



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNILEVER GHANA LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Unilever Ghana Limited, which comprise the statement of financial position at 31 December 2016, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 20 to 58.

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

#### 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

#### Revenue recognition

**(GH¢ 496 million)**

Refer to Note 5 to the financial statements.

#### The key audit matter

Revenue is recognised when the risk and rewards of the underlying products have been transferred to the customer. Revenue should only be recognised when risk and rewards associated with the relevant products have been transferred to distributors.

How the matter was addressed in our audit

We evaluated sales invoices and credit notes issued at either side of the reporting date and assessed whether revenue was recognised in the correct period. We also developed an expectation of the current year revenue balance base on trend analysis, taking into account historical monthly sales and returns information. We then compared the expectation to actual results and ascertained reasons for variances. We also considered the adequacy of the Company's disclosures in respect of revenue.

#### Existence and Valuation of inventory

**(GH¢ 54 million)**

Refer to Note 19 to the financial statements.

The key audit matter



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

The Company keeps large number of inventory lines with significant values for the relevant segments. Inventory may not be measured appropriately due to obsolescence or inaccurate unit cost assigned to items with significant values

### **How the matter was addressed in our audit**

We tested controls over periodic inventory count and reconciliation to relevant records. We also observed year end inventory count and agreed results with the Company's records. In addition, we recomputed unit cost used for year end inventory valuation and enquired into identified slow moving inventory and assessed reasonableness of impairment allowance recognised on such inventory.

### **Other Information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and the Directors' Report as required by the Companies Act, 1963 (Act 179). The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

### **Responsibilities of the Directors for the Financial Statements**

The Directors are responsible for the preparation 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 intends 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.

### **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 judgment and maintain professional skepticism throughout the audit. We also:

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



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNILEVER GHANA LIMITED (CONTINUED)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current 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.

### Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act, 1963 (Act 179)

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

In our opinion, proper books of account have been kept, and the financial position and profit or loss and other comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Anthony K. Sarpong (ICAG/P/1369).

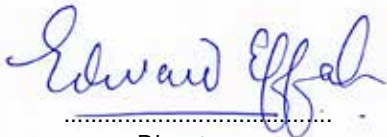
FOR AND ON BEHALF OF KPMG:  
(ICAG/F/2017/038) CHARTERED ACCOUNTANTS  
13 YIYIWA DRIVE, ABELENKPE  
P O BOX GP 242 ACCRA

06 APRIL, 2017  
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## Statement of financial position as at 31 December

(All amounts are expressed in thousands of Ghana cedis)

	Notes	2016	2015
<b>Assets</b>			
Property, plant and equipment	15a&b	101,066	77,273
Intangible assets	16	1,379	3,792
Investment in subsidiaries	18	10	10
Employee benefits	17a	-	6,671
		-----	-----
<b>Total non-current assets</b>		<b>102,455</b>	<b>87,746</b>
		-----	-----
Inventories	19	54,280	48,013
Trade and other receivables	24	61,919	50,347
Prepayments	25	18,427	2,657
Related party receivables	32c	133,549	88,673
Current tax asset	14a	-	600
Cash and bank balances	28	9,111	29,214
		-----	-----
<b>Total current assets</b>		<b>277,286</b>	<b>219,504</b>
		-----	-----
<b>Total assets</b>		<b>379,741</b>	<b>307,250</b>
		=====	=====
<b>Equity</b>			
Share capital	21a	1,200	1,200
Capital surplus account	22	204	204
Retained earnings	21b	74,102	62,463
Share deals account	23	81	81
		-----	-----
<b>Total equity</b>		<b>75,587</b>	<b>63,948</b>
		-----	-----
<b>Non-current liabilities</b>			
Employee benefits obligation	17a	4,048	3,709
Deferred tax liability	14a	6,360	4,229
		-----	-----
<b>Total non-current liabilities</b>		<b>10,408</b>	<b>7,938</b>
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<b>Current liabilities</b>			
Bank overdraft	28	5,635	-
Trade and other payables	26	85,743	64,926
Related party payables	32d	195,797	164,260
Dividend payables	20	3,044	3,053
Provisions	29	3,151	3,125
Current tax liability	14a	376	-
		-----	-----
<b>Total current liabilities</b>		<b>293,746</b>	<b>235,364</b>
		-----	-----
<b>Total liabilities</b>		<b>304,154</b>	<b>243,302</b>
		-----	-----
<b>Total equity and liabilities</b>		<b>379,741</b>	<b>307,250</b>
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 Director


  
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 Director

The notes from pages 24 to 58 are an integral part of these financial statements.

