GUINNESS
GHANA

ANNUAL REPORT
& FINANCIAL STATEMENTS
2022


BLACK, BOLD & ORIGINAL
BLACK SHINES BRIGHTEST
BREWED UNDER LICENSE IN GHANA BY GUINNESS GHANA BREWERIES PLC.
GUINNESS
FOREIGN EXTRA STOUT
GUINNESS
FOREIGN EXTRA STOUT
DRINK RESPONSIBLY. 18+
GUINNESS

GUINNESS
GHANA

ANNUAL REPORT
& FINANCIAL STATEMENTS
2022


SINCE 1961
MONDE SELECTION
2022
GOLD
AWARD
Shine On
With quality, award-winning Star beer.
STAR
SINCE 1960
ALC. 5%
STAR
PREMIUM QUALITY
DRINK RESPONSIBLY 18+
STAR
Shine On

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Felix Addo (Chairman)
Hélène Weesie (Managing Director)
Justin Mollel (Appointed on 27th April, 2022)
Teye Mkushi (Resigned on 27th April, 2022)
Ignacio Blazquez Salvador
Kofi Sekyere
John Boadu
Ngozi Aghomi
Andrew Cowan
Akofa Atawa Dakwa (Appointed on 14th September, 2022)

SECRETARY

Suzannè Butah (Resigned on 26th January, 2022)
Kelvin Koranteng Boateng (Appointed on 26th January, 2022)
Guinness Ghana Breweries Plc
P. O. Box 3610
Accra

REGISTRAR

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

REGISTERED OFFICE

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

SOLICITOR

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

INDEPENDENT AUDITOR

Deloitte and Touche
Chartered Accountants
The Deloitte Place, Plot No. 71
Off George Walker Bush Highway
North Dzorwulu
P. O. Box GP 453
Accra, Ghana

BANKERS

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

BOARD MEMBERS

Dr. Felix Addo
Board Chairman

Hélène Weesie
Managing Director

Justin Mollel
Finance Director

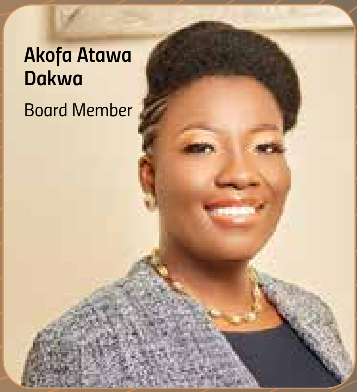
Ignacio Blázquez Salvador
Board Member

Kofi Sekyere
Board Member

John Boadu
Board Member

Ngozi Aghomi
Board Member

Andrew Cowan
Board Member



Akofa Atawa Dakwa
Board Member

Kelvin Koranteng Boateng
Company Secretary

NOTICE OF HYBRID ANNUAL GENERAL MEETING

Notice is hereby given that the 50th Annual General Meeting of Guinness Ghana Breweries PLC will be held on 2nd November 2022 at 10:00 am for the following purposes:

AGENDA

1. To receive the report of the Directors, the Financial Statements for the year ended 30th June 2022 and the Report of the Auditors thereon.
2. To re-elect directors retiring by rotation
3. To elect directors following their appointment to the Board of Directors
4. To approve non-executive directors' fees
5. To authorize the directors to fix the remuneration of the auditors

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 14 September 2022

By order of the Board

Kelvin Koranteng Boateng

Company Secretary

NOTES

1. Virtual attendance shall be by online participation by accessing **www.guinnessghanaagm.com**
2. 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.
3. The appointment of a proxy will not prevent a Shareholder from subsequently attending and voting at the meeting. Where a Shareholder himself/herself attends the meeting virtually or in person, the proxy appointment shall be deemed to be revoked.

   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 **registrars@myumbbank.com** or deposited at the registered office of the Registrars of the Company, **Universal Merchant Bank, ACCRA MAIN, OPPOSITE THE GHANA RAILWAYS – OKAISHIE, ACCRA, P.O. Box GP 401, Accra-Ghana**. The form of the proxy must arrive no later than 48 hours before the appointed time for the meeting.
4. The 2022 Audited Financial Statements can be found in the Annual Returns Brochure which may be viewed by visiting **www.guinnessghanaagm.com**.
5. Shareholders are encouraged to send in any questions in advance of the AGM by emailing them to **registrars@myumbbank.com.** Answers to the questions will be provided at the AGM.
6. Accessing and Voting at the AGM:

   6.1. Access to the meeting will be made available for those joining virtually from 9:00 am on the 2 November 2022. Kindly note however that the AGM shall commence at 10:00 am prompt. Access to the AGM virtually is set out in note 7.2 below.

   6.2. A unique token number will be sent to Shareholders who will like to join the meeting virtually by email and/or SMS from 10th of October, 2022 to grant access to the AGM. Shareholders who do not receive this token may contact: **registrars@myumbbank.com** or call **UMB REGISTRARS: 030 7011722** from **24th October 2022** to join virtually, but before the date of the AGM to be sent the unique token.

   6.3. Shareholders who do not submit proxy forms to **registrars@myumbbank.com** prior to the meeting, may vote electronically during the AGM using their unique token number.

   6.4. 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

INTRODUCTION

Cherished shareholders, on behalf of the Board of Directors of this illustrious business, I wish to thank you charting another year with us. This year marks my 4th year of presenting the Annual report and financial statements to you.

As your Chairman, I'm committed to continuously working with the rest of the board to:

- Delivering on our strategic priorities
- Ensure that we maintain our best-in-class corporate governance structures and behaviors.
- Proactively engage our stakeholders, especially our communities, staff, distributors, and consumers.

Within the last 12 months, your company has seen a few monumental shifts and changes; changes in the composition of the executive leadership team, changes in the approach delivering our goals, changes to the way we work.

Global economic challenges: the Russia-Ukraine war which grossly distorted the supply chains of businesses worldwide, the depreciation of the cedi against global currencies of the rising cost of doing business in Ghana, among others, had an adverse impact on our performance over the financial year.

We, however, remain resolute in our resolve to maintain the course which we have set for ourselves; to be one of the best performing most trusted and respected consumer products companies in the world.

BOARD CHANGES

The last financial year has seen some changes in the composition of the Board.

Finance Director, Teye Mkushi, has been appointed to the role of Global Finance ESG and Sustainability Director of Diageo from 1 March 2022. Teye was a rock for this Board and this company and at the heart of performance delivery and a core part of the leadership team. Her creativity, strength in strategic framing and resilience have seen us step up our local raw material sourcing and investing in a state-of-the-art energy efficient brewhouse. Our company recorded the best performance in decades during her final year in Ghana.

Her replacement, Justin Mollel, was previously the Finance Director of Serengeti Breweries Limited (SBL). He has been connected to the Ghana business in various ways; in 2014 he was seconded to Kenya and worked in the Africa Business Shared Services Centre (ABSC) as OTC Manager supporting Ghana, Cameroon, Reunion, Ethiopia, and Tanzania markets.

CHAIRMAN'S STATEMENT - CONT'D

Suzannè Butah, our Legal Director and Company Secretary was also appointed as Legal Counsel Procurement from 1st December 2021 and relocated to the UK in January. In her role as the Company Secretary, Suzannè oversaw a period of rapid change in the corporate governance sector with the introduction of the Companies Act 2019 and the 2020 SEC Code of Governance for Listed Companies requiring wholesale revisions to the company's constitution board governing documents which has led to a refreshed relationship with the Board. Due to the Covid-19 restrictions, Suzannè had to show great adaptability in organizing Guinness Ghana's first virtual AGM which was very successfully received.

Kelvin Koranteng Boateng, Suzanne's replacement as Legal Director and Company Secretary, is an experienced senior executive lawyer with over 16 years legal professional experience as a litigator and advisor to government and large publicly listed multi-national corporations.

SUSTAINABLE PERFORMANCE AND VALUE CREATION

Distinguished shareholders, ladies and gentlemen, allow me to now share with you some key highlights of the performance of our company.

- **Macro-economic indicators**

The last year has been challenging across every sector within the business space in Ghana. The COVID-19 pandemic and its subsequent disruptions of the social and economic fabric of the country continue to be felt today. The Russia-Ukraine war has disrupted shipping, grain and fertilizer supply across the world and its impact on our business cannot be overemphasized. The cedi has performed poorly against other trading currencies over the last year and its resultant impact is exemplified in the record number of times we have had to take price on several of our products. Other disruptions within the general economic space including the introduction of the E-Levy have had significant impact on the public and in turn our business.

- **Business Performance**

Following an impressive Year F21, where we opened our ¢145 million state of the art brewhouse at our Achimota site, the focus was to push ahead and 'take the lead' in F23. Several situations scampered those plans. Firstly, sorghum harvest delivered minimal output and secondly, the business faced a shortage in bottles, due to suppliers delivering late and not enough returnable glass coming back from the market to cater for our growth.

Despite these challenges, we delivered growth in topline, in both volume and revenue, however, we were not able to fully compensate all cost increases and economic shocks. Despite four price increases in the last 14 months, we have not been able to cover fully the increased costs of running the business. You may have noticed that this situation led Guinness Ghana to post negative results for the last two quarters.

- **Dividends**

The directors did not recommend the payment of a dividend for the year ended 30 June 2022.

ENSURING EXCELLENCE IN GOVERNANCE

Guinness Ghana is also committed to carrying out its business responsibly and in accordance with all laws and regulations which the business is subject to. All aspects of your company's operations were conducted in compliance with applicable laws and regulations and the company's code of business conduct and other related policies. Quarterly board meetings and audit meetings were held, and the nominations committee also met quarterly. I am also happy to inform you that the company satisfactorily underwent two internal audits, in addition to the external audit carried out by Deloitte.

ENGAGEMENT WITH OUR COMMUNITIES

Guinness Ghana continues to track positively and made significant strides in all areas of the Diageo 2030 Sustainability and ESG goals. Over the course of the year, in support of the broader Diageo grain to glass sustainability agenda, Ghana kicked off Recycled PET Transformation project, for which it was chosen as the only Africa Emerging Market (AEM) to pilot. In order to ensure achievement of zero waste in our direct operations and zero waste to land fill throughout our supply chain by 2030, we partnered Coliba Ghana on a pilot collection scheme to set up 10 community collection centers. I am happy to inform you that five (5) of these centres are already operational in Kokrobite, Lapaz, Darkuman, Tema and Apam.

Additionally, in order to ensure 100% of our packaging is widely recyclable (or reusable/ compostable), we have phased out sachets from our Orijin bitters family. Furthermore, stopping sales of these sachets, which potentially are an accessible format for underage individuals, also ensures that we contribute towards the curbing of underage drinking.

CHAIRMAN'S STATEMENT - CONT'D

As part of our grain to glass agenda, we held close engagements with aggregator and farmer communities during the year to bring in more sorghum short term and supporting them to deliver a better harvest in F23. We used the opportunity to commission WASH facilities in two (2) of our local souring communities in the Garu (Upper East) Jirapa (Upper West) regions.

Furthermore, in support of our agenda to promote positive drinking, we also rolled out the SMASHED underage drinking campaign in three regions and the interactive Wrong Side of the Road campaign to initiate conversations and attitudinal change on drink driving.

LOOKING FORWARD

Despite the challenges within the macro-economic environment, I am encouraged more than ever, about the prospects of the F23. I have been impressed by the resilience of the Executive and their renewed sense of commitment to turning things around.

I was at the team's Staff Conference held in August and felt the energy and positivity that flowed from both management and staff. The Year's mantra, Yes We Can, is apt and suited for journey ahead.

I congratulate the entire management and staff for delivering a good performance despite the numerous macroeconomic challenges.

Your business is set on a positive track. It remains an employer of choice and commands the respect of the business community. It continues to challenge the status quo in its delivery of its ESG goals and ambitions. It continues to impact and transform lives and communities. It continues to champion inclusion and diversity in its partnerships and collaborations.

Yes We can.

Thank you.


ENJOY
A WORLD OF
GOOD
Malta
GUINNESS
Malta
GUINNESS
NON ALCOHOLIC
MALT DRINK
PROUDLY MADE IN GHANA
VITALITY • GOODNESS • ENERGY
GRAB
REFRESHING GOODNESS

MANAGING DIRECTOR'S REPORT

Introduction

Fifty (50) is a significant number and I am happy to have been part of the journey towards our 50th session since I joined my first AGM session in November 2020.

