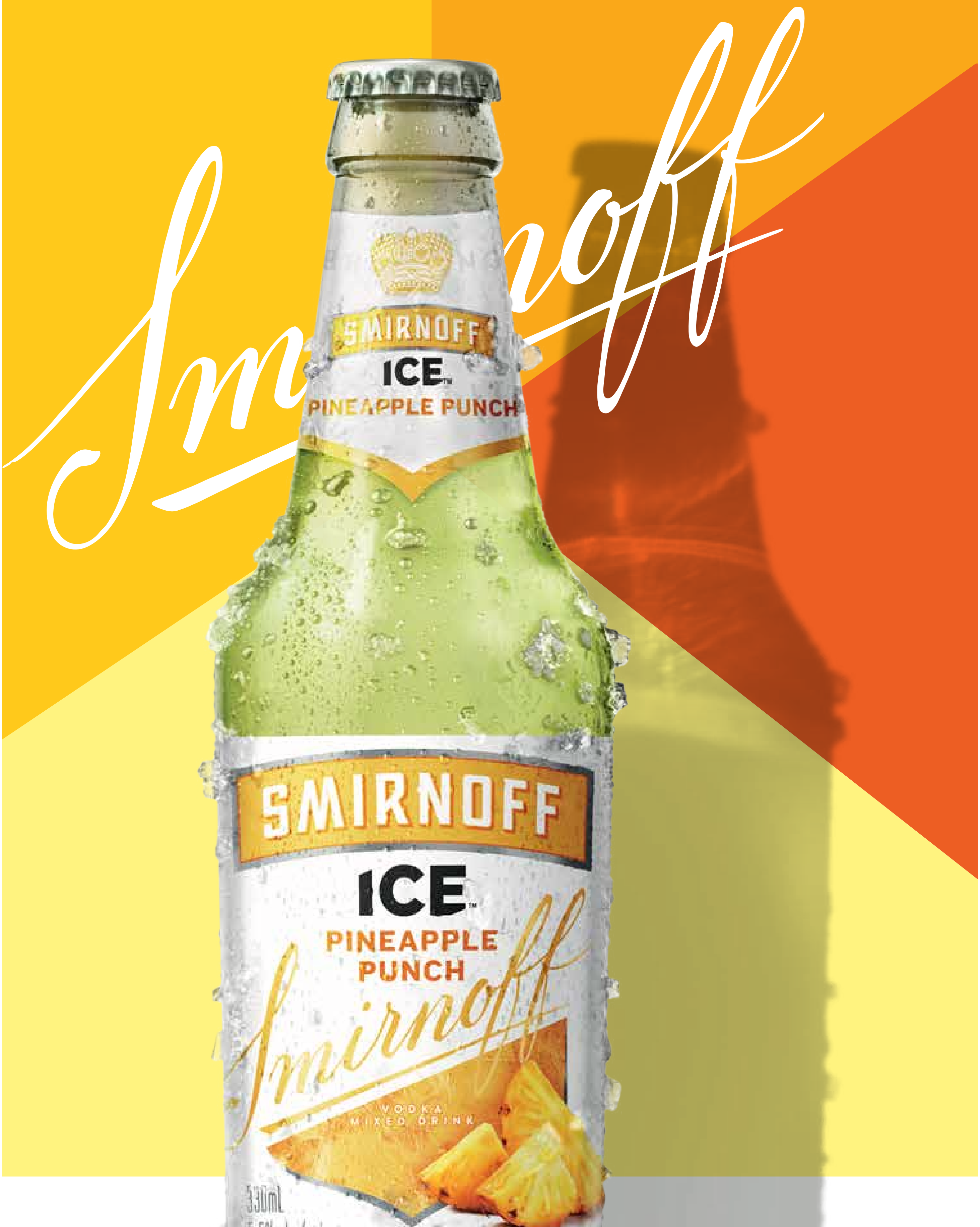
GUINNESS™

GHANA

CELEBRATING 60 YEARS

ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

MEET THE FRUITY SIDE OF SMIRNOFF ICE



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CORPORATE
INFORMATION

BOARD OF DIRECTORS

Felix Addo (Chairman)
Hélène Weesie (Appointed on 16 September 2020)
Teye Mkushi
Ignacio Blazquez Salvador
Kofi Sekyere
John Boadu
Isaac Amedzeafe Tosu
Hina Nagarajan
Gavin Pike (Resigned on 16 September 2020)

SECRETARY

Suzannè Glenda Butah
Guinness Ghana Breweries Plc
P. O. Box 3610
Accra

REGISTERED OFFICE

Guinness Ghana Breweries Plc
Industrial Area, Kaasi
P. O. Box 1536
Kumasi

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Chartered Accountants
PwC Tower
A4 Rangoon Lane, Cantonments City
PMB CT42, Cantonments
Accra

REGISTRAR

Universal Merchant Bank Limited
123 Kwame Nkrumah Avenue
Sethi Plaza, Adabraka
Accra

SOLICITOR

Legal Ink Solicitors and Notaries
House No. F89/7 Emmaus Road
Off 2nd Labone Street, Labone
PMB 24, Kanda
Accra

BANKERS

ABSA Bank Ghana Limited
Societe Generale (Ghana) Limited
Stanbic Bank (Ghana) Limited
Standard Chartered Bank (Ghana) Limited

CORPORATE
INFORMATION

BOARD MEMBERS

Dr. Felix Addo
Board Chairman

Hélène Weesie
Managing Director

Teye Mkushi
Finance Director

Ignacio Blázquez Salvador
Board Member

Hina Nagarajan
Board Member

Kofi Sekyere
Board Member

John Boadu
Board Member

Isaac Amedzeafe Tosu
Supply Chain Director

NOTICE OF
ANNUAL GENERAL MEETING

Notice is hereby given that the 48th Annual General Meeting of Guinness Ghana Breweries PLC will be held online on 4 November 2020 at 11 o'clock in the morning for the following purposes:

AGENDA

1. To receive the report of the directors, the Financial Statements for the year ended 30th June 2020 and the Report of the Auditors thereon.
2. To declare a dividend
3. To re-elect directors
4. To approve non-executive directors' fees
5. To authorize the directors to fix the remuneration of the auditors

Special Business

6. To authorize the appointment of Ms Hélène Weesie as managing director of the Company.
7. To authorize the amendments of the regulations of the Company in compliance with the new Companies Act 2019, (Act 992).
8. To authorize the amendment of the Company's regulations to provide for the holding of all meetings including the Annual General Meeting by virtual means where the directors deem it necessary to do so.

A member of the Company entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of him. A proxy need not also be a Member. A proxy form is attached and for it to be valid for the purpose of the Meeting, it must be completed and deposited at the Registrars', Universal Merchant Bank Ghana Limited's offices not less than 48 hours before the meeting.

Dated this 16 day of September, 2020

By order of the Board
Suzannè Butah
Company Secretary

Board of Directors and Secretary

Dr. Felix Addo (Chairman), Hélène Weesie (Managing Director), Teye Mkushi, Hina Nagarajan, Kofi Sekyere, Ignacio Salvador Blazquez, John Boadu, Isaac Amedzeafe Tosu, Suzannè Butah (Secretary).

Executive Management Committee

Hélène Weesie, Teye Mkushi, Isaac Amedzeafe Tosu, Audrey Achaw, Sylvia Owusu-Ankomah, Obinna Anyalebechi, Samori Gambrah, Helen Opoku-Agyemang, Suzannè Butah

Audit Committee

John Boadu (Chairman), Dr. Felix Addo, Ignacio Salvador Blazquez and Teye Mkushi

Nominations Committee

Kofi Sekyere (Chairman), Hélène Weesie

Registered Office

Guinness Ghana Breweries PLC, Kaase Industrial Area, P. O. Box 1536, Kumasi.

Registrar's Office

Universal Merchant Bank Ghana Limited, Registrars Department, 123 Kwame Nkrumah Avenue, Sethi Plaza, Adabraka, P. O. Box GP 401, Accra.

NOTES

1. In compliance with the current restrictions on public gatherings in force pursuant to the Imposition of Restrictions Act, 2020 (Act 1012) and consequent regulatory directives, attendance and participation by all Shareholders and/or their proxies in this year's Annual General Meeting (AGM) of Shareholders shall be strictly virtual.

2. Virtual attendance shall be by online participation by accessing **www.guinnessghanaagm.com**

3. A Shareholder entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend virtually and vote on his/her behalf. Such a proxy need not be a Shareholder of the Company.

4. The appointment of a proxy will not prevent a Shareholder from subsequently attending and voting at the meeting virtually. Where a Shareholder himself/herself attends the meeting virtually, the proxy appointment shall be deemed to be revoked.

5. A copy of the Form of Proxy can be downloaded from the website **www.guinnessghanaagm.com** and may be filled and sent via email to **[HARRIET.ANTWI@MYUMBBANK.COM]** or deposited at the registered office of the Registrars of the Company, **[Universal Merchant Bank Ghana Limited, Registrars Department, 123 Kwame Nkrumah Avenue, Sethi Plaza, Adabraka, P. O. Box GP 401, Accra.]** to arrive no later than 48 hours before the appointed time for the meeting.

6. The 2020 Audited Financial Statements can be found in the Annual Returns Brochure which may be viewed by visiting **www.guinnessghanaagm.com**.

7. Shareholders are encouraged to send in any questions in advance of the AGM by emailing them to **[HARRIET.ANTWI@MYUMBBANK.COM]**. Answers to the questions will be provided at the AGM.

8. Accessing and Voting at the AGM:

   8.1. Access to the meeting will be made available from 8am on the 4 November 2020. Kindly note however that the AGM shall commence at 11am. Access to the AGM is set out in note 1 above.

   8.2. A unique token number will be sent to Shareholders by email and/or SMS from 12th of October, 2020 to grant access to the AGM. Shareholders who do not receive this token may contact **[HARRIET.ANTWI@MYUMBBANK.COM; EMMANUEL.ODUM@MYUMBBANK.COM; EUGENIA.OTIS@MYUMBBANK.COM]** or call **[0244 135 839]** but before the date of the AGM to be sent the unique token.

   8.3. Shareholders who do not submit proxy forms to **[HARRIET.ANTWI@MYUMBBANK.COM]** prior to the meeting, may vote electronically during the AGM using their unique token number.

   8.4. Shareholders participating in the AGM virtually, may dial USSD code **[*899*3#]** to cast their votes. Further assistance on accessing the meeting and voting electronically can be found on **www.guinnessghanaagm.com**

CHAIRMAN'S
STATEMENT

Dr. Felix Addo
Board Chairman

On the special occasion of our 60th anniversary celebration and on behalf of the Board of Directors of this great company, I warmly welcome all our shareholders to Guinness Ghana Breweries PLC's 48th Annual General Meeting (AGM). This is my third year as your Chairman and I am particularly pleased that I have been part of these celebrations, albeit in these uncertain times.

August 1960 will forever be etched in the history of Guinness Ghana and will remain memorable to all of us. It is a special day Guinness Ghana was birthed here on the soil of our motherland and I would like to take the opportunity to congratulate you, our dear shareholders. Ayekoo!

COVID-19 IMPACT

The devastation Covid-19 caused in Ghana and globally is not lost on anyone. In the weeks after cases were recorded, government issued certain directives that directly or indirectly affected many businesses within and out of the country. The most affected businesses happened to be within the hospitality, tourism and outdoor entertainment sectors – where Guinness Ghana is a stakeholder. For months, businesses within these sectors were asked to cease operations and those whose livelihoods depended on them felt the dire impact of the virus and the restrictions that followed.

Guided by our values of being passionate about our customers and consumers, Guinness Ghana has committed GHS10 million to provide customers and trade partners with Veronica buckets and educational materials to ensure that their spaces are safe for themselves and the consumers they serve. We also partnered with and extended a hand of support to the Health Promotion Division of the Ghana Health Service as they carry out their mandate to educate and sensitize Ghanaians on the need to adhere to health and safety protocols meted out by WHO and the government of Ghana.

Since the announcement of the reopening, Ghanaians have gradually embraced the ease of restrictions, slowly returning to their way of life. The fight against COVID-19 is far from over but we are grateful that we are able continue to celebrate life, every day, everywhere, safely and responsibly.

OUR NEW CORPORATE IDENTITY

As part of the celebration of our anniversary, we have unveiled a new corporate identity with a refreshed and redesigned logo. This change comes at a time when the company is evolving and marking 60 incredible years of operations in Ghana.

The new design once more features the iconic Guinness harp, our very own Sankofa. It is bold, it is original, it pays homage to our beginnings, celebrates our present and we will proudly carry it into our future.

BOARD CHANGES - A NEW MANAGING DIRECTOR

It is with mixed feelings that I announce that our Managing Director for the last three years, Gavin Pike departed from Ghana to take up a new appointment as Managing Director for Diageo South Africa and has stepped down from the board effective 16 September 2020.

Gavin did a great job with our company while he was in Ghana, both in terms of performance momentum as well as his leadership on sustainable processes and people development. I particularly want to note his exceptional leadership guiding the company through the worst of the Covid-19 crisis. We wish him all the very best in his new role.

Following Gavin's move, Hélène Weesie has subsequently been appointed as the new Managing Director. I am pleased to note that Hélène is the first woman to be appointed into this position in Ghana and we are very excited about the vast experience she brings to the business from across the consumer packaged goods and beverage alcohol industries.

After beginning her career at Unilever, Hélène spent 21 years in a wide variety of roles at Heineken encompassing Marketing, Sales and General Management across Europe, Latin America and Africa. This included 4 years as the Commercial Director for Africa and the Middle East where she first got to know Diageo closely through her involvement with Brandhouse in South Africa. Hélène's final role in Heineken was as the General Manager of the Panama business where she drove significant transformation, growing the business and gaining market share.

Hélène joined Diageo in 2015 as the Managing Director of Serengeti Breweries in Tanzania where she led a significant turnaround in business performance ultimately taking the Serengeti brand to become market leader in a highly competitive environment. In 2019, Hélène was appointed Managing Director of the Central Europe Cluster through a period of organisational change in Europe.

You may recall that on my appointment as your Chairman I indicated the pillars which would underpin my term of office:

- ensuring a sustainable performance and value creation for your company (i.e. delivering on our strategic priorities);
- ensuring that we maintain our best in class corporate governance structures and behaviours; and
- proactively engaging our stakeholders, especially our communities, staff, distributors and consumers.

