

# Independent Auditor's Report

To the Members of PZ Cussons Ghana Limited

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of PZ Cussons Ghana Limited set out on pages 10 to 44. These financial statements comprise the statement of financial position as at 31 May 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Directors' responsibility for the financial statements

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

### Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well

as evaluating the overall presentation of the financial statements.

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


### Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of PZ Cussons Ghana Limited as at 31 May 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

## REPORT ON OTHER LEGAL REQUIREMENTS

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

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



Signed by: Michael Asiedu-Antwi (ICAG/P/1138)

For and on behalf of:

PricewaterhouseCoopers (ICAG/F/028)

Chartered Accountants

Accra, Ghana

25<sup>th</sup> July, 2013





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# Statement of Financial Position

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

		At 31 May	
	Notes	2013	2012
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	10,095,792	9,825,119
Finance lease receivables	6(b)	543,310	480,048
Investments	4	1,405,271	1,405,271
Deferred income tax	13	-	765,915
		<b>12,044,373</b>	<b>12,476,353</b>
<b>Current assets</b>			
Inventories	5	24,834,613	22,278,658
Finance lease receivables	6(b)	543,963	480,624
Current income tax	22	265,607	-
Trade and other receivables	6(a)	30,673,173	22,464,907
Cash and cash equivalents	26	4,544,988	4,577,824
		<b>60,862,344</b>	<b>49,802,013</b>
<b>Total assets</b>		<b>72,906,717</b>	<b>62,278,366</b>
<b>Equity attributable to owners</b>			
Stated capital	7	2,160,000	2,160,000
Capital surplus account	8	3,465,574	3,465,574
Income surplus account	9	33,563,277	25,702,117
<b>Total equity</b>		<b>39,188,851</b>	<b>31,327,691</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	11	709,996	659,978
Deferred income tax	13	1,024,689	-
		<b>1,734,685</b>	<b>659,978</b>
<b>Current liabilities</b>			
Trade and other payables	10	28,400,214	26,404,931
Borrowings	11	1,946,171	1,880,621
Current income tax	22	-	368,349
Dividend payable	12	1,636,796	1,636,796
		<b>31,983,181</b>	<b>30,290,697</b>
<b>Total liabilities</b>		<b>33,717,866</b>	<b>30,950,675</b>
<b>Total equity and liabilities</b>		<b>72,906,717</b>	<b>62,278,366</b>

The notes on pages 16 to 44 are an integral part of these financial statements.

The financial statements on pages 10 to 44 were approved by the Board of Directors on 17 July 2013 and signed on its behalf by:



Paul Kwabena Pepera  
Chairman



James Berkeley Judson  
Managing Director

# Statement of Comprehensive Income

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

					Year ended 31 May	
	Notes	Before exceptional item	exceptional item	2013	2012	
<b>Revenue</b>	14	95,742,084		95,742,084	82,322,463	
Cost of sales	15	(61,143,374)		(61,143,374)	(54,210,120)	
<b>Gross profit</b>		34,598,710		34,598,710	28,112,343	
Distribution costs	16	(20,622,887)		(20,622,887)	(16,270,342)	
Administrative costs	17	(5,699,173)		(5,699,173)	(4,842,403)	
Other income	18	2,520,824		2,520,824	1,630,468	
Other operating costs	19	-	(481,217)	(481,217)	(7,665,000)	
<b>Operating profit</b>		10,797,474	(481,217)	10,316,257	965,066	
Finance costs	20	(303,022)	-	(303,022)	(348,710)	
Profit before income tax		10,494,452	(481,217)	10,013,235	616,356	
Income tax(expense)/credit	23	(2,152,075)	-	(2,152,075)	147,254	
<b>Profit for the year</b>		8,342,377	(481,217)	7,861,160	763,610	
Other comprehensive income		-	-	-	-	
<b>Total comprehensive income for the year</b>		8,342,377	(481,217)	7,861,160	763,610	
<b>Earnings per share (GH¢)</b>						
Basic and diluted	30			0.0468	0.0063	

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## Statement of Changes In Equity

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

	Stated capital	Capital surplus account	Income surplus account	Total
<b>Year ended 31 May 2013</b>				
At 1 June 2012	2,160,000	3,465,574	25,702,117	31,327,691
Comprehensive income:				
Profit or loss	-	-	7,861,160	7,861,160
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	7,861,160	7,861,160
Transaction with owners:				
	-	-	-	-
<b>At 31 May 2013</b>	2,160,000	3,465,574	33,563,277	39,188,851
<b>Year ended 31 May 2012</b>				
At 1 June 2011	1,160,000	4,465,574	25,571,307	31,196,881
Comprehensive income:				
Profit or loss	-	-	763,610	763,610
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	763,610	763,610
Transaction with owners:				
Dividend relating to 2011-	-	-	(632,800)	(632,800)
Transfer to stated capital	1,000,000	(1,000,000)	-	-
<b>At 31 May 2012</b>	2,160,000	3,465,574	25,702,117	31,327,691

The notes on pages 16 to 44 are an integral part of these financial statements.

# Statement of Cash Flow

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

		Year ended 31 May	
	Note	2013	2012
<b>Cash flows from operating activities</b>			
Cash generated from operations	25	1,426,217	9,199,111
Interest received	18	-	25,569
Interest paid	20	(303,022)	(348,710)
Tax paid	22	(995,427)	(1,304,535)
<b>Net cash generated from operating activities</b>		<b>127,768</b>	<b>7,571,435</b>
<b>Cash flows from investing activities</b>			
Dividend received	18	758,986	54,578
Purchase of property, plant and equipment	3	(2,898,654)	(2,152,609)
Proceeds from sale of property, plant and equipment	3	1,863,496	968,175
<b>Net cash used in investing activities</b>		<b>(276,172)</b>	<b>(1,129,856)</b>
<b>Cash flows from financing activities</b>			
Finance lease drawdown	11(b)	1,265,075	983,422
Finance lease repaid	11(b)	(1,149,507)	(770,392)
Draw down of related party loans	11(a)	-	3,059,478
Repayment of related party loans	11(a)	-	(8,665,643)
Dividend paid	12	-	(124,707)
<b>Net cash generated from/(used in) financing activities</b>		<b>115,568</b>	<b>(5,517,842)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(32,836)</b>	<b>923,737</b>
Cash and cash equivalents at 1 June		4,577,824	3,654,087
<b>Cash and cash equivalents at 31 May</b>	26	<b>4,544,988</b>	<b>4,577,824</b>

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