GHANA
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PRESS RELEASE

PR. No 414/2018

PZ CUSSONS (GHANA) LIMITED (PZC) -
2018 ANNUAL REPORT AND ACCOUNTS

PZC has released its 2018 Annual Report and Accounts as per the attached.

Issued in Accra, this 4th
day of October, 2018

- E N D -

att'd.

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

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

PZ Cussons

CREATING SUSTAINABLE VALUE FOR ALL

PZ Cussons Ghana Limted
Annual Report and accounts 2018

P Z CUSSONS GHANA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2018

Our 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.

www.pzcussons.com.gh/

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


Camel
Now from Carex
Say YES to life
KILLS 99.9% OF GERMS
Camel
ANTISEPTIC
ORIGINAL
ALOE VERA
Camel Cleans, Cares and Protects for Healthy Skin

Corporate Information

Directors	Paul K. Pepera (Chairman) Helena Adu-Gyamfi David Afflu (Business Unit Director) Christos Giannopoulos Oluwasegun Lawrence Agbekeye - Resigned: October 2017
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	Deloitte & Touche Chartered Accountants The Deloitte Place Plot No. 71 off George Walker Bush highway Accra, Ghana P. O Box GP453 Accra, Ghana
Solicitors	Legal Ink (Lawyers and Notaries) No F89/7 Emmaus Road Off 2nd Labone Street PMB 24 Kanda Accra
Bankers	Access Bank (Ghana) Limited 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
Registrar	Universal Merchant Bank Limited

Notice of Meeting

NOTICE is hereby given that the 60th Annual General Meeting of the Shareholders of PZ Cussons Ghana Limited will be held at the Ghana-India Kofi Annan Center for Excellence in ICT, Ringway Estates, Accra (near the Ghana Institute of Journalism) on Wednesday October 24, 2018 at 11 O'clock in the forenoon to transact the following:

AGENDA

ORDINARY BUSINESS

1. To receive and consider the Reports of the Directors, Auditors and the Audited Financial Statements for the year ended May 31, 2018.
2. To ratify the appointment of a Director.
3. To re-elect Directors.
4. To fix the remuneration of the Directors.
5. To authorise the Directors to fix the remuneration of the Auditors for the ensuing year.

Dated this 31st day of August, 2018

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, 123 Kwame Nkrumah Avenue, Sethi Plaza, Adabraka, Accra, P. O. Box GP401, Accra not less than 48 hours before the appointed time of the meeting. Failure to submit the forms before the **48 hour deadline** will result in the Proxy not being admitted to, or participating in, the meeting. A Form of Proxy is provided in the Annual Report.

Chairman's statement

A warm welcome to the 60th Annual General Meeting of PZ Cussons Ghana Ltd

As the global economy continues to grow propelled by the expansion in the advanced economies, China and India led the recovery in the emerging economies. The global output is estimated to have grown by 3.7% in 2017 higher than projected in 2016. Growth for 2018 and 2019 is projected at 3.9% to reflect an increase in the growth momentum and the expected impact of the recently approved U.S. tax policy changes. Inflation went up in some of the advanced nations as well as in the emerging economies such as China, Turkey and Brazil.

Sub-Saharan Africa is estimated to have rebounded to 2.4% in 2017, after slowing sharply to 1.3% in 2016, as commodity prices recovered, global financing conditions remained favourable, and slowing inflation lifted household demand. However, the recovery was slightly weaker than forecasted and was marked by still-negative per capita income growth, low investment, and a decline in productivity growth. In particular, the recovery in the region's largest economies, Angola, Nigeria, and South Africa were modest, driven by strong agricultural growth in South Africa and an increase in oil production in Nigeria. However, growth in the rest of the economies in the region was subdued amid high levels of policy uncertainty, which continued to weigh on business confidence.

Sub-Saharan Africa's projected growth is expected to increase to 3.2% in 2018 and an average of 3.6% in 2019. There has been growth over the past five years with considerable scope for boosting potential structural reforms, including policies to increase investment, improve health and education outcomes, and raising female labour force participation. Other productivity-enhancing reforms includes diversification to reduce reliance on traditional export commodities, stronger property rights to encourage productivity, enhancing investment and greater transport connectivity to spur competition could safeguard and bolster growth.

In Ghana, the macroeconomic performance improved in 2017, GDP growth is estimated to more than double from 3.7% in 2016 to 8.5% in 2017, and is projected to remain at that elevated level in 2018 and 2019 at 6.8% and 7.3% respectively. The external position also improved as the trade balance shifted to a surplus hence a good progress in macro-stabilization in 2017. Inflation is projected to fall within or be close to the Bank of Ghana's medium-term target range of 8% -10% in 2018. To sustain the fiscal consolidation efforts, two areas are particularly important over the medium-term, which are the domestic resource mobilization and expenditure controls. Despite the positive outlook, challenges remain, including further containing inflation and strengthening and deepening the financial sector to lower interest rates which largely depends on the success of the economic stabilization program. Improvements in domestic revenue mobilization and more forward-looking expenditure planning will be the key. Fiscal consolidation will only be sustainable when social and economic activities can thrive in an expanding and increasingly diverse economy. The country is also likely to face higher financing costs in both the domestic and external markets in the context of a stronger U.S. dollar and rising global bond yields.

Amidst these factors, the FMCG industry continues to experience high cost of operations in infrastructure and financing to mention but a few. One of the serious challenges facing this sector is the supply chain/ distribution difficulties both locally and cross-border. Another factor is depreciation of the cedi against the major currencies, which remains a major risk to businesses, as disposable incomes are relatively flat. Of important mention is also the recent crisis in the financial sector with the collapse of seven banks and the ripple effect it has had on the entire financial services sector.

PZ Ghana remained solid in the mist of these challenging times by putting firm measures in place to sustain our strong position in the market. Our main focus brands continue to be Camel/Carex, Nunu, Cussons Baby and Robb, which have maintained their leading market positions due to our company's continued investment in people, distribution brand equity building activities. Benefits from the investment in information technology saw some positives upturns in our operations.

Revenue grew by 22% above last year; ¢111.6m from ¢91.8m in 2017, with Operating profit of ¢6.1m against an operating loss of ¢10.5m last year. Profit before tax at GH¢6.3m against a loss of ¢12.9m in 2017 and Profit after tax of ¢6.5m versus 2017 loss of ¢10.3m. The outcome of our operations this year is reflective of our commitment to a sustainable growth agenda with total asset value of GH¢93.8m. The business remains strong and solidly positioned for sustainable performance and return on investment in the years ahead.

Chairman's Statement continued

We remain focused and committed to increasing shareholders' value by optimising the marketing and distribution of our products and providing our consumers with quality products that suit their needs and aspirations, whilst we continue to fulfil our corporate 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 the Management and Staff for their hard work, commitment and continuous dedication and focus on improvement in very demanding and challenging market conditions. We believe that the worst is now behind us and, coupled with the anticipated growth in the local economy, we dedicate ourselves to enhancing our bottom line figures in the ensuing years.

Paul Kwabena Pepera

Chairman

Cussons baby

Growing together naturally

Happy baby, happy family

A complete baby care range formulated with natural ingredients.

