

**P Z CUSSONS GHANA LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017**

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## **CORPORATE INFORMATION**

<b>Directors</b>	Paul K. Pepera Charles B. Janney Helena Adu-Gyamfi David Afflu Christos Giannopoulos Oluwasegun Lawrence Agbekeye	(Chairman) (Resigned 31 May 2017)
<b>Secretary</b>	Accra Nominees Limited 2 <sup>nd</sup> Floor, Cedar House 13 Samora Machel Road Asylum Down P. O. Box GP242 Accra, Ghana	
<b>Registered office</b>	Plot 27/3 - 27/7 Sanyo Road Tema Heavy Industrial Area P. O. Box 628 Accra, Ghana	
<b>Auditor</b>	PricewaterhouseCoopers Chartered Accountants No.12 Airport City UNA Home, 3rd Floor PMB CT42 Cantonments Accra	
<b>Solicitors</b>	Legal Ink (Lawyers and Notaries) No F89/7 Emmaus Road Off 2nd Labone Street PMB 24 Kanda Accra	
<b>Bankers</b>	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	
<b>Registrars</b>	Universal Merchant Bank Limited	

## **NOTICE OF MEETING**

**NOTICE** is hereby given that the 59<sup>th</sup> 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 Tuesday September 26, 2017 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, 2017.
2. To re-elect Directors.
3. To fix the remuneration of the Directors.
4. To authorise the Directors to fix the remuneration of the Auditors for the ensuing year.

**Dated this 1<sup>st</sup> day of August, 2017**

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**

Dear Shareholders, Ladies and Gentlemen,

It is my pleasure to welcome you all to the 59th Annual General Meeting (AGM) of our company.

The world is gradually recovering from the tough economic challenges faced during 2016. The global economic growth projection of 3.2% for 2016 is expected to slightly increase to 3.6% in 2017. Growth in sub-Sahara Africa is however projected to grow above 100% from the estimate of 1.3% in 2016 to 2.7% in 2017. Advanced economies continue to witness modest recoveries as a result of major macroeconomic realignments. Even though there is projected growth for this part of the world in 2017 through 2018, the outlook remains challenging. About a third of the countries in this region are projected to have negative growth. To ensure economic progress, countries in Sub-Sahara Africa must productively control trade openness, particularly the import of consumption goods, in boosting their economic growth through international trade. When this is accompanied by complimentary policies aimed at encouraging the financing of new investment, enhancing the quality of institutions and technical know-how, allocation of resources will be optimised for the benefit of the Region. Therefore Sub-Saharan countries should carry out relevant policy reform to encourage investment, allow effective governance, and promote human capital accumulation.

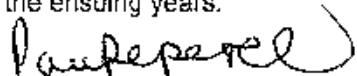
In Ghana, the economy is currently picking up at a considerable speed and seems to have recovered from the marked slowdown observed in the middle of 2016 due to shutdowns at oil and gas fields and low commodity prices. The country is currently going through a disinflation process; inflation is on the downward trend and is now around 13%, down from 18.4% mid last year, and getting closer to the central bank's target of 8.0% for this year. If this process is sustained, current high interest rates will be reduced and this, plus other economic factors, will have a positive impact on the economy. The FMCG industry continues to experience high costs of operation due to utility and infrastructural costs. One of the most serious challenges faced by operators in this sector is supply chain/distribution difficulties both locally and cross-border.

PZ Ghana however weathered the storm by putting firm measures in place to sustain our strong position in the market. Our main focus brands remains Camel, Cussons Baby, Robb and Carex, and these continue to maintain their leading market positions due to our company's continued investment in distribution and brand equity building activities. During the year, we invested in information processing technology to strengthen our back office in alignment with the global PZ group position for a sustainable growth into the future.

Our trading activities slowed down in the year under review, partly due to the said restructuring activities carried out on our systems and also as a result of challenging economic circumstances prevailing in Ghana. This consequently affected our trading results. Revenue dropped by 23% to GH¢91.8m from GH¢118.3m in 2016. Operating loss of GH¢10.5m against a restated operating profit of GH¢2.8m (GH¢ 12.8m published) last year. The consequential effect of this on Profit before tax is a loss of GH¢12.9m from a restated profit of GH¢0.3m (GH¢10.2 published) and Loss after tax of GH¢10.3m from the restated loss of GH¢8m (GH¢1.9m published) in 2016. The outcome of our operation this year reflects the effect of the system restructuring and decisions taken to further strengthen our business for sustainable future growth. With a total asset value of GH¢106m, the business remains strong and solidly positioned for sustainable and better performance and return on investment in the new financial year.

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

At this point, I would like to thank my colleagues on the Board and our parent company PZ Cussons PLC UK for their continued support and investment into our company. Finally, and very importantly, I would like to extend my sincere thanks and appreciation to our Management and Staff whose hard work, commitment and continuous focus on improvement in very demanding market conditions. We believe that the worst is now behind us and, coupled with the anticipated growth in the local economy, dedicate ourselves to enhancing our bottom line figures in the ensuing years.



Paul Kwabena Pepera  
Chairman  
18 August 2017

**FINANCIAL HIGHLIGHTS**

	<b>2017</b> <b>GH¢</b>	2016 GH¢ (as restated)
Revenue	<b>91,832,590</b>	118,279,459
Operating (loss)/ profit	<b>(10,505,242)</b>	(2,830,904)
(Loss)/ profit before income tax	<b>(12,867,936)</b>	297,169
(Loss)/ profit after income tax	<b>(10,332,314)</b>	(8,033,158)
Cash generated from operating activities	<b>9,328,412</b>	2,801,033
Shareholders' funds	<b>15,411,351</b>	25,936,665
Basic and diluted (loss)/ earnings per share (GH¢)	<b>(0.061)</b>	(0.047)
(Loss)/ profit before income tax margin (%)	<b>(14%)</b>	0.2%
(Loss)/ profit after income tax margin (%)	<b><u>(12%)</u></b>	<u>(6.7%)</u>

## **CORPORATE GOVERNANCE**

### **Introduction**

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

In line with the framework, mission, values and business principles mandated through the PZ Cussons Group corporate accountability committee, planning takes place and resources are allocated toward achievement of accountability, compliance and reporting standard. The business adopts standard accounting practices and ensures sound internal controls to facilitate transparency in the disclosure of information and to give assurance to the reliability of the financial statements.

### **Board of Directors**

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

### **Audit Committee**

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

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

### **Internal Control**

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

### **Health and Safety**

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

### **Environment**

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

## **DIRECTORS' REPORT**

The directors have the pleasure in submitting to the members of PZ Cussons Ghana Limited ('the Company') their report together with the audited financial statements for the year ended 31 May 2017.

