) held under finance lease. Finance lease obligations arising from vehicles purchased on finance lease are secured on the said vehicles.

	2016	2015
Cost - capitalised finance leases	**3,763,083**	3,401,883
Accumulated depreciation	**(1,136,090)**	(1,053,315)
	2,626,993	2,348,568
Depreciation charge		
Depreciation has been charged to profit or loss as follows:		
Distribution costs	**1,090,525**	921,971
Administrative costs	**804,664**	680,293
	1,895,189	1,602,264

5. Investments

Norpalm Ghana Limited	**1,405,271**	1,405,271

Investments represent the Company's 31% holding of the issued share capital of Norpalm Ghana Limited, an oil palm plantation company incorporated in Ghana. The investment has not been recognised as an associated company because the Company does not exercise significant influence over the affairs of Norpalm Ghana Limited as it does not have the power to influence the financial and operating policies of the entity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

6. Inventories

	2016	2015
Raw and packing materials	**79,003**	881,904
Finished products	**25,786,612**	21,953,111
Goods-in-transit	**2,050,856**	3,127,430
Engineering spares	**52,816**	242,638
	27,969,287	26,205,083

The charge to profit or loss for damaged, obsolete and lost inventories for the year ended 31 May 2016 amount to GH¢1,468,101 (2015: GH¢1,320,823). No inventory has been valued at fair value less cost to sell at the reporting date (2015: Nil).

The cost of inventories recognised as expense and included in 'cost of sales' amount to GH¢86,587,429 (2015: GH¢86,897,845).

7. Finance lease receivables

The finance lease receivables from the Company's Distribution Partners under a sub-lease agreement are as follows:

Gross finance lease receivables – minimum lease receipts:	2016	2015
Not later than 1 year	**1,367,548**	1,114,721
Later than 1 year and no later than 5 years	**1,691,940**	1,972,522
	3,059,488	3,087,243
Unearned future finance income on finance leases	**(715,278)**	(656,343)
Net investment in finance lease	**2,344,210**	2,430,900
The net investment in finance lease is analysed as follows:		
Not later than 1 year	**1,047,829**	877,733
Later than 1 year and no later than 5 years	**1,296,381**	1,553,167
	2,344,210	2,430,900

8. Investment properties

	2016	2015
At 1 June	**-**	-
Transfer from property, plant and equipment	**1,106,126**	-
Fair value gain	**24,144,675**	-
At 31 May	**25,250,801**	-

Investment properties relate to recently acquired properties through an exchange of assets. The basis of the valuation of investment properties is the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. These amounts have been reviewed internally and it has been concluded that the fair value of these assets continue to be in line with market values.

Investment properties are measured at fair value in the company's statement of financial position and categorised as Level 3 in the fair value hierarchy as the valuation is partly based on unobservable market data.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

9. Trade and other receivables

	2016	2015
Trade receivables	**33,712,576**	40,652,348
Provision for impairment	**(4,965,724)**	(3,070,433)
Trade receivables-net	**28,746,852**	37,581,915
Amounts due from officers and staff	**224,962**	360,166
Recoverable withholding tax	**1,231,765**	216,998
Prepayments and accrued income	**393,631**	1,629,167
Non-trade receivables	**1,220,240**	4,806,121
Recoverable value added tax	**-**	6,958,505
Amounts due from related party (Note 30(f))	**814,697**	949,989
Sundry receivables	**221,091**	47,910
	32,853,238	52,550,771

The maximum amount of officers and staff indebtedness during the year did not exceed GH¢493,966 (2015: GH¢539,914).

The fair values of trade and non-trade receivables, amounts due from officers and staff, and sundry receivables approximate their carrying value.

Movements in the provision for impairment of trade receivables are as follows:

	2016	2015
At 1 June	**3,070,433**	768,661
Provision for receivables impairment (Note 19)	**1,895,291**	2,323,030
Irrecoverable debts written-off	**-**	(21,258)
At 31 May	**4,965,724**	3,070,433

The recognition and release of provision for impaired receivables has been included in 'distribution cost' 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 contain impaired assets.

