ANNUAL REPORT & FINANCIAL STATEMENTS 2019

Unilever Nigeria Plc RC 113


NEW
Unilever
DAZZLING
BRIGHT CLOTHES
Radiant
DETERGENT POWDER
DAZZLING
BRIGHT CLOTHES
Available in ₦50, ₦100 and ₦400 Pack Sizes

Table of Contents

Our Values

INTEGRITY
RESPECT
RESPONSIBILITY
PIONEERING

Our Brands


New
Royco
with Original Taste and Aroma
Unilever
Royco
seasoning cubes
ORIGINAL BEEF FLAVOUR
50
Royco
seasoning cubes
CHICKEN FLAVOUR
50
Royco
seasoning cubes
GOAT FLAVOUR
50
#TheRoycoEffect

Unilever Corporate Profile

Unilever Nigeria Plc. is where great people, terrific brands and proud traditions converge, to meet and satisfy the needs of people and families across Nigeria. We anticipate the aspirations of our consumers and customers and respond creatively and competitively with branded products and services that are good for them and good for others.

Unilever Nigeria Plc. is a member of the Unilever Group, one of the world's leading consumer goods companies whose food, home and personal care brands are used by 2.5 billion people all over the world on any given day. Unilever Nigeria Plc. was established in 1923 as a soap manufacturing company – West Africa Soap Company– by Lord Leverhulme. It later became known as Lever Brothers Nigeria. Today, it is the longest serving manufacturing organization in Nigeria.

After a series of mergers and acquisitions, the Company diversified into manufacturing and marketing of foods and personal care products. These mergers and acquisitions brought in Lipton Nigeria Limited in 1985, Cheesebrough Industries Limited in 1988 and Unilever Nigeria Limited in 1996. The Company changed its name to Unilever Nigeria Plc. in 2001 in line with the global strategic direction of the business.

The Company was quoted on the Nigerian Stock Exchange in 1973 and is a truly multi-local, multinational organization with international and local brands in her portfolio. The international brands include Close-Up toothpaste, Pepsodent toothpaste, LUX beauty soap, Lifebuoy soap, Rexona, Vaseline lotion and Vaseline Petroleum Jelly in the Personal Care Unit of the business; Lipton Yellow Label Tea and Knorr bouillon cubes in the Foods Unit; and OMO Multi-Active Detergent, Sunlight washing powder, Sunlight washing bar soap and Sunlight Dish washing liquid in the Home Care Unit. Other regional and local jewels include the Pears Baby Products range, Radiant washing powder and Royco bouillon cubes. The Company provides sources of income to tens of thousands of Nigerians who are shareholders, distributors, suppliers, service providers and employees.

Unilever believes in taking small everyday actions that can make a big difference for consumers, the communities in which it operates and the environment. A typical Unilever employee has passion and commitment to win and constantly looks for opportunity through insights to make a difference.

Unilever subscribes to the highest standards of corporate behavior by being transparent in her dealings, fair in competition, and law abiding. In a challenging operating environment like Nigeria, the Company remains a pride in the area of Corporate Governance by strictly adhering to Unilever's Global Code of Business Principles (CoBP). The company is also a socially responsible and responsive organization. Unilever has delivered significant social investments that have helped create a brighter future for numerous Nigerians.

The company has also leveraged its great brands to impact lives positively. In line with the social mission of health and hygiene, through brands like Knorr bouillon cubes, Pepsodent and Lifebuoy, Unilever has organized various outreach programmes that have enlightened Nigerians on the health benefits of handwashing, brushing twice a day, having iron fortified bouillon cubes and addressing iron deficiency through behavioral change campaigns. The Company has high growth aspirations, with a vision to grow our business whilst decoupling our environmental footprint from our growth and increasing our positive social impact. An ambition which is consistent with our long history of doing well by doing good.

Unilever Nigeria's confidence in the Nigerian economy is unwavering and will remain a major player in the country by continually investing, developing capabilities and growing brands that most suit the consumers' needs.