### **Holding company**

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

### **Principal activities**

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

### **Financial results**

The financial results of the Company for the year ended 31 May 2017 are set out below:

	GH¢
Loss before income tax for the year is	(12,867,936)
to which is added income tax credit of	<u>2,535,622</u>
giving a loss for the year of	(10,332,314)
to which is added balance brought forward on income surplus account of	20,311,091
to which is deducted dividend declared in 2016 of	<u>(193,000)</u>
giving a balance carried forward on income surplus account of	<u>9,785,777</u>

### **Directors and their interests**

The members of the Board is set out on page 2. None of the directors had interests in the ordinary shares of the Company at 31 May 2017.

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



**DIRECTORS' REPORT (continued)**


**Dividend**

The directors do not recommend the payment of dividend for the year ended 31 May 2017.

**Auditor**

The Company's auditor, PricewaterhouseCoopers has indicated it will not seek reappointment after the issuance of this year's financial statements.

**BY ORDER OF THE BOARD:**

  
.....  
**Paul Kwabena Pepera**  
Chairman

  
.....  
**Oluwasegun Agbekeye**  
Head of Finance

  
.....  
**David Afflu**  
Business Unit Director

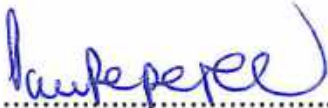
Date: 30<sup>th</sup> Aug 2017

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

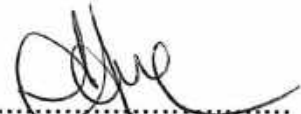
The directors have no plans or intentions to dispose of the business or cease operations that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements. Based on our assessment, nothing has come to the attention of the directors that indicated that the Company will not remain a going concern for at least twelve months from the date of this statement.



.....  
**Paul Kwabena Pepera**  
Chairman



.....  
**Oluwasegun Agbekeye**  
Head of Finance



.....  
**David Afflu**  
Business Unit Director

Date: 30<sup>th</sup> Aug 2017

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

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

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**Our opinion**

In our opinion, the financial statements give a true and fair view of the financial position of PZ Cussons Ghana Limited as at 31 May 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

*What we have audited*

We have audited the financial statements of PZ Cussons Ghana Limited (the "Company") for the year ended 31 May 2017.

The financial statements on pages 14 to 51 comprise:

- the statement of financial position as at 31 May 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

*Independence*

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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**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 Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PZ CUSSONS GHANA LIMITED (CONTINUED)**

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><i>Impairment of trade receivables</i></p> <p>Trade receivables as at 31 May 2017 amount to GH¢26.81 million of which impairment provisions of GH¢5.41 million have been recognised.</p> <p>We focused on the recoverability of trade receivables because management exercises significant judgement in determining the credit worthiness of the Company's customers.</p> <p>The basis of the provisions and critical judgements relating to the calculation of the impairment provisions are summarised in note 3.2 in the notes to the financial statements. The judgement reflects information considered by management, including age of the outstanding debts, the debtors' payment history, debtors facing financial difficulties and default in payment terms.</p> <p>The gross trade receivables and related impairment provisions are disclosed in note 9 to the financial statements.</p>	<p>We tested the operating effectiveness of management's controls over the trade receivables process.</p> <p>We assessed the reasonableness of management's judgement by testing the aging of debtors, and recomputed the impairment provisions based on the observable loss experience of debtors. We tested judgements made relating to customers in financial difficulties and customers with poor payment history.</p> <p>We tested subsequent receipts from selected debtors to assess the recoverability of debtors at the year end. We also tested the adequacy of provisions relating to debts in litigation.</p>

**Other information**

The directors are responsible for the other information. The other information comprises the Chairman's statement, Financial highlights, Corporate governance, Directors report and Statement of directors' responsibilities but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the directors for the financial statements**

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

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PZ CUSSONS GHANA LIMITED (CONTINUED)**

### **Auditor's responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of 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; and
- 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 have communicated 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PZ CUSSONS GHANA LIMITED (CONTINUED)**

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) the Company's balance sheet (statement of financial position) and Company's profit and loss account (part of the statement of comprehensive income) are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Oseini Amui (ICAG/P/1139).



**PricewaterhouseCoopers (ICAG/F/2017/028)**

**Chartered Accountants**

**Accra, Ghana**

**31 August 2017**

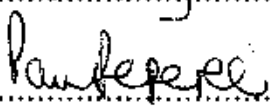


**STATEMENT OF FINANCIAL POSITION**  
 (All amounts are in Ghana cedis)

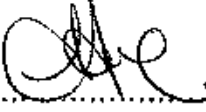
	Note	2017	At 31 May 2016 restated
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	8,002,056	10,247,430
Investments	5	1,405,271	1,405,271
Finance lease receivables	7	891,588	1,296,381
Investment property	8	25,250,801	25,250,801
		<u>35,549,716</u>	<u>38,199,883</u>
<b>Current assets</b>			
Inventories	6	25,162,013	27,969,287
Finance lease receivables	7	1,326,302	1,047,829
Current income tax assets	26	880,908	-
Trade and other receivables	9	29,457,627	32,853,238
Cash and cash equivalents	29	13,826,814	7,459,307
		<u>70,653,664</u>	<u>69,329,661</u>
<b>Total assets</b>		<u>106,203,380</u>	<u>107,529,544</u>
<b>Equity attributable to owners</b>			
Stated capital	10	2,160,000	2,160,000
Capital surplus account	11	3,465,574	3,465,574
Income surplus account	12	9,785,777	20,311,091
<b>Total equity</b>		<u>15,411,351</u>	<u>25,936,665</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	62,967,605	49,529,766
Borrowings	14	23,072,688	23,255,859
Dividend payable	15	2,508,335	2,334,165
Current income tax liability	26	-	28,933
Provisions for other liabilities	16	34,189	1,419,845
		<u>88,582,817</u>	<u>76,568,568</u>
<b>Non-current liabilities</b>			
Borrowings	14	-	279,477
Deferred income tax liabilities	17	2,209,212	4,744,834
		<u>2,209,212</u>	<u>5,024,311</u>
<b>Total liabilities</b>		<u>90,792,029</u>	<u>81,592,879</u>
<b>Total equity and liabilities</b>		<u>106,203,380</u>	<u>107,529,544</u>

The notes on pages 18 to 51 are an integral part of these financial statements.