PZ Cussons


NU
NU
Milk
30%
of
Daily Nutrients Needed
• Protein
• Phosphorus
• Calcium
• Vitamin D
• for Strong Bones
• Vitamin A
• Vitamin B2
• Iodine
• for Sharp Minds
Smart Growth
NU NU
Milk Powder
Nutricia
NU NU
Milk Powder
NU NU
NU NU
Grow Every Day

Governance

Corporate Governance Report

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's Responsibilities

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

Related party transactions

Information regarding directors' interest in ordinary shares of the Company and remuneration is disclosed on pages 9 and 42. No director has any other interest in any shares or loan stock of the Company as at 31 May 2018. Other than service contracts, no director has a material interest in any contract to which the Company was a party during the year. Related party transactions and balances are also disclosed in note 31 to the financial statements. The directors have no interest in contracts entered into by the Company.

Auditing

Independent Auditors

The firm of Deloitte & Touche were appointed in 1 June 2017 and has served as the External Auditor during the year under review. The Audit Committee has responsibility delegated from the Board of directors for making recommendations on the appointment, reappointment, removal and remuneration of the external auditors.

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

Corporate Governance Report continued

Audit Committee

The Audit Committee meets to review the financial performance, risk management, compliance with policies and legislation, the adequacy of the internal audit plan, progress against current audit report recommendations, the adequacy of internal control systems and the degree of business compliance with laid down internal policies, laws, code of business principles and any other regulatory framework. The Committee also reviews findings of the external auditors.

Internal Control

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

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

Corporate Social responsibility and compliance Corporate Governance

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

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

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

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

Statement on Creating Shared Value

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

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

Our Good4Business (G4B) approach provides us with a clear framework for how we should conduct our business activities in our different regions and across all of our product categories: Personal Care, Home Care, Electricals and Food & Nutrition. It ensures that Creating Sustainable Value for all sits at the heart of everything we do.

Specifically, it provides four areas of focus – what we call "lenses" – through which we can assess our business and ensure that Creating Sustainable Value is integrated into all our day-to-day decision-making:

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

Health and Safety

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

Environment

PZ Cussons Ghana Limited ensures that 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.

Conflicts of Interest & Code of Ethics

The Company has established appropriate conflicts authorisation procedures, whereby actual or potential conflicts are regularly reviewed and authorisations sought as appropriate. During the year, no such conflicts arose and no such authorisations were sought.

Furthermore, the Company is bound by the Group Code of Ethics which encapsulates the Company's values,

Corporate Governance Report continued

ethical principles and ethical standards. These principles are applicable to the employees, Board, suppliers, business partners and other key stakeholders of the Company.

Insider Dealings

The company has regulations guiding directors, members of the Audit Committee and other officers of the company on periods when they, or persons connected to them cannot lawfully effect transactions on the shares of the Company as well as the disclosure requirements when effecting any transaction on the Company's shares.

Communication with shareholders

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

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

Board and Management Structure and Process

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

Internal Control

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

Outside Board and Management Position

Mr. Paul Pepera - PHC Motors Limited - Director

Mr. DavidAfflu - Nil

Mr. Christos Giannopoulos - PZ Cussons Nigeria - Director
- HPZ Nigeria – Director
- PZ Wilmar Nigeria - Director

Mrs. HelenaAdu-Gyamfi - Perfect Personal care – Director

Our Leadership team

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

Executive Directors

David Afflu, ***Business Unit Director***

David joined PZ Cussons Ghana Limited in Feb 2013 as Commercial Director and was later promoted to Business Unit Director in June 2014. He and has over 18 years' experience in different roles in Sales, Channel Marketing, Project Management and Retailing in FMCG, Petroleum & Telecoms sectors. He holds a Bachelor's Degree in Biochemistry and an Advanced Certificate in Marketing. He has extensive working knowledge of West Africa.

Christos Giannopoulos CEO, ***PZ Cussons Africa***

Mr. Giannopoulos was appointed to the board of PZ Cussons Ghana in February 2016.

He joined the PZ Cussons Group in 1988 with a degree in Business Administration specialising in Marketing from Derby University, United Kingdom.

He has occupied several managerial positions in the United Kingdom, Australia, Kenya and Indonesia before he joined the Nigerian subsidiary in 2002.

He is currently the CEO of PZ Cussons Africa.

Independent Non-executive Directors

Paul Pepera, ***Board Chairman***

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

Helena Adu-Gyamfi

Helena is an experienced finance and accounting professional, having served in this area for the past 21 years in Unilever Ghana Ltd and PZ Cussons Ghana Ltd. She holds a Masters degree in Finance from Exeter

Corporate Governance Report continued

University, UK. Her areas of expertise are Treasury and brand profitability management.

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

Board Composition, Balance and Independence

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

In line with best practices, the position of the Chairman is distinct from that of the Managing Director. The Chairman is Mr. Paul K. Pepera, a Non-Executive Chairman while the Business Unit/Managing Director is Mr. David Afflu. Furthermore, while the Chairman is responsible for the running of the Board, the Business Unit/Managing Director is responsible for co-ordinating the running of the business and implementing strategies.

Board Appointment and Induction

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

Board Evaluation

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

Role and functions of the Board

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

The specific issues reserved for the Board include:

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

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

The Board has delegated to management the day-to-day running of the business and the Business Unit/Managing Director, who is the head of the Management Team, is answerable to the Board.

Cussons Carex

Cleans, Cares and Protects

Camel Cleans, Cares and Protects for Healthy Skin

Board of Directors

Paul Kwabena Pepera
Chairman

David Afflu
Business Unit Director

Christos Giannopoulos
Executive Director

Oluwasegun Agbekeye
Head of Finance

Helena Adu-Gyamfi
Non-Executive Director

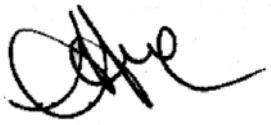
Statement of Directors' Responsibilities

The Companies Act, 1963 (Act 179) requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing the financial statements, the Directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgment and estimates have been made in the preparation of the financial statements for the year ended 31 May 2018. The directors confirm that the financial statements have been prepared on a going concern basis.

The directors are responsible for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act, 1963 (Act 179) and the International Financial Reporting Standards. They are also responsible for safeguarding the assets of the company and hence for taking steps for the prevention and detection of fraud and other irregularities. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Paul Kwabena Pepera
Chairman



David Afflu
Business Unit Director

Date: 31 August, 2018

Directors' Report

The directors have pleasure in submitting their report on the financial statements of PZ Cussons Ghana Limited for the year ended 31 May 2018.

1. Nature of business

The Company is engaged in the business to purchase, distribute and sell soaps, electrical appliances, nutritional products, cosmetics, and pharmaceutical products.

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

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 1963 (Act 179). The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements on page 23 - 54.

Summary of financial results	2018	2017
	GH¢	GH¢
The balance brought forward in the retained earnings at 1 June	**9,785,777**	20,311,091
Dividend paid	**-**	(193,000)
To which must be added profit/(loss) for the year after charging all expenses,	**6,480,638**	(10,332,314)
depreciation and taxation of		
Retained earnings as at 31 May	**16,266,415**	9,785,777

3. Dividends

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

4. Holdingcompany

The company's holding company is PZ Cussons (Holdings) Limited which holds 90.24% (2017: 90.24%) of the company's equity. PZ Cussons (Holdings) Limited is incorporated in United Kingdom.

5. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Directors and their interests

The names of the members of the Board are set out on page 3.

The directors have no interest in contracts entered into by the Company.

The financial statements set out on pages 23 to 54, which have been prepared on the going concern basis, were approved by the board of directors on 31st August, 2018 and were signed on its behalf by:

BY ORDER OF THE BOARD

Paul Kwabena Pepera
Chairman

David Afflu
Business Unit Director

Date: 31 August, 2018

ROBB

COOL LIKE...