Our cherished shareholders, with your permission I would like to present our performance during the year under review under these three pillars:

SUSTAINABLE PERFORMANCE AND VALUE CREATION

Macro-economic indicators

Ghana's economy continued to expand in 2019, with real GDP growth estimated at 7.1% before the Covid-19 financial meltdown which has resulted in end of year growth estimates of 2 to 2.5%. High growth momentum since 2017 has consistently placed Ghana among Africa's 10 fastest-growing economies. Improvements in the macroeconomic environment were accompanied by expansion in domestic demand due to increased private consumption. The industrial sector, with average annual growth exceeding 10%, was a major driver of growth in the three years to 2019.

In 2019, Ghana maintained its moderate fiscal and current account deficits, single-digit inflation, and a relatively stable exchange rate. The fiscal deficit improved from 3.5% of GDP in 2018 to 3.4% in 2019. A steady decline in non-food inflation and tight monetary policy helped keep inflation within a medium-term target of 8 ± 2%.

Ghana's economic growth slowed down in the first quarter of 2020 to 4.9% vs 6.7% same period last year as the country fought to contain Covid-19. Due to the impact of the pandemic, the economic outlook has been downgraded to 0.9% from an earlier growth forecast of 6.8%. The economy grew by 6.7% in 2019.

Business Performance

Guinness Ghana delivered a strong performance in the first 9 months of the year, growing sales by 18% and operating profit by 104%. The outbreak of Covid-19 presented significant challenges for our business, as the on-trade was closed for the fourth quarter. I am proud that despite these challenges, the full year sales performance still grew by 7% versus last year whilst we kept the health and safety of our employees and supporting our communities as a priority.

In F20, strong topline growth was driven by Malta as we benefitted from our strong brand equity and capex investment in our first local canning line and second PET line and the roll-out of ABC which gained 8.1% share points in the Lagers category over F20.

Our continuous focus on driving out cost and re-investing in growth of the business is very paramount as we continue to step-up our productivity agenda. The headwinds in forex due to the Cedi devaluation of 8.60% and 8.69% against the dollar and euro respectively, impacted on bottom line growth for the fiscal year.

Market Share Wins

Despite our challenges this year we are still focused on ensuring a sustainable performance and value creation for your company, to deliver on our strategic priorities. I am therefore happy to report Guinness Ghana has seen a strong industry share performance over the last financial year driven by the immense popularity of ABC, innovations in Guinness Smooth expansion, into one way formats (cans and PET) and the success of award winning promotional campaigns *Link Up* and our customer loyalty programme *Yen Yin Mbom*. Combined value share across Beer, Ready to Drink (RTD) and Malt brands went up by +3.4% to close F20 at 58.7%, consolidating our leadership position.

Dividend

For the third year in a row, and despite the uncertain times we are in, your directors are pleased to recommend for your consideration a dividend proposal of GH¢ 0.0138 dividend per share amounting to GH¢ 4.26 million for the year ended 30 June 2020. This is understandably lower than what you approved last year as we have to balance the need for on going investments and the challenges ahead especially with the Covid-19 pandemic still with us.

ENSURING EXCELLENCE IN GOVERNANCE

Niimei, Naamei, shareholders, ladies and gentlemen, our quest for ensuring excellence in governance systems and structures continue even during this pandemic.

We have set out the steps we have taken to build your Board's capacity in the Director's Report. I can also confirm that the company's annual Code of Conduct training has been rolled out across the business.

The last financial year brought the value of the organisation's Risk Management framework to the fore; Covid-19 in second half ensured intense crisis management activity with the dedicated team meeting every other day at the peak of the crisis and frequent updates provided to the Board. Timely risk identification, mitigation and agile decision making ensured that the business, although bruised, was able to weather the storm. Also in recognition of the changing risk profile of the business due to the pandemic top business risks were reviewed early.

Several internal audit assessments were conducted on your company's operations in the last financial year which helped strengthen our control framework. The company has since directed focus on sustained embedding of controls oversight and ownership at deeper levels of the organisation through monthly risk and controls sessions within business functions.

Following the company's annual controls assurance exercise no significant compliance breaches were reported.

The company continues its zero tolerance approach to non-compliance in all its business dealings.

ENGAGEMENT WITH OUR COMMUNITIES

Shareholders, ladies and gentlemen, you would have noticed that this year, we have presented a full report on our sustainability projects in the annual report instead of the highlights I would have given in my statement.

We are proud of our achievements within the communities we operate, source and sell. Please read more about our work with positive drinking, water replenishment, locally resourced materials and plastics management in the "Sustainability" section of our annual report.

Through the diligence of the board and the work of the board committees we are committed to ensuring the sustainability of the company through a robust corporate governance framework. The Board and the company shall ensure that all the elements required for the company to meet the challenges and seize the opportunities ahead are in place in a well-managed entrepreneurial environment.

AWARDS

In F20, industry recognised Guinness Ghana in various awards ceremonies. At the Ghana Manufacturing Awards, we were adjudged the Beverage Manufacturing Company of the Year (Alcoholic). We also won the Marketing Campaign of the Year with our Link Up promotions. Also, at the Ghana Beverage Awards, we won two awards: International Beer of the Year – Heineken and International Liquor of the Year – Bailey's Irish Cream.

LOOKING FORWARD

I want to thank you the shareholders and all our partners for supporting our efforts to creating the best performing, most trusted and respected consumer products company in Ghana.

Guinness Ghana is resilient, ready with robust governance structures to sustain continuous value creation for you our shareholders and our high performing team, our communities, our consumers.

I wish to once again assure that Guinness Ghana is here for the long haul and we will ensure that your company continues its resilience to enhance value and celebrate life, everyday, everywhere, together with you to build another successful story as a company for the next 60 years.

DIRECTORS
REPORT

The directors, in submitting to the shareholders their report and financial statements of the Company for the year ended 30 June 2020, report as follows:

STATEMENT OF DIRECTORS RESPONSIBILITIES

The directors are responsible for the preparation of 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, 2019 (Act 992).

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 made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

FINANCIAL STATEMENTS AND DIVIDEND

The results for the year are as set out in the statement of comprehensive income on page 15 of the financial statements.

The directors recommend the payment of a dividend per share of GH¢ 0.0138 amounting to GH¢ 4.26 million for the year ended 30 June 2020. (2019: GH¢ 0.0293 per share amounting to GH¢ 9.01 million).

The directors consider the state of the Company's affairs to be satisfactory.

NATURE OF BUSINESS

The Company manufactures, distributes and sells alcoholic and non-alcoholic beverages and their ancillary products.

HOLDING COMPANY

The Company is a subsidiary of Diageo Holdings Netherlands B.V., a company incorporated in the Netherlands. The ultimate parent company is Diageo Plc, a company incorporated in the United Kingdom.

CHANGES IN DIRECTORSHIP

Since the last Annual General Meeting, Mr. Gavin Pike has resigned as a director and Ms. Hélène Weesie has been appointed as director.

DIRECTORS RETIRING AND SEEKING RE-ELECTION

In accordance with the Companies Act, 2019 (Act 992), the Company's Regulations and Ghana Stock Exchange Rules, Ms. Hélène Weesie who was appointed in September 2020, Mr. Ignacio Blazquez Salvador and Ms. Teye Mkushi will all retire and seek re-election at the next Annual General Meeting. The Board would like to recommend that shareholders support their re-election.

CAPACITY BUILDING OF DIRECTORS

The much anticipated introduction of the Companies Act 2019 (Act 992) has heralded a new era in the standards of corporate governance in Ghana. It has long been recognised that good corporate governance is the key to sustainability and growth and the new Companies Act fosters an enabling statutory environment for such practice.

With the new Act in place, the Company embarked on a project, at the director's request to compile a Guinness Ghana Directors' Handbook to refresh and guide the directors on their duties and responsibilities as board members.

The final draft of the handbook which was reviewed by and presented to the board provides a comprehensive reference document covering fundamental issues such as directors' responsibilities, the proper exercise of director powers, conflicts of interest and directors' liabilities.

Beyond statutory requirements, the handbook also includes an introduction to the Company's remarkable 60 year history in Ghana and world class products as well as the Company's core values and key policies which govern our control environment and protect our reputation.

Having undertaken and completed the project our directors are well equipped to discharge their duties and will continue to put into action the learnings in the board room for the benefit of the companies and its stakeholders.

AUDITOR'S REMUNERATION

Audit fee for the year ended 30 June 2020 amount to GH¢259,233.

CORPORATE SOCIAL RESPONSIBILITY

During the fiscal year, a total of Gh¢ 856,338 was invested into our Diageo in Society (DiS) initiatives which cover our Alcohol in Society (AiS) programmes and also our Sustainability initiatives.

Additionally during the second half of the year, in support of COVID-19 relief efforts, the business invested Gh¢ 425,850, which covered intervention relating to supply of sanitizers, soaps, educational materials, etc and product support to the Ministry of Information.

DIRECTORS' INTEREST REGISTER

There were no declarations of interest made in the directors' interests register over the financial year.

Chairman
FELIX ADDO

Finance director
TEYE MKUSHI

Date: 30th September 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GUINNESS GHANA BREWERIES PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Guinness Ghana Breweries Plc (the "Company") as at 30 June 2020, 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, 2019 (Act 992).

What we have audited

We have audited the financial statements of Guinness Ghana Breweries Plc for the year ended 30 June 2020.

The financial statements comprise:

- the statement of financial position as at 30 June 2020;
- 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.

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 Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants and the independence requirements of section 143 of the Companies Act, 2019 (Act 992) that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with the Code.

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.

Key audit matter	How our audit addressed the key audit matter
Loss allowance on trade and other receivables of GH¢ 6.9 million As at 30 June 2020, trade and other receivables amounted to GH¢ 26 million after providing for loss allowance of GH¢6.9 million. Management applies the simplified approach (provision matrix) to providing for expected credit losses (ECL), which requires the use of lifetime expected loss allowance. In applying the provision matrix, management estimates the ultimate write offs for a defined population of trade and other receivables, grouped according to type of customer. A loss ratio is calculated by applying the historic write offs to the payment profile of the population. Management exercises significant judgements in the definition of default, period selected in assessing historical loss rates and the selection of forward-looking information such as interest rates, exchange rates and inflation. Management makes assumptions on the weights to apply in adjusting loss rates with forward looking information. The accounting policies, significant judgements and disclosures are set out in notes 2b, 3d, 15, 16 and 29 of the financial statements.	We evaluated the design and tested the operating effectiveness of controls around the revenue and receivables cycle (order to cash process). We tested the ageing analysis of trade and other receivables to assess their appropriate classification. We agreed inputs in the ECL calculation to historical data/ trends and macroeconomic data. We assessed the appropriateness of assumptions and judgements made by management around the definition of default, the nature of forward-looking information (interest rates, exchange rates and inflation), the weights assumed in adjusting loss rates with forward looking information and the period used in assessing the historical loss rates. We assessed the adequacy of the loss allowance by applying loss rates to outstanding receivable balances per customer grouping. We assessed the appropriateness and adequacy of the related disclosures made in the financial statements.
Recognition of lease liabilities amounting to GH¢36 million on the statement of financial position The Company leases residential property, warehouses, production equipment (chillers) and vehicles from various lessors. On adoption of IFRS 16 - Leases previously classified as operating leases, were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. Management exercised judgement in determining the lease term, where extension or termination options existed. In such instances, any economic incentive to retain or end a lease were considered and extension periods were only included when it was considered reasonably certain that an option to extend a lease would be exercised. Management also exercised judgement in determining the incremental borrowing rate. The accounting policies, significant judgements and disclosures are set out in notes 2a, 2d,3e and 21 of the financial statements.	We evaluated management's IFRS 16 implementation plan. We assessed the design and implementation of management's lease model, including significant assumptions and the quality of the observable data used such as lease commencement and end data, frequency of payments and minimum lease payments. We assessed the reasonableness and appropriateness of judgements and assumptions made in determining if an option to extend a lease term will be exercised. We assessed the appropriateness of management's incremental borrowing rate and agreed to observable data. We assessed the appropriateness and adequacy of the related disclosures made in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Report of the Directors, Chairman's Statement, Shareholder Information and Five Year Financial Summary but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Sustainability Report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 that we obtained prior to the date of this auditor's report, 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.

When we read the Sustainability Report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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, 2019 (Act 992), 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.

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, actions taken to eliminate threats or safeguards applied.

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

The Companies Act, 2019 (Act 992) 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 statement of financial position and Company's 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 Michael Asiedu-Antwi(ICAG/P/1138).

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2020/028)

Chartered Accountants

Accra, Ghana

30th September 2020

pwc

STATEMENT OF COMPREHENSIVE INCOME

		Year ended 30 June	
		2020	2019
	Note	**GH¢'000**	GH¢'000
Revenue from contracts with customers	6	**732,588**	684,979
Cost of sales	7	**(544,759)**	(511,023)
Gross profit		**187,829**	173,956
Advertising and marketing expenses	8 (i)	**(23,553)**	(16,324)
Administrative expenses	8 (ii)	**(89,023)**	(93,348)
Other expenses	8 (iii)	**(28,475)**	(13,292)
Impairment charge on financial assets	8 (iv)	**(3,568)**	(1,110)
Profit from operating activities		**43,210**	49,882
Finance income	9	**285**	2,245
Finance costs	9	**(23,345)**	(19,579)
Profit before income tax		**20,150**	32,548
Income tax expense	10	**(6,985)**	(12,938)
National fiscal stabilisation levy	10	**(1,008)**	(1,564)
Profit for the year		**12,157**	18,046
Other comprehensive income			
Items that are not subsequently reclassified to profit or loss:			
Acturial gain on defined benefit obligations, net of tax		**335**	535
Other comprehensive income		**335**	535
Total comprehensive income for the year		**12,492**	18,581
Basic earnings per share	26	**0.040**	0.059
Diluted earnings per share	26	**0.040**	0.059

The notes on pages 20-54 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Note	At 30 June 2020 GH¢'000	2019 GH¢'000
ASSETS			
Property, plant and equipment	11	**476,247**	418,655
Intangible assets	12	**1,611**	2,716
Right-of-use assets	13	**47,641**	-
Total non-current assets		**525,499**	421,371
Inventories	14	**117,966**	118,124
Trade receivables	15	**25,237**	42,637
Amount due from related parties	17	**4,472**	13,440
Other assets	18	**2,413**	6,689
Other financial assets at amortised cost	16	**820**	1,352
Current income tax assets	10(ii)	**4,753**	1,614
Cash and bank balances	19	**39,563**	53,241
Total current assets		**195,224**	237,097
Total assets		**720,723**	658,468
EQUITY AND LIABILITIES			
Stated capital	20	**272,879**	272,879
Retained earnings		**31,759**	28,280
Total equity		**304,638**	301,159
Deferred tax liabilities	10(v)	**29,146**	26,964
Lease liabilities	21	**29,871**	7,474
Borrowings	17	**109,253**	109,313
Employee benefit obligations	22	**3,423**	3,263
Total non-current liabilities		**171,693**	147,014
Bank overdrafts	23	**47,772**	28,723
Lease liabilities	21	**6,138**	7,466
Trade and other payables	24	**171,451**	161,816
Amount due to related parties	17	**19,031**	11,527
Provisions	25	**—**	763
Total current liabilities		**244,392**	210,295
Total liabilities		**416,085**	357,309
Total equity and liabilities		**720,723**	658,468

The notes on pages 20-54 form an integral part of these financial statements.