The financial statements on pages 14 to 51 were approved by the Board of Directors on 19 July 2017 and signed on its behalf by:

  
 Paul Kwabena Pepera  
 Chairman

  
 Oluwasegun Agbekeye  
 Head of Finance

  
 David Afflu  
 Business Unit Director

**STATEMENT OF COMPREHENSIVE INCOME**  
 (All amounts are in Ghana cedis)

	Note	Year ended 31 May	
		2017	2016 (as restated)
Revenue	18	91,832,590	118,279,459
Cost of sales	19	<u>(72,137,864)</u>	<u>(88,055,530)</u>
<b>Gross profit</b>		<b>19,694,726</b>	<b>30,223,929</b>
Distribution costs	20	(14,172,504)	(17,439,580)
Administrative costs	21	(16,032,320)	(15,813,466)
Other income	22	3,466,567	9,274,737
Fair value gain on investment property	8	-	24,144,675
Other operating costs	23	<u>(3,461,711)</u>	<u>(27,559,391)</u>
<b>Operating (loss)/ profit</b>		<b>(10,505,242)</b>	<b>2,830,904</b>
Finance costs	24	<u>(2,362,694)</u>	<u>(2,533,735)</u>
<b>(Loss)/ profit before income tax</b>		<b>(12,867,936)</b>	<b>297,169</b>
Income tax credit/(expense)	27	<u>2,535,622</u>	<u>(8,330,327)</u>
<b>Loss for the year</b>		<b>(10,332,314)</b>	<b>(8,033,158)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b><u>(10,332,314)</u></b>	<b><u>(8,033,158)</u></b>
<b>Loss per share (GH¢)</b>			
Basic and diluted	34	<u>(0.062)</u>	<u>(0.048)</u>

The notes on pages 18 to 51 are an integral part of these financial statements.



**STATEMENT OF CHANGES IN EQUITY**  
 (All amounts are in Ghana cedis)

	Stated capital	Capital surplus account	Income surplus account	Total
<b><u>Year ended 31 May 2017</u></b>				
At 1 June 2016 (as restated)	<u>2,160,000</u>	<u>3,465,574</u>	<u>20,311,091</u>	<u>25,936,665</u>
<b>Comprehensive income:</b>				
Loss for the year	-	-	(10,332,314)	(10,332,314)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss</b>	-	-	<u>(10,332,314)</u>	<u>(10,332,314)</u>
Transactions with owners:				
Dividend declared in 2016	-	-	(193,000)	(193,000)
<b>At 31 May 2017</b>	<u>2,160,000</u>	<u>3,465,574</u>	<u>9,785,777</u>	<u>15,411,351</u>
<b><u>Year ended 31 May 2016</u></b>				
At 1 June 2015	<u>2,160,000</u>	<u>3,465,574</u>	<u>28,344,249</u>	<u>33,969,823</u>
<b>Comprehensive income:</b>				
Loss for the year – restated (Note 39)	-	-	(8,033,158)	(8,033,158)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	<u>(8,033,158)</u>	<u>(8,033,158)</u>
At 31 May 2016 (as restated)	<u>2,160,000</u>	<u>3,465,574</u>	<u>20,311,091</u>	<u>25,936,665</u>

The notes on pages 18 to 51 are an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**

(All amounts are in Ghana cedis)

	Note	<b>Year ended 31 May</b>	
		<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	28	10,482,162	6,596,708
Interest paid	24	(243,909)	(2,533,735)
Tax paid	26	<u>(909,841)</u>	<u>(1,261,940)</u>
<b>Net cash generated from operating activities</b>		<b><u>9,328,412</u></b>	<b><u>2,801,033</u></b>
<b>Cash flows from investing activities</b>			
Dividend received		533,700	347,998
Purchase of property, plant and equipment	4	(1,238,952)	(756,015)
Proceeds from sale of property, plant and equipment	4	<u>344,610</u>	<u>-</u>
<b>Net cash used in investing activities</b>		<b><u>(360,642)</u></b>	<b><u>(408,017)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,059,826	
Repayment of borrowings		(2,371,455)	(1,944,027)
Dividend paid	15	<u>(18,830)</u>	<u>-</u>
<b>Net cash generated from financing activities</b>		<b><u>(1,330,459)</u></b>	<b><u>(1,944,027)</u></b>
<b>Net increase in cash and cash equivalents</b>		<b>7,637,311</b>	<b>448,989</b>
Cash and cash equivalents at 1 June	29	<u>6,189,503</u>	<u>5,740,514</u>
<b>Cash and cash equivalents at 31 May</b>	29	<b><u>13,826,814</u></b>	<b><u>6,189,503</u></b>

The notes on pages 18 to 51 are an integral part of these financial statements.

## **NOTES**

### **1. General information**

PZ Cussons Ghana Limited principal activity 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 27/3-27/7 Sanyo Road, Tema Heavy Industrial Area, P.O. Box 628, Tema, Ghana. The Company is listed on the Ghana Stock Exchange.

### **2. Summary of significant accounting policies**

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

#### **2.1 Basis of preparation**

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

#### **2.1.1 Changes in accounting policy and disclosures**

##### *(i) New and amended standards adopted by the Company*

The Company has applied the following amendments to existing standards for the first time for their annual reporting period commencing 1 June 2016:

- Clarification of acceptable methods of depreciation and amortisation Amendments to IAS 16 and IAS 38;
- Annual improvements to IFRSs 2012-2014 cycle, and
- Disclosure initiative amendments to IAS 1.

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

##### *(ii) New standards and interpretations not yet adopted by the Company*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 May 2017 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below:

**NOTES (Continued)**

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

**2. Summary of significant accounting policies**

<b>Title of Standard</b>	<b>IFRS 9 Financial Instruments</b>
Nature of change	<p>IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.</p> <p>The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments.</p> <p>IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss (P&amp;L). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39.</p> <p>For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.</p> <p>Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.</p>
Impact	<p>Accordingly, the Company does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.</p> <p>There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have been changed.</p> <p>The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.</p>
Mandatory application date/Date of adoption by Company	<p>The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.</p> <p>The company does not intend to adopt IFRS 9 before its mandatory date. The company is still assessing the full impact of IFRS 9.</p>

**NOTES (Continued)**

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

**2. Summary of significant accounting policies**

(ii) New standards and interpretations not yet adopted by the Company

<b>Title of Standard</b>	<b>IFRS 15 Revenue from Contracts with Customers</b>
Nature of change	<p>The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.</p> <p>Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.</p> <p>The standard permits either a full retrospective or a modified retrospective approach for the adoption.</p>
Impact	<p>Management is currently assessing the impact of the new rules. At this stage, the Company is not able to estimate the impact of the new rules on the Company's financial statements. The Company will make more detailed assessments of the impact over the next twelve months.</p>
Mandatory application date/Date of adoption by Company	<p>The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.</p> <p>The company does not intend to adopt IFRS 15 before its mandatory date.</p>
<b>Title of Standard</b>	<b>IFRS 16 Leases</b>
Nature of change	<p>IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.</p> <p>The accounting for lessors will not significantly change.</p>
Impact	<p>The standard will affect primarily the accounting for the Company's operating leases.</p> <p>Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.</p> <p>As at the reporting date, the Company did not have any commitments that qualify as leases under IFRS 16.</p>
Mandatory application date/Date of adoption by Company	<p>IFRS 16 is effective for annual periods beginning on or after January 1, 2019.</p> <p>At this stage, the company does not intend to adopt the standard before its effective date.</p>

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## **NOTES (Continued)**

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

### **2. Summary of significant accounting policies**

#### **2.2 Foreign currency translation**

##### *Functional and presentation currency*

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

##### *Transactions and balances*

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

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

#### **2.3 Property, plant and equipment**

Land and buildings comprising mainly factory and offices are stated at 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.