Robb Menthol Sweet

Fresh & Soothing Relief

Independent Auditor's Report

TO THE MEMBERS OF PZ CUSSONS GHANA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PZ Cussons Ghana Limited set out on pages 23 to 54, which comprise the statement of financial position as at 31 May 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of PZ Cussons Ghana Limited as at 31 May 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 1963 (Act179).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Ghana. We have fulfilled our other ethical responsibilities in accordance with the IFAC Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables The company carries out an impairment of its trade receivables in compliance with IAS 39 – Financial Instruments: Recognition and Measurement, which requires the amount of loss to be measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The company reviews its trade receivables for impairment at the end of each reporting period. As disclosed in note 20, the impairment of trade receivables amounted to approximately GH¢5 million for the year, whilst the carrying value of receivable was approximately GH¢19 million. No significant judgement is required by the directors in assessing the impairment of tradereceivables. A risk exists that the impairment calculation is not adequate due to inaccurate classification of receivables or inappropriate loss rates used in the calculation thus receivable balances are not valued correctly. Accordingly, for the purposes of our audit, we identified the impairment as representing a higher risk of material misstatement.	We evaluated and tested the design, implementation and operating effectiveness of the key controls over the computation of impairment loss. In performing the tests of controls, we considered the appropriateness of the control considering the nature and significance of the risk, competence and authority of person(s) performing the control, frequency and consistency with which the control is performed. We performed an evaluation of management's key assumptions over specific impairment calculation. We reviewed correspondence with customers to determine whether the specific assessments made were adequate. We tested the adequacy of the collective loss provision by evaluating the loss rates used by management in the calculation of the collective impairment provision. We found that the assumptions used by management were comparable with historical performance and have been assessed asreasonable.

Independent Auditor's Report continued

Key audit matter	How our audit addressed the key audit matter
The Company assessed specific and collective impairments of trade receivables in line with the IAS 39, Financial Instruments: Recognition and Measurement.The Company does not hold collateral as security for trade receivables. In addition to specific provisions against individually impaired trade receivables, the company also made a collective impairment against the remainder of the trade receivables in relation to which specific impairment losses have not been made. We focused on this area, since the determination of the amount of the collective provision is an estimation process which is based on historical loss experience. The disclosures relating to impairment of trade receivables to customers which are included in notes to the financial statements are considered important to the users of the financial statements given the level of judgement.	We considered the disclosure of impairment on trade receivables to be appropriate and adequate.
Investment Property Revaluation The company recognises its investment property in line with IAS 40 Investment Property. This is remeasured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which it arises. Fair value reflects the actual market state and circumstances as of the statement of financial position date. The best evidence of fair value is normally given by current prices on an active market for similar property in the same location and condition and subject to similar lease and other contracts. In the absence of such information, the entity's expert considered current prices for properties of a different nature or subject to different conditions, recent prices on less active markets with adjustments to reflect changes in economic conditions, and discounted cash flow projections based on reliable estimates of future cash flows. The valuation of investment property falls under Level 3 inputs as prescribed by IFRS 13- Fair value measurements. These are unobservable inputs for the asset or liability.	We evaluated and tested the design, implementation and operating effectiveness of the key controls over the computation of recording of investments property. In performing the tests of controls, we considered the appropriateness of the control considering the nature and significance of the risk, competence and authority of person(s) performing the control, frequency and consistency with which the control is performed. We obtained the most recent valuation report. We evaluated the appropriateness and suitability of the underlying assumptions used by management experts. We assessed the capabilities, independence, expertise, competency, experience and objectivity of the management expert. We physically visited the site of the property to confirm its existence and the stage of completion. Our audit did not reveal any material differences and out test was satisfactory.

Independent Auditor's Report continued

Key audit matter	How our audit addressed the key audit matter
Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. There is therefore the risk that investment property may not be appropriately fair valued. The investment property has been disclosed in Note 16 of the financial statements.	

Other matter

The financial statements of PZ Cussons Ghana Limited for the year ended 31 May 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 31 August 2017.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act, 1963 (Act 179) of Ghana, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

Independent Auditor's Report continued

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

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

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

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

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

Report on other legal and regulatory requirements

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

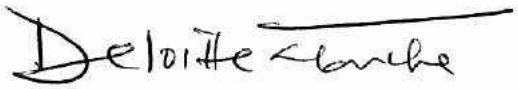
We confirm that:

i. We have obtained all the information and explanation which to the best of our knowledge and believe were necessary for the purpose of our audit.

ii. The Company has kept proper books of account, so far as appears from our examination of those books.

iii. The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

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



For and on behalf of Deloitte & Touche (ICAG/F/2018/129)

Plot No. 71 off George Walker Bush highway

North Dzorwulu

Accra Ghana

3rd September, 2018

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 May 2018

Figures in Ghana cedis	Notes	2018	2017
Revenue	3	**111,603,488**	91,832,590
Cost of sales	4	**(83,870,319)**	(72,137,864)
Gross profit		**27,733,169**	19,694,726
Other operating income	5	**2,117,945**	3,121,957
Other operating gains (losses)	11	**173,944**	344,610
Distribution costs	6	**(10,416,622)**	(14,172,504)
Administrative costs	7	**(11,242,366)**	(16,032,320)
Other operating costs	8	**(5,027,933)**	(3,461,711)
Operating profit (loss)		**3,338,137**	(10,505,242)
Finance costs	10	**(3,634,333)**	(2,362,694)
Fair value gain on investment property	16	**6,634,199**	-
Profit (loss) before taxation		**6,338,003**	(12,867,936)
Income tax expense	12	**142,635**	2,535,622
Profit (loss) for the year		**6,480,638**	(10,332,314)
Total comprehensive income (loss) for the year		**6,480,638**	(10,332,314)

The accompanying notes on pages 27 to 54 form an integral part of the financial statements.

Statement of Financial Position

as at 31 May 2018

Figures in Ghana cedis	Notes	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	15	**7,108,672**	8,002,056
Investment property	16	**33,085,000**	25,250,801
Finance lease receivables	17	**261,080**	891,588
Investments	18	**1,405,271**	1,405,271
		41,860,023	35,549,716
Current Assets			
Inventories	19	**18,165,251**	25,162,013
Trade and other receivables	20	**16,735,803**	29,457,627
Cash and cash equivalents	21	**15,191,818**	13,826,814
Finance lease receivables	17	**1,076,103**	1,326,302
Current tax receivable	14	**815,818**	880,908
		51,984,793	70,653,664
Total Assets		**93,844,816**	106,203,380
Equity and Liabilities			
Equity			
Stated capital	22	**2,160,000**	2,160,000
Revaluation reserve	24	**3,465,574**	3,465,574
Retained earnings	23	**16,266,415**	9,785,777
		21,891,989	15,411,351
Liabilities			
Non-Current Liabilities			
Borrowings	26	**24,646,442**	23,072,688
Deferred tax	13	**1,779,478**	2,209,212
		26,425,920	25,281,900
Current Liabilities			
Trade and other payables	25	**28,447,239**	62,967,605
Borrowings	26	**14,300,459**	-
Dividend payable	27	**2,508,335**	2,508,335
Provisions	28	**173,558**	34,189
Bank overdraft	21	**97,316**	-
		45,526,907	65,510,129
Total Liabilities		**71,952,827**	90,792,029
Total Equity and Liabilities		**93,844,816**	106,203,380

The financial statements on pages 23 to 54, were approved by the Board of Directors on the 31st August, 2018 and were signed on its behalf by:

Paul Kwabena Pepera
Chairman

David Afflu
Business Unit Director

Statement of Changes In Equity

for the year ended 31 May 2018

Figures in Ghana cedis	Stated capital	Revaluation reserve	Retained earnings	Total Equity
Balance at 1 June 2016	**2,160,000**	**3,465,574**	**20,311,091**	**25,936,665**
Loss for the year	-	-	(10,332,314)	(10,332,314)
Dividend	-	-	(193,000)	(193,000)
Balance at 1 June 2017	**2,160,000**	**3,465,574**	**9,785,777**	**15,411,351**
Profit for the year	-	-	6,480,638	6,480,638
Balance at 31 May 2018	**2,160,000**	**3,465,574**	**16,266,415**	**21,891,989**
Note(s)	22	24		

The accompanying notes on pages 27 to 54 form an integral part of the financial statements.