Post Covid and Return to Office

It is an undeniable fact that COVID 19 has impacted us all in one way or the other. We continue to witness the impact the pandemic had on economies and businesses globally; even as the world gradually recovers from its disruptive shocks. For your great company, our focus has always been on building an agile and resilient business which withstands the impact of any external shocks such as COVID-19, while ensuring the safety of our people, both on our sites and on the field. We have operated a hybrid work system during the period of eased COVID-19 restrictions and fully ushered our employees back to the office during the second half of F22.

Guinness Ghana began the fiscal year with the theme "Take the Lead". This was after an impressive Year F21. However, as we would later find out, F22 became a more challenging year by all accounts of what transpired. We kicked off Year F22 positively with the opening of the new brewhouse at our Achimota site. This ¢145 million state of the art investment has added significant production capacity to the business and more importantly the ability to brew with sorghum, which before was only possible in Kumasi.

Let me note that we delivered a strong first half of F22, but then two (2) major challenges threw a spanner in the works. Firstly, the sorghum harvest delivered minimal output despite our readiness with a new brewhouse and engagements with aggregators and farmers to bring in more sorghum. Secondly, the business faced a shortage in bottles, due to suppliers delivering late and not enough returnable glass coming back from the market to cater for our growth. Several programs and efforts with distributors were put in place which improved the return of glass during the second half, but still ended the year at a shortage.

Several external factors further impacted performance in the second half of F22. The record inflation, unprecedented devaluation of the cedi, several new taxes and global supply chain challenges impacted our input deliveries and costs. Your great business was able to deliver growth in topline, in both volume and revenue, however, we were not able to fully compensate all cost increases and economic shocks.

Notwithstanding the short term challenges Guinness Ghana has witnessed over the last financial year, we have continued to invest in the future of the business, strengthening our brands, people and sustainable future.

MANAGING DIRECTOR'S - CONT'D

Investment in our brands and Re-launch of Star

We invested in our brands, notably Guinness, through the exciting Black Shines Brightest campaign delivering a strengthening in awareness and equity, translating in a higher number of users. We also created a cultural connection for Johnnie Walker through the Ones Who Walk campaign and added two new Johnnie Walker single malt variants – Johnnie Walker Islay and Johnnie Walker Highlander. The impressive execution of both campaigns was rewarded with award wins and recognitions within both Ghana and Diageo Global.

The year also saw investment into our iconic Star Beer, which was relaunched in the second half of the year, leveraging on the still existing equity of the brand and the unwavering quality, demonstrated again by the fact that Star won a 4th golden medal in the Monde Selection 2022.

Executive Management Team Changes

During the year, your great company saw some significant changes on the Executive Management Team. Teye Mkushi, whom many of you might remember as our Financial Director and also a Board Member took up a role at Diageo as Global Finance ESG & Sustainability Director. Suzanne Butah, who was the Legal Director/Company Secretary and also a member of the board is now with Diageo Global as Legal Counsel for Procurement. Obinna Anyalebechi, our Commercial Director joined Diageo Great Britain in September 2021 as Field and Operations Director. Helen Amarquaye, our Business Integrity Director, during the year decided to pursue other interests outside of Guinness Ghana.

It has been great to see each of them take positive strides in their careers, but it has been sad to see them go. Yet we are proud of the fact that Guinness Ghana has a track record of bringing on board equally competent successors and replacements when the need arises.

Justin Mollel succeeded Teye Mkushi as the new Finance Director. Justin joined from Serengeti Breweries Limited (SBL), in March 2022. He is an accomplished Finance lead with notable achievements on driving business strategy and productivity. Under his leadership the Tanzania business has seen significant top-line growth, Gross Margin and Operating margin growth. He championed a robust and strong controls environment across the organization and has built a strong talent pipeline with focus on growing people in Finance and the wider organization.

Kelvin Koranteng Boateng took over from Suzanne Butah in December 2021 as our Legal Director and Company Secretary. Kelvin is an experienced senior executive lawyer with over 16 years legal professional experience as a litigator and advisor to government and large publicly listed multi-national corporations.

Additionally, Estella Muzito took over from Samori Gambrah as Marketing Director. Estella has rich Africa and global marketing experience to further build our brands and drive our innovation ambition. We are elated to have her leading our marketing and innovation teams.

James Boakye Sarfo joined us as Commercial Director. James is an experienced commercial executive with a demonstrated history of working in the food and beverage industry in Ghana and abroad; with a track record of developing new businesses and route market strategies in emerging markets.

Last but not the least, Rudolf Aryertey joined your great business from FBN Bank in June 2022 as Human Resources Director. Rudolf is an experienced human resource executive with a commercial approach and a proven track record of delivering results.

Sustainability and ESG

Guinness Ghana continues to track positively and made significant strides in all areas of the Diageo 2030 Sustainability and ESG goals. Over the course of the year, in support of the broader Diageo grain to glass sustainability agenda, Ghana kicked off Recycled PET Transformation project, for which it was chosen as the only Africa Emerging Market (AEM) to pilot. In order to ensure achievement of zero waste in our direct operations and zero waste to land fill throughout our supply chain by 2030, we partnered Coliba Ghana on a pilot collection scheme to set up 10 community collection centers. I am happy to inform you that five (5) of these centres are already operational in Kokrobite, Lapaz, Darkuman, Tema and Apam.

Additionally, in order to ensure 100% of our packaging is widely recyclable (or reusable/ compostable), we have phased out sachets from our Orijin bitters family. These sachets contain a foil in them which is not recyclable and therefore does not support our environment commitment as we journey towards 2030. Furthermore, stopping sales of these sachets, which potentially are an accessible format for underage individuals, also ensures that we contribute towards the curbing of underage drinking. We hope that our unilateral move will be followed by other companies which subscribe to this importance.

MANAGING DIRECTOR'S - CONT'D

As part of our grain to glass agenda, we held close engagements with aggregator and farmer communities during the year to bring in more sorghum short term and supporting them to deliver a better harvest in F23. We used the opportunity to commission WASH facilities in two (2) of our local souring communities in the Garu (Upper East) Jirapa (Upper West) regions.

Furthermore, in support of our agenda to promote positive drinking, we also rolled out the SMASHED underage drinking campaign in three regions and the interactive Wrong Side of the Road campaign to initiate conversations and attitudinal change on drink driving.

Engagement with Employees

During the year, we continued investing in our people and dialed up engagements through the institution of a monthly townhall across our sites. After two (2) years of virtual engagements, we finally started in-person sessions in February 2022 and have not looked back since.

We also continued to champion Diversity and Inclusion (D&I), across our business, as we marked March as the Diversity and Inclusion Month – celebrating diversity and sharing people stories to inspire all to make inclusion a core part of our business. We culminated the celebrations with the launch of the Spirited Women's Network Ghana, evolving from WOWNET - the female advocacy and support group for the business. During the year, we achieved 60% representation of women in leadership roles at the Exec level and also 50% of beneficiaries from our community programmes were women. In the area of recruitment, Guinness Ghana during the financial year was able to increase its gender diversity from 20% to 26%.

In view of the sustained employee engagement initiatives during the thick and thin of the year, we record a ninety-two (92) percent engagement score in the Your Voice Survey. This showed a two (2) percent increase over the former year. Furthermore, in relation to talent and career development, we had a record number of Ghanaian talents we launched into the wider organization during the year, with 13 of our colleagues moving into various Diageo global roles.

Looking Forward

As we forge ahead in the Year F23, the Executive Team and our employees are ready to handle and surmount any challenge. At our Staff Conference in July 2022, we took stock of the year gone and dedicated ourselves to a can-do spirit to put the business back on a positive growth and performance trajectory across board. While there is no doubt that Year F23 will continue to deliver a challenging economic situation both locally and globally, I remain positive and optimistic in the fact that we have all it takes – brands and capabilities to face and navigate the headwinds of the current economic dispensation.

I am of the belief that can have an amazing year. I am of the conviction that Yes We Can!

Thank you.

REPORT OF THE DIRECTORS

The directors, in submitting to the shareholders their report and financial statements of the Company for the year ended 30 June 2022, 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 believe that the Company currently has in place adequate internal control mechanisms and procedures.

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 22 of the financial statements.

The directors do not recommend the payment of a dividend for the year ended 30 June 2022 (2021: GH¢0.08 per share amounting to GH¢25 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, Mrs. Teye Mkushi (Finance Director) has resigned as a Director and Mr. Justin Mollel has been appointed to replace her accordingly.

DIRECTORS RETIRING AND SEEKING RE-ELECTION

In accordance with the Companies Act, 2019 (Act 992), the Company's Constitution and Ghana Stock Exchange Rules, Mr. Justin Mollel who was appointed on April 27, 2022; Mrs. Akofa A. Dakwa who was also appointed on 14th of September, 2022 and Mr. John Boadu 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 recognized that good corporate governance is the key to sustainability and growth and the new Companies Act fosters an enabling statutory environment for such practice. Accordingly, the Company ensures that only fit and proper persons are appointed to the Board. Specific training and capacity building programs are in place to enable directors to upskill and discharge their duties appropriately.

CORPORATE GOVERNANCE STATEMENT

The Board consists of nine members, made up of our Independent Non-Executive Chairman, three other Independent Non-Executive Directors, two Non-Executive Directors and three Executive Directors. The Board believe that its composition is appropriate for the size and nature of the Company and that it complies with the SEC requirements on the composition of the Board of Directors of Listed Companies.

REPORT OF THE DIRECTORS - CONT'D

PROFILE OF DIRECTORS

Independent / Executive Directors	Position	Profile	Board Committees	Attendance
Dr. Felix Addo	Chairman	Felix has more than 30 years of practice and consulting experience in corporate finance and recovery, financial and forensic auditing, arbitration, Capital Projects and Infrastructure (CP&I), organizational restructuring and performance improvement engagements in both developed and developing economies. Felix serves on various Boards and Committees including; Sancom PLC, KOSMOS Energy Ghana Advisory Council, KEK Insurance Brokers, Ghana American Chamber of Commerce (Vice President) Ghana Association of Restructuring and Insolvency Advisors (Chairman/President) of the Governing Council, University of Ghana, College of Education Advisory Council	Audit and Risk Nomination and Remuneration	4/4 4/4 4/4
Dr Helene Weesie	Managing Director	Helene Weesie is the Managing Director at Guinness Ghana Breweries Plc and a member of the company's Board since September 2020. Helene joined Diageo from Heineken 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. After that Helene was the Managing Director of the Central Europe Cluster of Diageo through a period of organizational change in Europe. Her early career was spent in Unilever in Marketing roles. She moved on to spend twentyone (21) years in a wide variety of roles at Heineken.	Nomination and Remuneration	4/4 4/4

REPORT OF THE DIRECTORS - CONT'D

Independent / Executive Directors	Position	Profile	Board Committees	Attendance
Mr Kofi Sekyere	Independent Non-Executive Director	Kofi is currently the Chief Executive Officer of TAH Capital Pty Limited and Chairman of SDC Finance and Leasing Company Limited. Kofi also chairs the Board of Delico Investments, and also serves on the Board of CDH Investment Bank and is the Board Chairman of Venture Capital Trust Fund. Kofi has a distinguished career in banking with over 22 years senior management experience. Before joining TAH Capital he was Chief Marketing Officer for HSBC Equator Bank Plc (UK) based in Johannesburg South Africa. Prior to this, he served as Vice President and Regional Director for HSBC Equator Bank Plc based in Accra, Ghana.	Nomination and Remuneration Chairman	4/4 4/4
Mr John Boadu	Independent Non-Executive Director	John is the former General Secretary of the governing New Patriotic Party (NPP). He is the SSNIT representative on the Board and a current board member of the GOIL Company Limited. He is an Accountant by profession and a Political Realist. He holds a B.Sc. in Administration	Audit and Risk Chairman	4/4 4/4
Mrs Akofa Dakwa (appointed 14 September 2022)	Independent Non-Executive Director	She is a highly experienced Finance, Risk Management, Treasury & Investments Professional possesses a multi-disciplinary profile in the Banking sector. She is a Chartered Accountant, Chartered Banker, an MBA holder specialising in Finance and Risk Management, an LLB holder and a Biochemistry degree holder. She has a proven track record and has specialised knowledge in strategy design and execution, enterprise risk management, treasury management, credit analysis, forex and derivative instruments trading, accounting, and trade finance.	Audit and Risk	N/A