The Company does not hold any collateral as security for trade receivables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

10. Stated capital

The authorised shares of the Company are 200,000,000 ordinary shares of no par value, part of which have been issued as follows:

	Number of shares	Proceeds
	'000	
Authorised:		
Ordinary Shares	**200,000**	**-**
Issued:		
For cash	**2,733**	**45,507**
For consideration other than cash	**25,267**	**914,938**
Transferred from capital surplus account in accordance with section 66 (c) and section 74 (1) of the Companies Act, 1963 (Act 179)	**140,000**	**1,199,555**
	168,000	**2,160,000**

There was no change in stated capital during the year (2015: Nil).

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

11. Capital surplus account

	2016	2015
At 1 June and 31 May	**3,465,574**	3,465,574

The capital surplus account is the unrealised appreciation arising from the revaluation of buildings. In 2012, the shareholders, by a special resolution, transferred GH¢1 million from capital surplus account to stated capital in accordance with Section 74 (1) of the Companies Act, 1963 (Act 179).

12. Income surplus account

Income surplus 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 1963 (Act 179). Under the Companies Act, the fair value gain of GHS 24,144,675 arising from the valuation of investment property is considered an unrealised appreciation in the value of an asset and is not available for distribution.

Movements in income surplus account are shown as part of the statement of changes in equity on page 14 of these financial statements.

13. Trade and other payables

	2016	2015
Trade payables	**3,732,320**	2,309,348
Amounts due to related parties (Note 30(e))	**24,698,172**	36,110,110
Value added tax	**4,373,113**	-
Accruals	**6,635,411**	2,553,751
Sundry payables	**128,394**	479,533
	39,567,410	41,452,742

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

14. Borrowings	**2016**	2015
Current		
Related party loans	**20,478,785**	21,315,695
Bank overdraft	**1,269,804**	-
Term loans	**764,025**	1,118,484
Finance lease obligations	**743,245**	565,734
	23,255,859	22,999,913
Non – current		
Term loans	**82,141**	517,602
Finance lease obligation	**197,336**	1,254,444
	279,477	1,772,046
Total borrowings	**23,535,336**	24,771,959
(a) Related party loans		
At 1 June	**21,315,695**	16,040,692
Exchange loss	**(836,910)**	5,275,003
At 31 May	**20,478,785**	21,315,695

(a.) Related party loans comprise of GH¢1,015,695 and US$5,000,000 facilities from PZ Cussons International Limited and PZ Cussons (Holdings) Limited respectively, for working capital purposes. The facilities are unsecured, free of all interest and other charges, and are payable on demand subject to a 12 month notice period.

(b.) **Term loans**

Term loans are banking facilities secured for funding lease arrangements with the Company's distributors. The facility is secured on the assets financed. The facility attracts interest at 29.4% per annum and is repayable in September 2017.

(c.) **Finance lease obligations**

The finance lease obligations are as follows:

Gross finance lease liabilities – minimum lease payments:	**2016**	2015
Not later than 1 year	**990,156**	1,298,171
Later than 1 year and no later than 5 years	**271,868**	1,180,034
	1,262,024	2,478,205
Future finance charges on finance leases	**(321,443)**	(658,027)
Present value of finance lease liabilities	**940,581**	1,820,178
The present value of finance lease liabilities is as follows:		
Not later than 1 year	**743,245**	565,734
Later than 1 year and no later than 5 years	**197,336**	1,254,444
	940,581	1,820,178

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

14. Borrowings (continued)

(d) Bank overdrafts

The Company has unsecured overdraft facility with local banks not exceeding GH¢20,000,000 (2015: GH¢15,000,000).

15. Dividend payable

	2016	2015
At 1 June and 31 May	**2,334,165**	2,334,165

16. Provision for other liabilities

At 1 June	**230,000**	363,000
Charged to profit or loss	**1,345,393**	230,000
Payment during year	**(155,548)**	(363,000)
At 31 May	**1,419,845**	230,000

The Company closed its manufacturing operations in Ghana in 2013 as part of a PZ Cussons Plc group wide initiative to optimise its supply chain and restructure its manufacturing footprint around the world. Provision for other liabilities represent redundancies and other costs provided for in respect of the closure of manufacturing operations of the Company net of gains on disposal of property, plant and equipment arising from the restructuring (Note 4).

