



Unilever

Unilever Nigeria Plc
Unaudited Interim Financial Statements
For the Nine Months ended 30 September 2019

Unilever Nigeria Plc
Unaudited Interim Financial Statements for the Nine Months Ended 30 September 2019

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Income Statement
For three months ended 30 September 2019

	Note	2019 N'000	2018 N'000
Continuing operations			
Revenue	6	8,970,284	24,180,154
Cost of sales		<u>(10,681,974)</u>	<u>(16,647,210)</u>
Gross (loss)/ profit		(1,711,690)	7,532,944
Selling and distribution expenses		(644,573)	(1,045,886)
Marketing and administrative expenses		(2,170,826)	(4,466,023)
Impairment loss on trade receivables		(99,005)	-
Other income		<u>(14,908)</u>	* <u>2,239,223</u>
Operating (loss)/ profit		(4,641,002)	4,260,258
Finance income		645,981	950,716
Finance costs		<u>(85,410)</u>	<u>(104,707)</u>
(Loss)/ profit before taxation		(4,080,432)	5,106,267
Taxation		<u>1,076,509</u>	<u>(1,260,123)</u>
(Loss)/ profit from continuing operations		<u>(3,003,923)</u>	<u>3,846,144</u>
(Loss)/ profit for the period		<u>(3,003,923)</u>	<u>3,846,144</u>
Attributable to:			
Equity holders		<u>(3,003,923)</u>	<u>3,846,144</u>
Earnings per share for profit attributable to equity holders:			
Basic and diluted earnings per share (Naira)		<u>(0.52)</u>	<u>0.67</u>

The notes on pages 9 to 19 form an integral part of these financial statements.

* Included in the other income for the period ended 2018 is income from disposal of the Spreads business amounting to N2.18b in July 2018.

Income Statement
For nine months ended 30 September 2019

	Note	2019 N'000	2018 N'000
Continuing operations			
Revenue	6	51,627,783	72,305,252
Cost of sales		<u>(41,993,385)</u>	<u>(49,450,138)</u>
Gross profit		9,634,398	22,855,114
Selling and distribution expenses		(2,552,466)	(3,129,249)
Marketing and administrative expenses	7	(7,566,927)	(11,495,439)
Impairment loss on trade receivables		(316,808)	
Other income	8	<u>43,818</u>	* <u>2,239,223</u>
Operating (loss)/ profit		(757,985)	10,469,649
Finance income	9	1,847,892	2,456,520
Finance costs	10	<u>(442,726)</u>	<u>(274,122)</u>
Profit before taxation		647,180	12,652,047
Taxation	11	<u>(106,491)</u>	<u>(3,206,498)</u>
Profit from continuing operations		540,689	9,445,549
Discontinued operation			
Profit from discontinued operations	8(ii)	<u>-</u>	<u>119,679</u>
Profit for the period		<u><u>540,689</u></u>	<u><u>9,565,228</u></u>
Attributable to:			
Equity holders		<u><u>540,689</u></u>	<u><u>9,565,228</u></u>
Earnings per share for profit attributable to equity holders:			
Basic and diluted earnings per share (Naira)		<u><u>0.09</u></u>	<u><u>1.66</u></u>

The notes on pages 9 to 19 form an integral part of these financial statements.

* Included in the other income for the period ended 2018 is income from disposal of the Spreads business amounting to N2.18b in July 2018.

**Statement of Other Comprehensive Income
 For three months ended 30 September 2019**

	2019 N'000	2018 N'000
Items that will not be reclassified to income statement:		
Remeasurement on post employment benefit obligations	-	-
Tax effect	-	-
	<hr/>	<hr/>
Other comprehensive income	-	-
Profit for the period	<u>(3,003,923)</u>	<u>3,846,144</u>
Total comprehensive income	<u><u>(3,003,923)</u></u>	<u><u>3,846,144</u></u>
Attributable to:		
Equity holders	<u><u>(3,003,923)</u></u>	<u><u>3,846,144</u></u>