REPORT OF THE DIRECTORS - CONT'D

Independent / Executive Directors	Position	Profile	Board Committees	Attendance
Mr Ignacio Blazquez Salvado	Non-Executive Director	Ignacio is currently the Finance and Strategy Director for Africa Emerging Markets. He joined the Board on the 16th of May, 2017. Previous to his current role in Africa, He was the Senior Vice President Finance WestLAC – DIAGEO (Miami, USA) reporting to the WestLAC President and dotted line to Regional FD LAC. Nacho has a strong record of delivering against financial plans through proactive management of risks and opportunities. As an active member of our Audit Subcommittee he is committed to holding the Company to account for high standards of governance and compliance.	Audit and Risk	4/4 4/4
Mr Andrew Cowan	Non-Executive Director	Andrew was during the reporting period the Managing Director, Africa Emerging Markets – Diageo Plc; to lead a cluster of Diageo Africa Companies including Ghana, Cameroon, Ethiopia, Indian Ocean and Partner Markets (WACA countries). He had responsibility for full end to end value chain in each market and to develop a wider business across our partner markets.	Nomination and Remuneration	4/4 4/4
Mr Justin Mollel	Executive Director	Justin was the former Finance Director of Serengeti Breweries Limited (SBL). Justin has been instrumental in improving the way of working of our Finance department and has established constructive support and positive cooperation with other functions and key external and global stakeholders. Amongst his many notable achievements was his leadership in driving business strategy, and productivity. Under his leadership the Tanzania business has seen average annual top-line growth of +15% with Gross Margin growth from 28.1% to 39.4%. Operating margin has seen a remarkable jump from 2.3% to 21%. He has championed a robust and strong controls environment across the organization and has built a strong talent pipeline with focus on growing people in Finance and the wider organization.	Audit and Risk	1/1 1/1

REPORT OF THE DIRECTORS - CONT'D

Independent / Executive Directors	Position	Profile	Board Committees	Attendance
Ms Ngozi Aghomi	Executive Director	Ngozi is impressively experienced in Supply Chain Operations & Management and working with multinational Corporations across Sub Saharan Africa. Prior to Joining DIAGEO's Guinness Nigeria Plc where she was first Site Director for Ogba Brewery and afterwards Supply Director, she had successfully managed a complex Supply Chain for Nestle Nigeria Plc. in Nigeria and on key assignments. After Nestle, she was appointed as the Regional Head of Supply Chain for Kimberly Clark SSA's West, East and Central Africa(WECA) sub-Region. Her strong experience through working with global/multinational enterprises as well as consulting for indigenous enterprises makes her understanding of emerging markets a great advantage. She holds a BSc. and an MSc. in Computer Science from the prestigious University of Benin, Benin-city, Nigeria and University of Lagos, Nigeria respectively. She also holds an MBA in General Management from the prestigious Pan Atlantic University's The Lagos Business School, Lagos, Nigeria as well as two Executive Diplomas in Managing Businesses in Emerging Markets from University of Wisconsin, USA and University of Navarra's IESE Business School, Spain. She is an awaiting alumna of Advanced Management Program (AMP) of the China Europe International Business School (CEIBS),	N/A	4/4

Legend: Board meeting | Audit and Risk | Nomination and Remuneration

REPORT OF THE DIRECTORS - CONT'D

AUDITOR'S REMUNERATION

Audit fee for the year ended 30 June 2022 amount to GH¢270,000.

CORPORATE SOCIAL RESPONSIBILITY

During the financial year ended 30 June 2022, Gh¢1,712,658.31 was invested into our Diageo in Society (DiS) initiatives which cover our Alcohol in Society (AiS) programmes and also our Sustainability initiatives.

DIRECTORS' INTEREST REGISTER

There were no new declarations of interest made in the directors' interests register during the financial year. For the relevant period ended 30 June 2022, no director of the Company held shares in the business.

APPROVAL OF THE REPORT OF DIRECTORS

The report of the directors was approved by the board directors on 14th September, 2022 and signed on their behalf as follows:

FELIX ADDO
CHAIRMAN

JUSTIN MOLLEL
FINANCE DIRECTOR

Dated: 14th September, 2022

Deloitte.

P. O. Box GP453
Accra
Ghana

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Chartered Accountants
The Deloitte Place, Plot No. 71,
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GUINNESS GHANA BREWERIES PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Guinness Ghana Breweries PLC, set out on pages 22 to 63, which comprise the statement of financial position as at 30 June 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, the notes to the financial statements, including a summary of significant accounting policies and other explanatory disclosures.

In our opinion, the financial statements give a true and fair view of the financial position of Guinness Ghana Breweries PLC as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2019 (Act 992).

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Ghana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of financial statements in Ghana.

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Impairment of Trade Receivable	
As at 30 June 2022, the Company's trade receivable balance was GH¢56,868,000 with an associated impairment allowance for expected credit losses ("ECL" or allowance for impairment") of GH¢5,730,000. As described in Note 3 (d), the Company applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime, expected credit loss for all trade receivables. Management utilizes inputs (invoice dates and aging buckets, historical loss rates etc.) and exercises significant assumptions (forward looking assumptions, customer specific factors etc.) for estimating expected credit loss and the default rate.	In evaluating the expected credit losses of the trade receivables, we reviewed the trade receivables provision calculations prepared by the directors, with a particular focus on the default rate and the days past due. We performed various procedures, including the following: ▪ Understood and evaluated the Order to Cash cycle including the information technology (IT) and manual systems, by which sales and payment transactions are initiated, authorized, recorded, processed, corrected as necessary. ▪ Assessed the design and implementation of relevant controls relating to the trade receivable ECL calculation. ▪ Performed inquiries of management and others within the Company about the policy for calculating ECL and whether there have been any changes from the prior year.

INDEPENDENT AUDITOR'S REPORT - CONT'D

Key audit matter	How our audit addressed the key audit matter
Impairment of Trade Receivable	
The area of significant management judgement within the ECL measurement process is the expected credit loss rates which are based on historical loss rates adjusted to reflect current and forward-looking information including macroeconomic indicators affecting the ability of customers to settle outstanding receivables over the 36-month period.	▪ Obtained the calculation of the ECL for trade receivables for the year and reconciled to the general ledger balance as at 30 June 2022. ▪ Performed a retrospective analysis to evaluate the appropriateness of the ECL policy. ▪ Tested the accuracy and completeness of the input data used to derive historical loss rates. ▪ Independently determined the forward looking default rates using the historical rate adjusted for current and forward-looking information including macroeconomic indicators. ▪ Tested the mathematical accuracy of the ECL by recomputing the ECL for the year using the expected forward looking default rates that were independently determined above. Based on the procedures described above, we did not identify any material misstatement relating to the ECL measurement on trade receivables.

Other Matter

The financial statements of the Company for the year ended 30 June 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 29 September 2021.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information 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.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2019 (Act 992) 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.

INDEPENDENT AUDITOR'S REPORT - CONT'D

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.
- 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

INDEPENDENT AUDITOR'S REPORT - CONT'D

Report on Other Legal and Regulatory Requirements

In accordance with the Seventh Schedule of the Companies Act, 2019 (Act 992) we expressly state that:

1. We have obtained the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
2. In our opinion:
    - proper books of accounts have been kept by the Company, so far as appears from our examination of those books.
    - the information and explanations given to us, were in the manner required by the Companies Act, 2019 (Act 992) and give a true and fair view of the:
        a. statement of financial position of the Company at the end of the financial year, and
        b. statement of comprehensive income for the financial year.
3. The Company's statement of financial position and statement of comprehensive income are in agreement with the accounting records and returns.
4. We are independent of the Company, pursuant to Section 143 of the Companies Act, 2019 (Act 992)

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

For and on behalf of Deloitte & Touche (ICAG/F/2022/129)
Chartered Accountants
The Deloitte Place, Plot No.71
Off George Walker Bush Highway
North Dzorwulu
Accra Ghana

27th October, 2022

STATEMENT OF COMPREHENSIVE INCOME

		Year ended 30 June	
		2022	2021
	Note	**GH¢'000**	GH¢'000
Revenue from contracts with customers	6	**1,298,878**	1,104,436
Cost of sales	7	**(1,045,049)**	(786,876)
Gross profit		**253,829**	317,560
Advertising and marketing expenses	8 (i)	**(81,452)**	(81,270)
Administrative expenses	8 (ii)	**(119,861)**	(81,216)
Other expenses	8 (iii)	**(19,952)**	(33,118)
Impairment release on financial assets	8 (iv)	**714**	145
Profit from operating activities		**33,278**	122,101
Finance income	9	**167**	610
Finance costs	9	**(23,515)**	(21,743)
Profit before income tax		**9,930**	100,968
Income tax expense	10 (i)	**(4,145)**	(24,393)
National fiscal stabilisation levy	10 (iii)	**(497)**	(5,048)
Profit for the year		**5,288**	71,527
Other comprehensive income			
Items that are not subsequently reclassified to profit or loss:			
Actuarial loss on defined benefit obligations, net of tax	10 (v)	**(645)**	(118)
Other comprehensive income		**(645)**	(118)
Total comprehensive income for the year		**4,643**	71,409
Basic earnings per share	25	**0.017**	0.233
Diluted earnings per share	25	**0.017**	0.233

The notes on pages 28 - 63 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

		Year ended 30 June	
		2022	2021
	Note	**GH¢'000**	GH¢'000
ASSETS			
Property, plant and equipment	11	**610,902**	540,698
Intangible assets	12	**3,691**	915
Right-of-use assets	13	**36,863**	42,987
Total non-current assets		**651,456**	584,600
Inventories	14	**285,234**	187,973
Trade receivables	15	**51,138**	51,305
Amounts due from related parties	17 (i)	**6,233**	2,586
Other assets	18	**15,119**	3,525
Other financial assets at amortised cost	16	**15,157**	1,231
Current income tax assets	10 (ii)	**19,312**	5,971
Cash and bank balances	19	**31,677**	46,424
Total current assets		**423,870**	299,015
Total assets		**1,075,326**	883,615
EQUITY AND LIABILITIES			
Stated capital	20	**272,879**	272,879
Retained earnings		**78,375**	98,955
Total equity		**351,254**	371,834
Deferred tax liabilities	10 (v)	**33,244**	30,203
Lease liabilities	21	**30,557**	29,571
Borrowings	17 (iii)	**105,577**	105,577
Employee benefit obligations	22	**5,823**	3,931
Total non-current liabilities		**175,201**	169,282
Bank overdrafts	23	**53,972**	28,942
Lease liabilities	21	**11,864**	9,870
Borrowings	17 (iii)	**3,556**	3,248
Trade and other payables	24	**424,679**	276,678
Amounts due to related parties	17 (ii)	**54,800**	23,761
Total current liabilities		**548,871**	342,499
Total liabilities		**724,072**	511,781
Total equity and liabilities		**1,075,326**	883,615

The notes on pages 28 - 63 form an integral part of these financial statements. The financial statements on pages 22 - 63 were approved by the Board of Directors on 14th September, 2022 and signed on their behalf by:

FELIX ADDO, CHAIRMAN

Justin Mollel

JUSTIN MOLLEL, FINANCE DIRECTOR

STATEMENT OF CHANGES IN EQUITY

		Stated capital	Retained earnings	Total
Year ended 30 June 2022	**Note**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Balance at 1 July 2021		**272,879**	**98,955**	**371,834**
Profit for the year		**—**	**5,288**	**5,288**
Other comprehensive income		**—**		
Actuarial loss on defined benefit obligation, net of tax	**10(v)(b)**	**—**	**(645)**	**(645)**
Total comprehensive income for the year		**—**	**4,643**	**4,643**
Transactions with owners:				
Dividends paid for 2021		**—**	**(25,223)**	**(25,223)**
Balance at 30 June 2022		**272,879**	**78,375**	**351,254**
Year ended 30 June 2021				
Balance at 1 July 2020		272,879	31,759	304,638
Profit for the year		—	71,527	71,527
Other comprehensive income				
Actuarial gain on defined benefit obligation, net of tax	10(v)(b)	—	(118)	(118)
Total comprehensive income for the year		—	71,409	71,409
Transactions with owners:				
Dividends declared for 2020		—	(4,213)	(4,213)
Balance at 30 June 2021		272,879	98,955	371,834