17. Deferred income tax

	2016	2015
The gross movement on deferred income tax account is as follows:		
At 1 June	**(2,083,703)**	177,636
Credited to profit or loss (Note 27)	**6,828,537**	(2,261,339)
At 31 May	**4,744,834**	(2,083,703)

The movement in deferred income tax assets and liabilities during the year is as follows:

Year ended 31 May 2016	**At 1 June**	**Charged/ (credited) to profit or loss**	**At 31 May**
Accelerated tax depreciation	972,609	(1,119,339)	**(146,730)**
Provision for doubtful debts	(767,606)	(473,825)	**(1,241,431)**
Provision for obsolete and damaged inventories	(122,504)	73,625	**(48,879)**
Provision for restructuring costs	(57,500)	(297,460)	**(354,960)**
Fair value gain on investment properties	-	6,036,169	**6,036,169**
Unrealised exchange losses	(2,108,702)	2,609,367	**500,665**
	(2,083,703)	**6,828,537**	**4,744,834**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

17. Deferred income tax (continued)

Year ended 31 May 2015	At 1 June	Charged/ (credited) to profit or loss	At 31 May
Accelerated tax depreciation	941,334	31,275	972,609
Provision for doubtful debts	(192,165)	(575,441)	(767,606)
Provision for obsolete and damaged inventories	(28,434)	(94,070)	(122,504)
Provision for restructuring costs	(90,750)	33,250	(57,500)
Unrealised exchange losses	(452,349)	(1,656,353)	(2,108,702)
	177,636	(2,261,339)	(2,083,703)

18. Revenue

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

	2016	2015
Revenue by type		
Gross revenue from sale of goods	**130,812,022**	130,304,784
Trade discounts	**(2,494,261)**	(1,993,694)
Trade rebates	**(10,038,302)**	(9,363,073)
	118,279,459	118,948,017
Revenue by customer		
Third parties	**118,279,459**	118,600,317
Related parties (Note 30 (a))	**-**	347,700
	118,279,459	118,948,017
Revenue by type of sales		
Export sales	**487,491**	1,169,014
Local sales	**117,791,968**	117,779,003
	118,279,459	118,948,017

19. Cost of sales

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

	2016	2015
Material costs	**86,587,429**	86,897,845
Other overheads – stock provision	**1,468,101**	1,320,823
	88,055,530	88,218,668

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

((All amounts are in Ghana cedis unless otherwise stated)

20. Distribution costs

	2016	2015
Selling and distribution costs include:		
Advertising and promotion	**4,108,573**	6,830,533
Vehicle hire	**1,475,374**	1,278,714
Staff costs (Note 25)	**5,922,022**	5,735,307
Depreciation (Note 4)	**1,090,525**	921,971
Royalties and technical service fees	**-**	2,912,885
Warehouse rental charges	**448,838**	503,403
Impairment charge on trade receivables (Note 9)	**1,895,291**	2,323,030

21. Administrative costs

Administrative expenses include:

Depreciation (Note 4)	**804,664**	680,293
Staff costs (Note 25)	**2,662,064**	2,450,736
IT costs	**3,312,926**	3,286,166
Auditors' remuneration	**153,265**	92,000
Directors' remuneration	**908,363**	872,808
Directors' fees	**183,230**	190,873
Donations	**14,620**	21,205

22. Other income

Dividend income	**347,998**	949,989
Profit on disposal of property, plant and equipment (Note 4)	**-**	125,261
Rental income	**915,143**	2,084,224
Exchange gain	**4,227,468**	5,058,936
Royalties and service fees	**3,626,670**	-
Sundry income	**157,458**	620,785
	9,274,737	8,839,195

23. Other operating costs

Indirect tax obligations	**16,251,642**	2,051,376
Restructuring costs ("exceptional item")	**1,345,393**	230,000
Profit on disposal of property, plant and equipment (Note 4)	**-**	(400,200)
Unrealised exchange /loss	**-**	5,275,003
	17,597,035	7,156,179

24. Finance costs

Interest on overdraft	**2,000,840**	917,680
Interest on finance lease	**532,895**	1,934,845
	2,533,735	2,852,525

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

25. Staff cost

Staff costs are charged to distribution costs and administrative costs as shown below:

a) Distribution costs	**2016**	2015
Remuneration to employees	**5,261,254**	5,041,336
Pension contribution	**660,768**	693,971
	5,922,022	5,735,307
Administrative costs		
Remuneration to employees	**2,451,416**	2,249,525
Pension contribution	**210,648**	201,211
	2,662,064	2,450,736

The number of employees at year end was 136 (2015: 152).