The financial statements on pages 15 to 54 were approved by the Board of Directors on 30th September, 2020 and signed on their behalf by:

....
CHAIRMAN
FELIX ADDO

....
FINANCE DIRECTOR
TEYE MKUSHI

STATEMENT OF CHANGES IN EQUITY

	Note	Stated capital	Retained earnings	Total
Year ended 30 June 2020		**GH¢'000**	**GH¢'000**	**GH¢'000**
Balance at 1 July 2019		**272,879**	**28,280**	**301,159**
Profit for the year		**—**	**12,157**	**12,157**
Other comprehensive income				
Actuarial gain on defined benefit obligation, net of tax	**10(v)(b)**	**—**	**335**	**335**
Total comprehensive income for the year		**—**	**12,492**	**12,492**
Transactions with owners:				
Dividends declared for 2019			**(9,013)**	**(9,013)**
Balance at 30 June 2020		**272,879**	**31,759**	**304,638**
Year ended 30 June 2019				
Balance at 1 July 2018		272,879	21,762	294,641
Changes on initial application of IFRS 9				
Increase in impairment provision		—	(1,266)	(1,266)
Restated total equity at 1 July 2018		272,879	20,496	293,375
Profit for the year		—	18,046	18,046
Other comprehensive income				
Actuarial gain on defined benefit obligation, net of tax	10(v)(b)	—	535	535
Total comprehensive income for the year		—	18,581	18,581
Transactions with owners:				
Dividends declared for 2018		—	(10,797)	(10,797)
Balance at 30 June 2019		272,879	28,280	301,159

The notes on pages 20-54 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Note	2020 GH¢'000	2019 GH¢'000
		Year ended 30 June	
Cash flows from operating activities			
Profit before income tax		**20,150**	32,548
Adjustments for:			
▪ Depreciation of property, plant and equipment	11	**53,570**	56,108
▪ Depreciation of right-of-use assets	13	**13,142**	—
▪ Amortisation of intangible assets	12	**1,105**	1,185
▪ (Profit)/loss on disposal of property, plant and equipment	11(c)	**(285)**	2,242
▪ Impairment charge	8(iv)	**3,568**	1,110
▪ Finance costs	9	**23,345**	19,579
▪ Finance income	9	**(285)**	(2,245)
▪ Actuarial gain on long service awards	22	**(245)**	(236)
▪ Unrealised exchange difference		**5,878**	(82)
		119,943	110,209
Changes in:			
▪ Inventories		**158**	(36,210)
▪ Trade and other receivables		**13,832**	(20,120)
▪ Trade and other payables		**6,488**	63,776
▪ Related party balances		**14,772**	(10,095)
▪ Employee benefit obligations		**836**	1,354
▪ Provisions		**(763)**	47
▪ Other assets		**2,642**	—
▪ Other financial assets at amortised cost		**532**	—
Cash generated from operating activities		**158,440**	108,961
▪ Interest paid		**(23,405)**	(19,238)
▪ Income tax paid	10(ii)	**(8,038)**	(7,817)
▪ National fiscal stabilisation levy paid	10(iii)	**(1,494)**	(3,876)
Net cash generated from operating activities		**125,503**	78,030
Cash flow from investing activities			
Acquisition of property, plant and equipment	11(a)	**(135,491)**	(100,993)
Acquisition of intangible assets	12	**—**	(772)
Proceeds from disposal of property, plant and equipment	11(c)	**741**	1,789
Interest received	9	**285**	2,245
Net cash used in investing activities		**(134,465)**	(97,731)

The notes on pages 20-54 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS (CONTINUED)

		Year ended 30 June	
		2020	2019
	Note	**GH¢'000**	GH¢'000
Cash flows from financing activities			
Repayment of principal portion of lease liabilities		**(16,906)**	(8,479)
Dividend paid		**(9,013)**	(10,797)
Net cash used in financing activities		**(25,919)**	(19,276)
Net decrease in cash and cash equivalents		**(34,881)**	(38,977)
Cash and cash equivalents at 1 July		**24,518**	62,836
Effect of movements in exchange rates on cash held		**2,154**	659
Cash and cash equivalents at 30 June	19	**(8,209)**	24,518

The notes on pages 20-54 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1. GENERAL INFORMATION

Guinness Ghana Breweries Plc is a public limited liability company and listed on the Ghana Stock Exchange. It is registered and domiciled in Ghana. The registered office is located at Industrial Area, Kaasi. The Company is primarily involved in the manufacture and distribution of alcoholic and non-alcoholic beverages and other ancillary products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation

(i) Compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992). The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

(ii) Historical cost convention

The financial statements have been prepared under the historical cost convention except for employee benefit obligations measured at fair value.

(iii) Going concern

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern for at least twelve months from the date of this statement. The financial statements have been prepared on a going concern basis.

(iv) New and amended standards adopted by the Company

The Company adopted the following standards and amendments for the first time for the annual reporting period commencing 1 July 2019:

IFRS 16 – Leases

The Company adopted IFRS 16 during the year and changed its accounting policy for leases where the Company is a lessee. The new standard resulted in the recognition of almost all leases on the balance sheet. IFRS 16 removes the distinction between operating and finance leases as was the case up to 30 June 2019 and requires recognition of an asset (right of use the leased item) and a financial liability to pay rentals for virtually all lease contracts. In adopting the standard, the Company exempted certain lease contracts in accordance with the optional exemption which exists for short-term and low-value leases. The adoption of the standard resulted in the recognition of depreciation on right-of-use asset and interest expense on the lease liability.

The Company elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 July 2019 and has elected not to restate comparative information.

As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy. On transition to IFRS 16, the incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 1.97%.

Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 July 2019.
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

(iv) New and amended standards adopted by the Company (continued)

- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretation 4 *Determining whether an Arrangement contains a Lease.*

Measurement of lease liabilities

Operating lease commitments as at 30 June 2019	28,280
Discounted using the incremental borrowing rate at the date of application	26,979
Add: finance lease liabilities recognised as at 30 June 2019	14,940
Lease liability recognised as at 1 July 2019	**41,919**
Of which are:	
Current lease liabilities	17,610
Non-current lease liabilities	24,309
	41,919

Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepayments relating to that lease recognised in the balance sheet as at 1 July 2019.

Adjustments recognised in the balance sheet on 1 July 2019

The change in accounting policy affected the following items in the balance sheet on 1 July 2019.

- property, plant and equipment – decrease by GH¢ 24.2 million
- right-of-use assets – increase by GH¢ 52.8 million
- prepayments – decrease by GH¢ 1.7 million
- lease liabilities – increase by GH¢ 26.9 million

IFRIC 23: Uncertainty over Income Tax Treatments

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities when there is uncertainty over a tax treatment. The adoption of IFRIC 23 did not result in any material impact on the financial statements.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

The Company has adopted the amendments to IFRS 9 for the first time in the current year. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

The application of the amendment had no material impact on the Company's financial statements.

Annual Improvements to IFRS Standards 2015-2017 Cycle

IAS 23 *Borrowing Costs* – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The application of the amendment had no material impact on the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

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

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the Company. These standards, amendments and interpretations are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Amendments to IFRS 9 and IFRS 7: Interest Rate Benchmark Reform and the effects on financial reporting

The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as IBORs. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. The amendment is effective for periods beginning on or after 1 January 2020.

The Directors of the Company do not anticipate that the application of the amendment will have a material impact on the Company's financial statements in the future.

Amendments to IAS 1 and IAS 8: Definition of Material

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. The amendment is effective for periods beginning on or after 1 January 2020.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment is effective for periods beginning 1 January 2022 with possible deferral to 1 January 2023.

The Directors of the Company do not anticipate that the application of the amendment will have a material impact on the Company's financial statements in the future.

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

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

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

(vi) Early adoption of standards

The Company did not early adopt new or amended standards in the year ended 30 June 2020.

b) Financial instruments

Financial assets and liabilities are recognised by the Company when it becomes a party to the contractual provisions of the instruments.

All financial assets and liabilities are initially measured at fair value, including transaction costs except for those classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs. There are no financial assets at fair value through profit or loss.

Classification

The Company classifies its financial instruments into the following measurement categories:

- Financial assets at amortised cost, and
- Financial liabilities at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets

The Company classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Recognition and derecognition

Financial assets are initially recognised at fair value, plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

The Company holds financial assets with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Trade receivables, cash and bank balances, amounts due from related parties and other financial assets are classified as financial assets at amortised cost.

Reclassification

The Company shall reclassify all affected financial assets only when the entity changes its business model for managing financial assets in accordance with the reclassification provisions of IFRS 9.

Impairment

The Company assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost. The Company applies the simplified approach permitted by IFRS 9, for assessment on trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Financial liabilities

Financial liabilities comprise trade and other payables, bank overdrafts, borrowings and other non-current liabilities (excluding provisions). All financial liabilities are subsequently measured at amortised cost using the effective interest method.

c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ghana Cedis ("GH¢") which is the Company's functional currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other net income' or 'other net expenses'.

d) Leases

(i) Leases under which the Company is the lessee

Until 30 June 2019, leases of property, plant and equipment where the Company, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was 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. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

For any new contracts entered into on or after 1 July 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Leases (continued)

(i) Leases under which the Company is the lessee (continued)

Measurement and recognition (continued)

The Company has leases for mainly warehouses, vehicles, chillers and residential properties for certain staff. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Leases of warehouses are generally limited to a lease term of 10 years. Leases of property generally have a lease term ranging from 2 years to 3 years. Lease term of chillers is 6 years and that of vehicles is 4 years.

Lease payments are generally fixed. The rentals for certain leases are denominated in US dollars.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party. The right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security.

e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss, as incurred.

Spare parts, stand-by and servicing equipment held by the Company generally are classified as inventories. However, if major spare parts and stand-by equipment are expected to be used for more than one period or can be used only in connection with an item of property, plant and equipment, then they are classified as property, plant and equipment.

The Company derecognises the carrying amount of a part of an item of property, plant and equipment if that part has been replaced and the company has included the cost of the replacement in the carrying amount of the item.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Leaseholds are depreciated over the lower of the unexpired period and the useful life of the leasehold.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	over period up to 50 years
Plant and machinery	8 years to 25 years
Motor vehicles	3 years to 5 years
Furniture and equipment	3 years to 8 years
Bottles and crates	5 years to 10 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds from disposal with the carrying amounts of property, plant and equipment and are recognised in profit or loss.

(iv) Capital work in progress

Property, plant and equipment under construction is stated at initial cost and depreciated from the date the asset is made available for use over its estimated useful life. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Intangible assets

Software

Software acquired is stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful life of the software from the date it is available for use. The estimated useful life for software is 5 to 12 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

g) Impairment of non-financial assets

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

h) Inventories

Inventories are measured at lower of cost and net realisable value using the weighted average cost principle. The cost of inventories includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses. Inventories are stated at the lower of cost and net realisable value less allowance for obsolescence and slow-moving items.

i) Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution schemes are recognised as an expense in profit or loss in periods during which services are rendered by employees.

Tier 1 and Tier 2 contributions

Under a national pension scheme, the Company contributes 13% of employee's basic salary for employee pensions whereas the employee contributes 5.5% of basic salary. The Company's obligation is limited to the relevant contributions, which have been recognised in the financial statements. The national pension scheme is made up of two mandatory tiers. The first tier which receives 13.5% of the total contribution is managed by the Social Security and National Insurance Trust (SSNIT) whereas the second tier which receives 5% of total contribution is managed by a private trustee. The pension liabilities and obligations for these contributions rest with SSNIT and the private trustee.

Tier 3 - Provident Fund

The Company has a voluntary Tier 3 provident fund scheme for staff to which the Company contributes 10% and 15% of the basic salaries of junior and senior staff respectively. Obligations under the plan are limited to the relevant contributions, which are charged to profit or loss as and when they fall due.

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liabilities of the Company arising from defined benefit obligations and related current service costs are determined on an actuarial basis using the projected unit of credit method. The Company uses this method to determine the present value of defined benefit obligations, related current service costs and, where applicable, past service costs. Actuarial gains and losses, which arise mainly from changes in actuarial assumptions and differences between actuarial assumptions and what actually occurred, are recognised immediately in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Employee benefits (continued)

(iii) Defined benefit plans (continued)

The Company determines the net interest expense on the net defined benefits liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then – defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(iv) Other long-term benefit

The Company's obligation in respect of long-term employee benefits (long service award) other than pension plans is the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value.

The discount rate used is the rate on long dated Government of Ghana bonds. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in other comprehensive income.

j) Revenue from contracts with customers

Revenue from contract with customers is recognised as or when performance obligations are satisfied by transferring control of a good or service to the customer. Transfer of control of goods occurs at the time of delivery. The Company's revenue is the net consideration to which it expects to be entitled, net of returns, trade discounts, taxes and volume rebates.

Revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.

Generally, payment of the transaction price is due within credit period of between 14 to 30 days with no element of financing.

It is the Company's policy to sell its products to the end customer with a right of return. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

k) Finance income and finance costs

Finance income comprises interest income on funds invested or held in bank accounts. Interest income is recognised in profit or loss using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

l) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

m) Current and deferred income tax

Tax expense comprises current and deferred income tax. The Company provides for income taxes at current tax rates on the taxable profits of the Company.

Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Current and deferred income tax (continued)

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

n) Dividend

Dividend payable is recognised as a liability in the period in which they are declared and the shareholders right to receive payment has been established.

o) Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle obligation, and amount can be reliably estimated. Provisions are determined by discounting expected future cash flows at pre-tax rates that reflect current market assessments of the time value of money and, where appropriate, risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Bank overdrafts are shown as a separate line on the face of the statement of financial position.

p) Segment reporting

Operating segments reflect the Company's management structure and the way financial information is regularly reviewed by the Chief Operating Decision Maker (CODM). Operating segments are reported in a manner consistent with internal reporting provided to the CODM.

The Company operates business units dealing in spirits, alcoholic and non-alcoholic beverages.

q) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

r) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as a separate line on the face of the statement of financial position.

s) Stated capital

Proceeds from issue of ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects are recognised as a deduction from equity.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

a) Useful lives of property, plant and equipment

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment. The rates used are set out in note 2(e).

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

b) Income taxes

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 current income tax and deferred income tax provisions in the period in which such determination is made.

c) Estimation of defined benefit obligations

The present value of employee benefit obligations depends on factors that are determined on an actuarial basis using assumptions. Any changes in these assumptions will impact the carrying amount of the defined benefit obligations.

Additional information is set out in note 22.

d) Impairment of financial assets at amortised cost

To measure expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on payment profile of sales over 36 months and the corresponding historical credit losses experienced within the period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic indicators affecting the ability of customers to settle outstanding receivables. Additional information is set out in note 29.

The Company applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime, expected loss allowance for all trade receivables. Management exercises significant judgement in the input, assumptions, and techniques for estimating expected credit loss, default and unpaid assets. Additional information is disclosed in note 29.

e) Lease liabilities

To determine the lease term, where extension or termination options exists, any economic incentive to retain or end a lease are considered and extension periods are only included when it is considered reasonably certain that an option to extend a lease will be exercised.

4. DETERMINATION OF FAIR VALUES

The Company considers that the carrying values of cash and cash equivalents, trade receivables, trade and other payables approximate their fair values due to their short-term nature. The determination of fair values at initial recognition for Borrowings and Leases are set out in Notes 2l and 2d.

The Company considers that the recognised assets and liabilities are at Level 3 in the fair value hierarchy as disclosed in note 28.

5. OPERATING SEGMENTS

Management has determined the operating segments based on the reports reviewed by the executive committee of Diageo Plc, the Chief Operating Decision Maker (CODM) that are used to make strategic decisions. The CODM considers the business from a product perspective and assesses the performance of the operating segments based on net sales value. The accounting policies of the operating segments are the same. The Company's reporting segments are based on products, namely spirits, alcoholic and non-alcoholic beverages.

5. OPERATING SEGMENTS (CONTINUED)

	Alcoholic Beverages		Non-Alcoholic Beverages		Spirits		Total	
	2020 GH¢'000	2019 GH¢'000	**2020 GH¢'000**	2019 GH¢'000	**2020 GH¢'000**	2019 GH¢'000	**2020 GH¢'000**	2019 GH¢'000
Revenue from external customers within Ghana	**326,242**	306,510	**358,333**	328,066	**46,391**	48,177	**730,966**	682,753
Revenue from external customers outside Ghana					**1,622**	2,226	**1,622**	2,226
Total External Revenue	**326,242**	306,510	**358,333**	328,066	**48,013**	50,403	**732,588**	684,979
Depreciation and amortisation		—		—		—	**(67,817)**	(57,293)
Operating cost							**(621,561)**	(577,804)
Operating profit		—		—		—	**43,210**	49,882
Finance income		—		—		—	**285**	2,245
Finance cost		—		—		—	**(23,345)**	(19,579)
Profit before tax		—		—		—	**20,150**	32,548
Taxes and levies		—		—		—	**(7,993)**	(14,502)
Profit for the year		—		—		—	**12,157**	18,046
Non-current assets		—		—		—	**525,499**	421,371

No measure of total assets and liabilities are reviewed by the CODM. There are no non-current assets outside Ghana and the Company had no single major customer during the year.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2020 GH¢'000	2019 GH¢'000
Revenue recognised:		
At a point in time	**732,588**	684,979
Gross sales	**1,041,234**	981,262
Excise duty	**(107,761)**	(107,165)
Value Added Tax	**(161,399)**	(152,540)
Taxes collected for government	**(269,160)**	(259,705)
Volume discounts	**(39,486)**	(36,578)
Net sales value	**732,588**	684,979

7. COST OF SALES

	2020	2019
	GH¢'000	GH¢'000
Direct production costs	**301,838**	275,204
Production overheads	**125,589**	122,497
Depreciation expense	**57,061**	49,605
Other costs	**60,271**	63,717
	544,759	511,023

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
(i) Advertising and marketing expenses	GH¢'000	GH¢'000
Advertising and marketing expenses	**19,670**	13,002
Depreciation expense (note 11(b))	**3,883**	3,322
	23,553	16,324

(ii) Administrative expenses	2020	2019
	GH¢'000	GH¢'000
Staff cost	**43,890**	67,740
Auditor's remuneration	**259**	181
Insurance	**1,445**	1,490
Office related expenses	**13,252**	9,209
Professional/consultancy costs	**517**	1,034
Communication costs	**1,487**	2,170
Depreciation expense (note 11(b))	**5,768**	3,181
Amortisation charge (note 12)	**1,105**	1,185
Directors remuneration and expenses	**13,330**	6,963
Other costs	**7,970**	195
	89,023	93,348
(iii) Other expenses		
Net foreign exchange loss	**25,109**	12,488
Sundry expenses	**3,366**	804
	28,475	13,292
(iv) Impairment charge on financial assets		
Charge for the year	**4,953**	2,259
Provision no longer required	**(1,385)**	(1,149)
	3,568	1,110
(v) Personnel costs		
Wages and salaries	**49,983**	54,325
Social security contributions	**4,039**	2,961
Contributions to provident fund	**3,557**	3,324
Defined benefit plan	**6,726**	426
Long service award	**—**	351
Other staff expenses	**19,722**	29,199
	84,027	90,586

The total number of staff employed by the Company at 30 June 2020 was 420 (2019: 457).

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (CONTINUED)

Personnel costs is charged as follows:

	2020	2019
	GH¢'000	GH¢'000
Administrative expense (Note 8(ii))	43,890	67,740
Directors' remuneration and expenses	13,330	6,963
Included in cost of sales	26,807	15,883
	84,027	90,586

9. FINANCE INCOME AND COSTS

	2020	2019
	GH¢'000	GH¢'000
Finance income		
Interest income on bank accounts	285	2,245
Finance costs		
Interest expense on borrowings	16,113	15,474
Interest expense on lease liabilities	2,953	2,780
Interest expense on bank overdrafts	4,125	1,325
Other finance costs	154	—
	23,345	19,579

10. TAXES AND LEVIES

	2020	2019
	GH¢'000	GH¢'000
(i) Income tax expense		
Current income tax charge	4,899	9,227
Deferred income tax charge (Note 10(v))	2,086	3,711
	6,985	12,938

(ii) Current income tax asset

Year ended 30 June 2020

	Balance at 1 July	Payments during the year	Charge for the year	Balance at 30 June
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Years of assessment				
Up to 2018	(3,024)	—	—	(3,024)
2019	1,410	—	—	1,410
2020	—	(8,038)	4,899	(3,139)
	(1,614)	(8,038)	4,899	(4,753)

10. TAXES AND LEVIES (CONTINUED)

(ii) Current income tax asset (continued)

Year ended 30 June 2019	Balance at 1 July	Payments during the year	Charge for the year	Balance at 30 June
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Years of assessment				
Up to 2017	(2,804)	(4,927)	4,927	(2,804)
2018	(220)	—	—	(220)
2019	—	(2,890)	4,300	1,410
	(3,024)	(7,817)	9,227	(1,614)

iii) National fiscal stabilisation levy

The National fiscal stabilisation levy is a levy on profit before tax. The levy was introduced in July 2013 and has been extended to December 2024.

Year ended 30 June 2020	**Balance at 1 July**	**Payments during the year**	**Charge for the year**	**Balance at 30 June**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Years of assessment				
2019	**37**	**—**	**—**	**37**
2020	**—**	**(1,494)**	**1,008**	**(486)**
	37	**(1,494)**	**1,008**	**(449)**

Year ended 30 June 2019	Balance at 1 July	Payments during the year	Charge for the year	Balance at 30 June
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Years of assessment				
2018	2,349	(2,350)	—	(1)
2019	—	(1,526)	1,564	38
	2,349	(3,876)	1,564	37

Tax liabilities up to 2015 year of assessment has been agreed with Ghana Revenue Authority.

(iv) Reconciliation of effective tax rate

	2020	2019
	GH¢'000	GH¢'000
Profit before income tax	**20,150**	32,548
Tax calculated using statutory income tax rate of 25% (2019: 25%)	**5,038**	8,137
Expenses not deductible for tax purposes	**2,077**	1,606
Items taxed at different rate	**(658)**	(1,661)
Items not subject to tax	**(82)**	(71)
Adjustment in respect of prior years	**610**	4,927
Income tax expense	**6,985**	12,938
Effective tax rate	**35**	40

10. TAXES AND LEVIES (CONTINUED)

(v) Recognised deferred tax assets and liabilities

	At 1 July (Net)	**Charge to profit or loss**	**Recognised in OCI**	**At 30 June (Net)**	**Deferred tax assets**	**Deferred tax liabilities**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Year ended 30 June 2020						
Property, plant and equipment	**28,872**	**2,623**	**—**	**31,495**	**—**	**31,495**
Provision for doubtful debts	**(781)**	**(689)**	**—**	**(1,470)**	**(1,470)**	**—**
Inventory provisions	**(571)**	**(669)**	**—**	**(1,240)**	**(1,240)**	**—**
Provision for employee benefit obligations	**(542)**	**(36)**	**96**	**(482)**	**(578)**	**96**
Restricted financial cost	**—**	**(1,059)**	**—**	**(1,059)**	**(1,059)**	**—**
Right of use assets	**—**	**1,902**	**—**	**1,902**	**—**	**1,902**
Tax losses	**(14)**	**14**	**—**	**—**	**—**	**—**
Net deferred tax liability	**26,964**	**2,086**	**96**	**29,146**	**(4,347)**	**33,493**

	At 1 July (Net)	Charge to profit or loss	Recognised in OCI	At 30 June (Net)	Deferred tax assets	Deferred tax liabilities
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Year ended 30 June 2019						
Property, plant and equipment	26,055	2,817	—	28,872	—	28,647
Provision for doubtful debts	(291)	(490)	—	(781)	(783)	—
Inventory provisions	(557)	(14)	—	(571)	(571)	—
Provision for employee benefit obligations	(453)	(227)	138	(542)	(680)	99
Unrealised exchange differences	(1,242)	1,242	—	—	—	—
Tax losses	(397)	383	—	(14)	(14)	—
Net deferred tax liability	23,115	3,711	138	26,964	(2,048)	28,746

(a) Movement in deferred income tax balances

	2020	2019
	GH¢'000	GH¢'000
Balance at 1 July	**26,964**	23,115
Charge for the year	**2,086**	3,711
Deferred tax on actuarial gain in OCI	**96**	138
Balance at 30 June	**29,146**	26,964

10. TAXES AND LEVIES (CONTINUED)

(v) Recognised deferred tax assets and liabilities (continued)

(b) Amount recognised in Other Comprehensive Income

	2020			2019		
	Before tax	**Tax charge**	**Net of tax**	Before tax	Tax charge	Net of tax
Actuarial gain on defined benefit liability	**431**	**(96)**	**335**	673	(138)	535

(vi) Tax contingent liabilities

The Ghana Revenue Authority (GRA) has assessed the Company on excise taxes amounting to GH¢ 37 million. The Company has objected to the assessment and has initiated discussions with the GRA to waive the liability

11. PROPERTY, PLANT AND EQUIPMENT

Year ended 30 June 2020

	Buildings	Plant and Machinery	Motor Vehicles	Furniture and Equipment	Bottles and Crates	Capital Work in-Progress	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cost							
At 1 July 2019	47,357	393,019	27,609	10,848	286,674	30,836	**796,343**
Transfers to right-of-use assets on adoption of IFRS 16	—	(24,686)	(27,128)	—	—	—	**(51,814)**
Additions	—	292	—	—	—	135,199	**135,491**
Disposals	—	(1,938)	(150)	(3,694)	(99,231)	—	**(105,013)**
Transfers	10,828	55,286	—	1,338	26,629	(94,081)	**—**
At 30 June 2020	**58,185**	**421,973**	**331**	**8,492**	**214,072**	**71,954**	**775,007**
Accumulated depreciation							
At 1 July 2019	6,951	150,897	16,255	6,087	197,498	—	**377,688**
Transfers to right-of-use assets on adoption of IFRS 16	—	(11,803)	(15,775)	—	—	—	**(27,578)**
Charge for the year	1,513	23,347	—	1,415	27,295	—	**53,570**
Released on disposals	—	(1,876)	(149)	(3,663)	(99,232)	—	**(104,920)**
At 30 June 2020	8,464	160,565	331	3,839	125,561	—	**298,760**
Net book value							
At 30 June 2020	**49,721**	**261,408**	**—**	**4,653**	**88,511**	**71,954**	**476,247**

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Year ended 30 June 2019

	Buildings	Plant and Machinery	Motor Vehicles	Furniture and Equipment	Bottles and Crates	Capital Work in-Progress	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cost							
At 1 July 2018	43,477	340,983	25,224	8,484	254,957	30,797	703,922
Additions	—	661	4,606	—	78	100,254	105,599
Disposals	—	(10,917)	(2,221)	—	(27)	—	(13,165)
Transfers	3,880	62,292	—	2,364	31,666	(100,202)	—
Transfers to intangible assets	—	—	—	—	—	(13)	(13)
At 30 June 2019	47,357	393,019	27,609	10,848	286,674	30,836	796,343
Accumulated depreciation							
At 1 July 2018	5,690	135,876	14,078	5,128	169,942	—	330,714
Charge for the year	1,261	22,178	4,127	959	27,583	—	56,108
Released on disposals	—	(7,157)	(1,950)	—	(27)	—	(9,134)
At 30 June 2019	6,951	150,897	16,255	6,087	197,498	—	377,688
Net book value							
At 30 June 2019	40,406	242,122	11,354	4,761	89,176	30,836	418,655

(a) Acquisition of property, plant and equipment

Additions to property, plant and equipment are analysed as follows:

	2020	2019
	GH¢'000	GH¢'000
Purchase for cash consideration	**135,491**	100,993
Purchases under finance lease	**—**	4,606
	135,491	105,599

(b) Depreciation expense

Depreciation has been charged in the statement of comprehensive income as follows:

	2020	2019
	GH¢'000	GH¢'000
Cost of sales (Note 7)	**57,061**	49,605
Advertising and marketing expenses (Note 8(i))	**3,883**	3,322
Administrative expenses (Note 8(ii))	**5,768**	3,181
	66,712	56,108

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Depreciation expense (continued)

Depreciation charge for the year

	2020	2019
	GH¢'000	GH¢'000
Property, plant and equipment (Note 11)	53,570	56,108
Right-of-use assets (Note 13)	13,142	—
	66,712	56,108

(c) Disposal of property, plant and equipment and right-of-use assets

	2020	2019
	GH¢'000	GH¢'000
Cost	105,013	13,165
Accumulated depreciation	(104,920)	(9,134)
Net book value	93	4,031
Proceeds on disposal	(741)	(1,789)
(Profit)/loss on disposal	(648)	2,242

12. INTANGIBLE ASSETS

	2020	2019
Year ended 30 June	GH¢'000	GH¢'000
Cost		
At 1 July	14,081	13,794
Transfer from work in progress (Note 11)	—	13
Additions	—	772
Write off	—	(498)
At 30 June	14,081	14,081

	2020	2019
	GH¢'000	GH¢'000
Accumulated amortisation		
At 1 July	11,365	10,678
Charge for the year	1,105	1,185
Write off	—	(498)
At 30 June	12,470	11,365
Net book value		
At 30 June	1,611	2,716

Amortisation of intangible assets is recognised in administrative expenses (Note 8 (ii)).