**Statement of Other Comprehensive Income
 For nine months ended 30 September 2019**

	2019 N'000	2018 N'000
Items that will not be reclassified to income statement:		
Remeasurement on post employment benefit obligations	-	-
Tax effect	-	-
	<hr/>	<hr/>
Other comprehensive income	-	-
Profit for the period	<u>540,689</u>	<u>9,565,228</u>
Total comprehensive income	<u><u>540,689</u></u>	<u><u>9,565,228</u></u>
Attributable to:		
Equity holders	<u><u>540,689</u></u>	<u><u>9,565,228</u></u>

The notes on pages 9 to 19 form an integral part of these financial statements.

**Statement of Financial Position
 As at 30 September 2019**

	Note	30 September 2019 N'000	31 December 2018 N'000
Assets			
Non-current assets			
Property, plant and equipment	12	33,620,963	29,677,539
Intangible assets		281,499	448,488
Other non-current assets		-	48,353
Employee loan receivable		8,896	65,531
Retirement benefit surplus	17	315,710	293,219
		<u>34,227,068</u>	<u>30,533,130</u>
Current assets			
Inventories	13	13,551,738	13,928,867
Trade and other receivables	14	33,456,628	30,188,189
Employee loan receivable		-	49,005
Cash and bank balances	15	30,004,820	57,144,182
		<u>77,013,186</u>	<u>101,310,243</u>
Total assets		<u>111,240,254</u>	<u>131,843,373</u>
Liabilities			
Current liabilities			
Trade and other payables	16	32,117,087	38,610,839
Income tax		136,462	4,555,820
Loans and borrowings		394	394
		<u>32,253,943</u>	<u>43,167,053</u>
Non-current liabilities			
Deferred tax liabilities		3,675,281	3,652,125
Retirement benefit obligations	17	321,626	2,021,360
Long service award obligations	17	230,909	209,510
Other employee benefits		42,263	-
Loans and borrowings		3,508	3,782
		<u>4,273,587</u>	<u>5,886,777</u>
Total liabilities		<u>36,527,530</u>	<u>49,053,830</u>

Statement of Financial Position (continued)
As at 30 September 2019

	Note	30 September 2019 N'000	31 December 2018 N'000
Equity			
Ordinary share capital	20	2,872,503	2,872,503
Share premium	20	56,812,810	56,812,810
Retained earnings		15,027,411	23,104,230
Total equity		<u>74,712,724</u>	<u>82,789,543</u>
Total equity and liabilities		<u>111,240,254</u>	<u>131,843,373</u>

The financial statements on pages 2 to 19 were approved for issue by the Board of Directors on 23rd October 2019 and signed on its behalf by:



His Majesty N.A. Achebe CFR, MNI
 Chairman
 FRC/2013/NIM/00000001568



'F' Yaw Nsarkoh
 Managing Director
 FRC/2014/IODN/00000007035



Adesola Sotande-Peters
 Finance Director
 FRC/2015/ICAN/00000010834

The notes on pages 9 to 19 form an integral part of these financial statements.

**Statement of Changes in Equity
 For nine months ended 30 September 2019**

	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2018	2,872,503	56,812,810	16,223,062	75,908,375
Total comprehensive income for the period				
Profit for the period	-	-	9,565,228	9,565,228
Other comprehensive income				
Remeasurement on post employment benefit obligations, net of tax	-	-	-	-
	-	-	9,565,228	9,565,228
Transactions with owners				
Dividend declared	-	-	(378,330)	(378,330)
Balance at 30 September 2018	<u>2,872,503</u>	<u>56,812,810</u>	<u>25,409,960</u>	<u>85,095,273</u>
Balance at 1 January 2019	2,872,503	56,812,810	23,104,230	82,789,543
Total comprehensive income for the period				
Profit for the period	-	-	540,689	540,689
Other comprehensive income				
Remeasurement on post employment benefit obligations, net of tax	-	-	-	-
	-	-	540,689	540,689
Transactions with owners				
Dividend declared	-	-	(8,617,508)	(8,617,508)
Balance at 30 September 2019	<u>2,872,503</u>	<u>56,812,810</u>	<u>15,027,411</u>	<u>74,712,724</u>

The notes on pages 9 to 19 form an integral part of these financial statements.