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

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

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

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

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

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

## **NOTES (continued)**

### **2. Summary of significant accounting policies (continued)**

#### **2.4 Investment property**

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

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

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

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

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

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

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

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

#### **2.5 Leases**

Leases are divided into finance lease and operating lease.

##### **(a) *The Company as the lessee***

###### *Operating lease*

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

## **NOTES (continued)**

### **2. Summary of significant accounting policies (continued)**

#### **2.5 Leases (continued)**

##### **(b) The Company as the lessee (continued)**

###### *Finance lease*

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

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

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

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

##### **(c) The Company as the lessor**

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

#### **2.6 Impairment of non-financial assets**

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

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

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

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



## **NOTES (continued)**

### **2. Summary of significant accounting policies (continued)**

#### **2.7 Inventories**

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

#### **2.8 Financial assets**

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

##### ***Classification***

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

##### ***Loans and receivables***

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

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

##### ***Available-for-sale financial assets***

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

##### ***Recognition and measurement***

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

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

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

## **NOTES (continued)**

### **2. Summary of significant accounting policies (continued)**

#### **2.8 Financial assets (continued)**

##### ***Recognition and measurement (continued)***

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

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

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

#### **2.9 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

#### **2.10 Impairment of financial assets**

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

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

#### **2.11 Trade receivables**

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

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

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

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

## **NOTES (continued)**

### **2. Summary of significant accounting policies (continued)**

#### **2.12 Cash and cash equivalents**

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

#### **2.13 Stated capital**

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

#### **2.14 Dividend distribution**

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

#### **2.15 Trade payables**

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

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

#### **2.16 Borrowings**

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

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

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

#### **2.17 Current and deferred income tax**

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

##### **(i) Current income tax**

Current income tax is the amount of tax payable on taxable profit for the year in accordance with the Income Tax Act, 2000 (Act 592) as amended. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

## **NOTES (continued)**

### **2. Summary of significant accounting policies (continued)**

#### **2.17 Current and deferred income tax (continued)**

##### **(i) Current income tax (continued)**

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### **(ii) Deferred income tax**

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

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

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

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

#### **2.17 Provisions**

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

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

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

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

## **NOTES (continued)**

### **2. Summary of significant accounting policies (continued)**

#### **2.18 Employee benefits (continued)**

##### ***Termination benefits***

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

#### **2.19 Revenue recognition**

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

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

The Company sells its products mainly on wholesale basis through its distribution partners (DPs). Sale of goods are recognised when the Company has delivered products to the DPs, the DPs have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the DPs acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the DPs, and the DPs have accepted the products in accordance with the sales contract.

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

#### **2.20 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.

#### **2.21 Segment reporting**

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

### **3. Critical accounting estimates and judgements**

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

## **NOTES (continued)**

### **3. Critical accounting estimates and judgements (continued)**

#### **3.1 Critical accounting estimates and assumptions**

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

##### *Useful lives of property, plant and equipment*

The Company determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The directors will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. The rates used are set out in note 2.3.

##### *Income tax*

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

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

##### *Investment property*

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

#### **3.2 Critical judgements in applying the entity's accounting policies**

##### **Impairment of account receivables**

The Company reviews the carrying amounts of the account 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 accounts receivable balance is impaired. Receivables for which an impairment provision was recognized are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognized in profit or loss within distribution costs. The accuracy of the allowances depends on how well the entity estimates future cash flows.

**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**3.2 Critical judgements in applying the entity's accounting policies (continued)**

***Investment in Norpalm Ghana Limited***

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

**4. Property, plant and equipment**

	Land and buildings	Plant, machinery and equipment	Motor vehicles	Assets under construction	Total
<b><u>Year ended 31 May 2016</u></b>					
Opening net book amount	6,289,636	1,405,781	2,445,840	1,990,273	12,131,530
Additions	387,540	-	-	729,675	1,117,215
Transfer to investment property	(1,106,126)	-	-	-	(1,106,126)
Transfers	-	112,044	424,195	(536,239)	-
Depreciation charge	<u>(437,591)</u>	<u>(536,466)</u>	<u>(921,132)</u>	-	<u>(1,895,189)</u>
Closing net book amount	<u>5,133,459</u>	<u>981,359</u>	<u>1,948,903</u>	<u>2,183,709</u>	<u>10,247,430</u>
<b><u>At 31 May 2016</u></b>					
Cost	9,136,070	5,350,876	4,851,621	2,183,709	21,522,276
Accumulated depreciation	<u>(4,002,611)</u>	<u>(4,369,517)</u>	<u>(2,902,718)</u>	-	<u>(11,274,846)</u>
Net book amount	<u>5,133,459</u>	<u>981,359</u>	<u>1,948,903</u>	<u>2,183,709</u>	<u>10,247,430</u>
<b><u>Year ended 31 May 2017</u></b>					
Opening net book amount	5,133,459	981,359	1,948,903	2,183,709	10,247,430
Additions	703,738	392,709	142,505	-	1,238,952
Transfers	-	357,564	220,046	(577,610)	-
Write off	-	-	-	(1,606,099)	(1,606,099)
Impairment	(207,497)	-	-	-	(207,497)
Depreciation charge	<u>(250,798)</u>	<u>(552,832)</u>	<u>(867,100)</u>	-	<u>(1,670,730)</u>
Closing net book amount	<u>5,378,902</u>	<u>1,178,800</u>	<u>1,444,354</u>	-	<u>8,002,056</u>
<b><u>At 31 May 2017</u></b>					
Cost	9,777,059	5,982,409	4,228,083	-	19,987,551
Accumulated depreciation	<u>(4,398,157)</u>	<u>(4,803,609)</u>	<u>(2,783,729)</u>	-	<u>(11,985,495)</u>
Net book amount	<u>5,378,902</u>	<u>1,178,800</u>	<u>1,444,354</u>	-	<u>8,002,056</u>

**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**4. Property, plant and equipment (continued)**

	2017	2016
<b>Profit on disposal of property, plant and equipment</b>		
Cost	843,085	-
Accumulated depreciation	<u>(843,085)</u>	<u>-</u>
<b>Net book amount</b>	-	-
Sale proceeds	<u>344,610</u>	<u>-</u>
<b>Profit on disposal</b>	<u>344,610</u>	<u>-</u>

Assets totalling nil (2016 GH¢ 361,200) were purchased under a finance lease and have been excluded from the property plant and equipment additions in the statement of cashflows.