(a) Security

As of 30 June 2020, there were no restrictions on title for intangible assets and no assets had been pledged as security.

13. RIGHT-OF-USE ASSETS

Upon adoption of IFRS 16 Leases on 1 July 2019, the right-of-use assets were recognised and remeasured at an amount equal to the initial measurement of lease liabilities in addition to any lease payments made up or before the commencement date.

	Warehouse	Residential properties	Chillers	Vehicles	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cost					
On adoption of IFRS 16	26,449	2,164	—	—	**28,613**
Transfer from PPE	—	—	24,686	27,128	**51,814**
At 1 July 2019	26,449	2,164	24,686	27,128	**80,427**
Additions	—	—	—	8,297	**8,297**
Write-off	—	—	(2,509)	(2,669)	**(5,178)**
At 30 June 2020	**26,449**	**2,164**	**22,177**	**32,756**	**83,546**
Accumulated depreciation					
Transfer from PPE	—	—	11,803	15,775	**27,578**
At 1 July 2019	—	—	11,803	15,775	**27,578**
Depreciation charge	3,565	1,185	3,167	5,225	**13,142**
Write-off	—	—	(2,509)	(2,306)	**(4,815)**
At 30 June 2020	**3,565**	**1,185**	**12,461**	**18,694**	**35,905**
Net book value	**22,884**	**979**	**9,716**	**14,062**	**47,641**

Disposal of right-of-use assets:	**2020**	2019
	GH¢'000	GH¢'000
Cost	**5,178**	—
Accumulated depreciation	**(4,815)**	—
Net book value	**363**	—
Proceeds on disposal	**—**	—
Loss on disposal	**363**	—

14. INVENTORIES

	2020	2019
	GH¢'000	GH¢'000
Raw and packaging materials	**67,629**	69,632
Work-in-progress	**7,858**	6,341
Finished products	**18,987**	19,971
Engineering spares and other consumables	**23,266**	21,121
Goods in transit	**226**	1,059
	117,966	118,124

As of 30 June 2020, there were no inventories pledged as security (2019: Nil).

15. TRADE RECEIVABLES

	2020	2019
	GH¢'000	GH¢'000
Gross trade receivables	32,103	46,382
Loss allowance	(6,866)	(3,745)
Net trade receivables (Note 29)	**25,237**	42,637
Movement in loss allowance		
At 1 July	(3,745)	—
Charge for the year	(3,568)	(3,745)
Write off	447	—
At 30 June	(6,866)	(3,745)

16. OTHER FINANCIAL ASSETS AT AMORTISED COST

	2020	2019
	GH¢'000	GH¢'000
Staff debtors	41	50
Other receivables	779	1,315
Gross other financial assets	820	1,365
Less: loss allowance	—	(13)
Net other financial assets (Note 29)	**820**	1,352

The maximum staff indebtedness did not exceed GH¢ 41,000 for the year (2019: GH¢154,443).

17. RELATED PARTY TRANSACTIONS

a) The Company is a subsidiary of Diageo Holdings Netherlands BV, a company incorporated in the Netherlands. The Ultimate Parent Company is Diageo Plc, a company incorporated in the United Kingdom. The Company is affiliated with other companies in the group through common control and directorship.

b) Purchase of raw materials, finished goods and plant and equipment

Raw materials, finished goods, plant and equipment purchased from related parties during the year as follows:

	2020	2019
	GH¢'000	GH¢'000
Diageo Brands B.V.	22,841	14,622
Diageo Ireland	22,639	16,521
Guinness Nigeria Plc	6,537	68,732
Diageo Great Britain Limited	—	3,809
	52,017	103,684

c) Included in profit or loss is an amount of GH¢ 25 million (2019: GH¢18.8 million) in respect of royalties and technical services fees accruing to Diageo Ireland, Diageo Brands B.V. and Diageo Great Britain.

d) Finance cost of GH¢ 16.1 million (2019: GH¢15.4 million) was charged to profit or loss on account of loan from Diageo Finance Plc.

17. RELATED PARTY TRANSACTIONS (CONTINUED)

e) Human resource and project cost recharges.

Transactions with other related parties included human resources and project costs recharges as follows:

	2020	2019
	GH¢'000	GH¢'000
Diageo Great Britain	**25,011**	17,234
Diageo Ireland Limited	**21,750**	2
East Africa Breweries Limited	**5,043**	—
Diageo Scotland Limited	**3,361**	4,897
Diageo North America	**1,217**	1,060
Diageo Business Services India	**99**	—
Diageo Plc	**46**	549
Guinness Nigeria	**1**	717
Guinness Cameroon S.A.	**—**	4,502
Diageo Business Services Ltd (Diageo Uzletviteli Szolgaltatasok Kft)	**—**	92
Seychelles Breweries Ltd	**—**	122
Meta Abo Brewery SC	**—**	32
Diageo South Africa (Pty) Limited	**—**	546
Diageo Supply Marracuene Limitada	**—**	4
	56,528	29,757

(i) Amounts due from related parties	**2020**	2019
	GH¢'000	GH¢'000
Diageo North America Inc	**1,827**	0
Diageo Great Britain	**1,070**	6,625
Diageo Plc	**924**	1,210
East Africa Breweries Limited	**271**	89
Guinness Cameroun S.A.	**199**	243
Diageo Business Services Limited (Diageo Uzletviteli Szolgaltatasok Kft)	**89**	0
Diageo Angola Limitada	**50**	49
Guinness Nigeria	**42**	52
Diageo Ireland Limited	**—**	4,496
Diageo Brands. B.V.	**—**	161
Diageo South Africa (Pty)	**—**	510
Meta Abo Brewery SC	**—**	5
	4,472	13,440

17. RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Amounts due to related parties	2020 GH¢'000	2019 GH¢'000
Diageo Ireland	**11,001**	1,518
Diageo Brands B.V.	**3,212**	1,113
Diageo Great Britain	**2,470**	3,892
Diageo Scotland Limited	**1,334**	390
East African Breweries Limited	**523**	507
Guinness Nigeria Plc	**461**	3,464
Guinness Cameroun S.A.	**20**	—
Diageo North America Inc	**10**	50
Diageo Business Services India	**—**	9
Diageo South Africa (Pty) Limited	**—**	584
	19,031	11,527

Outstanding balances with related parties are to be settled in cash. There are no liens on the Company's assets in respect of the above liabilities.

All related parties are fellow subsidiaries except Diageo Plc which is the ultimate parent.

(iii) Borrowings

	2020 GH¢'000	2019 GH¢'000
Balance at 1 July	**109,313**	108,991
Interest paid	**(3,736)**	(3,414)
Interest charge	**3,676**	3,736
	109,253	109,313

The Company has a loan facility of GH¢ 109 million from Diageo Finance Plc. Interest on the loan is at an applicable rate equal to 91 day Government of Ghana treasury bill plus a margin of 50 basis points to be determined on an ongoing basis. Prior to 1 July 2020, all or any part of the loan may be repaid at the option of the borrower subject to approval from the lender. At any time, subsequent to 1 July 2020, the lender may require the borrower to repay either in full or in part, the loan together with accrued interest and all other amounts outstanding under the agreement. The interest rate applicable at the reporting date is 15.14%.

(iv) Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly including directors of the Company. Key management personnel compensation is recognised in administrative expenses in the statement of profit or loss includes the following:

	2020 GH¢'000	2019 GH¢'000
Short-term benefits	**13,330**	6,963
Long-term benefits	**564**	488
	13,894	7,451

18. OTHER ASSETS

	2020	2019
	GH¢'000	GH¢'000
Prepayments	**2,413**	6,689

19. CASH AND CASH EQUIVALENTS

	2020	2019
	GH¢'000	GH¢'000
Cash and bank balances	**39,563**	53,241
Bank overdraft (Note 23)	**(47,772)**	(28,723)
Cash and cash equivalents in the statement of cash flows	**(8,209)**	24,518

There are no restrictions on the Company's bank balances at the year-end (2019: Nil).

20. STATED CAPITAL

(a) Ordinary shares

	Number of shares		Proceeds	
	2020	2019	2020	2019
			GH¢'000	GH¢'000
Authorised: (number in millions)				
Ordinary shares of no par value	**400**	400		
Issued and fully paid: (number in millions)				
For cash	**179**	179	**253,678**	253,678
For consideration other than cash	**35**	35	**18,926**	18,926
Transfer from retained earnings	**93**	93	**275**	275
	307	307	**272,879**	272,879

The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company.

Movement in ordinary shares	**Number (in millions)**	**GH¢'000**
At 1 July 2019 and 30 June 2020	**307**	**272,879**

There was no movement in ordinary shares during the year (2019: Nil).

(b) Shares in treasury

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

21. LEASE LIABILITIES

	2020	2019
	GH¢'000	GH¢'000
Non-current lease liabilities	29,871	7,474
Current lease liabilities	6,138	7,466
	36,009	14,940

	Future minimum lease payments 2020	Future finance charges 2020	Present value of minimum lease payments 2020	Future minimum lease payments 2019	Future finance charges 2019	Present value of minimum lease payments 2019
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Within one year	8,700	(2,562)	6,138	9,508	(2,042)	7,466
More than one year	32,704	(2,833)	29,871	9,120	(1,646)	7,474
	41,404	(5,395)	36,009	18,628	(3,688)	14,940

The Company entered into finance lease arrangements with Stanbic Bank Ghana Limited and Societe Generale Ghana Limited. The purpose of the Stanbic facility was to finance the purchase of motor vehicles and coolers whilst the Societe Generale facility was to finance the purchase of coolers. Total principal lease repayments made in the year was GH¢ 16.8 million (2019: GH¢8.4 million). The applicable interest rates for Stanbic Bank Ghana Limited and Societe Generale Ghana Limited at reporting date are 16.07% and 16.76% respectively.

Lease payment not recognised as lease liabilities

The Company has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. Short term leases include warehouse and residential property leases amounting to GH¢ 864,429.

Movement in finance lease liabilities:	2020	2019
	GH¢'000	GH¢'000
Finance lease liabilities as at 1 July	14,940	18,786
Recognised on adoption of IFRS 16	26,979	—
Impact of foreign exchange on adoption of IFRS 16	2,699	—
At 1 July	44,618	18,786
Additions	8,297	4,633
Repayments	(16,906)	(8,479)
At 30 June	**36,009**	14,940

22. EMPLOYEE BENEFIT OBLIGATIONS

End of Service Benefits

The Company has an end of service benefit plan that has been designed to help its permanent junior staff build up savings over a period of time. The plan is not funded. Employees who retire as junior staff are given two (2) years' annual salary. The defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk. Some of the Company's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities.

22. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

Long Service Awards

The Company operates a long service benefit plan for all employees, both management staff and junior staff, who have served the Company for ten (10) years and beyond. The plan is not funded. The awards vary depending on the number of years served by employees who meet the criteria above.

(a) Employee benefit obligations	**2020**	2019
	GH¢'000	GH¢'000
Defined benefit liabilities	**2,309**	2,202
Liability for long service awards	**1,114**	1,061
	3,423	3,263

The employee benefit obligations were independently valued by a professionally qualified actuary at 30 June 2020.

(b) Movement in defined benefit liabilities	**2020**	2019
	GH¢'000	GH¢'000
Balance at 1 July	**2,202**	2,413
Included in profit or loss		
Current service costs	**243**	298
Interest costs	**295**	164
	538	462
Included in OCI		
Actuarial gain	**(431)**	(673)
Balance at 30 June	**2,309**	2,202

(c) Movement in long service award

Balance at 1 July	**1,061**	1,078
Current service costs	**153**	195
Interest costs	**145**	152
Actuarial gain recognised in profit or loss	**(245)**	(236)
Benefits paid	**—**	(128)
Balance at 30 June	**1,114**	1,061

(d) Actuarial assumptions

	2020	2019
	GH¢'000	GH¢'000
Discount rate	**12**	12
Salary growth rate	**10**	10
Inflation rate	**10**	10

The mortality rate is based on a 75% adjustment on the SSNIT mortality rate.

22. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

(e) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

	2020		2019	
	Increase	**Decrease**	Increase	Decrease
	GH¢'000	**GH¢'000**	GH¢'000	GH¢'000
Discount rate (1% movement)	**(330)**	**402**	(309)	372
Salary inflation (1% movement)	**395**	**(331)**	392	(329)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

23. BANK OVERDRAFTS

	2020	2019
	GH¢'000	GH¢'000
Standard Chartered Bank Ghana Limited	**16,266**	11,977
ABSA Bank Ghana Limited	**3,591**	2,080
Stanbic Bank Ghana Limited	**12,865**	5,587
Societe Generale Ghana Limited	**15,050**	9,079
	47,772	28,723

The terms of the overdrafts are as follows:

Standard Chartered Bank Ghana Limited

The overdraft facility of GH¢60 million is to augment the Company's working capital. Interest rate on the facility is 16% per annum plus a risk premium based on market conditions and is subject to review in line with prevailing market conditions. This facility is supported by a letter of comfort from Diageo Highlands B.V and has no maturity date. At the end of the year, the rate was 16% per annum.

ABSA Bank Ghana Limited (formerly Barclays Bank Ghana Limited)

The overdraft facility of GH¢15 million is to augment the Company's working capital. Interest rate on the facility is 0.84% above the Ghana Reference Rate per annum and is subject to review in line with prevailing market conditions. At the end of the year, the rate was 17.16%. This facility is supported by a letter of comfort from Diageo Highlands B.V. and has no maturity date.

Stanbic Bank Ghana Limited

The overdraft facility of GH¢15 million is to augment the Company's working capital. Interest rate on the facility is indexed to the Ghana reference rate of 16.11% plus a margin of 0.5% per annum and is subject to review in line with prevailing market conditions. This facility is supported by a letter of comfort from Diageo Highlands B.V. and has no maturity date. At the end of the year, the rate was 16.82%.

Societe Generale Ghana Limited

The overdraft facility of GH¢15 million is to augment the Company's working capital. Interest on this facility is the Ghana Reference Rate plus a margin of 0.39%. The facility is unsecured and will expire on 18 December 2020.

24. TRADE AND OTHER PAYABLES

	2020	2019
	GH¢'000	GH¢'000
Trade payables	**115,085**	68,867
Accrued expenses	**27,600**	37,540
National Fiscal Stabilisation Levy (Note 10(iii))	**(449)**	37
Other payables	**29,215**	55,372
	171,451	161,816

25. PROVISIONS

	2020	2019
	GH¢'000	GH¢'000
Restructuring provision	**—**	763

Restructuring provision covers costs associated with restructuring in line with changes to the operating model across Diageo Group.

Movement in provisions during the year are set out below:

	2020	2019
	GH¢'000	GH¢'000
Balance at 1 July	**763**	716
Additional provision during the year	**—**	763
Amount used during the year	**(763)**	(716)
Balance at 30 June	**—**	763

26. EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 30 June 2020 was based on profits attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

	2020	2019
	GH¢'000	GH¢'000
Profit attributable to ordinary shareholders	**12,157**	18,046
Weighted average number of ordinary shares	**307,595**	307,595
Basic and diluted earnings per share	**0.040**	0.059

At 30 June 2020, the basic and diluted earnings per share were the same. There are no outstanding shares with potential dilutive effect on the weighted average number of ordinary shares in issue.

27. DIVIDENDS

At the next annual general meeting the directors will recommend to the shareholders the payment of a dividend per share of GH¢ 0.0138, amounting to GH¢ 4.26 million for the year ended 30 June 2020 (2019: GH¢ 9.01 million).

28. FINANCIAL INSTRUMENTS – FAIR VALUES

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		Fair Value
	Financial assets at amortised cost	Level 3
	GH¢'000	GH¢'000
At 30 June 2020		
Financial assets		
Trade receivables	25,237	25,237
Other financial assets at amortised cost	820	820
Amounts due from related parties	4,472	4,472
Cash and bank balances	39,563	39,563
	70,092	**70,092**
At 30 June 2020		
Financial liabilities		
Trade and other payables	142,685	142,685
Bank overdrafts	47,772	47,772
Lease liabilities	36,009	41,404
Amounts due to related parties	19,031	19,031
Borrowings	109,253	109,253
	354,750	**360,145**
At 30 June 2019		
Financial assets		
Trade receivables	42,637	42,637
Other financial assets at amortised cost	1,352	1,352
Amounts due from related parties	13,440	13,440
Cash and bank balances	53,241	53,241
	110,670	110,670
At 30 June 2019		
Financial liabilities		
Trade and other payables	106,407	106,407
Bank overdrafts	28,723	28,723
Lease liabilities	14,940	18,628
Amounts due to related parties	11,527	11,527
Borrowings	109,313	109,313
	270,910	274,598

29. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Company's exposure to each of the above risks, objectives, policies and processes for measuring and managing risks including management of capital are as follows:

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit sub-committee is responsible for monitoring compliance with the Company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Company.

The Audit sub-committee gains assurances on the effectiveness of internal control and risk management from:

– summary information relating to the management of identified risks;

– detailed reviews of the effectiveness of management of selected key risks; results of management's self-assessment processes over internal control;

– and independent work carried out by the Global Audit and Risk function, which provide the Audit sub-committee and management with results of procedures carried out on key risks, including extent of compliance with standards set on governance; and assurances over the quality of the Company's internal control.

The Company also has a Control, Compliance and Ethics function in place, which monitors compliance with internal procedures and processes, assesses the effectiveness of internal control.

The Company's risk management policies are established to identify and analyse risks faced by the Company, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. Through training, standards and procedures, the Company aims to maintain a disciplined and constructive control environment, in which all employees understand their roles and obligations.

I. Credit risk

Credit risk arises from deposits with banks as well as credit exposures to key distributors, wholesale and retail customers and other receivables.

(i) Risk management

For deposits with banks, the Company only transacts business with banks licensed by the Bank of Ghana.

Customers are grouped according to the characteristics of each customer. The credit control committee has established a credit policy under which new customers are assessed individually for credit worthiness before the Company's standard payment terms and conditions are offered. The Company generally trades with pre-defined and selected customers.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

(ii) Security

For certain trade receivables, the Company may obtain security in the form of bank guarantees, collateral (such landed properties) which can be called upon if the counterparty is in default under the terms of the agreement.

(iii) Impairment of financial assets

The Company's financial assets that are subject to the expected credit loss model are:

- trade receivables
- other financial assets at amortised cost
- deposits with banks
- amounts due from related parties

While deposits with banks are also subject to the impairment requirements of IFRS 9, the impairment loss assessed was immaterial. The Company held bank balances of GH¢ 39.5 million at 30 June 2020 (2019: GH¢ 53.2 million) which represent its maximum exposure.

29. FINANCIAL RISK MANAGEMENT (continued)

I. Credit risk (continued)

The Company's exposure to credit risk in respect of amounts due from related parties is minimal. The Company has transacted business with related parties over the years, and there have been no defaults in payment of outstanding debts. Therefore, no expected credit loss has been recognised.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2020 or 1 July 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified interest rates and exchange rates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as of 30 June 2020 was determined as follows for both trade and other receivables:

	Gross carrying amount	Loss rate		Lifetime expected losses	Net Carrying amount
	GH¢'000			GH¢'000	GH¢'000
Key Distributor	**32,690**			**2,033**	**30,657**
Current	30,468	0.06	%	18	30,450
More than 30 days past due	178	0.10	%	—	178
More than 60 days past due	49	41.49	%	20	29
More than 90 days past due	—	49.05	%	—	—
Over 120 days past due	1,995	100.00	%	1,995	—
Retail	**3,913**			**2,261**	**1,652**
Current	1,481	1.96	%	29	1,452
More than 30 days past due	130	2.00	%	3	127
More than 90 days past due	81	10.00	%	8	73
Over 120 days past due	2,221	100.00	%	2,221	—
Wholesale	**2,541**			**1,244**	**1,297**
Current	1,265	0.72	%	9	1,256
More than 30 days past due	—	1.45	%	—	—
More than 60 days past due	—	35.06	%	—	—
More than 90 days past due	65	36.19	%	24	41
Over 120 days past due	1,211	100.00	%	1,211	—
Other receivables	**2,152**			**1,328**	**824**
Current	824	0.00	%	—	824
Over 120 days past due	1,328	100.00	%	1,328	—
Total	**41,296**			**6,866**	**34,430**

29. FINANCIAL RISK MANAGEMENT (continued)

I. Credit risk (continued)

30 June 2019:

	Gross carrying amount	Loss rate		Lifetime expected losses	Net Carrying amount
	GH¢'000			GH¢'000	GH¢'000
Key Distributor	39,080			3,189	35,891
Current	34,249	0.05	%	17	34,232
More than 30 days past due	18	0.10	%	—	18
More than 60 days past due	—	41.73	%	—	—
More than 90 days past due	4,813	65.92	%	3,172	1,641
Retail	3,296			465	2,831
Current	1,715	0.73	%	13	1,702
More than 30 days past due	338	1.45	%	5	333
More than 60 days past due	516	35.27	%	182	334
More than 90 days past due	727	36.40	%	265	462
Wholesale	4,006			91	3,915
Current	3,680	1.97	%	72	3,608
More than 30 days past due	214	2.68	%	6	208
More than 60 days past due	96	11.22	%	11	85
More than 90 days past due	16	11.83	%	2	14
Other receivables	1,365			13	1,352
Current	—	0.00	%	—	—
More than 30 days past due	1,365	0.92	%	13	1,352
More than 60 days past due	—	0.00	%	—	—
More than 90 days past due	—	0.00	%	—	—
Total	47,747			3,758	43,989

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk for trade and other receivables at the reporting date was:

	2020	2019
	GH¢'000	GH¢'000
Key Distributor/Trade receivables	**32,690**	39,079
Retail	**3,913**	3,297
Wholesale	**2,541**	4,006
Other	**2,152**	1,365
	41,296	47,747
Returnable deposit	**(8,373)**	—
Loss allowance	**(6,866)**	(3,758)
Net receivable	**26,057**	43,989
Net receivable is analysed as follows		
Trade receivables (note 15)	**25,237**	42,637
Other financial assets at amortised cost (note 16)	**820**	1,352
	26,057	43,989

29. FINANCIAL RISK MANAGEMENT (continued)

II. Liquidity risk

Liquidity risk is the risk that the Company would either not have sufficient financial resources available to meet all its obligations and commitments as they fall due or can access them only at excessive cost.

The Company's approach to managing liquidity is to ensure that it maintains adequate liquidity to meet its liabilities as and when they fall due. The Company assesses its debt position every month. The Company also monitors the level of expected cash inflows on trade and other receivables on a daily basis. Diageo Finance Plc, the finance unit of the Group, makes available borrowings to the Company to support its operations.

The following are contractual maturities of financial liabilities:

At 30 June 2020	**Carrying amount**	**Total**	**2-6mths**	**Contractual cash flows** 6-12mths	**After 12 mths**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Trade and other payables	142,685	142,685	142,685	—	—
Bank overdrafts	47,772	47,772	—	—	47,772
Lease liabilities	36,009	41,404	5,655	3,045	32,704
Amounts due to related parties	19,031	19,031	19,031	—	—
Borrowings	109,253	197,542	7,019	7,262	183,261
Balance at 30 June 2020	**354,750**	**448,434**	**174,390**	**10,307**	**263,737**

At 30 June 2019	Carrying amount	Total	2-6mths	Contractual cash flows 6-12mths	After 12 mths
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Trade and other payables	106,407	106,407	106,407	—	—
Bank overdrafts	28,723	28,723	—	—	28,723
Lease liabilities	14,940	18,628	5,544	3,964	9,120
Amounts due to related parties	11,527	11,527	11,527	—	—
Borrowings	109,313	204,319	8,241	8,151	187,927
Balance at 30 June 2019	270,910	369,604	131,719	12,115	225,770

III. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company's Treasury department monitors market trends on a weekly basis to manage any risk exposure. Significant items of expenditure are incurred when market prices and other economic indicators are favourable.

Foreign currency risk

The Company is exposed to currency risk on purchases and borrowings that are denominated in currencies other than the functional currency. The currencies in which these transactions are primarily denominated are Euros (EUR), US Dollars (USD), Great Britain Pounds (GBP), Hungarian Forint (HUF), Angola Kwanza (AOA), South African Rand (ZAR) and Mexican Pesos (MXN).

29. FINANCIAL RISK MANAGEMENT (continued)

III. Market risk (continued)

The Company's exposure to foreign currency risk expressed in transaction currency at the end of the reporting period was as follows:

At 30 June 2020	**EUR**	**USD**	**GBP**	**HUF**	**SGD**	**AOA**	**MXN**
	000	000	000	000	000	000	000
Bank balances	1,835	2,095	2,570	—	—	—	—
Trade payables	(3,318)	(1,171)	(453)	—	—	—	—
Related party balances	(154)	(1,937)	(336)	(6,269)	(1)	(68)	(4)
Net exposure	**(1,637)**	**(1,013)**	**1,781**	**(6,269)**	**(1)**	**(68)**	**(4)**

At 30 June 2019	EUR	USD	GBP	ZAR	NGN	HUF	SGD	AOA
	000	000	000	000	000	000	000	000
Bank balances	5,721	321	438	—	—	—	—	—
Trade payables	(3,098)	(3,112)	(514)	—	—	—	—	—
Related party balances	(34)	(1,248)	(306)	(1,508)	(7,174)	(3,293)	(2)	(68)
Net exposure	2,589	(4,039)	(382)	(1,508)	(7,174)	(3,293)	(2)	(68)

The exchange rates for major currencies during the year are as follows:

	Average rate		**Reporting date**	
	2020	2019	**2020**	2019
	cedis	cedis	**cedis**	cedis
EUR 1	**6.18**	5.81	**6.51**	6.19
USD 1	**5.59**	5.11	**5.77**	5.46
GBP 1	**7.05**	6.60	**7.1**	6.93

Sensitivity analysis on currency risks

The following table shows the effect of a strengthening or weakening of the Ghana cedi against all other currencies on the Company's profit or loss and equity. This sensitivity analysis indicates the potential impact on profit or loss and equity based upon the foreign currency exposures recorded at 30 June and does not represent actual or future gains or losses. The sensitivity analysis is based on the percentage difference between the closing exchange rate and the average exchange rate per currency recorded in the course of the respective financial year.