Statement of Cash Flows
For Nine months ended 30 September 2019

	Note	30 September 2019 N'000	30 September 2018 N'000
Cash flows from operating activities			
Cash generated from operations	18	(9,898,083)	670,532
Retirement benefits paid		(1,831,320)	(1,879,718)
Long service award obligations paid		(41,645)	(14,248)
Tax paid		(4,168,785)	(3,000,960)
Net cash used in operating activities		(15,939,834)	(4,224,394)
Cash flows from investing activities			
Interest received		1,847,892	2,529,876
Purchase of intangible assets		-	-
Purchase of property, plant and equipment	12	(3,986,912)	(3,267,527)
Proceeds from sale of property, plant and equipment		-	5,055,114
Net cash (used in)/ flow generated from investing activities		(2,139,020)	4,317,463
Cash flows from financing activities			
Drawdown of short-term loan		-	-
Repayment of long-term loan		(274)	(670,003)
Repayment of short-term loan		-	0
Interest payment		(442,726)	(282,375)
Dividend paid		(8,617,508)	(2,872,503)
Net cash used in financing activities		(9,060,508)	(3,824,881)
Net decrease in cash and cash equivalents		(27,139,362)	(3,731,812)
Cash and cash equivalents at the beginning of the period		57,144,182	50,493,595
Cash and cash equivalents at the end of the period	15	30,004,820	46,761,783

The notes on pages 9 to 19 form an integral part of these financial statements.

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1. General information

Unilever Nigeria Plc is incorporated in Nigeria under the Companies and Allied Matters Act 1990 as a public limited liability company and is domiciled in Nigeria. The Company's shares are listed on the Nigerian Stock Exchange (NSE). The Company is principally involved in the manufacture and marketing of foods and food ingredients, and home and personal care products. It has manufacturing plants in Lagos and Agbara.

2. Basis of preparation

These interim financial statements for the nine months ended 30 September 2019 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRS.

3. Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

3.1 New Accounting Standards

A number of standards have recently become effective namely a) IFRS 16: Leases . b) IFRS 15: Revenue from Contracts with Customers and c) IFRS 9: Financial Instruments

IFRS 16: Leases - IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e the Customer ("lessee") and the Supplier ("lessor"). The Standard eliminates the classification of leases as either operating leases or finance leases and introduces a single balance sheet lessee accounting model. All leases are now treated in a similar way to finance leases. The new standard is effective for annual periods beginning on or after January 1 2019. The extent of the impact of this standard is ongoing and the company would quantify the cumulative effects in the 2019 financial statements

IFRS 15: Revenue from Contracts with Customers - IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces previous recognition guidelines. Under IFRS 15, revenue is recognised when a Customer obtains control of the goods or services. Revenue is recognised to the extent that it is highly probable that significant returns from cumulative revenue recognised will not occur. Management is required to make a reasonable estimate of returns and adjust revenue for expected returns. Applicable estimates and adjustments have been made in the financial statements.

IFRS 9: Financial Instruments - IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements which require impairment of financial assets to be presented in a separate line item in the income statement and OCI.

4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018.

5. Financial risk management

Financial risk factors

Unilever's activities expose it to a variety of financial risks: market risk (foreign exchange risk), credit risk and liquidity risk. Unilever's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Unilever's financial performance.

Risk management is carried out by a Treasury Department under policies approved by the Finance Director. Unilever's Treasury Department identifies, evaluates and manages financial risks in close co-operation with Unilever's operating units. These policies are mostly Unilever Global Policies adapted for local use.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements as at 31 December 2018. There have been no changes in the risk management structure since year end or in any risk management policy.

5.1. Financial risk factors

(a) Market risk

(i) Foreign exchange risk

Unilever is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The Company manages this risk mainly by hedging foreign exchange currency contracts.