26. Current income tax

Year ended 31 May 2016	**At 1 June**	**Charge for the year**	**Payments during the year**	**Withholding tax credit utilised**	**At 31 May**
Year of assessment					
Withholding tax credit					
2016	(123,529)	-	-	(1,860)	**(125,389)**
Corporation tax					
2016	-	1,501,790	(1,260,080)	-	**241,710**
Up to 2015	(87,388)	-	-	-	**(87,388)**
	(210,917)	1,501,791	(1,260,080)	(1,860)	**28,933**
Year ended 31 May 2015					
Year of assessment					
Withholding tax credit					
2015	(48,065)	-	-	(75,464)	(123,529)
Corporation tax					
2015	-	879,539	(295,952)	-	583,587
Up to 2014	(670,975)	-	-	-	(670,975)
	(719,040)	879,539	(295,952)	(75,464)	(210,917)

All tax liabilities are subject to the agreement of the Ghana Revenue Authority.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

27. Income tax expense

The tax charge in profit or loss comprise:	**2016**	2015
Current income tax charge (Note 26)	**1,501,790**	879,539
Deferred income tax credit (Note 17)	**6,828,537**	(2,261,339)
	8,330,327	(1,381,800)

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the statutory income tax rate applicable to profits. This is explained as follows:

	2016	2015
Profit/ (loss) before income tax	**10,259,525**	(4,124,548)
Tax calculated at statutory income tax rate of 25% (2015:25%)	**2,564,881**	(1,031,137)
Tax effect of:		
Profit on export sales taxed at a lower rate	**3,415**	709
Dividend income subject to final tax	**(87,000)**	(237,497)
Expenses not deductible for tax purposes	**6,077,817**	240,443
Rent income taxed at a lower rate	**(228,786)**	(354,318)
	8,330,327	(1,381,800)

28. Cash generated from operations

Profit/ (loss) before income tax	**10,259,525**	(4,124,548)
Depreciation (Note 4)	**1,895,189**	1,602,264
Profit on disposal of property, plant and equipment		(525,461)
Dividend received	**(347,998)**	(949,989)
Interest expense	**2,533,735**	2,852,525
Fair value gain on investment property	**(24,144,675)**	-
Exchange (gain)/loss on related party loans	**(836,910)**	5,275,003
Increase/ (decrease) in provisions for other liabilities	**1,189,845**	(133,000)
Changes in working capital:		
Increase in inventories	**(1,764,204)**	(376,495)
Decrease/ (increase) in trade and other receivables	**19,697,533**	(11,780,571)
(Decrease)/increase in trade and other payables	**(1,885,332)**	22,741,314
Cash generated from operations	**6,596,708**	14,581,042

29. Cash and cash equivalents

	2016	2015
(i) Cash and bank balances		
Cash in hand	**19,620**	21,680
Cash at bank	**7,439,687**	5,718,834
	7,459,307	5,740,514

(ii) Cash and cash equivalents comprise the following for the purposes of statement of cash flows:

Cash and bank balances	**7,459,307**	5,740,514
Bank overdrafts	**(1,269,804)**	-
	6,189,503	5,740,514

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

30. Related party transactions

The Company is controlled by PZ Cussons (Holdings) Limited (incorporated in the United Kingdom), which owns 90.24% of the Company's share capital. The remaining 9.76% are widely held. The Company's ultimate parent is PZ Cussons Plc (incorporated in the United Kingdom). The following transactions were carried out with related parties during the year.

(a.)	**Sales of goods and services**	**2016**	2015
	Sales of goods:		
	PZ Industries (Nigeria) plc	**-**	347,700
	Sale of services:		
	Norpalm Ghana Limited (Rental income)	**-**	369,081
		-	716,781
(b.)	**Purchases of goods and services:**		
	Purchase of goods:		
	PZ Cussons International Limited	**-**	11,392,458
	PZ Industries (Nigeria) plc	**44,780,577**	56,557,627
	PT PZ Cussons Indonesia	**2,617,718**	4,729,516
	Parnon Limited	-	2,163,232
	PZ Cussons Thailand	**194,074**	608,668
	PZ CIL Singapore	**18,346,569**	1,345,351
		65,938,938	76,796,852
	Service charges:		
	PZ Cussons International Limited:		
	Royalties and technical fees	**-**	2,912,885
	Group IT costs	**3,312,926**	2,870,542
		69,251,864	82,580,279
(c)	**Dividend income**		
	Norpalm Ghana Limited	**347,998**	949,989
(d)	**Transactions with directors and key management personnel**		
		2016	2015
	Salaries and other short-term benefits	**1,680,049**	1,096,727
	Employer social security charges on emoluments	**191,526**	125,091