The notes on pages 28 - 63 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Note	Year ended 30 June 2022 GH¢'000	2021 GH¢'000
Cash flows from operating activities			
Profit before income tax		**9,930**	100,968
Adjustments for:			
▪ Depreciation of property, plant and equipment	11	**62,981**	47,687
▪ Depreciation of right-of-use assets	13	**13,577**	14,152
▪ Amortisation of intangible assets	12	**297**	696
▪ Impact of lease remeasurement	13	**—**	153
▪ Loss on disposal of property, plant and equipment	11(b)	**1,325**	4,770
▪ Loss on derecognition of right-of-use assets	13	**49**	196
▪ Release of provision for expected credit losses	8(iv)	**(714)**	(145)
▪ Finance costs	9	**23,515**	21,743
▪ Finance income	9	**(167)**	(610)
▪ Actuarial (gain)/loss on long service awards	22	**(189)**	36
▪ Unrealised foreign exchange differences		**27,577**	5,172
		138,181	194,818
Changes in:			
▪ Inventories		**(97,261)**	(70,007)
▪ Trade and other receivables		**881**	(25,888)
▪ Trade and other payables		**135,287**	101,984
▪ Related party balances		**15,684**	5,277
▪ Employee benefit obligations		**1,257**	322
▪ Other assets		**(11,594)**	(1,112)
▪ Other financial assets at amortised cost		**(14,652)**	315
Cash generated from operating activities		**167,783**	205,709
▪ Interest paid		**(23,207)**	(22,171)
▪ Income tax paid	10(ii)	**(14,266)**	(24,522)
▪ National fiscal stabilisation levy paid	10(iii)	**(2,926)**	(5,325)
▪ Interest received	9	**167**	610
Net cash generated from operating activities		**127,551**	154,301
Cash flows from investing activities			
Acquisition of intangible assets	12	**(3,073)**	—
Acquisition of property, plant and equipment	11(a)	**(134,510)**	(116,908)
Net cash used in investing activities		**(137,583)**	(116,908)

STATEMENT OF CASH FLOWS - CONT'D

		Year ended 30 June	
		2022	2021
	Note	**GH¢'000**	GH¢'000
Cash flows from financing activities			
Repayment of principal portion of lease liabilities	21	**(4,522)**	(6,415)
Dividend paid		**(25,223)**	(4,213)
Net cash used in financing activities		**(29,745)**	(10,628)
Net (decrease)/increase in cash and cash equivalents		**(39,777)**	26,765
Cash and cash equivalents at 1 July		**17,482**	(8,209)
Effect of movements in exchange rates on cash held		**—**	(1,074)
Cash and cash equivalents at 30 June	19	**(22,295)**	17,482

The notes on pages 28 - 63 form an integral part of these financial statements.


NEW LOOK, SAME ICY TASTE
SMIRNOFF
ICE
DOUBLE BLACK
VODKA MIXED DRINK DRINK ICE COLD
SMIRNOFF
ICE
PINEAPPLE PUNCH
MIXED VODKA DRINK WITH PINEAPPLE FLAVOUR
BRING IT ON
DRINK RESPONSIBLY
18+

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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 has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2021:

- Interest Rate Benchmark Reform, Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Covid-19-related Rent Concessions – Amendments to IFRS 16

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(v) New standards and interpretations not yet adopted

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

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

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

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting disclosures.

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

a) Basis of preparation (continued)

(v) New standards and interpretations not yet adopted (continued)

The effective date of the amendment is 1 January 2023.

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

Amendments to IAS 8: Definition of Accounting Estimates

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The effective date of the amendment is 1 January 2023.

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

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets to the extent that it is probably that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in the retained earnings, or another component of equity, as appropriate.

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

The effective date of the amendment is 1 January 2023.

Amendments to IAS 16: Property, Plant and Equipment - Proceeds before intended use

The amendment to IAS 16 Property, Plant and Equipment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

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

The effective date of the amendments is 1 January 2022.

Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

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

The effective date of the amendments is 1 January 2022.

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of preparation (continued)

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements to IFRS Standards 2018-2020 cycle make amendments to the following standards:

IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for Derecognition of financial liabilities.

IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The effective date of the amendments is 1 January 2022.

IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

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

(vi) Early adoption of standards

The Company did not early adopt new or amended standards in the year.

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.

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Financial instruments (continued)

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.

(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 profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in the profit or loss within 'other income' or 'other expenses'.

d. Leases

Leases under which the Company is the lessee

The Company leases warehouses, equipment, and vehicles. Contracts are typically made for fixed periods of 6 months to 8 years but may have extension options.

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.

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Leases (continued)

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 or 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.

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.

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Property, plant and equipment (continued)

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.

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

(a) 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.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Employee benefits (continued)

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 the senior staff and 12% for junior staff. Obligations under the plan are limited to the relevant contributions, which are charged to profit or loss as and when they fall due.

(c) 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.

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.

(d) 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 profit or loss.

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 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, value added tax and volume rebates. The Company offers discounts to its customers based on agreed terms. These discounts take the form of volume discounts, price discounts and others and are geared towards the delivery of revenue. These are accounted for as a reduction in revenue.

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.

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 and on leases. 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.

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Company 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

b) Taxation

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.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 a 36 month period 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 28(i).

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

d) Impairment of financial assets at amortised cost (continued)

The Company applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime, expected credit loss 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 28(i).

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. The Company also exercised judgement in determining the incremental borrowing rate, which is the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The incremental borrowing rate depends on the term, currency and start date of the lease.

f) Useful life of right-of-use assets

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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 17 (iii) and 21.

The Company considers that the recognised assets and liabilities are at Level 2 (that is, one or more of the significant inputs is not based on observable market data) in the fair value hierarchy as disclosed in note 27.

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.

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

5. OPERATING SEGMENTS (continued)

	Alcoholic Beverages		Non-Alcoholic Beverages		Spirits		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000	**GH¢'000**	GH¢'000	**GH¢'000**	GH¢'000
Revenue from external customers within Ghana	**578,766**	526,199	**631,219**	492,176	**88,700**	85,633	**1,298,685**	1,104,008
Revenue from external customers outside Ghana					**193**	428	**193**	428
Total External Revenue	**578,766**	526,199	**631,219**	492,176	**88,893**	86,061	**1,298,878**	1,104,436
Depreciation and amortisation	**—**	—	**—**	—	**—**	—	**(76,855)**	(62,535)
Operating cost	**(529,692)**	(438,230)	**(577,697)**	(409,896)	**(81,356)**	(71,674)	**(1,188,745)**	(919,800)
Operating profit		—		—		—	**33,278**	122,101
Finance income		—		—		—	**167**	610
Finance cost		—		—		—	**(23,515)**	(21,743)
Profit before income tax		—		—		—	**9,930**	100,968
Taxes and levies		—		—		—	**(4,642)**	(29,441)
Profit for the year		—		—		—	**5,288**	71,527
Non-current assets		—		—		—	**651,456**	584,600

No measure of total assets and liabilities are reviewed by the CODM.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2022	2021
	GH¢'000	GH¢'000
Revenue recognised:		
At a point in time	**1,298,878**	1,104,436
Gross sales	**1,628,992**	1,388,812
Taxes collected for government (Value Added Tax)	**(266,925)**	(217,107)
Volume discounts	**(63,189)**	(67,269)
Net sales value	**1,298,878**	1,104,436

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

7. COST OF SALES

	2022	2021
	GH¢'000	GH¢'000
Direct production costs	**522,819**	372,144
Production overheads	**211,688**	159,263
Depreciation expense (Note 11(a))	**72,341**	54,804
Excise duty	**156,506**	129,652
Distribution and warehousing costs	**81,695**	71,013
	1,045,049	786,876

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
	GH¢'000	GH¢'000
(i) Advertising and marketing expenses		
Advertising and marketing expenses	**81,452**	80,298
Depreciation expense	**—**	972
	81,452	81,270
(ii) Administrative expenses		
Staff cost	**78,458**	58,069
Auditor's remuneration	**270**	273
Insurance	**1,829**	1,582
Office related expenses	**13,639**	5,635
Professional/consultancy costs	**9,397**	961
Communication costs	**2,336**	1,955
Depreciation expense (Note 11(a))	**4,217**	6,063
Amortisation charge (Note 12)	**297**	696
Directors' remuneration and expenses	**7,135**	5,384
Other costs	**2,283**	598
	119,861	81,216

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (continued)

	2022	2021
	GH¢'000	GH¢'000
(iii) Other expenses		
Net foreign exchange loss	**17,975**	28,890
Sundry expenses	**1,977**	4,228
	19,952	33,118

(iv) Impairment release on financial assets	2022	2021
	GH¢'000	GH¢'000
Charge for the year	—	—
Provision no longer required	**(714)**	(145)
	(714)	(145)

(v) Personnel costs		
Wages and salaries	**88,629**	58,115
Social security contributions	**5,390**	4,378
Contributions to provident fund	**4,970**	4,175
Defined benefit plan	**5,738**	5,513
Other staff expenses	**28,730**	18,248
	133,457	90,429

The total number of staff employed by the Company at 30 June 2022 was 595 (2021: 548).

Personnel costs is charged as follows:		
Administrative expense (Note 8(ii))	**78,458**	58,069
Directors' remuneration and expenses (Note 8(ii))	**7,002**	5,250
Included in cost of sales	**47,997**	27,110
	133,457	90,429

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

9. FINANCE INCOME AND COSTS

	2022	2021
	GH¢'000	GH¢'000
Finance income		
Interest income on bank accounts	**167**	610
Finance costs		
Interest expense on borrowings	**14,193**	15,032
Interest expense on lease liabilities	**3,006**	2,893
Interest expense on bank overdrafts	**5,572**	3,746
Other finance costs	**744**	72
	23,515	21,743

10. TAXES AND LEVIES

	2022	2021
	GH¢'000	GH¢'000
(i) Income tax expense		
Current income tax charge (Note 10(ii))	**925**	23,304
Deferred income tax charge (Note 10(v))	**3,220**	1,089
	4,145	24,393

(ii) Current income tax asset

Year ended 30 June 2022	**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 2020	**(4,753)**	**—**	**—**	**(4,753)**
2021	**(1,218)**	**—**	**—**	**(1,218)**
2022	**—**	**(14,266)**	**925**	**(13,341)**
	(5,971)	**(14,266)**	**925**	**(19,312)**

Year ended 30 June 2021				
	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 2019	(1,614)	—	—	(1,614)
2020	(3,139)	—	—	(3,139)
2021	—	(24,522)	23,304	(1,218)
	(4,753)	(24,522)	23,304	(5,971)

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

10. TAXES AND LEVIES (continued)

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 2022

	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 2021	(726)	—	—	(726)
2022	—	(2,926)	497	(2,429)
	(726)	(2,926)	497	(3,155)

Year ended 30 June 2021

	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 2020	(449)	—	—	(449)
2021	—	(5,325)	5,048	(277)
	(449)	(5,325)	5,048	(726)

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

(iv) Reconciliation of effective tax rate

	2022	2021
	GH¢'000	GH¢'000
Profit before income tax	9,930	100,968
Tax calculated using statutory income tax rate of 25% (2021: 25%)	2,483	25,242
Expenses not deductible for tax purposes	1,841	2,838
Export sale rate impact	(12)	—
Items not subject to tax	412	—
Items taxed at different rate	(579)	(3,757)
Adjustment in respect of prior years	—	70
Income tax expense	4,145	24,393
Effective tax rate	42%	24%