Board of Directors, Officers and Other Corporate Information

Directors

His Majesty Nnaemeka A. Achebe CFR, MNI *Obi of Onitsha*	-	Non-Executive Chairman
Mr. Carl Cruz (Filipino)	-	Managing Director (appointed w.e.f. 1 February, 2020)
Mrs. Abiola Alabi	-	Non-Executive Director
Ammuna Lawan Ali, OON	-	Independent Non-Executive Director
Mr. Felix Enwemadu	-	Executive Director
Mr. Chika Nwobi	-	Non-Executive Director
Mr. Atedo N. A. Peterside, CON	-	Non-Executive Director (resigned w.e.f. 31 March, 2020)
Mrs. Adesola Sotande-Peters	-	Executive Director
Mr. Mutiu Sunmonu, CON	-	Independent Non-Executive Director

General Counsel Ghana-Nigeria & Company Secretary
Mrs. Abidemi Ademola

Registered Office
1 Billings Way, Oregun, Ikeja, Lagos
Tel: +234 1 279 3000 and +234 803 906 6000
Email: Consumercare.nigeria@unilever.com
Website: www.unilevernigeria.com

Company Registration Number
RC 113

Independent Auditor
KPMG Professional Services
KPMG Towers
Bishop Aboyade Cole Street
Victoria Island, Lagos.

Registrar and Transfer Office
Greenwich Registrars and Data Solutions Ltd.
274, Murtala Muhammed Way
Alagomeji, Yaba, Lagos
Tel: 01-279 3161- 2 & 01 -813 1925
Email address: info@gtlregistrars.com.

Bankers

Access Bank
Citi Bank
Coronation Bank
Ecobank Nigeria
First Bank
First City Monument Bank
Guaranty Trust Bank
Rand Merchant Bank
Stanbic IBTC Bank
Standard Chartered Bank
Sterling Bank
United Bank for Africa
Zenith Bank

Results at a glance

	2019 N'000	2018 N'000
Revenue	60,486,835	92,899,969
Operating (loss)/ profit	(11,763,219)	9,197,776
(Loss)/ profit before taxation	(10,071,943)	12,621,908
Taxation	2,652,269	(3,489,756)
(Loss)/ profit from continuing operations	(7,419,674)	9,132,152
Profit from discontinued operations	-	1,419,988
(Loss)/ profit from continuing operations	(7,419,675)	10,552,140
Capital employed	66,528,349	75,908,375
Capital expenditure	6,511,070	5,395,511
Depreciation of property, plant and equipment	4,265,782	2,672,245
Cash and cash equivalents	35,458,553	57,144,182
Earnings per share (Naira)	(1.29)	1.84
Earnings per share (Naira) - continuing operations	(1.29)	1.59
Net Assets per share (Naira)	11.58	13.21
NSE share price at 31 December	19.00	37.00
Ratio % Revenue		
Operating costs	-27%	88%
Operating (loss)/ profit	-19%	12%
(Loss)/ profit after tax	-12%	11%

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Ninety-fifth (95th) Annual General Meeting of Unilever Nigeria Plc. will be held at the Unilever Nigeria Plc. Head Office, 1 Billings Way Oregun, Ikeja, Lagos on Friday 17 July, 2020 at 10.00am for the following purposes:

Ordinary business:

1. To lay before the Members, the Report of the Directors, the Audited Financial Statements for the year ended 31 December, 2019 together with the Reports of the Audit Committee and the Independent Auditors thereon.
2. To elect or re-elect Directors, to wit:
   - i. To elect Mr Carl Cruz being a director appointed since the last Annual General meeting
   - ii. To re-elect the following directors retiring by rotation
     - Mr Chika Nwobi
     - Mr Mutiu Sunmonu
   - ii. To consider a resolution to re-elect His Majesty Nnaemeka A. Achebe CFR, MNI Obi of Onitsha retiring by rotation who is over 70 years of age. Special notice having been given to the Company pursuant to Section 256 of the Companies and Allied Matters Act CAP 20, Laws of Federation of Nigeria 2004
3. To authorize the Directors to fix the remuneration of the Independent Auditors.
4. To elect members of the Audit Committee.