A strengthening/weakening of the Ghana cedi, by the rates shown in the table, against the following currencies at 30 June would have increased/decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

29. FINANCIAL RISK MANAGEMENT (continued)

III. Market risk (continued)

At 30 June		2020			2019	
		Profit or loss impact: Strengthening	**Profit or loss impact: Weakening**		Profit or loss impact: Strengthening	Profit or loss impact: Weakening
Currency	**% Change**	**GH¢'000**	**GH¢'000**	% Change	GH¢'000	GH¢'000
EUR	±7.5	**759**	**(759)**	±7.5	(1,129)	1,129
USD	±7.5	**424**	**(424)**	±7.5	1,555	(1,555)
GBP	±7.5	**(942)**	**942**	±7.5	202	(202)

Interest rate risk

The Company's main interest rate risk arises from borrowings at variable rates, which exposes it to cash flow interest rate risk.

	Carrying amounts	
	2020	2019
Variable rate instruments		
Bank overdrafts	**47,772**	28,723
Borrowings	**109,253**	109,313
Lease liabilities	**36,009**	14,940
	193,034	152,976

Sensitivity analysis for variable rate instruments

A change of 200 basis points in interest rates at the reporting date would have an increased/ (decreased) effect on equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant. The analysis is performed on the same basis for 2019.

At 30 June	2020			2019		
	% Change	**Profit or Loss impact:**	**Equity**	% Change	Profit or Loss impact:	Equity
		GH¢'000	**GH¢'000**		GH¢'000	GH¢'000
Bank overdrafts	**± 2%**	**± 495**	**± 495**	±2%	±136	±136
Borrowings	**± 2%**	**± 2,120**	**± 2,120**	±2%	±2,297	±2,297
Lease liabilities	**± 2%**	**± 317**	**± 317**	±2%	±296	±296

30. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

	2020	2019
	GH¢'000	GH¢'000
Borrowings	**109,253**	109,313
Less: cash and cash equivalents	**8,209**	(24,518)
Net debt	**117,462**	84,795
Total equity	**304,638**	301,159
Gearing ratio	**39 %**	28 %

31. CAPITAL COMMITMENTS

Capital commitments authorised but not expended for property, plant and equipment at the reporting date amounted to GH¢ 45.54 million (2019: GH¢ 20.8 million).

32. CONTINGENT LIABILITIES

Contingent liabilities, in respect of possible claims and lawsuits at the reporting date amounted to GH¢ 55,000 (2019: GH¢ 57,000). Judgement in respect of these cases have not been determined at 30 June 2020. No provision has been made as professional advice on the cases indicate that it is unlikely that any significant loss will arise.

33. EVENTS AFTER THE REPORTING DATE

The COVID-19 pandemic will most likely impact the economy and the Company. However to date, no significant impact has been observed on the Company's business and financial performance.

The directors are not aware of any other material events that have occurred between the date of the statement of financial position and the date of this report that require disclosure or adjustment.

APPENDIX I

SHAREHOLDER INFORMATION

Analysis of Shareholding

(i) Number of Shareholders

The Company had 4,447 ordinary shareholders at 30 June 2020 distributed as follows:

	Holding No. of Holders	Total Holding	% Holding
1 – 1,000	3,174	746,266	0.24
1,001 – 5,000	623	1,535,787	0.5
5,001 – 10,000	395	3,121,970	1.02
10,001 – 999,999,999	255	302,190,804	98.24
Total	**4,447**	**307,594,827**	**100**

(ii) List of twenty largest shareholders at 30 June 2020

	Name	No. of Shares	% Holding
1	DIAGEO HOLDINGS NETHERLANDS B.V.	247,291,361	80.4
2	SOCIAL SECURITY & NATIONAL INS.TR.	23,299,870	7.57
3	STD NOMS TVL PTY/BNYM LUX/EAST	6,000,971	1.95
4	SCGN/JPM IRE RE CORONATION FD MGR	5,951,482	1.93
5	STD NOMS/BNYMSANV RE BNYMRE TERRA	3,640,108	1.18
6	SCGN/EPACK INVESTMENT FUND LTD	3,328,015	1.08
7	SCGN/ENTERPRISE LIFE ASSO.CO.	2,616,576	0.85
8	STD NOMS/BNYMSANV RE BNYMSANVLON RE	1,131,376	0.37
9	SCGN/CACEIS FRANCE RE HMG GLOBETRO.	860,011	0.28
10	SCGN/GH. MED. ASSOC. PENSION FUND	605,294	0.2
11	STD NOMS TVL PTY/ENTERPRISE TIER 3	546,307	0.18
12	SCBN/CITIBANK LONDON ROBECO AFRIKA	482,632	0.16
13	SCBN/DATABANK BALANCED FUND LTD	451,200	0.15
14	STD NOMS TVL PTY/HERITAGE FUND LTD	450,300	0.11
15	TEACHERS FUND	347,925	0.07
16	GES OCCUPATIONAL PENSION SCHEME	220,600	0.07
17	STD NOM/METLIFE CLASSIC FUND	186,400	0.06
18	HFCN/COCOBOD TIER 3 PENSION SCHM	183,943	0.06
19	CBN/GIMPA PROVIDENT FUND SCHEME	145,399	0.05
20	CBN/HEALTH SECTOR OCCUP.PENSION	106,500	0.03
	Reported Totals	297,846,270	
	Not Reported	9,748,557	
	Company Total	**307,594,827**	

APPENDIX II

FIVE YEAR FINANCIAL SUMMARY

	2020	2019	2018	2017	2016
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Results					
Revenue	732,588	684,979	623,102	587,447	566,308
Profit/(loss) before tax	20,150	32,548	35,430	11,576	(1,871)
Income tax expense and NFSL (expense)/credit	(7,993)	(14,502)	(11,575)	(4,662)	(5,809)
Profit/(loss) after tax	12,157	18,046	23,855	6,914	(7,680)
Dividend paid	(9,013)	(10,797)	—	—	—
Retained profit/(loss)	**3,144**	7,249	23,855	6,914	(7,680)
Statement of financial position					
Property, plant and equipment	476,247	418,655	373,208	363,348	374,066
Intangible assets	1,611	2,716	3,116	3,610	2,135
Cash and bank balances	39,563	53,241	62,836	52,579	44,087
Other current assets	203,302	183,856	128,028	108,370	108,638
Total assets	720,723	658,468	567,188	527,907	528,926
Total liabilities	(416,085)	(357,309)	(272,547)	(256,958)	(264,669)
	304,638	301,159	294,641	270,949	264,257
Share capital	272,879	272,879	272,879	272,879	272,879
Income surplus	31,759	28,280	21,762	(1,930)	(8,622)
	304,638	301,159	294,641	270,949	264,257
Revenue collected for Government					
Excise duty	107,761	107,165	130,348	130,167	111,728
Sales tax/value added tax	161,399	152,540	138,778	128,023	122,878
	269,160	259,705	269,126	258,190	234,606
Statistics					
EPS (GH¢)	**0.040**	0.059	0.078	0.022	(0.036)
Dividend per share (GH¢)	**0.0138**	0.029	0.035	—	—
Net asset per share (GH¢)	**0.99**	0.98	0.96	0.88	0.86
Current ratio	**0.8:1**	1.13:1	1.49:1	1.35:1	1.20:1
Return on shareholders' fund (%)	**3.99**	5.99	8.10	2.55	(2.91)
Return on net sales value (%)	**1.66**	2.63	3.83	1.18	(1.36)

APPENDIX III

SUSTAINABILITY REPORT - 2019/2020

Regenerative Agriculture – Local Raw Materials (LRM) programme

Guinness Ghana also continued to work with local farmers and aggregators to support our commitment towards regenerative agriculture. A socio-economic impact study conducted by the Bureau of Integrated and Rural Development (BIRD) of the Kwame Nkrumah University of Science and Technology (KNUST), revealed that our Local Raw Materials (LRM) programme is currently engaging about 30,000 small holder farmers and benefitting 210,000 people. Currently, the business sources 55 percent of its raw materials which include maize, sorghum and cassava from farmers in 13 out of the 16 regions in Ghana.

Guinness Ghana's LRM intervention started in 2012 in line with Government's Policy initiative to incorporate the use of local raw materials in the production of our alcoholic and non-alcoholic beverages. Since its inception, Guinness Ghana has grown its percentage of LRM usage from 12% in 2012 to 55% this 2019, a firm demonstration of our commitment to the LRM agenda. This consistent growth in LRM uptake has been achieved through significant capital investment to re-engineer plant and equipment, as well as technical and financial support to farmers to improve crop yield.

A farmer impacted by our LRM initiative

Key Findings of our 2019 LRM Socio-Economic Impact Study

Guinness Ghana's activities in the maize, sorghum, and cassava value chains have contributed to positive changes for farmers along these value chains. As a result of the ready and reliable market provided by Guinness Ghana, farmers have increased average acres under cultivation and this has translated into increased yields, labour employment, gross revenues and profits. Key gains identified include:

- ***The main categories of stakeholders impacted are farmers, aggregators, processors, input dealers, and traders.*** Beside smallholder farmers who constitute the bulk of beneficiaries, there are several others who directly and or indirectly have been impacted by the LRM initiative along the three commodity value chains.

- ***It is estimated that about 30,000 smallholder farmers have been impacted by the LRM initiative.*** With an average household size of 7 across the study regions, it is estimated that 210,000 smallholder farmers and their households have been impacted by the LRM by Guinness Ghana.

- ***Average income from crop sales increased for farmers in the maize and sorghum value chains from 2017 to 2019.*** The average gross revenue per maize smallholder farmers increased by 126% from GH¢ 2,194 to GH¢ 4,964. Farmers engaged in the sorghum value chain increased gross revenue by 120% from GH¢ 957 to GH¢ 2107. There was a slight decrease of about 3% in gross revenue for farmers in the cassava value chain from GH¢3410 to GH¢3312. Revenue from the target crops made up about 43% of households income in the past year.

- ***Average profit for smallholder farmers across all crops was estimated at GH¢ 2167.42.*** Using a farmer population of 30,000, a total of GH¢ 65,022,600 is estimated to have been earned as profits by farmers across the study regions.

- ***Increase in the number of paid workers, along with increases in average expenditure on hired labour in the sorghum value chain.*** There has been an increase in the average number of hired workers employed by sorghum farmers (by 45%, from about 11 hired workers in 2016 to 16 in 2019) with slight decrease in hired labour along the maize and cassava value chains, although farmers in the maize and cassava value chains report an increase in the average full-time workers.

- ***The LRM initiative has led to the establishment of some new business entities operating along the value chains.*** The LRM initiative has led to the establishment of some multi-million business entities which have entered into a contract to supply maize and sorghum to Guinness Ghana because of the enhancement of the LRM. There are about twenty (20) aggregators/ commercial farms spread across the country who are expanding and registering more out-grower farmers to boost their capacity to supply to Guinness Ghana. Other existing companies have also expanded and reformed their production systems.

- ***Increased investments in the maize, sorghum, and cassava value chains.*** Our assessment of the companies linked to Guinness Ghana under the LRM intervention showed investments in large tracts of land, new technologies and equipment, varietal trials in sorghum, maize and cassava and recruitment of high level human resource. All these investments, we found, were aimed at meeting contractual agreements with Guinness Ghana LRM

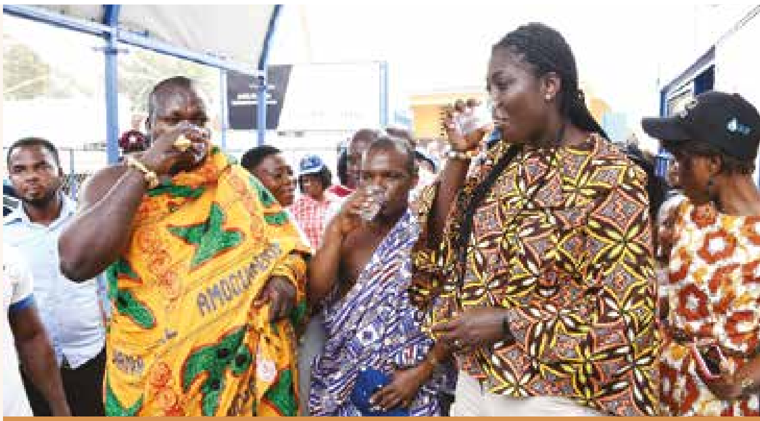
- ***Investments in quality of life improvements such as investments in children's education housing, water, sanitation, health and nutrition.*** The percentage of respondents who were house owners have increased from 67.1% in 2017 to 74.5% in 2019.

- ***The potential for taxation in the three targeted commodities' value chains is huge.*** Besides the smallholder farmers who constitute the majority of actors, others in the value chains include transporters, input dealers, processors, aggregators, commercial farmers and traders. The estimated quantum of income of smallholder farmers available in the interventions regions for taxation was estimated to be GH¢101,525,000 per annum in 2017 and this figure was calculated from an average income of GH¢ 4,061 per annum from crop sales multiplied by the target beneficiaries of 25,000 in the intervention regions. By similar calculation, the figure is estimated at GH¢ 187,710,000 for 2019, using an average income of GH¢ 6,257 per annum from crop sales. However, the study established that most of these smallholder farmers do not pay formal income taxes. Corporate taxes and import duties were other major sources of tax which have been stimulated by LRM. At least, US$50m of investment in equipment has passed through the country's ports between 2018 and 2019, which have been taxed.

Water Replenishment

Water of Life and Afforestation Projects

Guinness Ghana as a socially responsible company continues to deliver shared value to the communities where we source, make and sell. During the 2019/20 financial year, in support of our water replenishment agenda, the business effectively delivered three (3) water of life legacy projects in Buduburam and Apam in the Central Region as well as Ejura in the Ashanti Region.



Commissioning of the Buduburam Waterhealth centre

Guinness Ghana also partnered with A Rocha Ghana a non-governmental agency and the Water Resources Commission to implement an afforestation project to restore and secure natural water sources in six (6) communities in the Densu basin in the Eastern region. Through these projects, Ghana as a Diageo market overdelivered on its target and achieved its 2020 target of replenishing 129,183 cubic meters of water back into the environment as part of its F16 - F20 projects.