(ii) Cash flow and fair value interest rate risk

Unilever's interest rate risk arises from bank overdrafts and bank loans. Overdrafts issued at variable rates expose Unilever to cash flow interest rate risk. Borrowings issued at fixed rates expose Unilever to fair value interest rate risk.

Unilever analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, Unilever calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

5. Financial risk management (continued)

5.1. Financial risk factors

(ii) Cash flow and fair value interest rate risk

Unilever's interest rate risk arises from bank overdrafts and bank loans. Overdrafts issued at variable rates expose Unilever to cash flow interest rate risk. Borrowings issued at fixed rates expose Unilever to fair value interest rate risk.

Unilever analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, Unilever calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The following table shows the split in fixed and floating rate exposures:

	2019	2018
	N'000	N'000
Fixed rate (bank loans)	3,902	4,176
	3,902	4,176

(b) *Credit risk*

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only parties classified as "International Golden Circle" (preferred choice for the Unilever group) are accepted. Exposure limit with the banks is set at a maximum of N34 billion. Risk control assesses the credit quality of wholesale customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board or external ratings. The utilisation of credit limits is regularly monitored.

Concentration of credit risk with respect to trade receivables is limited, due to the Company's customer base being diverse. Credit terms for customers are determined on individual basis. Credit risk relating to trade receivables is managed by reference to the customers' credit limit, inventory balance, cash position and secondary sales to final consumers.

(c) *Liquidity risk*

Liquidity risk is the risk that Unilever will face difficulty in meeting its obligations associated with its financial liabilities. Unilever's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could undermine Unilever's credibility, impair investor confidence and also restrict Unilever's ability to raise funds.

Where current liabilities exceed current assets, the Company seeks to manage its liquidity requirements by maintaining access to bank lending which are renewable annually.

At the reporting date, Unilever held cash in bank was N30 billion (2018: N57.1 billion).

6. Segment reporting

The chief operating decision-maker has been identified as the Leadership Team (LT) of Unilever Nigeria Plc. The Leadership Team reviews Unilever's monthly financial and operational information in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Leadership Team consider the business from a product category perspective. Unilever is segmented into Food Products (FP), Home & Personal Care Products (HPC).

Foods – including sale of tea, savoury and spreads.

Home & Personal Care – including sale of skin care and oral care products, fabric care and household cleaning

There are no intersegmental sales and Nigeria is the company's primary geographical segment as it comprises 99% of the company's sales.

The Leadership Team assesses the performance based on operating profits for each operating segment that is reviewed. Total financing (including interest income and expense), income taxes and retirement benefit obligations are managed on an entity-wide basis and are not allocated to operating segments.

	Food Products N'000	Home & Personal Care N'000	Total N'000
3 months ended 30 September 2019			
Revenue	5,319,549	3,650,735	8,970,284
Depreciation and amortisation	431,832	296,360	728,192
Segmental operating profit	(2,752,203)	(1,888,800)	(4,641,002)
Finance income			645,981
Finance cost			(85,410)
Profit before taxation			<u>(4,080,432)</u>
3 months ended 30 September 2018			
Revenue	12,110,761	12,069,393	24,180,154
Depreciation and amortisation	357,434	356,213	713,647
Segmental operating profit	2,133,773	2,126,485	4,260,258
Finance income			950,716
Finance cost			(104,707)
Profit before taxation			<u>5,106,267</u>
9 months ended 30 September 2019			
Revenue	26,675,348	24,952,435	51,627,783
Depreciation and amortisation	1,096,073	1,025,280	2,121,353
Segmental operating profit	(391,640)	(366,345)	(757,985)
Finance income			1,847,892
Finance cost			(442,726)
Profit before taxation			<u>647,180</u>
9 months ended 30 September 2018			
Revenue	34,146,272	38,158,980	72,305,252
Depreciation and amortisation	1,033,569	1,155,028	2,188,597
Segmental operating profit	4,944,309	5,525,340	10,469,649
Finance income			2,456,520
Finance cost			(274,122)
Profit before taxation			<u>12,652,047</u>