Statement of Cash Flows
for year ended 31 May 2018

Figures in Ghana cedis	Notes	**2018**	2017
Cash flows from operating activities			
Cash (used in)/generated from operations	29	**(11,221,950)**	10,482,162
Dividend income		**-**	533,700
Finance costs		**(476,994)**	(243,909)
Tax paid	30	**(222,009)**	(909,841)
Net cash from operating activities		**(11,920,953)**	9,862,112
Cash flows from investing activities			
Purchase of property, plant and equipment		**(816,490)**	(1,238,952)
Sale of property, plant and equipment		**179,382**	344,610
Net cash from investing activities		**(637,108)**	(894,342)
Cash flows from financing activities			
Net movement in borrowings		**14,338,453**	1,059,826
Repayment of borrowings		**(512,703)**	(2,371,455)
Dividend paid		**-**	(18,830)
Net cash from financing activities		**13,825,749**	(1,330,459)
Total cash movement for the year		**1,267,688**	7,637,311
Cash at the beginning of the year		**13,826,814**	6,189,503
Total cash at end of the year		**15,094,502**	13,826,814

The accompanying notes on pages 27 to 54 form an integral part of the financial statements.

Notes to the Financial Statements

for the year ended 31 May, 2017

General information

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

The Company is a limited liability company incorporated and domiciled in Ghana. The address of its registered office is Plot 27/3-27/3 Sanyo Road, Tema Heavy industrial Area, P. O Box 628, Tema, Ghana. The Company is listed on the Ghana Stock Exchange.

1. Significant accounting policies

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

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act, 1963 (Act 179).

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

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the 2018 are disclosed in note 1.15.

These accounting policies are consistent with the previous period.

1.2 Segmental 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 steering committee that makes strategic decisions.

The basis of segmental reporting has been set out in note 35

1.3 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

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

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

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

Notes to the Financial Statements continued

for the year ended 31 May 2018

1.3 Translation of foreign currencies (continued)

Foreign currency transactions (continued)

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

1.4 Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements continued

for the year ended 31 May 2018

1.5 Investment property

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

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

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

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

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

® The stage of completion.

® Whether the project/property is standard (typical for market) or non-standards.

® Past experience with similar constructions.

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

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

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the .

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

Notes to the Financial Statements continued

for the year ended 31 May 2018

1.6 Leases (continued)

Finance leases - lessor

The company recognises finance lease receivables in the statement of financial position.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the company's net investment in the finance lease.

1.7 Impairment of assets

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

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

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

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

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

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

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

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

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

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

1.8 Inventories

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

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

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

1.9 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets

Notes to the Financial Statements continued

for the year ended 31 May 2018

1.9 Financial instruments (continued)

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at .

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

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 an indicator of impairment. If any such evidence exists for available- for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Notes to the Financial Statements continued

for the year ended 31 May 2018

1.9 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Trade and other receivables are classified as loans and receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

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.

Trade and other payables

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

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 borrowing 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 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.

1.10 Stated capital

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

1.11 Tax

Current tax assets and liabilities

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

Notes to the Financial Statements continued

for the year ended 31 May 2018

1.11 Tax (continued)

Current tax assets and liabilities (continued)

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

Deferred tax assets and liabilities

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

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

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

Tax expenses

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

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

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

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

1.12 Employee benefits

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 contribution into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Termination benefits

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

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

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

In case of an offer made to encourage voluntary redundancy, the termination benefit are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Notes to the Financial Statements continued

for the year ended 31 May 2018

1.13 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

The Company recognises revenue when 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 mainly on wholesale basis through its distribution partners (DPs). Sales of goods are recognised when the Company has delivered products to the DPs, the DPs have full discretion over the channel and price to sell the products, and there is no unfilled 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, which is consistent with the market price.

1.14 Other income

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

® Interest income -on an accrual basis using the effective interest rate method.

® Dividend income-when the Company's right to receive payment is established.

® Rent income-on a straight line basis over the period of the lease.

1.15 Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

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

Key sources of estimation uncertainty

Impairment testing

The company reviews and tests the carrying value of accounts receivable balances to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in the income statement, the Company makes judgements as to whether there is any observable data indicating that the receivable balance is impaired. This evidence may include significant financial difficulties of the debtor and default in payment terms (more than 180 days overdue). Management uses estimates based on historical loss experience for assets with credit risk. The methodology and assumptions used for estimating both the amount and timing of future cash flows (based on the customer's financial situation) are reviewed regularly by Management to reduce any differences between loss estimates and actual loss experience.

Impairment allowances are assessed when there is objective evidence to suggest that the account receivable balance is impaired. Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognised in the profit or loss within distribution cost. The accuracy of the allowances depends on how well the entity estimates future cash flows.

Notes to the Financial Statements continued

for the year ended 31 May 2018

Investments 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 have significant influence over the affairs of Norpalm Ghana Limited as its does not participate in the policy making decisions of the entity. The investment is therefore not treated as investment in an associated company.

Useful lives of property, plant and equipment

The 2017 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 1.4.

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 31 May 2018 recognises liabilities for anticipated tax audits issues based on estimates of whether additional taxes will be due.

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

Investment property

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

1.16 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after June 1, 2018 or later periods:

Notes to the Financial Statements continued

for the year ended 31 May 2018

2.1 Standards and interpretations not yet effective (continued)

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

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit orloss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the company's financial statements.

Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the interpretation is for years beginning on or after January 1, 2019.

The company expects to adopt the interpretation for the first time in the 2020 financial statements.

It is unlikely that the interpretation will have a material impact on the company's financial statements.

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.

Notes to the Financial Statements continued

for the year ended 31 May 2018

2.1 Standards and interpretations not yet effective (continued)

- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right- of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after January 1, 2019.

The company expects to adopt the standard for the first time in the 2020 financial statements.

It is unlikely that the standard will have a material impact on the company's financial statements.

Notes to the Financial Statements continued

for the year ended 31 May 2018

Amendments to IAS 28: Annual Improvements to IFRS 2014 - 2016 cycle

An entity such as a venture capital organisation, mutual fund or similar institution may elect to measure investments in associates or joint ventures at fair value through profit or loss in accordance with IFRS 9 rather than by applying the equity method. The amendment to IAS 28 Investments in Associates and Joint Ventures now specifies that the election must be made separately per associate or joint venture and at the time of initial recognition of such investment.

Further, if an entity is not an investment entity, but has interests in an associate or joint venture which is an investment entity, then the entity may retain the fair value measurement of the associate or joint venture. The amendment now provides that such election must be made separately for each investment entity associate or joint venture.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company expects to adopt the amendment for the first time in the 2019 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements.

Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle

The amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards deleted certain short term exemptions concerning disclosures of financial assets, employee benefits and investment entities from IFRS 1.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company expects to adopt the amendment for the first time in the 2019 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements.

Transfers of Investment Property: Amendments to IAS 40

The amendment deals specifically with circumstances under which property must be transferred to or from investment property. The amendment now requires that a change in use of property only occurs when the property first meets, or ceases to meet, the definition of investment property and that there is evidence of a change in use. The amendment specifies that a change in management's intentions for use of the property, do not, in isolation, provide evidence of a change in use.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company expects to adopt the amendment for the first time in the 2019 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements.

Foreign Currency Transactions and Advance Consideration

The interpretation applies to circumstances when an entity has either paid or received an amount of consideration in advance and in a foreign currency, resulting in a non-monetary asset or liability being recognised. The specific issue addressed by the interpretation is how to determine the date of the transaction for the purposes of determining the exchange rate to use on the initial recognition of the related asset, expense or income when the non-monetary asset or liability is derecognised. The interpretation specifies that the date of the transaction, for purposes of determining the exchange rate to apply, is the date on which the entity initially recognises the non-monetary asset or liability.

The effective date of the interpretation is for years beginning on or after January 1, 2018.

The company expects to adopt the interpretation for the first time in the 2019 financial statements.

It is unlikely that the interpretation will have a material impact on the company's financial statements.

Notes to the Financial Statements continued

for the year ended 31 May 2018

2.1 Standards and interpretations not yet effective (continued)

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendment to IFRS 4 provides a temporary exemption, allowing insurers to apply IAS 39 rather than IFRS 9. The exemption only applies in certain circumstances and only for annual periods beginning before 1 January 2021.

The exemption also introduces an "overlay approach" in specific circumstances. This approach requires the insurer to reclassify an amount between other comprehensive income and profit or loss. This results in the profit or loss for designated financial assets being the same as if the insurer had applied IAS 39 rather than IFRS9.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company expects to adopt the amendment for the first time in the 2019 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements.

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company expects to adopt the amendment for the first time in the 2019 financial statements. The impact of this amendment is currently being assessed.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.

Notes to the Financial Statements continued

for the year ended 31 May 2018

2.1 Standards and interpretations not yet effective (continued)

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after January 1, 2018.

The company expects to adopt the standard for the first time in the 2019 financial statements. The impact of this standard is currently being assessed.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after January 1, 2018.

The company expects to adopt the standard for the first time in the 2019 financial statements.

It is unlikely that the standard will have a material impact on the company's financial statements.

Notes to the Financial Statements continued

for the year ended 31 May 2018

Figures in Ghana Cedis	2018	2017
3. Revenue		
Gross revenue from sale of goods	**127,307,276**	106,442,273
Trade rebates and discounts	**(15,703,788)**	(14,609,683)
	111,603,488	91,832,590

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

4. Cost of sales		
Material costs	**86,081,910**	67,025,549
Other direct cost-Stock provision	**(2,211,591)**	5,112,315
	83,870,319	72,137,864
5. Other operating income		
Rental income on investment property	**1,846,859**	2,083,735
Sundry income	**271,086**	504,522
Dividend income	**-**	533,700
	2,117,945	3,121,957
6. Distribution cost		
Selling and distribution costs include:		
Advertising and promotion	**2,965,217**	2,915,203
Vehicle hire	**882,246**	1,610,667
Staff costs	**4,769,739**	5,223,632
Depreciation	**814,249**	867,100
Warehouse rental charge	**197,195**	94,611
Impairment charge on trade receivables	**1,329,424**	1,595,944
7. Administrative costs		
Administrative expenses includes;		
Auditors' remuneration	**129,328**	120,233
Depreciation	**890,187**	803,630
Directors' fees	**217,016**	180,715
Donations	**183,008**	56,953
IT expenses	**347,233**	3,479,730
Staff cost	**2,379,240**	1,925,086
8. Other operating cost		
Restructuring costs(exceptional items)	**-**	1,826,266
Foreign exchange losses	**5,027,933**	1,635,445
	5,027,933	3,461,711

Notes to the Financial Statements continued

for the year ended 31 May 2018

Figures in Ghana Cedis	2018	2017

9. Staff cost

Staff cost is apportioned between distribution costs and administrative cost as follows;

Distribution costs	**4,769,739**	5,223,632
Administrative costs	**2,379,240**	1,925,085
	7,148,979	**7,148,717**

10. Finance costs

Net foreign exchange losses on foreign currency borrowings	**3,157,339**	2,118,785
Finance leases	**476,994**	150,146
Bank overdraft	**-**	93,763
Total finance costs	**3,634,333**	**2,362,694**

11. Other operating gains (losses)

Gains (losses) on disposals		
Property, plant and equipment	**173,944**	344,610

12. Taxation

Major components of the tax income		
Current		
Current tax	**287,099**	-
Deferred		
Deferred tax	**(429,734)**	(2,535,622)
	(142,635)	**(2,535,622)**

13. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability Deferred tax asset	**(1,779,478)**	(2,209,212)
Total net deferred tax liability	**(1,779,478)**	**(2,209,212)**
Reconciliation of deferred tax asset / (liability)		
At beginning of year	**(2,209,212)**	(4,744,834)
Charge/(credit) to profit or loss	**429,734**	2,535,622
	(1,779,478)	**(2,209,212)**

14. Current tax payable (receivable)

Year end 31 May 2018	At 1 June	Charge to profit or loss	Payments during the year	At 31 May
Up to 2017	(880,908)	-	-	(880,908)
2018	-	287,099	(222,009)	65,090
	(880,908)	**287,099**	**(222,009)**	**(815,818)**

Notes to the Financial Statements continued

for the year ended 31 May 2018

15. Property, plant and equipment

Company	Leasehold land	Plant and machinery	Motor vehicles	Computer equipment	Office equipment	Assets under construction	Total
Cost	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1 June 2016	9,136,069	2,856,328	4,851,620	771,335	1,723,214	2,183,709	21,522,275
Addition	703,738	171,718	138,894	156,291	68,312	-	1,238,953
Disposal	-	-	(843,085)	-	-	-	(843,085)
Reclassification	-	-	220,045	141,296	216,269	(577,610)	-
Write-off	(62,749)	(79,861)	(139,392)	(50,486)	7,995	(1,606,099)	-
Balance at 31 May 2017/	**9,777,058**	**2,948,185**	**4,228,082**	**1,018,436**	**2,015,790**	**-**	**19,987,551**
1 June 2017 Addition	-	-	99,512	716,978	-	-	816,490
Disposal	-	-	(267,587)	-	-	-	(267,587)
Balance at 31 May 2018	**9,777,058**	**2,948,185**	**4,060,007**	**1,735,414**	**2,015,790**	**-**	**20,536,454**
Accumulated depreciation Balance at 1 June 2016	4,002,611	2,563,449	2,902,718	493,555	1,312,512	-	11,274,845
Charge for the year	250,798	136,464	867,100	184,864	231,504	-	1,670,730
Disposal	-	-	(843,085)	-	-	-	(843,085)
Transfer	-	-		-	-	-	-
Write-off	81,999	(67,653)	(89,388)	(18,527)	(23,426)	-	(116,995)
Balance at 31 May 2017/	**4,335,408**	**2,632,260**	**2,837,345**	**659,892**	**1,520,590**	**-**	**11,985,495**
1 June 2017 Charge for the year	376,143	50,271	814,249	300,587	163,186	-	1,704,436
Disposal	-	-	(239,661)	(20,791)	(1,697)	-	(262,149)
Balance as at 31 May 2018	**4,711,551**	**2,682,531**	**3,411,933**	**939,688**	**1,682,079**	**-**	**13,427,813**
Carrying amount							
Balance as at 31 May 2018	5,065,507	265,654	648,074	795,726	333,711	-	7,108,672
Balance as at 31 May 2017	**5,441,650**	**315,925**	**1,390,737**	**358,544**	**495,200**	**-**	**8,002,056**

16. Investment property (fair value)

	2018	2017
At 1 June	**25,250,801**	25,250,801
Adjustment	**1,200,000**	-
Fair value gain	**6,634,199**	
	33,085,000	**25,250,801**

It is the policy of PZ Cussons Limited to obtain an independent valuation of its investment property. Investment property is reflected at fair value as at 31 May 2018.