Section of the nursery for our afforestation project

Reducing our Environmental Impact

Circular Economy – Advocating for collection and recycling rates

To reduce our environmental impact and creating the enabling environment for progressive conversations around plastics, together with our peers and through the Ghana Recycling Initiative by Private Enterprise (GRIPE) coalition, we engaged employees, around the monthly buyback and community sensitization activities at Korle Gonno and Nungua in Accra, for the Achimota site employees, while another was held in Aboabo in Kumasi for employees of the Kaasi site. The team educated and engaged community members on the value of post-consumer plastic waste. They also contributed to the collection of post-consumer plastic waste during a three-hour exercise in the communities. These activities support our ambition to advocate for and drive the message of segregation of plastic to increase collection and recycling rates.

Employees during a buyback event at Korle Gonno

Completion of modified concrete pilot in Kumasi

Our collective efforts with GRIPE birthed a sanitation facility built from plastic modified concrete to the Domeabra M/A Junior High School in the Ejisu-Juaben Municipality in the Ashanti Region. This project seeks to demonstrate that post-consumer plastic waste has value and a resource which can unlock socio-economic benefits for Ghana. The project which was executed in partnership with the Council for Scientific and Industrial Research Building and Road Research Institute (CSIR-BRRI), used more than two (2) tonnes of plastic waste and demonstrates the fact that post-consumer plastic can be given a second life.

Facility built from modified concrete

Extended Producer Responsibility Scheme and Plastic Buy back project

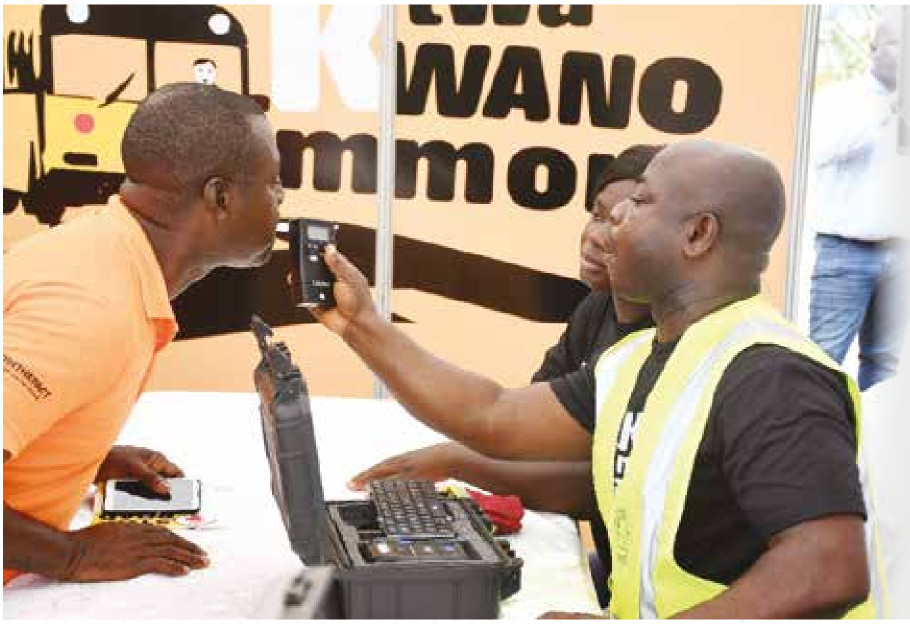
In the year under review, to work towards the establishment of an Extended Producer Responsibility (EPR) in Ghana, Guinness Ghana worked with its peers to rally the Ghana Plastic Manufacturers Association (GPMA), the Food and Beverage Association of Ghana (FABAG), Environmental Service Providers Agency (ESPA), National Association of Sachet and Packaged Water Producers (NASPAWAP), and Africa Plastics Recycling Alliance (APRA) towards working together to establish the EPR.

Again, the coalition of which we play a key role has taken steps to initiate a robust collection system dubbed the 'Beach Buy Back' project - an incentive-based ocean clean-up initiative to encourage recycling rates. This project has since been commissioned at Ga Mashie (Jamestown) and being implemented by an organization called Coliba Ghana and the community leadership.

Positive Drinking Agenda

Furthermore, in line with our ambition to create a positive role for alcohol in society and discourage drink-driving, we launched the 7th edition of our annual road safety campaign – "Twa Kwano Mmom" ("Go the distance") which has been running since 2012. This year, we extended the programme to the Volta region.

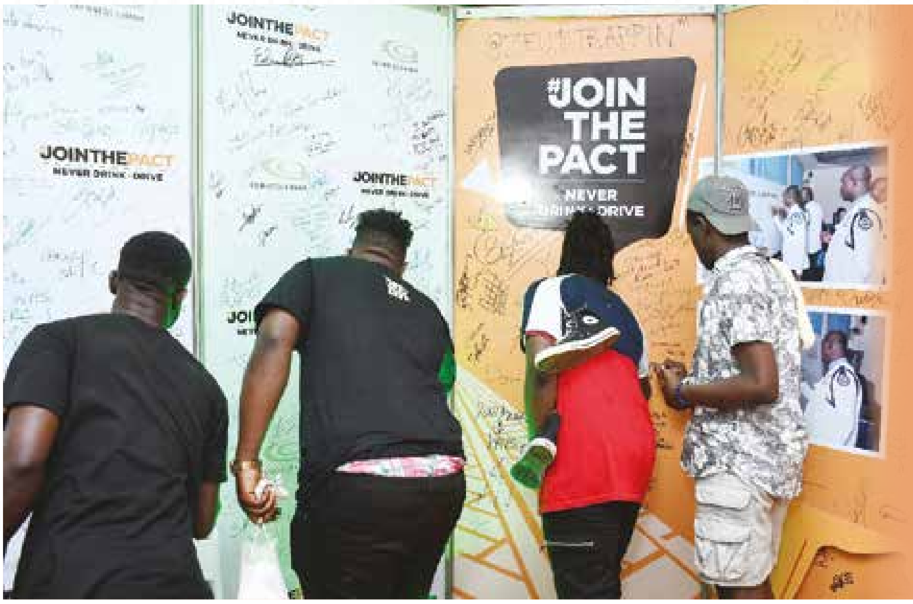
In partnership with the Ghana Police Motor Traffic and Transport Department (MTTD), Street Sense Ghana and the National Road Safety Authority (NRSA), we educated commercial drivers in over 10 bus terminals across 5 regions and conducted over 40,000 random breathalyzer tests over 40,000 drivers.



A commercial driver undergoing the breathalyzer test

In the year under review, to further enhance our leadership in promoting responsible drinking and driving our positive drinking agenda, we embarked on the following activities:

- Promoted the message of moderation to over 11,000 Ghanaians at various brand events.
- Collected over 150,000 pledges from Ghanaians who made a commitment to never drink and drive through our Join the Pact campaign.



Revelers at the Afronation event joining the pact

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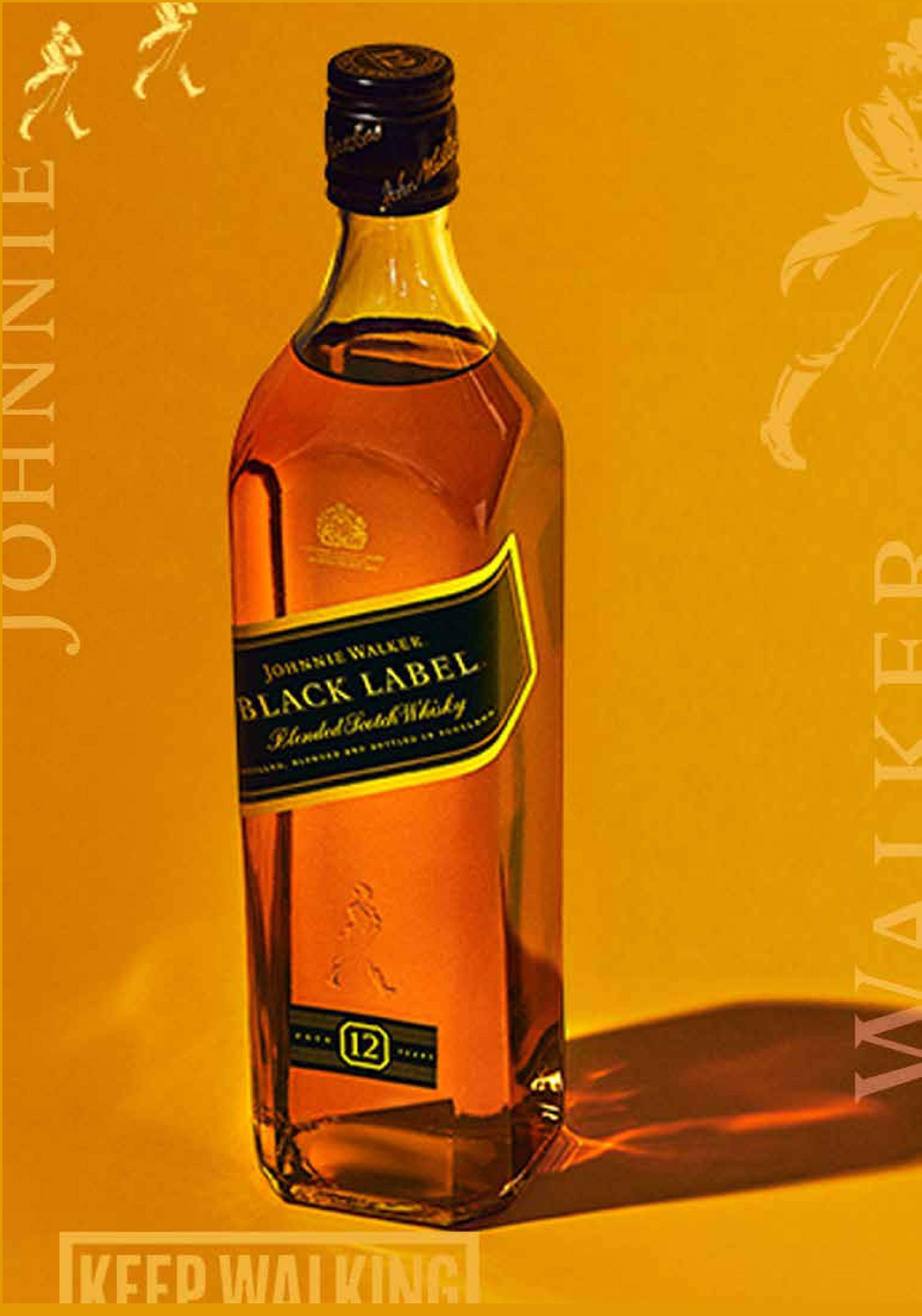
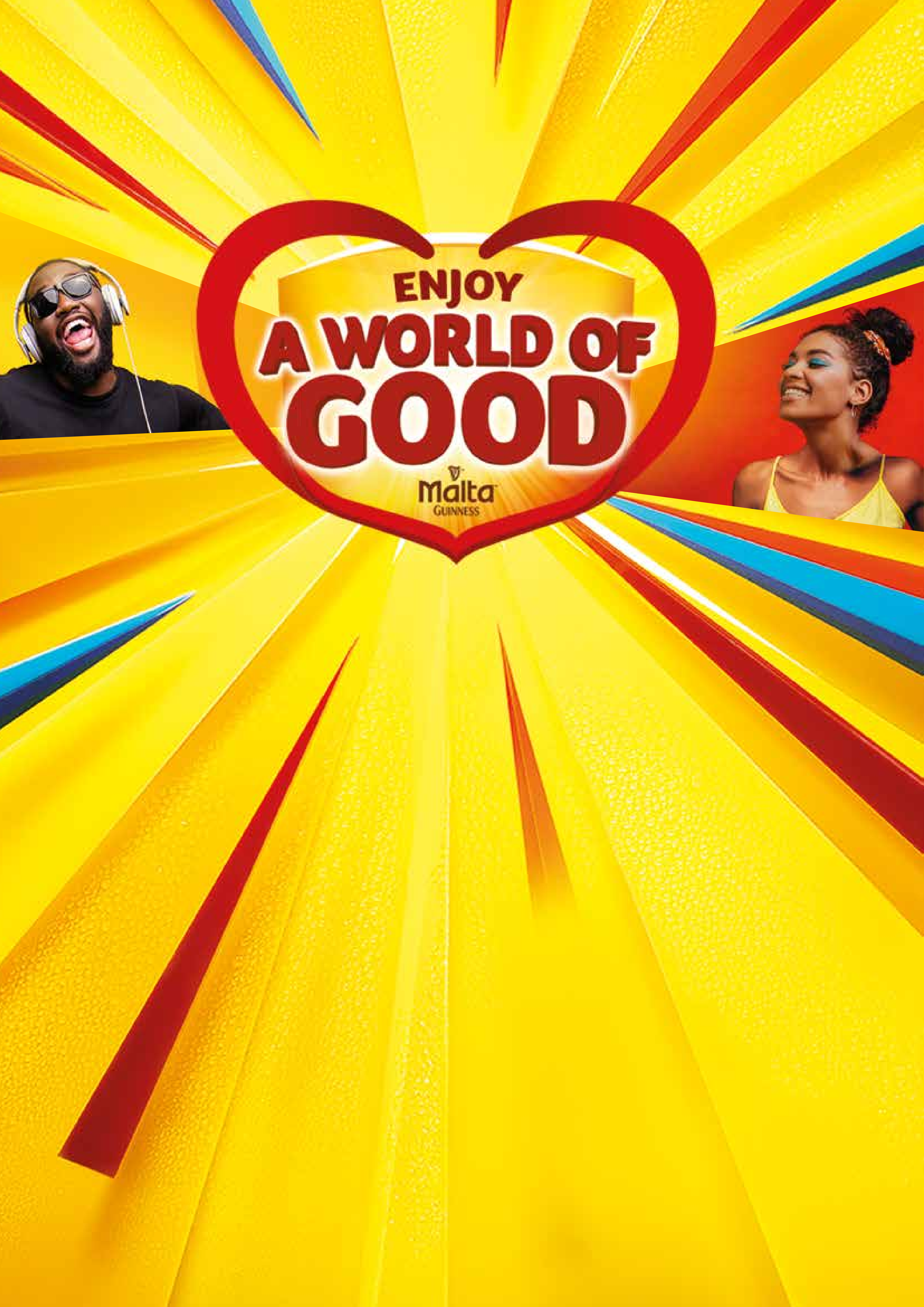

JOHNNIE
WALKER
JOHNNIE WALKER
BLACK LABEL
Blended Scotch Whisky
12
KEEP WALKING


ENJOY
A WORLD OF
GOOD
Malta
GUINNESS