6. Segment reporting (continued)

Turnover over by geographical location

	Domestic (within Nigeria) N'000	Export (outside Nigeria) N'000	Total N'000
3 months ended 30 September 2019	8,536,624	433,660	8,970,284
3 months ended 30 September 2018	24,079,837	100,317	24,180,154
9 months ended 30 September 2019	50,670,661	957,122	51,627,783
9 months ended 30 September 2018	70,835,274	1,469,978	72,305,252

The company has 135 customers, and no single customer accounted for more than 10% of the company's revenue.

7. Marketing and administrative expenses

	2019 N'000	2018 N'000
Brand and marketing	2,073,030	2,926,134
Overheads	4,497,420	6,524,677
Service Fees	996,477	2,044,628
	<u>7,566,927</u>	<u>11,495,439</u>

8. Other income

	2019 N'000	2018 N'000
(Loss)/ Gain on sale of property plant and equipment	(4,870)	2,180,387
Transitional Service Agreement income	48,688	58,836
	<u>43,818</u>	<u>2,239,223</u>

- 8(i)** Effective 1 July 2018, Unilever Nigeria sold its Spreads business (Blueband margarine) and all the assets attached to the business to Sigma Bidco B.V, an entity incorporated by KKR & Co LP. The entity is incorporated in Nigeria as Sigma Silver Foods (Upfield Foods) Nigeria Limited. A Transitional Service Arrangement is in place during which Unilever Nigeria would support Upfield Foods and earn an income.

The results of the spreads business has been presented under discontinued operations in the statement of comprehensive income, separate from continuing operations. The comparative has also been restated.

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Unaudited Interim Financial Statements for the Nine Months Ended 30 September 2019
(ii) Discontinued Operations

	9 months ended 30 Sept 2019	9 months ended 30 Sept 2018
	N'000	N'000
Turnover	-	2,344,435
Cost of sales	-	(1,814,954)
Gross Profit	-	529,481
Selling and Distribution expenses	-	(123,044)
Marketing and administrative expenses	-	(309,811)
Operating profit	-	96,626
Finance income	-	73,356
Finance cost	-	(8,253)
Profit Before tax	-	161,729
Taxation	-	(42,050)
Profit for the period	-	119,679

9. Finance income

	2019 N'000	2018 N'000
Interest on call deposits and bank accounts	1,545,950	2,441,148
Interest income from employee loans	-	8,984
Exchange difference on bank accounts	301,942	6,388
	<u>1,847,892</u>	<u>2,456,520</u>

10. Finance cost

	2019 N'000	2018 N'000
Interest on third party bank loans	-	96,016
Exchange difference	442,726	-
Interest cost on defined benefit plans	-	178,106
	<u>442,726</u>	<u>274,122</u>

11. Income Taxes

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the period. The estimated average tax rate used for the period ended 30 September 2019 is 16%