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

30. Related party transactions (continued)

(e) Year-end payable balances arising from related party transactions are as follows:

	2016	2015
PZ Cussons International Limited - Purchases	**1,153,823**	3,460,380
PZ Cussons International Limited - Royalties/Technical fees	**-**	3,626,670
PZ Cussons (Nigeria) plc	**15,856,953**	22,672,343
PT PZ Cussons Indonesia	**868,857**	2,301,518
PZ Cussons (Thailand) Limited	**246,279**	501,961
PZ Cussons Singapore Pte Limited	**6,572,260**	3,547,238
	24,698,172	36,110,110

(f) Year-end receivable balances arising from related parties are as follows:

	2016	2015
Norpalm Ghana Limited	**814,697**	949,989

(g) Year-end related party loan balances

PZ Cussons International Limited	**1,015,695**	1,015,695
PZ Cussons (Holdings) Limited	**19,463,090**	20,300,000
	20,478,785	21,315,695

31. Financial risk management

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, the effects of changes in foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The primary risks faced by the Company are foreign currency exchange rate risk and credit risk.

Risk management is carried out by the treasury department under PZ Cussons group policies and approved by the Board of Directors. Treasury identifies, evaluates and manages financial risks. The Board 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 and investing excess liquidity.

31.1 Credit risk management

Credit risk is the risk that financial loss arises from the failure of a 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. 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 that best represents the Company's maximum exposure to credit risk at 31 May 2016 and 2015 is the carrying value of trade receivables, sundry receivables, finance lease receivables, and cash and cash equivalents in the statement of financial position. The Company does not hold any collateral as security. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

31. Financial risk management (continued)

31.1 Credit risk management (continued)

Credit quality of financial assets

(i) Trade receivables

Gross value of trade receivables comprise:

	2016	2015
Neither past due nor impaired	**15,452,730**	22,367,781
Past due but not impaired	**13,294,122**	15,214,134
Impaired	**4,965,724**	3,070,433
	33,712,576	40,652,348

Trade receivables past due but not impaired relate to certain independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2016	2015
1 to 6 months	**13,294,122**	15,214,134
Over 6 months	**-**	-
	13,294,122	15,214,134

Trade receivables of GH¢4,965,724 (2015: GH¢3,070,433) were impaired and provided for. The movement in provision is set out in Note 9.

(ii) Staff receivables

Staff receivables are recovered through the monthly payroll in accordance with the payment plan. Staff receivables are neither past due nor impaired.

(iii) Sundry and non-trade receivables

Sundry receivables are neither past due nor impaired.

(iv) Finance lease receivables

Finance lease receivables do not include impaired assets. Finance lease receivables are recovered through periodic commissions payable to Distribution Partners in accordance with agreed payment plan.

(v) Cash and cash equivalents

The Company manages credit risk relating to cash and cash equivalents by having banking relationships with only reputable well established financial institutions licensed by the Bank of Ghana.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

31.2 Liquidity risk management

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.

Maturity analysis of financial liabilities

All financial liabilities fall due for payment within twelve months with the exception of finance lease of vehicles which fall due more than one year as shown in Note 13 (b).

The amounts disclosed in the table below show contractual undiscounted cash flows for financial liabilities analysed into the relevant maturity grouping based on the remaining period at the reporting date to the contractual maturity date.

	At 31 May 2016		At 31 May 2015	
	Less than	**More than**	Less than	More than
	1 year	**1 year**	1 year	1 year
Trade and other payables	**29,835,384**	**-**	39,994,958	-
Borrowings	**764,025**	**82,141**	1,166,874	1,060,687
Bank overdraft	**1,269,804**	-	-	-
Finance lease obligations	**990,156**	**271,868**	1,298,171	1,180,034
Related party loans	**20,478,785**	**-**	21,315,695	-
	53,338,154	**354,009**	63,775,698	2,240,721

31.3 Market risk management

Market risk is the risk that movements in market rates, including foreign 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 the Finance Director under a delegated authority. The Company does not hold any equity or commodity instruments subject to market risk.

(i) Foreign exchange risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates. The Company currently imports most of its goods from Nigeria. Due to the current volatile foreign exchange market, the business has resorted to spot buying of foreign currency and this further exposes it to currency risk.