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

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
Year ended 30 June 2022	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Property, plant and equipment	**33,638**	**5,546**	**—**	**39,184**	**—**	**39,184**
Provision for doubtful debts	**(1,291)**	**45**	**—**	**(1,246)**	**(1,246)**	**—**
Inventory provisions	**(784)**	**70**	**—**	**(714)**	**(714)**	**—**
Provision for employee benefit obligations	**(882)**	**(424)**	**(179)**	**(1,485)**	**(1,485)**	**—**
Right-of-use assets	**(478)**	**(2,017)**	**—**	**(2,495)**	**(2,495)**	**—**
Net deferred tax liabilities	**30,203**	**3,220**	**(179)**	**33,244**	**(5,940)**	**39,184**

	At 1 July (Net)	Charge to profit or loss	Recognised in OCI	At 30 June (Net)	Deferred tax assets	Deferred tax liabilities
Year ended 30 June 2021	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Property, plant and equipment	31,495	2,143	—	33,638	—	33,638
Provision for doubtful debts	(1,470)	179	—	(1,291)	(1,291)	—
Inventory provisions	(1,240)	456	—	(784)	(784)	—
Provision for employee benefit obligations	(482)	(368)	(32)	(882)	(882)	—
Restricted financial cost	(1,059)	1,059	—	—	—	—
Right-of-use assets	1,902	(2,380)	—	(478)	(478)	—
Net deferred tax liabilities	29,146	1,089	(32)	30,203	(3,435)	33,638

(a) Movement in deferred tax balances

	2022	2021
	GH¢'000	GH¢'000
Balance at 1 July	**30,203**	29,146
Charge for the year	**3,220**	1,089
Deferred tax on actuarial loss in Other Comprehensive Income	**(179)**	(32)
Balance at 30 June	**33,244**	30,203

(b) Amount recognised in Other Comprehensive Income

	2022			2021		
	Before tax	**Tax credit**	**Net of tax**	Before tax	Tax charge	Net of tax
Actuarial loss on defined benefit liability	**(824)**	**179**	**(645)**	(150)	32	(118)

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

11. PROPERTY, PLANT AND EQUIPMENT

Year ended 30 June 2022	**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 2021	58,106	439,186	331	6,232	211,872	155,780	871,507
Additions	6,451	34,102	—	25	56,402	37,530	134,510
Disposals/Write-off	10	(4,856)	(331)	(240)	(27)	72	(5,372)
Transfers	13,510	107,966	—	—	28,131	(149,607)	—
At 30 June 2022	**78,077**	**576,398**	**—**	**6,017**	**296,378**	**43,775**	**1,000,645**
Accumulated deprecation							
At 1 July 2021	10,191	180,120	331	4,424	135,743	—	330,809
Charge for the year	2,093	30,397	—	1,189	29,302	—	62,981
Disposals/Write-off	10	(3,486)	(331)	(240)	—	—	(4,047)
Transfers	114	(114)	—	—	—	—	—
At 30 June 2022	**12,408**	**206,917**	**—**	**5,373**	**165,045**	**—**	**389,743**
Net book value							
At 30 June 2022	**65,669**	**369,481**	**—**	**644**	**131,333**	**43,775**	**610,902**

Year ended 30 June 2021	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 2020	58,185	421,973	331	8,492	214,072	71,954	775,007
Additions	2	11,439	—	—	14,171	91,296	116,908
Disposals/Write-off	(131)	(2,418)	—	(1,085)	(16,774)	—	(20,408)
Transfers	50	8,192	—	(1,175)	403	(7,470)	—
At 30 June 2021	58,106	439,186	331	6,232	211,872	155,780	871,507
Accumulated deprecation							
At 1 July 2020	8,464	160,565	331	3,839	125,561	—	298,760
Charge for the year	1,764	20,651	—	1,615	23,657	—	47,687
Disposals/Write-off	(37)	(1,096)	—	(1,030)	(13,475)	—	(15,638)
At 30 June 2021	10,191	180,120	331	4,424	135,743	—	330,809
Net book value							
At 30 June 2021	47,915	259,066	—	1,808	76,129	155,780	540,698

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

11. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Depreciation expense	**2022**	2021
Depreciation has been charged in the profit or loss as follows:	**GH¢'000**	GH¢'000
Cost of sales (Note 7)	**72,341**	54,804
Advertising and marketing expenses (Note 8(i))	**—**	972
Administrative expenses (Note 8(ii))	**4,217**	6,063
	76,558	61,839
Depreciation charge for the year		
Property, plant and equipment (Note 11)	**62,981**	47,687
Right-of-use assets (Note 13)	**13,577**	14,152
	76,558	61,839
(b) Disposal/write-off of property, plant and equipment		
Cost	**5,372**	20,408
Accumulated depreciation	**(4,047)**	(15,638)
Net book value	**1,325**	4,770
Loss on disposal/write-off	**1,325**	4,770

12. INTANGIBLE ASSETS

	2022	2021
Year ended 30 June	**GH¢'000**	GH¢'000
Cost		
At 1 July	**13,545**	14,081
Additions	**3,073**	—
Write-off	**—**	(536)
At 30 June	**16,618**	13,545
Accumulated amortisation		
At 1 July	**12,630**	12,470
Charge for the year	**297**	696
Write-off	**—**	(536)
At 30 June	**12,927**	12,630
Net book value		
At 30 June	**3,691**	915

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

Security

As of 30 June 2022, there were no restrictions on title for intangible assets.

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

13. RIGHT-OF-USE ASSETS

	Warehouse	Residential properties	Chillers	Vehicles	Total
Year ended 30 June 2022	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Cost					
At 1 July 2021	26,356	825	22,177	35,163	84,521
Additions	6,257	304	941	—	7,502
Derecognition	—	(331)	(210)	(11,480)	(12,021)
At 30 June 2022	**32,613**	**798**	**22,908**	**23,683**	**80,002**
Accumulated depreciation					
At 1 July 2021	7,516	178	15,568	18,272	41,534
Depreciation charge	5,638	681	3,041	4,217	13,577
Derecognition	—	(331)	(161)	(11,480)	(11,972)
At 30 June 2022	**13,154**	**528**	**18,448**	**11,009**	**43,139**
Net book value	**19,459**	**270**	**4,460**	**12,674**	**36,863**
Year ended 30 June 2021					
Cost					
At 1 July 2020	26,449	2,164	22,177	32,756	83,546
Remeasurement	(93)	(60)	—	—	(153)
Additions	—	753	—	9,094	9,847
Derecognition	—	(2,032)	—	(6,687)	(8,719)
At 30 June 2021	26,356	825	22,177	35,163	84,521
Accumulated depreciation					
At 1 July 2020	3,565	1,185	12,461	18,694	35,905
Depreciation charge	3,951	1,025	3,107	6,069	14,152
Derecognition	—	(2,032)	—	(6,491)	(8,523)
At 30 June 2021	7,516	178	15,568	18,272	41,534
Net book value	18,840	647	6,609	16,891	42,987

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

13. RIGHT-OF-USE ASSETS (continued)

Derecognition of right-of-use assets:

	2022	2021
	GH¢'000	GH¢'000
Cost	**12,021**	8,719
Accumulated depreciation	**(11,972)**	(8,523)
Net book value	**49**	196
Loss on derecognition	**49**	196

14. INVENTORIES

	2022	2021
	GH¢'000	GH¢'000
Raw and packaging materials	**183,975**	113,247
Work-in-progress	**9,729**	5,318
Finished products	**44,410**	38,526
Engineering spares and other consumables	**47,351**	29,735
Goods in transit	**(231)**	1,147
	285,234	187,973

As of 30 June 2022, there were no inventories pledged as security (2021: Nil). Inventories include provision amounting to GH¢ 3.28 million.

15. TRADE RECEIVABLES

	2022	2021
	GH¢'000	GH¢'000
Gross trade receivables	**56,868**	57,275
Provision for expected credit losses	**(5,730)**	(5,970)
Net trade receivables (Note 28)	**51,138**	51,305
Movement in expected credit losses		
At 1 July	**(5,970)**	(6,866)
Credit for the year	**714**	145
(Release)/write-off	**(474)**	751
At 30 June	**(5,730)**	(5,970)
Analysis of movements		
Trade receivables	**121**	145
Other receivables	**593**	—
Total credit for the year	**714**	145

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

16. OTHER FINANCIAL ASSETS AT AMORTISED COST

	2022	2021
	GH¢'000	GH¢'000
Staff debtors	**1**	36
Sorghum crop fertilizer to farmers	**9,252**	—
Other receivables	**445**	469
National Fiscal Stabilisation Levy (Note 10(iii))	**3,155**	726
MG PET retention	**2,304**	—
Net other financial assets (Note 28)	**15,157**	1,231

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) Raw materials and finished goods purchased from related parties during the year as follows:

	2022	2021
	GH¢'000	GH¢'000
Diageo Ireland	**39,348**	47,597
Diageo Brands B.V.	**26,514**	35,671
Guinness Nigeria Plc	**63**	2,132
Guinness Cameroon SA	**18**	—
	65,943	85,400

c) Included in profit or loss is an amount of GH¢39.8 million (2021: GH¢29.6 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¢14 million (2021: GH¢15 million) was charged to profit or loss on account of loan from Diageo Finance Plc.

e) Human resource and project cost recharges

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

17. RELATED PARTY TRANSACTIONS (continued)

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

	2022	2021
	GH¢'000	GH¢'000
Diageo Great Britain Limited	**28,914**	24,824
Guinness Storehouse Limited	**21,647**	24,793
Diageo Scotland Limited	**2,545**	4,394
Diageo Brands B.V.	**1,943**	1,539
Guinness Nigeria Plc	**1,294**	400
Diageo North America Inc.	**121**	2,498
East African Breweries Limited	**103**	1,127
Guinness Cameroon SA	**35**	174
Diageo Great Britain Limited	**—**	3,862
Diageo North America Inc.	**—**	1,248
Diageo Brands B.V.	**—**	532
Diageo Deutschland GmbH	**—**	65
Diageo Plc	**—**	1
	56,602	65,457
f) Related party balances outstanding as at 30 June		
(i) Amounts due from related parties*		
Guinness Cameroon SA	**2,601**	1,447
Guinness Nigeria Plc	**2,500**	1,014
Diageo North America Inc	**1,132**	—
Meta Abo Brewery SC	**—**	125
	6,233	2,586

*Last year balances have changed for more accurate presentation. Amounts due from Diageo Great Britain Limited (GH¢345 thousand) and Diageo Scotland Limited (GH¢1 thousand) have been reclassified to payables for netting purposes.

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

17. RELATED PARTY TRANSACTIONS (continued)

(ii) Amounts due to related parties*

	2022	2021
	GH¢'000	GH¢'000
Diageo Brands B.V.	**21,016**	7,490
Diageo Great Britain Limited	**20,573**	3,247
Diageo Ireland	**9,356**	10,883
Uganda Breweries Limited	**1,458**	—
Serengeti Breweries Limited	**1,125**	—
Diageo Scotland Limited	**926**	114
Kenya Breweries Limited	**302**	—
East African Breweries Plc	**42**	44
Diageo Plc	**2**	—
Guinness Nigeria Plc	**—**	1,856
Diageo North America Inc.	**—**	127
	54,800	23,761

*Last year balances have changed for more accurate presentation. Amounts due from Diageo Great Britain Limited and Diageo Scotland Limited have been reclassified to payables for netting purposes.

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

	2022	2021
	GH¢'000	GH¢'000
Balance at 1 July	**108,825**	109,253
Interest paid	**(13,885)**	(15,460)
Interest charge	**14,193**	15,032
Balance at 30 June	**109,133**	108,825
Current	**3,556**	3,248
Non-current	**105,577**	105,577
	109,133	108,825

The Company has a loan facility 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. Up to 1 July 2023, 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 2023, 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 14.64%. The principle loan is unsecured. The accrued interest representing the current portion of the liability has been disclosed.

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

17. RELATED PARTY TRANSACTIONS (continued)

(iii) Borrowings (continued)

For the current year, the company has presented the total interest charged or paid for the full year compared to the prior year where only accrued interest was presented.

(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 recognised in administrative expenses in the profit or loss includes the following:

	2022	2021
	GH¢'000	GH¢'000
Short-term benefits	12,013	8,646
Long-term benefits	588	627
	12,601	9,273

18. OTHER ASSETS

	2022	2021
	GH¢'000	GH¢'000
Prepayments	15,119	3,525

19. CASH AND CASH EQUIVALENTS

	2022	2021
	GH¢'000	GH¢'000
Cash and bank balances	31,677	46,424
Bank overdraft (Note 23)	(53,972)	(28,942)
Cash and cash equivalents in the statement of cash flows	(22,295)	17,482

There are no restrictions on the Company's bank balances at the year end (2021: Nil).