12. Property, plant and equipment (PPE)

	Capital work-in- progress N'000	Lease hold land N'000	Buildings N'000	Plant and machinery N'000	Furniture and equipment N'000	Motor vehicles N'000	Total N'000
Cost							
At 1 January 2018	3,571,572	434,433	9,530,572	28,697,718	2,068,838	830,161	45,133,294
Additions	5,395,511	-	-	-	-	-	5,395,511
Transfers	(4,679,565)	19,557	720,343	3,183,851	265,068	490,746	-
Disposals	(56,790)	(20,350)	(497,436)	(2,438,863)	(227,788)	(9,840)	(3,251,067)
Reclassification between asset class	17,478	-	-	(17,478)	-	-	-
At 31 December 2018	4,248,206	433,640	9,753,479	29,425,228	2,106,118	1,311,067	47,277,738
Additions	3,986,912	-	-	-	-	-	3,986,912
Transfers	(3,562,240)	-	579,447	2,673,927	108,753	200,112	-
Disposals/write-off	-	-	-	(639)	(40,771)	-	(41,410)
At 30 September 2019	4,672,878	433,640	10,332,926	32,098,516	2,174,101	1,511,179	51,223,240
Depreciation / impairment							
At 1 January 2018	-	42,129	1,492,118	10,574,535	755,448	541,915	13,406,145
Depreciation charge for the year	-	-	271,560	2,024,821	188,826	187,038	2,672,245
Disposals	-	(12,341)	(183,249)	(118,085)	(9,321)	(1,640)	(324,636)
At 31 December 2018	-	29,788	1,580,429	12,481,271	934,953	727,313	15,753,754
Depreciation charge for the period	-	3,414	221,446	1,397,031	147,158	185,317	1,954,366
Disposals/write-off	-	-	-	(37)	(17,676)	(88,130)	(105,843)
At 30 September 2019	-	33,202	1,801,875	13,878,265	1,064,435	824,500	17,602,277
Net book value:							
At 1 January 2018	3,571,572	418,902	8,038,454	16,250,140	1,313,390	288,246	29,880,704
At 31 December 2018	4,248,206	430,450	8,173,050	15,070,914	1,171,165	583,754	29,677,539
At 30 September 2019	4,672,878	400,438	8,531,051	18,220,251	1,109,666	686,679	33,620,963

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13. Inventories

	2019 N'000	2018 N'000
Raw and packaging materials	8,467,346	7,028,110
Work in progress	608,162	534,586
Goods in transit	2,736,786	846,054
Finished goods	1,148,566	3,652,134
Engineering spares and other inventories	590,878	1,024,329
Right to recover returned goods	-	843,654
	<u>13,551,738</u>	<u>13,928,867</u>

14. Trade and other receivables

	2019 N'000	2018 N'000
Trade receivables: gross	16,594,763	18,225,511
Less impairment	<u>(806,691)</u>	<u>(485,746)</u>
Trade receivables: net	15,788,072	17,739,765
Advances and prepayments	4,540,830	4,395,920
Unclaimed dividend held with registrar	475,448	475,448
Interest receivable	99,421	434,345
Other receivables	1,197,055	2,581,949
Due from related parties (Note 19(iii))	6,693,592	4,307,325
Deposit for imports	4,662,210	253,437
	<u>33,456,628</u>	<u>30,188,189</u>

Advances and prepayments include insurance premium and advances to vendors.

15. Cash and cash equivalents

	2019 N'000	2018 N'000
Cash at bank and in hand	14,902,532	24,055,755
Fixed deposit	15,102,288	33,088,427
Cash and bank balances	<u>30,004,820</u>	<u>57,144,182</u>

16. Trade and other payables

	2019 N'000	2018 N'000
Trade payables	9,909,457	13,138,613
Amount due to related companies (Note 19(iii))	12,245,676	14,611,870
Dividend payable (Note 16(i))	3,171,439	3,171,439
Accrued liabilities	1,540,156	1,175,636
Accrued brand and marketing expenses	422,538	366,892
Accrued shipping and freight charges	1,701,336	1,609,344
Refund liabilities	0	1,071,360
Non trade payables	<u>3,126,485</u>	<u>3,465,685</u>
	<u>32,117,087</u>	<u>38,610,839</u>

16. Trade and other payables (continued)

	2019 N'000	2018 N'000
(i) Dividend payable		
As at 1 January	3,171,439	2,891,042
Dividend declared	8,617,508	2,872,503
Dividend paid to Registrar	(8,617,508)	(2,872,503)
Payment made from cash with Registrar		280,397
	<u>3,171,439</u>	<u>3,171,439</u>

17. Retirement benefit obligations

The amounts recognised in the statement of financial position are determined as follows:

	2019 N'000	2018 N'000
Present value of funded retirement benefit obligations	(1,534,825)	(1,584,886)
Fair value of plan assets	1,850,535	<u>1,878,105</u>
Retirement benefit surplus	315,710	293,219
Present value of unfunded retirement benefit obligations	(321,626)	<u>(2,021,360)</u>
Long service award obligations	<u>(230,909)</u>	<u>(209,510)</u>
Net liability in the statement of financial position	<u>(236,825)</u>	<u>(1,937,651)</u>