At 31 May 2016, if the Ghana Cedi had weakened /strengthened further by 1% against the US dollar with all other variables held constant, post-tax profit for the year would have been GH¢330,265 (2015: GH¢303,042) lower/higher, mainly as a result of foreign exchange losses/gains on translation of US dollar-denominated intercompany payables/receivables.

(ii) Interest rate risk

The Company's exposure to the risk for changes in market interest rates relates primarily to the Company's finance lease obligations and overdraft facility supporting 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 post-tax profit of a 1% shift would be a maximum increase or decrease in finance cost of GH¢16,188 (2015: GH¢21,463) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

31.4 Fair values of financial assets and liabilities

The fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments utilised by the Company during the years ended 31 May 2016 and 31 May 2015 with information regarding the methods and assumptions used to calculate fair values can be summarised as follows:

Investments

The Company holds certain equity securities, which are classified as available-for-sale, and are measured at fair value, less incremental direct costs, on initial recognition. Such securities are classified as available-for-sale, rather than as an investment in an associate if the Company does not have the power to exercise significant influence over the investee.

Current assets and liabilities

Financial instruments included within current assets and current liabilities (excluding finance lease receivable, cash and borrowings) are generally short term in nature and accordingly their fair values approximate to their book values.

Finance lease receivable and finance lease obligations

The fair values of finance lease receivables and finance lease obligations at 31 May 2016 are based on discounted cash flows using 29.4% (2015: 26.5%) at the reporting date.

The financial instruments held by the Company do not either individually or as a class, create a potentially significant exposure to market, credit, liquid or cash flow interest rate risks.

Financial instruments by category

The table below sets out the Company's classification of each class of financial assets and liabilities, and their fair values:

	Loans and receivables	Available-for-sale	**Total**
At 31 May 2016			
Financial assets			
Investment	-	1,405,271	**1,405,271**
Finance lease receivables	2,344,210	-	**2,344,210**
Trade and other receivables	31,227,842	-	**31,227,842**
Cash and bank balances	7,459,307	-	**7,459,307**
Total financial assets	**41,031,359**	**1,405,271**	**42,436,630**

At 31 May 2016	**Other financial liabilities at amortised cost**	**Total**
Financial liabilities		
Trade and other payables	29,835,384	**29,835,384**
Borrowings: Bank overdrafts	1,269,804	**1,269,804**
Borrowings	846,166	**846,166**
Finance lease obligations	940,581	**940,581**
Related party loans	20,478,785	**20,478,785**
Total financial liabilities	53,370,720	**53,370,720**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

31.4 Fair values of financial assets and liabilities (continued)

Financial instruments by category

	Loans and receivables	Available-for-sale	Total
At 31 May 2015			
Financial assets			
Investment	-	1,405,271	1,405,271
Finance lease receivables	2,183,752	-	2,183,752
Trade and other receivables	43,745,741	-	43,745,741
Cash and bank balances	5,740,514	-	5,740,514
Total financial assets	**51,670,007**	**1,405,271**	**53,075,278**

	Other financial liabilities at amortised cost	**Total**
At 31 May 2015		
Financial liabilities		
Trade and other payables	39,994,958	**39,994,958**
Borrowings: Bank overdrafts	-	**-**
Teerm Loan	1,636,086	**1,636,086**
Finance lease obligations	1,820,178	**1,820,178**
Related party loans	21,315,695	**21,315,695**
Total financial liabilities	64,766,917	**64,766,917**

31.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits to 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 group 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.

	2016	2015
Borrowings (Note 14)	**23,535,336**	24,771,959
Less: Cash and cash equivalents (excluding overdrafts) – Note 29	**(7,459,307)**	(5,740,514)
Net debt	**16,076,029**	19,031,445
Total equity	**35,899,021**	33,969,823
Total capital	**51,975,050**	53,001,268
Gearing ratio	**30.93%**	35.91%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

32. Segmental reporting

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Committee considers the business from a product perspective. The leadership team assesses the performance of the operating segments based on a measure of operating profit. The Company has two main business segments:

- Core – incorporating home care, personal care and nutrition products
- Electricals – incorporating television sets, home theatre, DVD players, air-conditioners, fridges etc.

The Company's reporting segments are based on products grouped under the above business segments.