20. STATED CAPITAL

(a) Ordinary shares	Number of shares		Proceeds	
	2022	2021	2022	2021
			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.

There was no movement in ordinary shares during the year (2021: Nil).

(b) Shares in treasury

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

21. LEASE LIABILITIES

	2022	2021
	GH¢'000	GH¢'000
Non-current lease liabilities	30,557	29,571
Current lease liabilities	11,864	9,870
	42,421	39,441

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

21. LEASE LIABILITIES (continued)

	Future minimum lease payments	Future finance charges	Present value of minimum lease payments	Future minimum lease payments	Future finance charges	Present value of minimum lease payments
	2022	**2022**	**2022**	2021	2021	2021
	GH¢'000	**GH¢'000**	**GH¢'000**	GH¢'000	GH¢'000	GH¢'000
Within one year	**14,399**	**(2,535)**	**11,864**	12,795	(2,925)	9,870
More than one year	**32,871**	**(2,314)**	**30,557**	32,648	(3,077)	29,571
	47,270	**(4,849)**	**42,421**	45,443	(6,002)	39,441

The Company entered into lease arrangements with Stanbic Bank Ghana Limited and Societe Generale Ghana Limited. The purpose of the facilities was to finance the purchase of vehicles and coolers. The applicable interest rates for Stanbic Bank Ghana Limited and Societe Generale Ghana Limited at reporting date are 21.59% (2021: 17.43%) and 20.16% (2021: 16.77%) respectively. Other lease liabilities relating to warehouse and residential properties were recognised in 2020 following the adoption of IFRS 16. Total principal lease repayments made in the year was GH¢4.5 million (2021: GH¢6.4 million).

Movement in lease liabilities:	**2022**	2021
	GH¢'000	GH¢'000
At 1 July	**39,441**	36,009
Additions	**7,502**	9,847
Interest expense on leases	**2,022**	2,884
Payment of lease liabilities:		
– Repayment of principal portion of the lease liability	**(4,522)**	(6,415)
– Interest paid on lease liabilities	**(2,022)**	(2,884)
At 30 June	**42,421**	39,441

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. During the financial year there were no such leases accounted for.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

22. EMPLOYEE BENEFIT OBLIGATIONS (continued)

	2022	2021
	GH¢'000	GH¢'000
(a) Employee benefit obligations		
Defined benefit liabilities	**4,507**	2,735
Liability for long service awards	**1,316**	1,196
	5,823	3,931

The employee benefit obligations were independently valued by a professionally qualified actuary at 30 June 2022.

	2022	2021
	GH¢'000	GH¢'000
(b) Movement in defined benefit liabilities		
Balance at 1 July	**2,735**	2,309
Included in profit or loss		
Current service costs	**462**	276
Interest costs	**486**	—
	948	276
Included in OCI		
Actuarial loss	**824**	150
Balance at 30 June	**4,507**	2,735
(c) Movement in long service award		
Balance at 1 July	**1,196**	1,114
Current service costs	**121**	46
Interest costs	**188**	—
Actuarial (gain)/loss recognised in profit or loss	**(189)**	36
Benefits paid	**—**	—
Balance at 30 June	**1,316**	1,196

(d) Actuarial assumptions

	2022	2021
	GH¢'000	GH¢'000
Discount rate	**13%**	13%
Salary growth rate	**10%**	10%
Inflation rate	**12%**	10%

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

22. EMPLOYEE BENEFIT OBLIGATIONS (continued)

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

(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:

	2022		2021	
	Increase	Decrease	Increase	Decrease
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Discount rate (1% movement)	(677)	811	(296)	351
Salary inflation (1% movement)	839	(708)	375	(318)

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

	2022	2021
	GH¢'000	GH¢'000
Standard Chartered Bank Ghana Limited	37,516	28,853
ABSA Bank Ghana Limited	4,551	78
Stanbic Bank Ghana Limited	8,435	11
Societe Generale Ghana Limited	3,470	—
	53,972	28,942

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 indexed to the Ghana reference rate 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 20.83% per annum. (GRR + 075%)

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 20.92%. 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 plus a margin of 0.75% 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 20.83%.

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

23. BANK OVERDRAFTS (continued)

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 1%. The facility is unsecured and will expire on 31 December 2022. The rate at end of the year was 20.18%

24. TRADE AND OTHER PAYABLES

	2022	2021
	GH¢'000	GH¢'000
Trade payables	**183,015**	133,915
Returnable package	**36,817**	39,107
Accrued expenses	**92,792**	75,610
Tax liabilities	**35,930**	21,308
Other payables	**76,125**	6,738
	424,679	276,678

25. EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 30 June 2022 was based on profits attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

	2022	2021
	GH¢'000	GH¢'000
Profit attributable to ordinary shareholders	**5,288**	71,527
Weighted average number of ordinary shares	**307,595**	307,595
Basic and diluted earnings per share	**0.017**	0.233

At 30 June 2022, 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.

26. DIVIDENDS

The directors do not recommend any dividend payment for the year ended 30 June 2022 (2021: GH¢25 million).

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

27. 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 instruments at amortised cost	Level 2
	GH¢'000	GH¢'000
At 30 June 2022		
Financial assets		
Trade receivables	51,138	51,138
Other financial assets at amortised cost	12,002	12,002
Amounts due from related parties	6,233	6,233
Cash and bank balances	31,677	31,677
	101,050	**101,050**
At 30 June 2022		
Financial liabilities		
Trade and other payables	388,749	388,749
Bank overdrafts	53,972	53,972
Lease liabilities	42,421	47,270
Amounts due to related parties	54,800	54,800
Borrowings	109,133	109,133
	649,075	**653,924**
At 30 June 2021		
Financial assets		
Trade receivables	51,305	51,305
Other financial assets at amortised cost	505	505
Amounts due from related parties	2,586	2,586
Cash and bank balances	46,424	46,424
	100,820	**100,820**
At 30 June 2021		
Financial liabilities		
Trade and other payables	255,370	255,370
Bank overdrafts	28,942	28,942
Lease liabilities	39,441	45,443
Amounts due to related parties	23,761	23,761
Borrowings	108,825	108,825
	456,339	**462,341**

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

28. 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 expected credit loss assessed was immaterial. The Company held bank balances of GH¢31.7 million at 30 June 2022 (2021: GH¢46.4 million) which represent its maximum exposure.

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

28. FINANCIAL RISK MANAGEMENT (continued)

I. Credit risk (continued)

(iii) Impairment of financial assets (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 credit loss 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 2022 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, inflation 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 expected credit loss as of 30 June 2022 was determined as follows for both trade and other receivables:

30 June 2022

	Gross carrying amount	Loss rate	Lifetime expected credit losses	Net Carrying amount
	GH¢'000		GH¢'000	GH¢'000
Key Distributor	**50,386**		**2,128**	**48,258**
Current	48,197	0.16%	79	48,118
More than 30 days past due	202	40.20%	81	121
More than 60 days past due	7	49.63%	3	4
More than 90 days past due	—	59.77%	—	—
More than 120 days past due	37	59.77%	22	15
Over 180 days past due	1,943	100%	1,943	—
Retail	**2,206**	—	**2,206**	—
Over 180 days past due	2,206	100.00%	2,206	—
Wholesale	**4,216**		**1,336**	**2,880**
Current	2,927	1.60%	47	2,880
More than 120 days past due	—	79.69%	—	—
Over 180 days past due	1,289	100%	1,289	—
Other receivables	**60**		**60**	
Over 180 days past due	60	100%	60	—
Total	**56,868**		**5,730**	**51,138**

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

28. FINANCIAL RISK MANAGEMENT (continued)

I. Credit risk (continued)

30 June 2021:

	Gross carrying amount	Loss rate	Lifetime expected losses	Net Carrying amount
	GH¢'000		GH¢'000	GH¢'000
Key Distributor	49,821		1,925	47,896
Current	47,800	0.03%	18	47,782
More than 30 days past due	26	31.09%	8	18
More than 60 days past due	26	37.22%	10	16
More than 90 days past due	31	49.91%	15	16
More than 120 days past due	127	49.94%	63	64
Over 180 days past due	1,811		1,811	—
Retail	2,279		2,279	—
Current	—	0.46%	—	—
More than 30 days past due	—	34.27%	—	—
More than 60 days past due	—	65.29%	—	—
More than 90 days past due	—	—	—	
More than 120 days past due	—	74.87%	—	—
Over 180 days past due	2,279	100%	2,279	—
Wholesale	4,959		1,550	3,409
Current	3,475	1.99 %	70	3,405
More than 30 days past due	—	14.72 %	—	—
More than 60 days past due	—	—	—	
More than 90 days past due	—	74.87%	—	—
More than 120 days past due	14	74.87%	10	4
Over 180 days past due	1,470	100%	1,470	—
Other receivables	216	—	216	
Over 180 days past due	—	100%	—	—
Total	57,275		5,970	51,305

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

28. FINANCIAL RISK MANAGEMENT (continued)

I. Credit risk (continued)

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:

	2022	2021
	GH¢'000	GH¢'000
Key Distributor	**50,386**	49,821
Retail	**2,206**	2,279
Wholesale	**4,216**	4,959
Other	**60**	216
	56,868	57,275
Loss allowance	**(5,730)**	(5,970)
Other receivables	**15,157**	1,231
Net receivable	**66,295**	52,536
Net receivable is analysed as follows		
Trade receivables (Note 15)	**51,138**	51,305
Other financial assets at amortised cost (Note 16)	**15,157**	1,231
	66,295	52,536

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 effective interest rate for the computation of liquidity risk of borrowings was 27.15%.

The following are contractual maturities of financial liabilities:

		Contractual cash flows			
At 30 June 2022	**Carrying amount**	**Total**	**2-6mths**	**6-12mths**	**After 12 mths**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Trade and other payables	424,679	424,679	424,679	—	—
Bank overdrafts	53,972	53,972	53,972	—	
Lease liabilities	42,421	47,270	7,730	6,669	32,871
Amounts due to related parties	54,800	54,800	54,800	—	—
Borrowings	109,133	180,859	12,811	13,710	154,338
Balance at 30 June 2022	**685,005**	**761,580**	**553,992**	**20,379**	**187,209**

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

28. FINANCIAL RISK MANAGEMENT (continued)

II. Liquidity risk (continued)

		Contractual cash flows			
At 30 June 2021	Carrying amount	Total	2-6mths	6-12mths	After 12 mths
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Trade and other payables	276,678	276,678	276,678	—	—
Bank overdrafts	28,942	28,942	28,942	—	
Lease liabilities	39,441	45,443	6,934	5,862	32,647
Amounts due to related parties	23,761	23,761	23,761	—	—
Borrowings	108,825	159,689	6,910	8,983	143,796
Balance at 30 June 2021	477,647	534,513	343,225	14,845	176,443

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) and Great Britain Pounds (GBP).

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 2022	**EUR**	**USD**	**GBP**	**HUF**	**SGD**	**AOA**	**MXN**
	000	000	000	000	000	000	
Bank balances	1,244	257	1,620	—	—	—	—
Trade payables	(7,207)	(7,140)	(151)	—	—	—	—
Related party balances	(514)	(6,660)	(2,446)	(6,269)	(1)	(68)	(4)
Net exposure	(6,477)	(13,543)	(977)	(6,269)	(1)	(68)	(4)

At 30 June 2021	EUR	USD	GBP	HUF	SGD	AOA	MXN
	000	000	000	000	000	000	000
Bank balances	2,797	3,765	557	—	—	—	—
Trade payables	(4,656)	(3,289)	(251)	—	—	—	—
Related party balances	(121)	(1,357)	(1,164)	—	—	—	—
Net exposure	(1,980)	(881)	(858)	—	—	—	—

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

28. FINANCIAL RISK MANAGEMENT (continued)

III. Market risk (continued)

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

	Average rate		Reporting date	
	2022	2021	**2022**	2021
	cedis	cedis	**cedis**	cedis
EUR 1	**7.44**	6.92	**8.41**	6.97
USD 1	**6.60**	5.79	**8.07**	5.86
GBP 1	**8.78**	7.82	**9.76**	8.15

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.