Notes to the Financial Statements continued

for the year ended 31 May 2018

16. Investment property (fair value) (continued)

The fair value of the Company's investment property as at 31 May 2018 has been arrived at on the basis of a valuation carried out by Adsan Consult, an independent valuation practice not related to the Company.

Adsan Consult has been in the Property Valuation Business since 2011.

The Valuation Team was led by D.K. Adu-Asante the Managing Consultant of the Valuation Firm, Adsan Consult. He holds a B.Sc Degree in Land Economy (1979) and a Professional Associate of the Ghana Institution of Surveyors (GhIS) since 1989 and also a member of Rating and Valuation Association (ARVA).

The fair value was determined based on the depreciated replacement method and the market comparison approach.

Investment property is measured at fair value in the Company's statement of financial position and categorised as level 3 in the fair value hierarchy as the valuation is partly based on unobservable data.

The fair value gain is unrealised.

17. Finance lease receivables

Figures in Ghana Cedis	2018	2017
Gross finance lease receivables-minimum lease receipts		
- Not later than one year	**1,076,103**	1,326,302
- later than 1 year and no later than five years	**261,080**	891,588
less: Unearned finance income	**-**	-
	1,337,183	2,217,890
Non-current assets	**261,080**	891,588
Current assets	**1,076,103**	1,326,302
	1,337,183	2,217,890

The company entered into finance leasing arrangements for with Distribution Partners under a sub-lease agreement.

18. Investments

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

Investment's represent the Company's 31% holding of 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.

19. Inventories

Raw and packing materials	**98,891**	231,463
Finished products	**17,917,301**	24,252,269
Engineering spares	**149,059**	176,578
Goods-in-transit	**-**	501,703
	18,165,251	25,162,013

The charge to profit or loss for damage, obsolete and lost inventory for the year ended 31 May 2018 amounted to GH¢606,991 (2017: GH¢ 2,794,801). The cost of inventory recognised as an expense and included in cost of sales amounts to GH¢86,081,910. (2017:GH¢67,025,549).

Notes to the Financial Statements continued

for the year ended 31 May 2018

20. Trade and other receivables

Figures in Ghana Cedis	2018	2017
Trade receivables	**19,307,830**	26,805,719
Impairment for bad debts	**(5,398,045)**	(5,414,770)
Trade receivables-net	**13,909,785**	21,390,949
Amounts due from related parties	**705,016**	660,211
Amount due from officers and staff	**105,825**	246,900
Prepayments	**700,456**	1,236,661
Non-trade receivables	**9,803**	1,766,211
Recoverable withholding tax	**-**	1,518,826
Sundry receivables	**1,304,918**	2,637,869
	16,735,803	**29,457,627**

The maximum amount of officers and staff indebtedness during the year did not exceed GH¢105,825 (2017: GH¢246,900).

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

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 6 months past due are not considered to be impaired. At 31 May 2018, GH¢ 2,783,232 (2017: GH¢ 10,974,139) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Neither past due nor impaired	**11,126,553**	10,416,810
Past due but not impaired	**2,783,232**	10,974,139
Impaired	**5,398,045**	5,414,770
	19,307,830	**26,805,719**

Trade and other receivables impaired

As of 31 May 2018, trade and other receivables of GH¢ 5,398,045 (2017: GH¢ 5,414,770) were impaired and provided for.

The amount of the provision was GH¢ (5,398,045) as of 31 May 2018 2017: GH¢ (5,414,770).

The ageing of these receivables is as follows:

1 to 6 months	**2,783,232**	10,974,139
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	**5,414,770**	4,965,724
Provision for impairment	**-**	1,595,944
Amounts written off as uncollectable	**(16,725)**	(1,146,898)
	5,398,045	**5,414,770**

The creation and release of provision for impaired receivables have been included in distribution cost (note 6 in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not include any impaired assets.

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

Notes to the Financial Statements continued

for the year ended 31 May 2018

Figures in Ghana Cedis	2018	2017
21. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	**4,871**	18,044
Bank balances	**15,186,947**	13,808,770
Bank overdraft	**(97,316)**	-
	15,094,502	13,826,814
Current assets	**15,191,818**	13,826,814
Current liabilities	**(97,316)**	-
	15,094,502	13,826,814

The Company has an overdraft facility limit of GH¢10,000,000 with Zenith Bank Ghana Limited. The security of this facility is a negative pledge by PZ Cussons Ghana Limited. At the end of the reporting period, the amount utilised wasGH¢97,316.

22. Stated capital

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

There was no change in the stated capital during the year (2018:Nil).

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

23. Retainedearnings

Retained earnings account represents the earnings retained by the Company. The amount available for distribution to the members of the Company is subject to the requirements of the Companies Act, 1963 (Act 179). Movement in the income surplus account are shown as part of the statement of changes in equity on page 16 of these financial statements.

24. Revaluation reserve

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

At 31May	**3,465,574**	**3,465,574**

25. Trade and other payables

Trade payables	**2,772,210**	7,225,489
Amounts due to related parties	**22,887,556**	36,368,482
VAT	**-**	16,479,747
Sundry payables	**263,219**	578,591
Accruals	**2,524,254**	2,315,296
	28,447,239	**62,967,605**

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

Notes to the Financial Statements continued

for the year ended 31 May 2018

26. Borrowings

Figures in Ghana Cedis	2018	2017
Held at amortised cost		
Intercompany loan	**38,946,901**	23,072,688

United States Dollar Facility (US$5million)

This facility is an interest free quasi equity loan facility obtained from PZ Cussons (International) Limited. There is no charge or assignment of or any other form of security in, on, or, over PZ Cussons Ghana Limited's revenue or assets. The facility is repayable in part or in full upon demand of the Lender, subject to 12 months notice period. At the end of the reporting date, the balance was GH¢23,630,750.

Great Britain Pound facility (GBP2.25million)

This facility was obtained from PZ Cussons (International) Limited. Interest rate applicable to this facility is 2.136% for the duration of the loan. The tenor is 18 months starting from 23rd October 2017. There is no charge or assignment of or any other form of security in, on, or, over PZ Cussons Ghana Limited's revenue or assets. At the end of the reporting date, the balance was GH¢14,300,459.

Ghana cedis- GH¢1,015,692.