The segment information provided to the Executive Committee for the reportable segments for the years ended 31 May 2016 and 2015 are as follows:

	2016	2015
Revenue from external customers		
Core	**103,320,645**	99,834,897
Electrical appliances	**14,958,814**	19,113,120
	118,279,459	118,948,017
Revenue from external customers comprises:		
Revenue from external customers within Ghana:		
Core	**102,833,155**	98,665,883
Electrical Appliances	**14,958,814**	19,113,120
	117,791,969	117,779,003
Revenue from external customers outside Ghana:		
Core	**487,490**	1,169,014
	118,279,459	118,948,017
Net segment operating costs		
Core	**112,017,738**	109,452,546
Electrical appliances	**20,602,292**	20,130,567
	132,619,670	129,583,113
Segment contribution		
Core	**12,345,103**	(254,576)
Electrical appliances	**2,270,518**	(1,017,447)
	14,615,621	(1,272,023)

No measure of total assets and liabilities are reviewed by the executive team. Hence no disclosure of total assets and liabilities for the reporting segments has been made. There are no non-current assets outside Ghana. There is no single external customer which contributes more than 10% of the Company's revenues. There are no revenues from transactions with other operating segments.

33. Post-employment benefits

The Company contributes to defined contribution pension schemes. For the year ended 31 May 2016, the Company contributed GH¢284,521 (2015: GH¢291,119) to the scheme.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

34. Earnings/ (loss) per share

Basic earnings/ (loss) per share are calculated by dividing the profit/ (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2016	2015
Profit/ (loss) for the year	**1,929,198**	(2,742,748)
Weighted average number of shares in issue (in '000)	**168,000**	168,000
Basic earnings/(loss) per share (GH¢)	**0.0115**	(0.0163)

There were no potentially dilutive shares outstanding at 31 May 2016 and 31 May 2015. Diluted profit/ (loss) per share are therefore the same as basic earnings/ (loss) per share.

35. Dividend per ordinary share

The directors recommend to the shareholders the payment of dividend of 0.1148 pesewas per share for the year ended 31 May 2016. (2015: Nil)

36. Contingent liabilities

The Company had no contingent liability (2015: GH¢3,548,272) at the balance sheet date.

37. Capital commitments

There were no capital commitments at 31 May 2016 (2015: Nil).

38. Events after reporting period

There were no significant events after the reporting date that need to be adjusted or disclosed.

39. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on

18 August 2016.

40. Changes in presentation

For the purpose of accurate presentation of the Company's results, changes in classification of following categories were made. Comparative figures were reclassified to match presentation in the current year.

	Financial statements as at 31 May 2015	**Presentation change**	**Financial statements as at 31 May 2015 after presentation change**
Statement of comprehensive income			
Revenue (i)	128,311,090	(9,363,073)	118,948,017
Cost of sales (ii)	(84,767,323)	(3,451,345)	(88,218,668)
Distribution costs (iii)	(31,755,722)	7,755,482	24,000,240
Other income (iv)	3,780,259	5,058,936	8,839,195

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

40. Changes in presentation (continued)

(i) This relates to a reclassification of sales rebates of GH¢9,363,073 from distribution costs to revenue in line with the revenue recognition policy of the Company.

(ii) This represents a reclassification of exchange gain of GH¢5,058,936 to other income and staff cost and depreciation expense GH¢1,607,591 to distribution costs.

(iii) This represents a reclassification of sales rebates of GH¢9,363,073 to revenue and staff cost and depreciation expense GH¢1,607,591 from cost of sales.

(iv) This relates to a reclassification of exchange gain of GH¢5,058,936 from cost of sales.

SHAREHOLDERS' INFORMATION
AS AT YEAR ENDED 31 MAY 2016

(All amounts are in Ghana cedis unless otherwise stated)

1) Number of shareholders

The number and distribution of ordinary shareholders with equal voting rights as at 31 May 2016 was as shown below:

Holdings	No. of Holders	Total Holding	% Holdings
1 - 1,000	909	370,383	0.22
1,001 - 5,000	595	1,219,233	0.73
5,001 - 10,000	113	753,752	0.45
10,001 and above	293	165,656,632	98.60
	1,910	168,000,000	100.00