	2022			2021		
At 30 June		**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**	**1,183**	**(1,183)**	±7.5	1,031	(1,031)
USD	**±7.5**	**4,127**	**(4,127)**	±7.5	384	(384)
GBP	**±7.5**	**780**	**(780)**	±7.5	503	(503)

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	
Variable rate instruments	**2022**	2021
Bank overdrafts	**53,972**	28,942
Borrowings	**105,577**	105,577
Lease liabilities	**42,421**	39,441
	201,970	173,960

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

28. FINANCIAL RISK MANAGEMENT (continued)

III. Market risk (continued)

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 2021.

	2022			2021		
At 30 June	% Change	Profit or Loss impact:	Equity	% Change	Profit or Loss impact:	Equity
	GH¢'000	GH¢'000	GH¢'000	GH¢'000		
Bank overdrafts	± 2%	± 710	± 710	± 2%	± 480	± 480
Borrowings	± 2%	± 1,994	± 1,994	± 2%	± 2,112	± 2,112
Lease liabilities	± 2%	±384	±384	± 2%	±342	±342

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:

	2022	2021
	GH¢'000	GH¢'000
Borrowings	**105,577**	105,577
Less: cash and cash equivalents	**22,295**	(17,482)
Net debt	**127,872**	88,095
Total equity	**351,254**	371,834
Gearing ratio	**36%**	24%

30. CAPITAL COMMITMENTS

Capital commitments authorised but not expended for property, plant and equipment at the reporting date amounted to GH¢9.03 million (2021: GH¢17.62 million).

31. CONTINGENT LIABILITIES

Contingent liabilities, in respect of possible claims and lawsuits at the reporting date amounted to GH¢3,305,040 (2021: GH¢55,000). Judgement in respect of these cases have not been determined at 30 June 2022. No provision has been made as professional advice on the cases indicate that it is unlikely that any significant loss will arise.


MORE VIBES,
SAME GREAT TASTE.
ORIJIN
ALC.6.0% VOL
62.5cl
ALC.6.0% VOL
30cl
ALC.5.5%VOL
330ml
Spirit Mixed Drink
DRINK RESPONSIBLY

APPENDIX I: SHAREHOLDER INFORMATION

Analysis of Shareholding

(i) Number of Shareholders

The Company had 4,416 ordinary shareholders at 30 June 2022 distributed as follows:

	Holding No. of Holders	Total Holding	% Holding
1 – 1,000	3,178	751,159	0.24
1,001 – 5,000	611	1,493,030	0.49
5,001 – 10,000	387	3,052,364	0.99
10,001 – 999,999,999	240	302,298,274	98.28
Total	**4,416**	**307,594,827**	**100.00**

(ii) List of twenty largest shareholders at 30 June 2022

	Name	No. of Shares	% Holding
1	DIAGEO HOLDINGS NETHERLANDS B.V.	247,291,361	80.40
2	SOCIAL SECURITY & NATIONAL INS.TR.	23,299,870	7.57
3	STD NOMS TVL PTY/BNYM LUX/EAST	10,450,769	3.40
4	SCGN/JPMC FIRSTRAND BANK LIMITED	6,927,498	2.25
5	SCGN/EPACK INVESTMENT FUND LTD	3,328,015	1.08
6	SCGN/ENTERPRISE LIFE ASSO.CO.	2,616,576	0.85
7	SCGN/CACEIS FRANCE RE HMG GLOBETRO.	860,011	0.28
8	SCGN/JPMORGAN CHASE BANK,NATIONAL	842,224	0.27
9	STD NOMS/BNYMSANV RE BNYMLB RE	575,000	0.19
10	SCGN/CITIBANK LONDON ROBECO AFRIKA	482,632	0.16
11	STD NOMS TVL PTY/HERITAGE FUND LTD	450,300	0.15
12	EDC/TEACHERS EQUITY FUND	347,925	0.11
13	STD BANK NOMS/RENAISSANCE	200,000	0.07
14	STD NOM/METLIFE CLASSIC FUND	186,400	0.06
15	HFCN/COCOBOD TIER 3 PENSION SCHM	183,943	0.06
16	CBN/GIMPA PROVIDENT FUND SCHEME	145,399	0.05
17	GES OCCUPATIONAL PENSION SCHEME	110,300	0.04
18	CBN/HEALTH SECTOR OCCUP.PENSION	109,476	0.04
19	THERESE EPPIE STRIGGNER SCOTT	105,600	0.03
20	CFAO FRANCE S.A	100,217	0.03
	Reported Totals	298,613,516	97.08
	Not Reported	8,981,311	2.92
	Company Total	**307,594,827**	100

APPENDIX II: FIVE YEAR FINANCIAL SUMMARY

	2022	2021	2020	2019	2018
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Results					
Revenue	1,298,878	1,104,436	840,349	684,979	623,102
Profit before tax	9,930	100,968	20,150	32,548	35,430
Income tax expense and NFSL	(4,642)	(29,441)	(7,993)	(14,502)	(11,575)
Profit after tax	5,288	71,527	12,157	18,046	23,855
Dividend paid	(25,223)	(4,213)	(9,013)	(10,797)	—
Retained profit/(loss)	(19,935)	67,314	3,144	7,249	23,855
Statement of financial position					
Property, plant and equipment	610,902	540,698	476,247	418,655	373,208
Right-of-use assets	36,863	42,987	47,641	—	—
Intangible assets	3,691	915	1,611	2,716	3,116
Cash and bank balances	31,677	46,424	39,563	53,241	62,836
Other current assets	392,193	252,591	155,661	183,856	128,028
Total assets	1,075,326	883,615	720,723	658,468	567,188
Total liabilities	(724,072)	(511,781)	(416,085)	(357,309)	(272,547)
	351,254	371,834	304,638	301,159	294,641
Share capital	272,879	272,879	272,879	272,879	272,879
Retained earnings	78,375	98,955	31,759	28,280	21,762
	351,254	371,834	304,638	301,159	294,641
Revenue collected for Government					
Sales tax/value added tax	266,925	217,107	161,399	152,540	138,778
	266,925	217,107	161,399	152,540	138,778
Statistics					
EPS (GH¢)	0.017	0.233	0.040	0.059	0.078
Dividend per share (GH¢)	0.000	0.080	0.014	0.029	0.035
Net asset per share (GH¢)	1.14	1.21	0.99	0.98	0.96
Current ratio	0.77:1	0.88:1	0.8:1	1.13:1	1.49:1
Return on shareholders' fund (%)	1.51	19.24	3.99	5.99	8.10
Return on net sales value (%)	0.41	6.48	1.45	2.63	3.83

APPENDIX III: SUSTAINABILITY REPORT - 2021/2022

Report Scope and Time frame

Our 2021/22 Sustainability Report highlights our efforts at creating a more sustainable and inclusive contribution; where we source, make, and sell our products in Ghana. It reflects our commitment and progress made towards Diageo's Society 2030: Spirit of Progress agenda which was launched in November 2020.

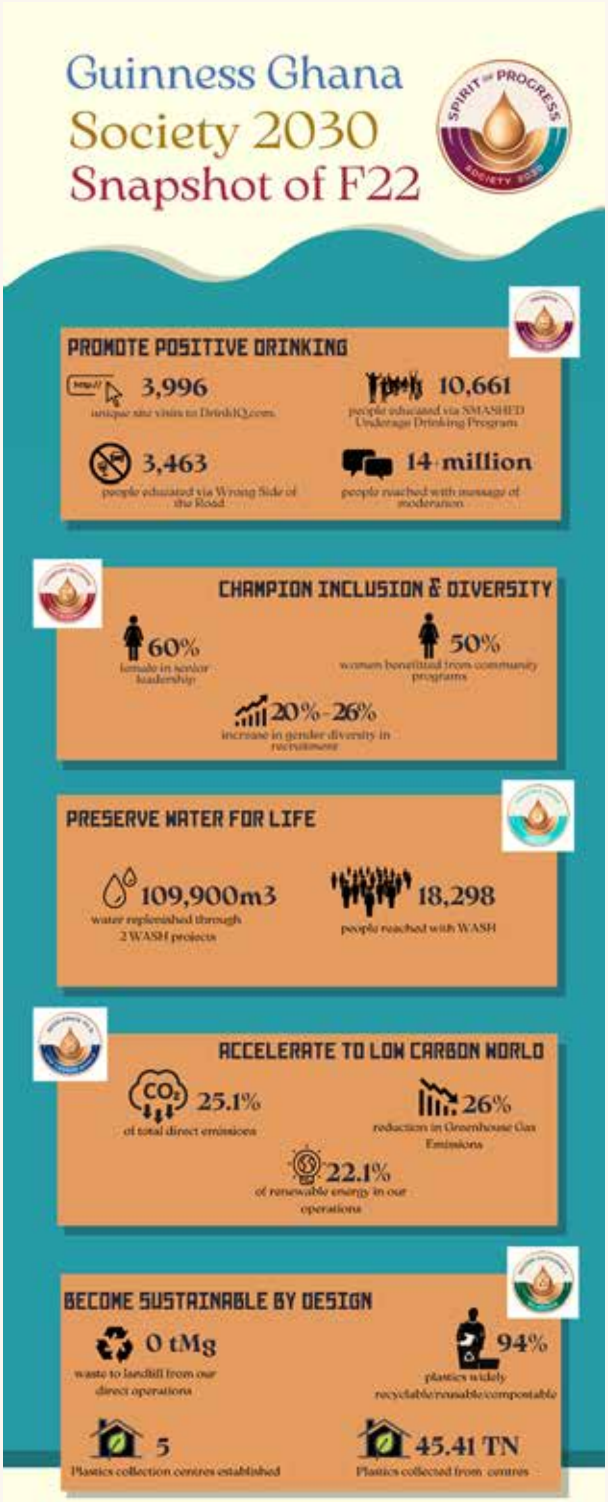
Guinness Ghana – Sustainability Strategy

We seek constantly to be recognised as the best performing, most trusted and respected brand in Ghana and we understand that to achieve this we need to be delivering on our sustainable development commitments.

Our strategy and decision making at Guinness Ghana is based on issues that are most material to our business. Our strategy provides a guide on our framework and implementation road map for managing our social, economic, and environmental footprint as well as sets ambitious targets for improvements. It is aligned with our Company's purpose, embedded in our business strategy, and reflect the areas where our stakeholders expect us to lead.

This report highlights all our response to stakeholder expectations and our corporate actions and activities from July 2021 to June 2022; underpinned by the 6 areas captured in our Society 2030: Spirit of Progress strategy. These include:

- Promoting Positive Drinking
- Championing Inclusion and Diversity
- Preserving Water of Life
- Accelerate to a low carbon world
- Become Sustainable by design
- Doing business the right way



APPENDIX III: SUSTAINABILITY REPORT - 2021/2022 - CONT'D

Promoting Positive Drinking

We want to change the way the world drinks for the better by celebrating moderation and continuing to address alcohol-related harm, expanding our programmes that tackle underage drinking, drink-driving and binge drinking. We believe that alcohol should be enjoyed as part of a balanced life and should play a positive role during celebrations of different milestones in life.

We care passionately about reducing alcohol-related harm through our own programmes and through partnership and collaboration with others – and we seek to provide consumers with the information and tools they need to make informed choices about drinking or not drinking.

In 2021/22, after a successful pilot of the SMASHED underage drinking programme in F21, we partnered with Health and Work Environment Agency (HAWEA) and the Greater Accra National Commission for Civic Education (NCCE), to rollout out a full scale edu-drama programme.

The programme was able to educate 10,661 students across thirty-two (32) basic and senior high schools in the Greater Accra, Central and Eastern regions. Out of the total figure, a post-event survey indicated that a total of 2,026 young people reported attitudinal change due to the programme.