Non-current liabilities		
At amortised cost	**24,646,442**	23,072,688
Current liabilities		
	14,300,459	**-**
	38,946,901	**23,072,688**

27. Dividend payable

At 1 June	**2,508,335**	2,334,165
Dividend declared for the year ended 31 May	**-**	193,000
Dividend paid	**-**	(18,830)
	2,508,335	**2,508,335**

28. Provisions

Reconciliation of provisions - 2018	**Opening balance**	**Additions**	**Total**
Restructuring	**34,189**	**139,369**	**173,558**

Reconciliation of provisions - 2017			
	Opening balance	**Redundancy payment during the year**	**Total**
Restructuring	**1,419,845**	**(1,385,656)**	**34,189**

The restructuring provision relates to redundancy costs incurred in respect of restructuring of the company's operation.

Notes to the Financial Statements continued

for the year ended 31 May 2018

29. Cash (used in)/generated from operations

Figures in Ghana Cedis	2018	2017
Profit before taxation	**6,338,003**	(12,867,936)
Adjustments for:		
Depreciation and amortisation	**1,704,436**	1,670,730
Gains on disposals	**(173,944)**	(344,610)
Finance costs	**476,994**	243,909
Fair value gains	**(6,634,199)**	-
Movements in provisions	**139,369**	(1,385,656)
Impairment of property, plant and equipment	**-**	207,497
Adjustment for investment property (note 16)	**(1,200,000)**	-
Dividend income	**-**	(533,700)
Exchange gain/(loss) on related party loans	**2,048,464**	2,118,785
Write off of property, plant and equipment	**-**	1,606,099
Changes in working capital:		
Inventories	**6,996,762**	2,807,274
Trade and other receivables	**12,721,824**	3,395,611
Finance lease receivable	**880,707**	126,320
Trade and other payables	**(34,520,366)**	13,437,839
	(11,221,950)	**10,482,162**

30. Tax paid

Balance at beginning of the year	**880,908**	(28,933)
Current tax for the year recognised in profit or loss	**(287,099)**	-
Balance at end of the year	**(815,818)**	(880,908)
	(222,009)	**(909,841)**

31. Related parties

Relationships

Ultimate holding company	PZ Cussons plc
Holding company	PZ Cussons (Holdings) Limited

Related party balances		
Amounts included in Trade payables regarding related parties		
PZ Cusson International Limited	**2,986,010**	2,586,406
PZ Cussons (Nigeria) Limited	**14,060,169**	23,673,827
PZ Cussons (Indonesia)	**2,509,124**	2,124,649
PZ Cussons (Thailand) Limited	**212,616**	264,222
PZ Cussons (Kenya) Limited	**63,927**	-
PZ Cussons Singapore Pte Limited	**3,055,710**	7,719,378
	22,887,556	**36,368,482**

Notes to the Financial Statements continued

for the year ended 31 May 2018

Figures in Ghana Cedis	2018	2017
Amounts included in Trade receivables regarding related parties		
PZ Cussons (Nigeria) Limited	**705,016**	643,641
PZ Cussons (Kenya) Limited	**-**	16,570
	705,016	**660,211**
Year-end related party loan balances		
PZ Cussons International Limited	**38,946,901**	1,015,695
PZ Cussons (Holdings) Limited	**-**	21,581,875
	38,946,901	**22,597,570**
Dividend income		
Norpalm Ghana Limited	-	533,700
	-	533,700
Related party transactions		
Purchases from (sales to) related parties		
PT PZ Cussons Indonesia Limited	**2,703,661**	3,764,177
PZ Industries (Nigeria) Plc	**44,623,465**	40,270,421
PZ Cussons East Africa Limited	**-**	232,432
PZ Cussons Thailand	**-**	68,124
PZ CIL Singapore	**3,768,820**	12,919,589
	51,095,946	**57,254,743**
Service charges/expense incurred on behalf of the company		
PZ Cussons International Limited	-	5,988,814
	-	5,988,814
Consultancy fees		
Interclass & Associates	**900,619**	-
	900,619	**-**
Compensation to directors and other key management Directors fees	**217,016**	180,715
Salaries and other short term benefits	**1,062,428**	2,476,260
	1,279,444	**2,656,975**

32. Categories of financial instruments

Financial assets-2018	Loans and receivables	Available for sale	Total
Investments	-	**1,405,271**	1,405,271
Trade and other receivables (Less prepayments)	16,035,347	-	16,035,347
Cash and cash equivalents	15,094,502	-	15,094,502
	31,129,849	**1,405,271**	**32,535,120**

Notes to the Financial Statements continued

for the year ended 31 May 2018

Figures in Ghana Cedis

Financial liabilities-2018	Financial liabilities at amortised cost	Financial liability at FVTPL	Total
Borrowings	**38,946,901**	**38,946,901**-	38,946,901
Trade and other payables	28,447,239	-	28,447,239
Dividend payable	2,508,335	-	2,508,335
	69,902,475	**-**	**69,902,475**

Financial assets-2017	Loans and receivables	Available for sale	Total
Investments	**-**	**1,405,271**	1,405,271
Trade and other receivables (less prepayments)	28,220,966	-	28,220,966
Cash and cash equivalents	13,826,814	-	13,826,814
	42,047,780	**1,405,271**	**43,453,051**

Financial liabilities-2017	Financial liability at amortised cost	Financial liability at FVTPL	Total
Borrowings	**23,072,688**	-	23,072,688
Trade and other payables	62,967,605	-	62,967,605
Dividend payables	2,508,335	-	2,508,335
	88,548,628	**-**	**88,548,628**

33. Risk management

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Credit risk

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

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

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

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

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

Notes to the Financial Statements continued

for the year ended 31 May 2018

33. Risk management (continued)

Figures in Ghana Cedis

The Company's credit exposures are categorised as follows:	2018	2017
Maximum exposure to credit risk	**GH¢**	GH¢
Trade and other receivables (less prepayments)	**16,035,347**	28,220,966
Cash and cash equivalents	**15,094,502**	13,826,814
	31,129,849	**42,047,780**

Liquidity risk

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

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

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

At 31 May 2018	**Less than 1 year**	**Between 1-2 years**	**Between 2-5 years**
Borrowings	14,300,459	-	24,646,442
Trade and other payables	28,447,239	-	-
Dividend payable	-	-	2,508,335
At 31 May 2017	**Less than 1 year**	**Between 1-2 years**	**Between 2-5 years**
Borrowings	-	-	23,072,688
Trade and other payables	62,967,605	-	-
Dividend payable	-	-	2,508,335

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

Foreign exchange risk

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

At 31 May 2018, if the currency had weakened/strengthened by 1% against the US dollar with all other variables held constant, post-tax profit for the year would have been GH¢ 538,866 (2017: GH¢ 400,199) higher, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated bank balances, and intercompany payables/ receivables.

Foreign currency exposure at the end of the reporting period	**2018**	2017
Current assets	**GH¢**	GH¢
Trade receivables	**704,737**	660,210
Bank	**4,810,216**	3,403,389
	5,514,953	**4,063,599**
Liabilities		
Trade payables	**20,454,653**	40,833,207
Related party borrowing	**38,946,901**	23,072,688
	59,401,554	**63,905,895**

Notes to the Financial Statements continued

for the year ended 31 May 2018

Exchange rates used for conversion of foreign items were:

	2018	2017
USD	4.73	4.31
GBP	6.28	5.56

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may limit the amount of dividends paid to shareholders and source funds from companies within the PZ Cussons Plc 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.