The amounts recognised within the income statement were as follows:

	Current Service Cost N'000	Net Interest Cost N'000	Total N'000
3 Months Ended 30 September 2019	<u>48,487</u>	<u>65,518</u>	<u>114,005</u>
3 Months Ended 30 September 2018	<u>42,412</u>	<u>118,396</u>	<u>160,808</u>
9 Months Ended 30 September 2019	<u>104,660</u>	<u>217,435</u>	<u>322,095</u>
9 Months Ended 30 September 2018	<u>127,259</u>	<u>128,827</u>	<u>256,086</u>

18. Cash flows from operating activities

	2019 N'000	2018 N'000
Profit before tax	647,180	12,813,776
Adjustment for non-cash items:		
- Depreciation of property, plant and equipment	1,954,366	2,012,921
- Amortisation of intangible assets	166,987	175,675
- Loss /(Gain) on disposals of property, plant and equipment	64,434	(2,180,387)
- Finance income	(1,847,892)	(2,529,876)
- Finance expense	442,726	282,375
- Net change in retirement benefit obligations	109,095	213,084
- Change in employee loan receivable	105,640	105,274
- Long service award obligations	63,044	28,755
- Other employee benefits	42,263	(31,217)
- Deferred Income	-	(62,781)
Changes in working capital:		
- Decrease in trade and other receivables	(4,577,657)	(16,392,826)
- Decrease/ (Increase) in inventory	377,129	(597,652)
- Increase in trade and other payables	(7,493,752)	6,788,888
- Decrease in other non-current assets	<u>48,353</u>	<u>44,523</u>
Cash flows generated from operating activities	<u>(9,898,083)</u>	<u>670,532</u>

19. Related party transactions

(i) Sale of finished goods to related parties

	2019 N'000	2018 N'000
Unilever Ghana Limited	124,831	682,401
Unilever Cote D'Ivoire	832,290	684,702
	<u>957,121</u>	<u>1,367,103</u>

(ii) Purchases of finished goods for resale from related parties

	2019 N'000	2018 N'000
Unilever Ghana Limited	1,350,347	1,632,154
Unilever South Africa (Pty) Limited	-	-
Unilever Gulf Free Zone Establishment	-	18,461
Unilever Asia Private Limited	1,998,741	72,399
	<u>3,349,088</u>	<u>1,723,014</u>

(iii) Outstanding related party balances as at 30 September were:

	2019 N'000	2018 N'000
<i>Receivables from related parties:</i>		
Unilever Cote D'Ivoire	4,245,298	5,457,650
Unilever Ghana Limited	3,038,879	-
Other related parties	760,499	239,605
	<u>8,044,676</u>	<u>5,697,255</u>
Less impairment	(1,351,084)	(1,389,930)
	<u>6,693,592</u>	<u>4,307,325</u>

	2019 N'000	2018 N'000
<i>Payables to related parties:</i>		
Unilever UK Plc	3,368,159	2,423,562
Unilever Cote D'Ivoire	103,951	125,328
Unilever Ghana Limited	1,350,347	2,373,529
Unilever Asia Private	1,998,741	5,876,661
Unilever NV	2,401,436	2,394,533
Unilever Gulf Free Zone Establishment	-	333
Other related parties (settlement on behalf of the Company)	3,079,639	1,417,924
	<u>12,302,273</u>	<u>14,611,870</u>

20. Share capital and share premium

	Number of ordinary shares (thousands)	Ordinary shares N'000	Share premium N'000
Balance as at 31 December 2018 and 30 September 2019	5,745,005	2,872,503	56,812,810

The authorised number of ordinary shares is 6,053,274,000 with a par value of 50kobo per share. Of these, 5,745,005,417 ordinary shares have been issued and fully paid.