Property, plant and equipment include motor vehicles with net book value of GH¢1,686,222 (2016: GH¢2,626,993) held under finance lease. Finance lease obligations arising from vehicles purchased on finance lease are secured on the said vehicles.

	2017	2016
Cost - capitalised finance leases	3,763,083	3,763,083
Accumulated depreciation	<u>(2,076,861)</u>	<u>(1,136,090)</u>
	<u>1,686,222</u>	<u>2,626,993</u>
<b>Depreciation charge</b>		
Depreciation has been charged to profit or loss as follows:		
Distribution costs	803,630	1,090,525
Administrative costs	<u>867,100</u>	<u>804,664</u>
	<u>1,670,730</u>	<u>1,895,189</u>

**5. Investments**

Norpalm Ghana Limited	<u>1,405,271</u>	<u>1,405,271</u>
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Investments represent the Company's 31% holding of the issued share capital of Norpalm Ghana Limited, an oil palm plantation company incorporated in Ghana. The investment has not been recognised as an associated company because the Company does not exercise significant influence over the affairs of Norpalm Ghana Limited as it does not have the power to influence the financial and operating policies of the entity.



**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**6. Inventories**

	2017	2016
Raw and packing materials	231,463	79,003
Finished products	24,252,269	25,786,612
Goods-in-transit	501,703	2,050,856
Engineering spares	<u>176,578</u>	<u>52,816</u>
	<b><u>25,162,013</u></b>	<b><u>27,969,287</u></b>

The charge to profit or loss for damaged, obsolete and lost inventories for the year ended 31 May 2017 an amount to GH¢2,794,801 (2016: GH¢1,468,101). No inventory has been valued at fair value less cost to sell at the reporting date (2016: Nil).

The cost of inventories recognised as expense and included in 'cost of sales' amount to GH¢67,025,549 (2016: GH¢86,587,429).

**7. Finance lease receivables**

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

Gross finance lease receivables – minimum lease receipts:	2017	2016
Not later than 1 year	1,326,302	1,367,548
Later than 1 year and no later than 5 years	<u>891,588</u>	<u>1,691,940</u>
	2,217,890	3,059,488
Unearned future finance income on finance leases	-	<u>(715,278)</u>
<b>Net investment in finance lease</b>	<b><u>2,217,890</u></b>	<b><u>2,344,210</u></b>
The net investment in finance lease is analysed as follows:		
Not later than 1 year	1,326,302	1,047,829
Later than 1 year and no later than 5 years	<u>891,588</u>	<u>1,296,381</u>
	<b><u>2,217,890</u></b>	<b><u>2,344,210</u></b>

**8. Investment property**

At 1 June	25,250,801	-
Transfer from property, plant and equipment	-	1,106,126
Fair value gain	-	<u>24,144,675</u>
<b>At 31 May</b>	<b><u>25,250,801</u></b>	<b><u>25,250,801</u></b>

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

Investment 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 market data.

**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**9. Trade and other receivables**

	2017	2016
Trade receivables	26,805,719	33,712,576
Provision for impairment	<u>(5,414,770)</u>	<u>(4,965,724)</u>
Trade receivables-net	21,390,949	28,746,852
Amounts due from officers and staff	246,900	224,962
Recoverable withholding tax	1,518,826	1,231,765
Prepayments	1,236,661	393,631
Non-trade receivables	1,766,211	1,220,240
Amounts due from related parties (Note 30(f))	660,211	814,697
Sundry receivables	<u>2,637,869</u>	<u>221,091</u>
	<u>29,457,627</u>	<u>32,853,238</u>

The maximum amount of officers and staff indebtedness during the year did not exceed GH¢493,966 (2016: GH¢493,966).

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

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

	2017	2016
At 1 June	4,965,724	3,070,433
Provision for receivables impairment (Note 20)	1,595,944	1,895,291
Receivables written off during the year as uncollectible	<u>(1,146,898)</u>	<u>-</u>
<b>At 31 May</b>	<u>5,414,770</u>	<u>4,965,724</u>

The recognition of provision for impaired receivables has been included in 'distribution cost' in profit or loss. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

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

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

**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**10. Stated capital**

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

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

There was no change in stated capital during the year (2016: Nil).

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

**11. Capital surplus account**

	2017	2016
At 1 June and 31 May	<u>3,465,574</u>	<u>3,465,574</u>

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) of the Companies Act, 1963 (Act 179).

**12. Income surplus account**

Income surplus account represents the earnings retained by the Company. The amount available for distribution to the members of the Company is subject to the requirements of the Companies Act 1963 (Act 179). The income surplus include fair value gain of GH¢24,144,675 arising from the valuation of investment property in prior year and is under the Companies Act considered an unrealised appreciation in the value of an asset and is not available for distribution.

Movements in income surplus account are shown as part of the statement of changes in equity on page 16 of these financial statements.

**13. Trade and other payables**

	2017	2016
Trade payables	7,225,489	3,732,320
Amounts due to related parties (Note 30(e))	36,368,482	24,698,172
Value added tax	16,479,747	14,335,469
Accruals	2,315,296	6,635,411
Sundry payables	<u>578,591</u>	<u>128,394</u>
	<u>62,967,605</u>	<u>49,529,766</u>

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

**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

<b>14. Borrowings</b>	<b>2017</b>	<b>2016</b>
<b>Current</b>		
Related party loans	<b>22,597,570</b>	20,478,785
Bank overdraft	-	1,269,804
Term loans	<b>475,118</b>	764,025
Finance lease obligations	<u>-</u>	<u>743,245</u>
	<b><u>23,072,688</u></b>	<b><u>23,255,859</u></b>
<b>Non – current</b>		
Term loans	-	82,141
Finance lease obligation	<u>-</u>	<u>197,336</u>
	<u>-</u>	<u>279,477</u>
<b>Total borrowings</b>	<b><u>23,072,688</u></b>	<b><u>23,535,336</u></b>

<b>2016</b>	<b>At</b>	<b>Drawdowns</b>	<b>Repayments</b>	<b>Exchange</b>	<b>At</b>
	<b>1 January</b>			<b>difference</b>	<b>31 December</b>
Bank loan	1,786,747	1,059,826	(2,371,455)	-	<b>475,118</b>
Related parties	<u>20,478,785</u>	<u>-</u>	<u>-</u>	<u>2,118,785</u>	<b><u>22,597,570</u></b>
	<b><u>22,265,532</u></b>	<b><u>1,059,826</u></b>	<b><u>(2,371,455)</u></b>	<b><u>2,118,785</u></b>	<b><u>23,072,688</u></b>

Related party loans comprise of GH¢1,015,695 and US\$5,000,000 facilities from PZ Cussons International Limited and PZ Cussons (Holdings) Limited respectively, for working capital purposes. The facilities are unsecured and are payable on demand.