The gearing ratio at 2018 and 2017 respectively were as follows:	2018	2017
	GH¢	GH¢
Total borrowings		
Borrowings	**38,946,901**	23,072,688
Less: Cash and cash equivalents	**15,094,502**	13,826,814
Net debt	**23,852,399**	9,245,874
Total equity	**21,891,989**	15,411,351
Total capital	**45,744,388**	**24,657,225**
Debt equity ratio	52%	37%

Interest rate risk

The Company's exposure to the risk for changes in market interest rates relates primarily to Company's finance lease obligations and other borrowings to support its working capital. The Company calculates its exposure to interest rate based on a defined interest rate shift. Based on the simulations performed, the impact on the post- tax profit of 1% shift would be a maximum increase or decrease finance cost of GH¢ 19,875 (2017:GH¢1,892) per annum.

Market risk management

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

34. Fair value information

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 3

Notes to the Financial Statements continued

for the year ended 31 May 2018

Figures in Ghana Cedis	2018	2017
Recurring fair value measurements	**GH¢**	GH¢
Assets		
Investment property		
Investment property	**33,085,000**	25,250,801
Available for sale financial assets		
Norpalm Ghana Limited	**1,405,271**	**1,405,271**
Financial assets		
Trade and other receivables (less prepayments)	**16,035,347**	28,220,966
Cash and cash equivalents	**15,094,502**	13,826,814
Total other	**31,129,849**	**42,047,780**
Financial liabilities		
Trade and other payables	**28,447,243**	62,967,605
Borrowings	**38,946,901**	23,072,688
Dividend payable	**2,508,335**	2,508,335
Total other	**69,902,479**	**88,548,628**

35. 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 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 year ended 31 May 2018 and 2017.

Revenue from external customers		
Core	**104,978,751**	80,664,446
Electrical appliances	**6,624,737**	11,168,144
	111,603,488	**91,832,590**
Revenue from external customers comprises:		
Revenue from external customers within Ghana:		
Core	**104,978,751**	80,664,446
Electrical appliances	**6,624,737**	11,168,144
	111,603,488	**91,832,590**
Net segment operating costs		
Core	**78,715,449**	64,025,054
Electrical appliances	**5,154,870**	8,112,810
	83,870,319	**72,137,864**
Segment contribution		
Core	**26,263,302**	16,639,392
Electrical appliances	**1,469,867**	3,055,334
	27,733,169	**19,694,726**

Notes to the Financial Statements continued

for the year ended 31 May 2018

36. Events after the reporting period

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

37. Contingencies

The Company had no contingent liability at the reporting date (2017:Nil).

38. Commitments

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

Shareholders' Information

LIST OF MEMBERS FOR PZ CUSSONS GHANA LTD. AS AT 31.05.2018

FROM	TO	MEMBERS	SHARES	CAPITAL %
1	1,000	975	384,005	0.23
1,001	5,000	593	1,200,996	0.71
5,001	10,000	107	714,027	0.43
10,001	9,999,999,999	297	165,700,972	98.63
	TOTALS	**1,972**	**168,000,000**	**100.00**

PZ CUSSONS GHANA LIMITED - MAJOR SHAREHOLDERS AS AT 31ST MAY 2018

NAME	SHARES	% OF ISSUED CAPITAL
PZ CUSSONS (HOLDINGS) 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 FND LIMITED	377,400	0.22
GHANAIAN ENT. DEVT. COMMISSION	152,700	0.09
MR. J.K. BUACHIE	144,480	0.09
MR. E.T. DODOO	142,800	0.09
MR. A.. ACHEAMPONG	137,820	0.08
NSIA GHANA LIMITED	124,800	0.07
PZ CUSSONS GHANA PROV. FUND	100,500	0.06
MR. T.A. KUSI	98,700	0.06
MR. E.A. CLEMENT	92,580	0.06
MRS. G. BADU	90,120	0.05
DR. E.E. SACKEY	87,000	0.05
MR. D.C. AMOAKOH	87,000	0.05
MR. V.A. SACKEY	87,000	0.05
MR. J.G.A. RENNER	84,000	0.05
REV. J.Y.A. AMOA	81,420	0.05
MR. J.K. ASIAMAH	77,940	0.05
MR. E.K. YEBOAH	76,560	0.05
REPORTED TOTALS	**159,644,826**	**95.03**
NOT REPORTED	**8,355,174**	**4.97**
GRAND TOTALS	**168,000,000**	
COMPANY CAPITAL	**168,000,000**	**100.00**

DIRECTORS' SHAREHOLDINGS AS AT 31.05.2018

PAUL KWABENA PEPERA	**19,195**


Cussons
IMPERIAL LEATHER
MASTER PERFUMERS
IMPERIAL LEATHER
BODY WASH
ACTIVE
Everyday Luxury crafted by
MASTER PERFUMERS

Five year financial summary

Figures in Ghana Cedis	2018	2017	2016	2015	2014
Statement of Financial Position					
Assets					
Non-current assets	41,860,023	35,549,716	38,199,883	17,173,671	13,033,653
Current assets	51,984,793	70,653,664	69,329,661	85,585,018	72,227,293
Total assets	**93,844,816**	**106,203,380**	**107,529,544**	**102,758,689**	**85,260,946**
Liabilities					
Non-current liabilities	26,425,920	25,281,900	28,280,170	24,771,959	14,736,494
Current liabilities	45,526,907	65,510,129	53,312,709	44,016,907	33,811,881
Total liabilities	**71,952,827**	**90,792,029**	**81,592,879**	**68,788,866**	**48,548,375**
Equity					
Stated capital	2,160,000	2,160,000	2,160,000	2,160,000	2,160,000
Revaluation reserve	3,465,574	3,465,574	3,465,574	3,465,574	3,465,574
Retained earnings	16,266,415	9,785,777	20,311,091	28,344,249	31,086,997
Total equity	**21,891,989**	**15,411,351**	**25,936,665**	**33,969,823**	**36,712,571**
Total equity and liabilities	**93,844,816**	**106,203,380**	**107,529,544**	**102,758,689**	**85,260,946**
Statement of Profit or Loss and Other Comprehensive Income					
Revenue	111,603,488	91,832,590	118,279,459	128,311,090	107,150,197
Cost of sales	(83,870,319)	(72,137,864)	(88,055,530)	(84,767,323)	(76,831,775)
Gross profit	**27,733,169**	**19,694,726**	**30,223,929**	**43,543,767**	**30,318,422**
Distribution cost	(10,416,622)	(14,172,504)	(17,439,580)	(31,755,722)	(24,998,117)
Administrative cost	(11,242,366)	(16,032,320)	(15,813,466)	(9,684,148)	(6,715,854)
Other operating income	2,117,945	3,466,567	9,274,737	3,780,259	2,298,775
Other operating cost	(3,634,333)	(3,461,711)	(27,559,391)	(7,156,179)	(1,925,499)
Operating profit (loss)	**3,338,137**	**(10,505,242)**	**(21,313,771)**	**(1,272,023)**	**(1,022,273)**
Fair value gain on investment property	6,634,199	-	24,144,675	-	-
Finance costs	(3,634,333)	(2,362,694)	(2,533,735)	(2,852,525)	(1,528,091)
Profit (loss) before taxation	**6,338,003**	**(12,867,936)**	**297,169**	**(4,124,548)**	**(2,550,364)**
Taxation	142,635	2,535,622	(8,330,327)	1,381,800	846,884
Profit (loss) for the year	**6,480,638**	**(10,332,314)**	**(8,033,158)**	**(2,742,748)**	**(1,703,480)**
Per share data					
Profit/ (loss) per share (Basic)	0.039	(0.062)	-	-	-

Loss/earnings per share are based on loss/profit after tax and the number of issued and fully paid ordinary shares at the end of each financial year.

Notes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