# Statement of comprehensive income for the year ended 31 December

(All amounts are expressed in thousands of Ghana cedis)



	Notes	2016	2015
Revenue	5	496,306	518,731
Cost of sales	7	(346,109)	(370,985)
<b>Gross profit</b>		<b>150,197</b>	<b>147,746</b>
Distribution expenses	8	(10,554)	(10,390)
Brand & marketing investment	9	(25,902)	(27,083)
Administrative expenses	10	(57,931)	(58,204)
Restructuring costs	29a	(3,275)	(2,447)
Other income	11	1,494	760
<b>Operating profit</b>		<b>54,029</b>	<b>50,382</b>
Finance income	12	322	73
Finance costs	12	(818)	(2,812)
<b>Profit before taxation</b>		<b>53,533</b>	<b>47,643</b>
Taxation	14c	(14,484)	(11,933)
<b>Profit after taxation</b>		<b>39,049</b>	<b>35,710</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Actuarial loss	17b	(2,676)	(4,569)
Return on planned assets	17b	(537)	280
Net actuarial loss		(3,213)	(4,289)
Related tax	14a&b	803	934
Other comprehensive income net of tax		(2,410)	(3,355)
<b>Total comprehensive income</b>		<b>36,639</b>	<b>32,355</b>
<b>Earnings per share for profit attributable to equity holders of the Company</b>			
Basic earnings per share		0.6248	0.5714
Diluted earnings per share		0.6248	0.5714

The notes from pages 24 to 58 are an integral part of these financial statements.

## Statement of cash flows for the year ended 31 December

(All amounts are expressed in thousands of Ghana cedis)



	Notes	2016	2015
<b>Cash flows from operating activities</b>			
Cash generated from operations	27	38,350	67,129
Interest paid	12	(818)	(2,812)
Interest received	12	322	73
Income tax paid	14 a	(10,574)	(11,622)
		-----	-----
<b>Net cash generated from operating activities</b>		<b>27,280</b>	<b>52,768</b>
		-----	-----
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	15a&b	(30,822)	(20,341)
		-----	-----
<b>Net cash used in investing activities</b>		<b>(30,822)</b>	<b>(20,341)</b>
		-----	-----
<b>Cash flows from financing activities</b>			
Dividend paid	20	(25,009)	(15)
		-----	-----
<b>Net cash used in financing activities</b>		<b>(25,009)</b>	<b>(15)</b>
		-----	-----
<b>Decrease in cash and cash equivalents</b>			
		(28,551)	32,412
Cash and cash equivalents at beginning of year		29,214	(1,641)
Effect of movement in exchange rate on cash and bank		2,813	(1,557)
		-----	-----
<b>Cash and cash equivalents at end of year</b>	28	<b>3,476</b>	<b>29,214</b>
		=====	=====

The notes from pages 24 to 58 are an integral part of these financial statements.

## Statement of changes in equity as at 31 December

(All amounts are expressed in thousands of Ghana cedis)

	Share capital	Capital surplus account	Retained earnings	Share deals account	Total equity
<b>Balance at 1 January 2015</b>	1,200	204	30,108	81	31,593
<b>Total comprehensive income</b>					
Profit	-	-	35,710	-	35,710
Other comprehensive income	-	-	(3,355)	-	(3,355)
<b>Total comprehensive income</b>	-	-	32,355	-	32,355
<b>Balance at 31 December 2015</b>	<b>1,200</b>	<b>204</b>	<b>62,463</b>	<b>81</b>	<b>63,948</b>
<b>Balance at 1 January 2016</b>	1,200	204	62,463	81	63,948
<b>Total comprehensive income</b>					
Profit	-	-	39,049	-	39,049
Other comprehensive income	-	-	(2,410)	-	(2,410)
<b>Total comprehensive income</b>	-	-	36,639	-	36,639
<b>Transaction with owners of the Company</b>					
<i>Distribution</i>					
Dividend Declared	-	-	(25,000)	-	(25,000)
<b>Total distribution</b>	-	-	(25,000)	-	(25,000)
<b>Balance at 31 December 2016</b>	<b>1,200</b>	<b>204</b>	<b>74,102</b>	<b>81</b>	<b>75,587</b>

The notes from pages 24 to 58 are an integral part of these financial statements.