**(a) Term loans**

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

**(b) Finance lease obligations**

The finance lease obligations are as follows:

<b>Gross finance lease liabilities – minimum lease payments:</b>	<b>2017</b>	<b>2016</b>
Not later than 1 year	-	990,156
Later than 1 year and no later than 5 years	<u>-</u>	<u>271,868</u>
	<u>-</u>	1,262,024
<b>Future finance charges on finance leases</b>	<u>-</u>	<u>(321,443)</u>
<b>Present value of finance lease liabilities</b>	<u>-</u>	<u>940,581</u>

The present value of finance lease liabilities is as follows:

Not later than 1 year	-	743,245
Later than 1 year and no later than 5 years	<u>-</u>	<u>197,336</u>
	<u>-</u>	<u>940,581</u>

**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**14. Borrowings (continued)**

**(c) Bank overdrafts**

The Company has unsecured overdraft facility with local banks not exceeding GH¢5,000,000 (2016: GH¢20,000,000).

**15. Dividend payable**

	2017	2016
At 1 June	2,334,165	2,334,165
Dividend declared for year ended 31 May 2016	193,000	-
Dividend paid	<u>(18,830)</u>	<u>-</u>
<b>At 31 May</b>	<b><u>2,508,335</u></b>	<b><u>2,334,165</u></b>

**16. Provision for other liabilities**

At 1 June	1,419,845	230,000
Charged to profit or loss	-	1,345,393
Redundancy payments during year	<u>(1,385,656)</u>	<u>(155,548)</u>
<b>At 31 May</b>	<b><u>34,189</u></b>	<b><u>1,419,845</u></b>

Provision for other liabilities represent redundancy provisions in respect of restructuring of the company's operations.

**17. Deferred income tax**

2017

2016

The gross movement on deferred income tax account is as follows:

At 1 June	4,744,834	(2,083,703)
Credited to profit or loss (Note 27)	<u>(2,535,622)</u>	<u>6,828,537</u>
<b>At 31 May</b>	<b><u>2,209,212</u></b>	<b><u>4,744,834</u></b>

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

<u>Year ended 31 May 2017</u>	At 1 June	Charged/(credited) to profit or loss	At 31 May
Accelerated tax depreciation	(146,730)	1,020,752	874,022
Provision for doubtful debts	(1,241,431)	(112,262)	(1,353,693)
Provision for obsolete and damaged inventories	(48,879)	(195,342)	(244,221)
Provision for restructuring costs	(354,960)	346,413	(8,547)
Fair value gain on investment property	6,036,169	-	6,036,169
Unrealised exchange losses	500,665	(967,039)	(466,374)
Tax losses	<u>-</u>	<u>(2,628,144)</u>	<u>(2,628,144)</u>
	<b><u>4,744,834</u></b>	<b><u>(2,535,622)</u></b>	<b><u>2,209,212</u></b>

**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**17. Deferred income tax (continued)**

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

**18. Revenue**

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

	2017	2016
<b>Revenue by type</b>		
Gross revenue from sale of goods	106,442,273	130,812,022
Trade rebates	<u>(14,609,683)</u>	<u>(12,532,563)</u>
	<u>91,832,590</u>	<u>118,279,459</u>
<b>Revenue by customer</b>		
Third parties	<u>91,832,590</u>	<u>118,279,459</u>
<b>Revenue by type of sales</b>		
Export sales	-	487,491
Local sales	<u>91,832,590</u>	<u>117,791,968</u>
	<u>91,832,590</u>	<u>118,279,459</u>

**19. Cost of sales**

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

	2017	2016
Material costs	67,025,549	86,587,429
Other overheads – stock provision	<u>5,112,315</u>	<u>1,468,101</u>
	<u>72,137,864</u>	<u>88,055,530</u>

**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

<b>20. Distribution costs</b>	<b>2017</b>	<b>2016</b>
		As restated
Selling and distribution costs include:		
Advertising and promotion	2,915,203	4,108,573
Vehicle hire	1,610,667	1,475,374
Staff costs (Note 25)	5,223,632	5,922,022
Depreciation (Note 4)	803,630	1,090,525
Warehouse rental charges	94,611	448,838
Impairment charge on trade receivables (Note 9)	<u>1,595,944</u>	<u>1,895,291</u>
<b>21. Administrative costs</b>		
Administrative expenses include:		
Depreciation (Note 4)	867,100	804,664
Staff costs (Note 25)	1,865,346	2,662,064
IT costs	3,295,141	3,312,926
Auditors' remuneration	207,000	153,265
Directors' remuneration	316,426	908,363
Directors' fees	180,715	183,230
Donations	<u>51,539</u>	<u>14,620</u>
<b>22. Other income</b>		
Dividend income	533,700	347,998
Profit on disposal of property, plant and equipment (Note 4)	344,610	-
Rental income	2,083,735	915,143
Exchange gain	-	4,227,468
Royalties and service fees	-	3,626,670
Sundry income	<u>504,522</u>	<u>157,458</u>
	<u>3,466,567</u>	<u>9,274,737</u>
<b>23. Other operating costs</b>		
Indirect tax obligations	-	26,213,998
Restructuring costs ("exceptional item")	1,826,266	1,345,393
Foreign exchange losses	<u>1,635,445</u>	-
	<u>3,461,711</u>	<u>27,559,391</u>
<b>24. Finance costs</b>		
Interest on overdraft	93,763	2,000,840
Interest on finance lease	150,146	532,895
Exchange loss on related party loans	<u>2,118,785</u>	-
	<u>2,362,694</u>	<u>2,533,735</u>

**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**25. Staff cost**

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

<b>a) Distribution costs</b>	<b>2017</b>	<b>2016</b>
Remuneration to employees	4,659,398	5,261,254
Pension contribution	<u>564,234</u>	<u>660,768</u>
	<u>5,223,632</u>	<u>5,922,022</u>
 <b>b) Administrative costs</b>		
Remuneration to employees	1,722,632	2,451,416
Pension contribution	<u>142,714</u>	<u>210,648</u>
	<u>1,865,346</u>	<u>2,662,064</u>

The number of employees at year end was 144 (2016: 136).