Some SMASHED Live performances

**SMASHED is a Diageo Plc initiative targeted at tackling the issue of underage drinking amongst the youth using drama and interactive educational tools.*

APPENDIX III: SUSTAINABILITY REPORT - 2021/2022 - CONT'D

During the year, to further enhance our leadership in promoting responsible drinking and driving the message of moderation, we embarked on DRINKiQ Education for groups and our partners. DRINKiQ clinics were organized for our Key Distributors, Reserve agencies, the Rotary Club of Accra, La-East.

DRINKiQ sessions for Reserve Agencies and Rotary Club of Accra-La East

During the year, we champion health literacy and tackled alcohol harm through our DRINKIQ website, achieving 3,996 unique visits. Additionally, 14,441, 282 million people were reached with the message of moderation through our online brand assets.

To promote changes in attitudes towards drink driving, we also rolled out 'Wrong Side Of The Road'. Wrong Side of the Road is a unique, interactive experience that allows people to have a conversation with a real drink driver to help them understand the effects of alcohol, and the shame and stigma that comes with drink driving. Through this online platform, we educated via 3463 on the harms and dangers associated with drink driving.

Diversity and Inclusion

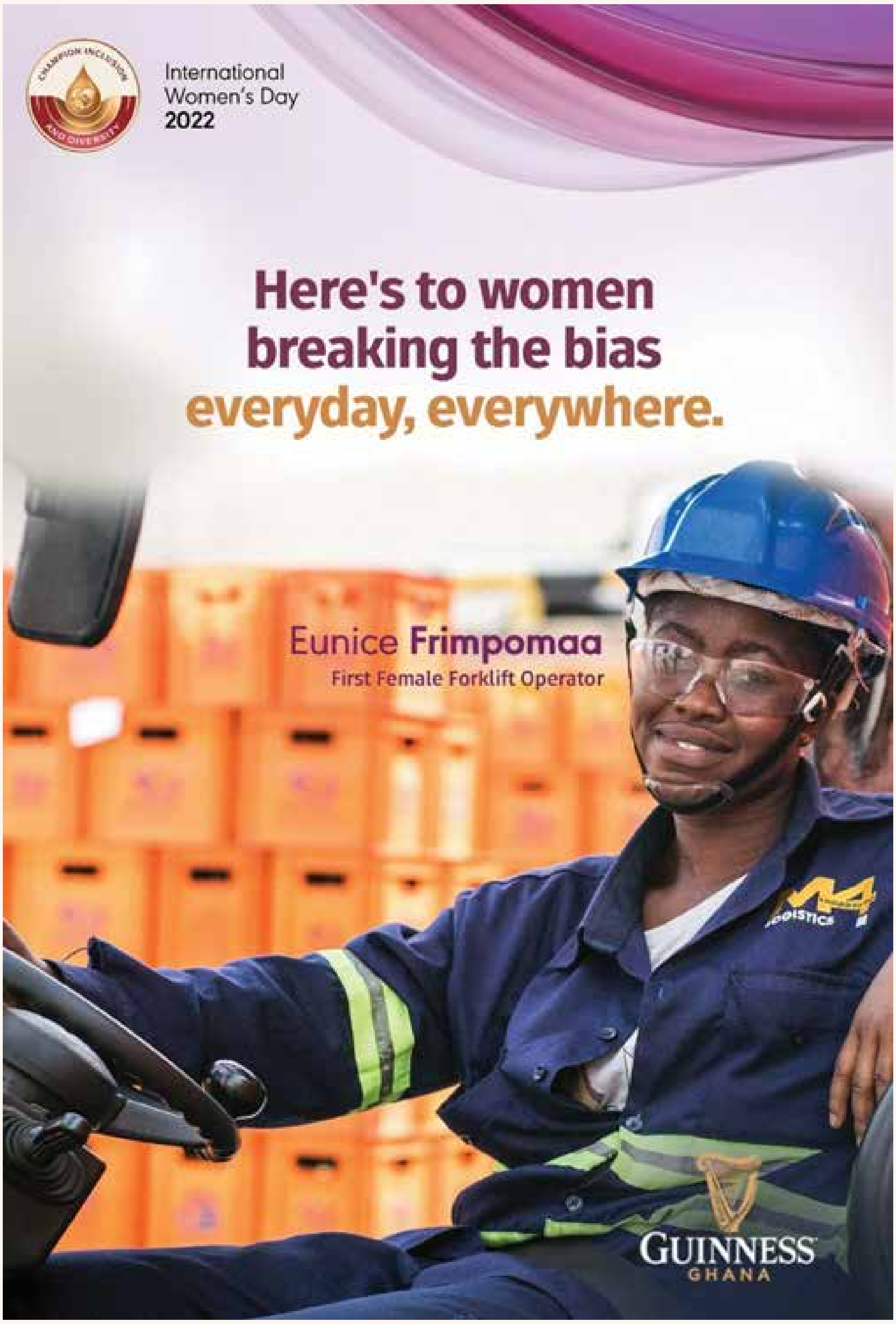
We believe the most inclusive and diverse culture makes for a better business and a better world; so we continue to champion inclusion & diversity across our business, with our partners and communities, to celebrate diversity and help shape a tolerant society.

Our commitment is to attract and retain the most diverse talent while creating the most inclusive culture. As a champion of inclusion & diversity, we seek to shape market-leading policies and practices, improving representation at every level, everywhere.

During the year, we achieved 50% of female in leadership. In the area of recruitment, Guinness Ghana during the financial year was able to increase its gender diversity from 20% to 26%.

March in Guinness Ghana and across Diageo is dubbed Diversity and Inclusion Month. In March 2022, where we launched the Break the Bias campaign; inviting and calling on employees across our sites during the month to break bias and stereotypes and equally rally others outside our business to do the same.

APPENDIX III: SUSTAINABILITY REPORT - 2021/2022 - CONT'D



Eunice Frimpomaa and other women in our business continue to break biases

The month-long celebration focused championing and celebrating our commitment to driving inclusion and diversity across our business through varied assets on our owned and paid online and offline channels. The business also transitioned to Spirited Women's Network Ghana (SWN) from the Women's Network (WOWNet), which has over the years been at the forefront of championing the interest of women across our sites.

APPENDIX III: SUSTAINABILITY REPORT - 2021/2022 - CONT'D

Launch of Spirited Women's Network Ghana

In line with our inclusion and diversity agenda, Guinness Ghana Obaasima partnered Obaasima Summit for a second year of the Progressive Portrayal of Women in the Media and Advertising campaign. This year's campaign focused on University campus tours across the country together with market storms in Accra; aimed at imbibing the tenets of women empowerment in students, a directive that facilitates the progressive portrayal of women.

APPENDIX III: SUSTAINABILITY REPORT - 2021/2022 - CONT'D

Obaasima Summit University sessions and Market Storms

Preserving Water of Life

Water of Life and Water Replenishment

Water is the basis of life and our most precious resource. By 2030, our amotion is to ensure that every drink we make will use 30% less water than today and by 2026 we will replenish more water than we use in all our water-stressed areas where we source, make, and sell our products.

In 2021/22, the business effectively delivered two water of life project in Garu in the Upper East region and Jirapa in the Upper East region at a cost of Ghs 1,322,714.31. This is in line with our strategy to provide water services in our local sourcing communities.

Through these projects which were implemented in partnership with WaterAid Ghana, we delivered 109,900 cubic meters of water back into the environment; with 18,298 people across these two communities of Denugu in Garu and Sabuli in Jirapa benefiting from these projects. This bring our Society 2030 projects in these sorghum sourcing areas to three (3) projects since the inception of our 2030 ambition and in line with our strategy to invest in our local sourcing areas and water-stressed areas.

APPENDIX III: SUSTAINABILITY REPORT - 2021/2022 - CONT'D

Commissioning of Denugu Water of Life projects

Accelerate to a low carbon world

In taking action to accelerate towards a low carbon world in our production and practices, during the year, we took up 10-11% of the Achimota base load. We also reduced our Greenhouse gas emissions by 26% while increasing renewable energy in our operations through i-REC for electricity. Additionally, in support of this ambition externally, all our Water for Life (WoL) projects in our local sourcing areas are solar powered.

APPENDIX III: SUSTAINABILITY REPORT - 2021/2022 - CONT'D

WASH Project at Sabuli in the Jirapa district (Upper West region) is solar powered

Become Sustainable by Design

In line with our Grain to Glass Sustainability agenda, we are committed to restoring the natural world on which life depends. We'll do our bit by eliminating waste from our value chain, collaborating with farmers to regenerate landscapes, and creating innovative solutions to grow sustainably.

Aggregator and Farmer Engagements

During the year, in line with our objective to assure sorghum supply for business expansion since the commission of our new brewhouse, we engaged aggregators and farmers from our supply chain. We engaged 11 aggregators, 7 partners in Tamale and over 600 farmers in two (2) separate sessions in Garu and Jirapa as part of engagements for F22. These sessions which was led by our Managing Director, Finance Director and Supply Chain Director sought to ascertain issues on our local raw material sourcing, challenges, and the way forward.

APPENDIX III: SUSTAINABILITY REPORT - 2021/2022 - CONT'D

Aggregator and Farmer Engagement session in April and May

Reducing our Environmental Impact across our sites

Guinness Ghana continues to ensure zero hazardous waste to landfill through segregating waste at source on our sites in line with our commitment to reduce our environmental impact. During the financial year, a total of over 182.93 tonnes (metric) plastics waste from our sites was collected and recycled locally.

rPET Transformation Project

Over the next decade, Guinness Ghana has set a bold and ambitious commitment to achieve zero waste in our direct operations and zero waste to landfill throughout our supply chain by 2030, achieve 40% average recycle content in all plastics bottles (and 100% by 2030) and continue to invest in circular economy opportunities and other sustainable packaging breakthroughs, among others.

In support of this, Guinness Ghana in November 2021 signed a memorandum of understanding with Coliba Ghana to kick off one part of its rPET Transformation project. The post-consumer plastics collection pilot seeks to establish ten (10) bottle buyback centres; eight (8) in Accra and two (2) in Kumasi. The initiative seeks to collect 800 tonnes of plastic during the first year of operation, with scale-up and broader partnerships in the following years. Already, five (5)centers are operational in Darkuman, Lapaz, Kokrobite, Tema, and Apam; which have collected 45.41 tonnes as at the end of the financial year.

APPENDIX III: SUSTAINABILITY REPORT - 2021/2022 - CONT'D

Additionally, to spur support for our collection and recycling goals and embed an attitudinal change on segregation of plastic waste among employees, we instituted an employee collection initiative across our Achimota and Kaase sites. The business provided sack for employees and bins on site for the various functions to compete on which would be able to collect the most plastics at the end of the financial year.

In line with our 2030 ambition to ensure 100% of its packaging will be widely recyclable with 60% of it made from recycled material the business took a big step in F22 to phase out sachet in consumer packaging. This is part of shifts which are happening progressively over the coming years, as the business focuses on packaging, which is recyclable, renewable, and widely recycled. The current sachet has a foil which is not recyclable, in this regard and in support of our commitment to ensure 100% of our plastics is designed to be widely recyclable by 2025.

GRIPE activities

During the year, as key member of the Ghana Recycling Initiative by Private Enterprises (GRIPE), the business supported the coalitions strategic initiatives for the year.

- Supported collection and recycling efforts through community engagements and awareness and buyback sessions in Accra, Takoradi and Kumasi.
- Partnered Sesa Recycling for a collection event on World Clean Up Day.
- Launched a Senior High Schools Plastics Recovery project pilot in three (3) schools to spur attitudinal change among young people on collection and recycling of plastics.
- Participated in the Ghana Waste Fair to showcase GRIPE and the work the coalition has been embarking on.

APPENDIX III: SUSTAINABILITY REPORT - 2021/2022 - CONT'D

- Commemorated Global Recycling Day with a buyback event in partnership with Sesa Recycling
- Organized a Trash Walk Campaign in partnership with Asa Nwura on World Environment Day

Community Buyback sessions in Accra and Kumasi

Notes


JOHNNIE WALKER
A GIFT
To:
THE ONES
WHOSE
STEPS
INSPIRE
YOURS
KEEP WALKING
JOHNNIE WALKER
BLACK
BLENDED SCOTCH WHISKY
12
LIMITED EDITION DESIGN
JOHNNIE WALKER
Blue Label
BLENDED SCOTCH WHISKY
DRINK RESPONSIBLY
18+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