2) Details of 20 largest shareholders at 31 May 2016

Name of Shareholder	**Shares held**	**% Holdings**
PZ Cussons (Holding) Limited	151,602,006	90.24
African Tiger Mutual Fund Limited	5,250,000	3.13
SCGN/SCBM RE Skaniaviska Enskilda	750,000	0.45
HFCN/EDC Ghana Balanced Fund Ltd	377,400	0.22
Ghanaian Enterprise Development Commission	152,700	0.09
Mr Joseph Kwabena Buachie	144,480	0.09
Mr Edward.T Dodoo	142,800	0.09
Mr Albert. K Acheampong	137,820	0.08
Nsiah Ghana Limited	124,800	0.07
Mr Kwabena Pepera	115,170	0.07
PZ Cussons Ghana Prov. Fund	100,500	0.06
Mr Timothy Aye Kusi	98,700	0.06
Mr Emmanuel .A Clement	92,580	0.05
Mrs Georgina Badu	90,120	0.05
Dr Emmanuel Edmund Sackey	87,000	0.05
Mr Diamond C.Amoakoh	87,000	0.05
Mr Victor Anthony Sackey	87,000	0.05
Mr John. G.A Renner	84,000	0.05
CEPS Junior Staff Provident Fund	81,600	0.05
Rev Jonathan Yaw A. Amoa	81,420	0.05
Reported Totals	159,687,096	95.05
Not Reported	8,312,904	4.95
	168,000,000	100

3) Directors' shareholding

No director held shares in the Company as at 31 May 2016

4) Proxy Form

PZ Cussons

PROXY FORM

please tear off and complete

Proxy Form for use at the 58th Annual General Meeting to be held at the Ghana-India Kofi Annan Centre for Excellence in ICT, Ringway Estates, Accra (near the Ghana Institute of Journalism) on Friday September 30, 2016 at 11 O'clock in the forenoon

I/We .....

of .....

.....

Being a member/members of **PZ CUSSONS GHANA LIMITED**

Hereby appoint*

.....

of .....

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 30th day of September, 2016 and at any and every adjournment thereof.

As witness my/our hands(s) this ..... day of 2016

Signed: .....

Resolution **	For	Against
1. the Resolution to adopt the Reports of the Directors, Auditors and the Financial Statements of the Company for the year ended May 31, 2016.		
2. the Resolution to appoint Mr. Christos Giannopoulos as a Director of the Company.		
3. the Resolution to appoint Mr. Oluwasegun Lawrence Agbekeye as a Director of the Company.		
4. the Resolution to re-elect Mr. David Kofi Afflu as a Director of the Company		
5. the Resolution to re-elect Mr. Charles Benjamin Janney as a Director of the Company		
6. the Resolution to fix the remuneration of the Directors.		
7. the Resolution to authorise the Directors to fix the remuneration of the Auditors.		

On any other business transacted at the meeting and unless otherwise instructed in paragraphs 1 to 7 under Ordinary 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

** Please indicate with an 'X' in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain at his/her discretion.

NOTE: 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 overleaf not later than 4.00 p.m. on Wednesday September 28, 2016.
6. The Proxy must produce the Admission Card with the Notice of the Meeting to obtain entrance to the meeting.

SHAREHOLDERS' INFORMATION
AS AT YEAR ENDED 31 MAY 2016 continued

(All amounts are in Ghana cedis unless otherwise stated)

(5) Five year financial summary

	2016	2015	2014	2013	2012
ASSETS EMPLOYED					
Non-current assets	**38,200**	17,174	13,034	12,044	12,476
Net current assets	**2,723**	18,568	24,953	28,879	19,512
	40,923	35,742	37,987	40,923	31,988
Non-current liabilities	**(5,024)**	(1,772)	(1,274)	(1,734)	(660)
Net assets	**35,899**	33,970	36,713	39,189	31,328
FUNDS EMPLOYED					
Stated capital	**2,160**	2,160	2,160	2,160	2,160
Capital surplus account	**3,466**	3,466	3,466	3,466	3,466
Income surplus account	**30,273**	28,344	31,087	33,563	25,702
Total equity	**35,899**	33,970	36,713	39,189	31,328
Gross turnover	**118,279**	118,948	107,150	95,742	82,322
Profit/ (loss) before tax	**10,260**	(4,125)	(2,550)	10,013	616
Profit/ (loss) after tax (trans-					
ferred to income surplus account)	**1,929**	(2,743)	(1,703)	7,861	764
Proposed dividend	**193**	-	-	773	-


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NEW
Premier
COOL
FRESH BLAST
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NEW
Premier
COOL
DEO
ANTISEPTIC SOAP
*24 hrs MAXIMUM FRESHNESS
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