**26. Current income tax**

	At 1 June	Charged/ (credited) to profit or loss	Payments during the year	At 31 May
<b><u>Year ended 31 May 2017</u></b>				
Withholding tax credit 2017	(125,389)	-	-	(125,389)
Corporation tax 2017	-	-	(601,685)	(601,685)
Up to 2016	<u>154,322</u>	-	<u>(308,156)</u>	<u>(153,834)</u>
	<u>28,933</u>	-	<u>(909,841)</u>	<u>(880,908)</u>
 <b><u>Year ended 31 May 2016</u></b>				
Withholding tax credit 2016	(123,529)	-	(1,860)	(125,389)
Corporation tax 2016	-	1,501,790	(1,260,080)	241,710
Up to 2015	<u>(87,388)</u>	-	-	<u>(87,388)</u>
	<u>(210,917)</u>	<u>1,501,790</u>	<u>(1,261,940)</u>	<u>28,933</u>

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



**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**32. Segmental reporting (continued)**

The segment information provided to the Executive Committee for the reportable segments for the years ended 31 May 2017 and 2016 are as follows:

	2017	2016
<b>Revenue from external customers</b>		
Core	80,664,446	103,320,645
Electrical appliances	<u>11,168,144</u>	<u>14,958,814</u>
	<u>91,832,590</u>	<u>118,279,459</u>
Revenue from external customers comprises:		
<b>Revenue from external customers within Ghana:</b>		
Core	80,664,446	102,833,155
Electrical Appliances	<u>11,168,144</u>	<u>14,958,814</u>
	91,832,590	117,791,969
<b>Revenue from external customers outside Ghana:</b>		
Core	-	487,490
	<u>91,832,590</u>	<u>118,279,459</u>
<b>Net segment operating costs</b>		
Core	64,025,054	112,017,738
Electrical appliances	<u>8,112,810</u>	<u>20,602,292</u>
	<u>72,137,864</u>	<u>132,620,030</u>
<b>Segment contribution</b>		
Core	16,639,392	12,345,103
Electrical appliances	<u>3,055,334</u>	<u>2,270,518</u>
	<u>19,694,726</u>	<u>14,615,621</u>

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

**33. Post-employment benefits**

The Company contributes to defined contribution pension schemes. For the year ended 31 May 2017, the Company contributed GH¢284,521 (2016: GH¢291,119) to the scheme.

**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**34. Earnings/ (loss) per share**

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

	2017	2016
Loss for the year	(10,332,314)	(8,033,158)
Weighted average number of shares in issue (in '000)	168,000	168,000
Basic loss per share (GH¢)	<u>(0.062)</u>	<u>(0.048)</u>

There were no potentially dilutive shares outstanding at 31 May 2017 and 31 May 2016. Diluted profit/ (loss) per share are therefore the same as basic earnings/ (loss) per share.

**35. Dividend per ordinary share**

The directors do not recommend the payment of dividend for the year ended 31 May 2017.

**36. Contingent liabilities**

The Company had no contingent liability (2016: Nil) at the reporting date.

**37. Capital commitments**

There were no capital commitments at 31 May 2017 (2016: Nil).

**38. Events after reporting period**

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

**39. Restatement of comparative financial information**

The company undertook a detailed review of its provisions for indirect tax obligations in the current year. A provision of GH¢9.96 million was established relating to prior year. This has been recognised as a prior year adjustment by restating other operating costs and trade and other payables follows:

**Impact on statement of changes in equity for the year ended 31 May 2016**

	Stated capital	Capital surplus account	Income surplus account	Total
At 1 June 2015	<u>2,160,000</u>	<u>3,465,574</u>	<u>28,344,249</u>	<u>33,969,823</u>
Total comprehensive income	-	-	1,929,198	1,929,198
Effect of provision for indirect taxes	-	-	<u>(9,962,356)</u>	<u>(9,962,356)</u>
<b>At 31 May 2016</b>	<b><u>2,160,000</u></b>	<b><u>3,465,574</u></b>	<b><u>20,311,091</u></b>	<b><u>25,936,665</u></b>

**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**39. Restatement of comparative financial information (continued)**

**Impact on statement of financial position as at 31 May 2016**

	As previously reported	Provision for indirect taxes	As restated
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10,247,430	-	10,247,430
Investments	1,405,271	-	1,405,271
Deferred income tax assets	-	-	-
Finance lease receivables	1,296,381	-	1,296,381
Investment property	<u>25,250,801</u>	-	<u>25,250,801</u>
	<u>38,199,883</u>	-	<u>38,199,883</u>
<b>Current assets</b>			
Inventories	27,969,287	-	27,969,287
Finance lease receivables	1,047,829	-	1,047,829
Current income tax assets	-	-	-
Trade and other receivables	32,853,238	-	32,853,238
Cash and cash equivalents	<u>7,459,307</u>	-	<u>7,459,307</u>
	<u>69,329,661</u>	-	<u>69,329,661</u>
<b>Total assets</b>	<u>107,529,544</u>	-	<u>107,529,544</u>
<b>Equity attributable to owners</b>			
Stated capital	2,160,000	-	2,160,000
Capital surplus account	3,465,574	-	3,465,574
Income surplus account	<u>30,273,447</u>	<u>(9,962,356)</u>	<u>20,311,091</u>
<b>Total equity</b>	<u>35,899,021</u>	<u>(9,962,356)</u>	<u>25,936,665</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	39,567,410	9,962,356	49,529,766
Borrowings	23,255,859	-	23,255,859
Dividend payable	2,334,165	-	2,334,165
Current income tax liability	28,933	-	28,933
Provisions for other liabilities	<u>1,419,845</u>	-	<u>1,419,845</u>
	<u>66,606,212</u>	<u>9,962,356</u>	<u>76,568,568</u>
<b>Non-current liabilities</b>			
Borrowings	279,477	-	279,477
Deferred income tax liabilities	<u>4,744,834</u>	-	<u>4,744,834</u>
	<u>5,024,311</u>	-	<u>5,024,311</u>
<b>Total liabilities</b>	<u>71,630,523</u>	<u>9,962,356</u>	<u>71,630,523</u>
<b>Total equity and liabilities</b>	<u>107,529,544</u>	-	<u>107,529,544</u>

**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**39. Restatement of comparative financial information (continued)**

**Impact on statement of comprehensive income for the year ended 31 May 2016**

	As previously reported	Provision for indirect taxes	As restated
Revenue	118,279,459	-	118,279,459
Cost of sales	<u>(88,055,530)</u>	-	<u>(88,055,530)</u>
<b>Gross profit</b>	30,223,929	-	30,223,929
Distribution costs	(17,439,580)	-	(17,439,580)
Administrative costs	(15,813,466)	-	(15,813,466)
Other income	9,274,737	-	9,274,737
Fair value gain on investment property	24,144,675	-	24,144,675
Other operating costs	<u>(17,597,035)</u>	<u>(9,962,356)</u>	<u>(27,559,391)</u>
<b>Operating profit</b>	12,793,260	(9,962,356)	2,830,904
Finance costs	<u>(2,533,735)</u>	-	<u>(2,533,735)</u>
<b>Profit before income tax</b>	10,259,525	(9,962,356)	297,169
Income tax expense	<u>(8,330,327)</u>	-	<u>(8,330,327)</u>
<b>Profit/ (loss) for the year</b>	1,929,198	(9,962,356)	(8,033,158)
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<u>1,929,198</u>	<u>(9,962,356)</u>	<u>(8,033,158)</u>
<b>(Loss)/ profit per share (GH¢)</b>			
Basic and diluted	<u>0.0115</u>	<u>(0.0593)</u>	<u>(0.0478)</u>

## SHAREHOLDERS' INFORMATION

### 1) Number of shareholders

The number and distribution of ordinary shareholders with equal voting rights as at 31 May 2017 was as shown below:

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

### 2) Details of 20 largest shareholders at 31 May 2017

Name of Shareholder	Shares held	% Holdings
PZ Cussons (Holding) Limited	151,602,006	90.24
African Tiger Mutual Fund Limited	5,250,000	3.13
SCGN/SCBM RE Skaniaviska Enskilda	750,000	0.45
HFCN/EDC Ghana Balanced Fund Ltd	377,400	0.22
Ghanaian Enterprise Development Commission	152,700	0.09
Mr Joseph Kwabena Buachie	144,480	0.09
Mr Edward T Dodoo	142,800	0.09
Mr Albert K Acheampong	137,820	0.08
Nsiah Ghana Limited	124,800	0.07
Mr Kwabena Pepera Jr	115,170	0.07
PZ Cussons Ghana Prov. Fund	100,500	0.06
Mr Timothy Aye Kusi	98,700	0.06
Mr Emmanuel .A Clement	92,580	0.05
Mrs Georgina Badu	90,120	0.05
Dr Emmanuel Edmund Sackey	87,000	0.05
Mr Diamond C.Amoakoh	87,000	0.05
Mr Victor Anthony Sackey	87,000	0.05
Mr John. G.A Renner	84,000	0.05
CEPS Junior Staff Provident Fund	81,600	0.05
Rev Jonathan Yaw A. Amoa	<u>81,420</u>	<u>0.05</u>
Reported Totals	159,687,096	95.05
Not Reported	<u>8,312,904</u>	<u>4.95</u>
	<b><u>168,000,000</u></b>	<b><u>100.00</u></b>

### 3) Directors' shareholding

No director held shares in the Company as at 31 May 2017.

**SHAREHOLDERS' INFORMATION (CONTINUED)**

**4) Proxy Form**

**PZ CUSSONS GHANA LIMITED**

**PROXY FORM FOR USE AT THE 59<sup>TH</sup> ANNUAL GENERAL MEETING TO BE HELD AT THE GHANA-INDIA KOFI ANNAN CENTER FOR EXCELLENCE IN ICT, RINGWAY ESTATES, ACCRA (NEAR THE GHANA INSTITUTE OF JOURNALISM) ON TUESDAY SEPTEMBER 26, 2017 AT 11 O'CLOCK IN THE FORENOON**

I/We \_\_\_\_\_ being a member(s) of PZ CUSSONS GHANA LIMITED hereby appoint \_\_\_\_\_ or failing him/her the Chairman as my/our Proxy to vote for me/us, and on my/our behalf at the Annual General Meeting of the company to be held on the **26<sup>th</sup> day of September, 2017** and at any and every adjournment thereof.

**This form to be used:-**

- |    |                                 |   |
|----|---------------------------------|---|
| 1. | <u>*in favour of</u><br>against | the Resolution to adopt the Reports of the Directors, Auditors and the Financial Statements of the Company for the year ended May 31, 2017. |
| 2. | <u>*in favour of</u><br>against | the Resolution to re-elect Mr. Christos Giannopoulos as a Director of the company.  |
| 3. | <u>*in favour of</u><br>against | the Resolution to re-elect Mr. Oluwasegun Lawrence Agbekeye as a Director of the company.   |
| 4. | <u>*in favour of</u><br>against | the Resolution to fix the remuneration of the Directors.  |
| 5. | <u>*in favour of</u><br>against | the Resolution to authorise the Directors to fix the remuneration of the Auditors.  |

On any other business transacted at the meeting and unless otherwise instructed in paragraphs 1 to 5 under Ordinary Business above, the resolutions to which reference is made in those paragraphs, the proxy will vote as he/she thinks fit.

\* **Strike out whichever is not desired**

\_\_\_\_\_  
Signature of Shareholder

Signed this ..... day of ..... 2017.

**SHAREHOLDERS' INFORMATION (CONTINUED)**

**4) Proxy Form (continued)**

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

1. A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The Proxy Form has been prepared to enable you exercise your vote if you cannot personally attend.
2. Provision has been made on the Form for the Chairman of the meeting to act as your Proxy but if you so wish, you may insert in the blank space the name of any person whether a member of the Company or not who will attend the meeting and vote on your behalf instead of the Chairman.
3. In case of joint holders, each joint holder must sign.
4. If executed by a Corporation, the Proxy Form must bear its Common Seal or be signed on its behalf by a Director.
5. Please sign the above Proxy Form and post it so as to reach the address shown overleaf not later than ..... on ..... **2017**.
6. The Proxy must produce the Admission Card with the Notice of the Meeting to obtain entrance to the meeting.

**SHAREHOLDERS' INFORMATION (CONTINUED)**

**5) Five year financial summary**

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

	2017	2016	2015	2014	2013
<b>ASSETS EMPLOYED</b>					
Non-current assets	35,550	38,200	17,174	13,034	12,044
Net current assets	<u>(17,929)</u>	<u>2,723</u>	<u>18,568</u>	<u>24,953</u>	<u>28,879</u>
	17,621	40,923	35,742	37,987	40,923
Non-current liabilities	<u>(2,209)</u>	<u>(5,024)</u>	<u>(1,772)</u>	<u>(1,274)</u>	<u>(1,734)</u>
<b>Net assets</b>	<u>15,412</u>	<u>35,899</u>	<u>33,970</u>	<u>36,713</u>	<u>39,189</u>
<b>FUNDS EMPLOYED</b>					
Stated capital	2,160	2,160	2,160	2,160	2,160
Capital surplus account	3,466	3,466	3,466	3,466	3,466
Income surplus account	<u>9,785</u>	<u>20,311</u>	<u>28,344</u>	<u>31,087</u>	<u>33,563</u>
<b>Total equity</b>	<u>15,411</u>	<u>25,937</u>	<u>33,970</u>	<u>36,713</u>	<u>39,189</u>
Gross turnover	91,833	118,279	118,948	107,150	95,742
(Loss)/profit before tax	(12,868)	297	(4,125)	(2,550)	10,013
Loss after tax (transferred to income surplus account)	<u>(10,332)</u>	<u>(8,033)</u>	<u>(2,743)</u>	<u>(1,703)</u>	<u>7,861</u>
Proposed dividend	<u>-</u>	<u>193</u>	<u>-</u>	<u>-</u>	<u>773</u>