Special business: By Ordinary Resolution

5. To fix the remuneration of the Directors.
6. To consider and if thought fit, pass the following resolution as an ordinary resolution of the Company:

   "That, pursuant to Rule 20.8 of the Rulebook of the Nigerian Stock Exchange 2015: Issuers Rule, a general mandate be and is hereby given authorizing the Company during the 2020 financial year and up to the date of the next Annual General Meeting, to procure goods, services and financing and enter into such incidental transactions necessary for its day to day operations from its related parties or interested persons on normal commercial terms consistent with the Company's Transfer Pricing Policy. All transactions falling under this category which were earlier entered into in 2020 prior to the date of this meeting are hereby ratified."

NOTES:

Proxy

In view of the COVID-19 pandemic, attendance at the AGM shall only be by proxy. A member of the Company entitled to attend and vote is advised to select from the underlisted proposed proxies to attend and vote in his/her stead:

- His Majesty N A Achebe
- Mr Mutiu Sunmonu
- Sir Sunny Nwosu
- Mr Boniface Okezie
- Mr Matthew Akinlade
- Mr Gbenga Idowu

Notice of Annual General Meeting (continued)

- Mrs Bisi Bakare
- Mr Adebayo Adeleke
- Mr Nornah Awoh

A detachable Proxy Form is enclosed and if it is to be valid for the purpose of the meeting, it must be completed and deposited at the office of the Registrars, Greenwich Registrars and Data Solutions Ltd. 274, Murtala Muhammed Way, Alagomeji, Yaba, Lagos P. M.B. 12717, Lagos or via E-mail: proxy@gtlregistrars.com not later than forty-eight (48) hours before the time of the meeting. NOTE: All instruments of proxy shall be at the Company's expense.

Nominations for the Audit Committee

The Audit Committee comprises of three (3) shareholders and three (3) Directors. In accordance with Section 359 (5) of the Companies and Allied Matters Act Cap. C20, Laws of the Federation of Nigeria 2004, any shareholder may nominate another shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least twenty-one (21) days before the date of the Annual General Meeting. The Securities and Exchange Commission's Code of Corporate Governance for public Companies stipulates that members of the Audit Committee should have basic financial literacy and should be able to read Financial Statements.

Unclaimed Dividends

Shareholders are hereby informed that some dividend warrants have been returned to the Registrars as unclaimed while some have neither been presented to the Banks for payment nor to the registrar for revalidation. A list of such unclaimed dividends will be circulated with the Annual Reports and Financial Statements. Affected members are by this notice, advised to contact the Registrars at Greenwich Registrars and Data Solutions Ltd., 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos P. M.B. 12717, Lagos. Tel: 01 279 3161- 2 & +234 01 813 1925

E-Dividend/Bonus Mandate

Pursuant to the Directive of the Securities and Exchange Commission, notice is hereby given to all shareholders to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of e-dividend/bonus. A detachable application form for e-dividend is attached to enable shareholders furnish particulars of their accounts to the Registrars as soon as possible. The Forms can also be downloaded from the Registrars' website. Shareholders are also advised to update their records with the Registrars. All mandates and records update should be deposited at Greenwich Registrars and Data Solutions Ltd., 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos.

Rights of Securities' Holders to ask Questions

Securities' Holders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting and such questions must be submitted to the Company via the Company Secretary on or before Friday 10 July, 2020

Notice of Annual General Meeting (continued)

Electronic Annual Report

The electronic copy of the 2019 Annual Report is accessible on www.unilevernigeria.com and also circulated by e mail to all Shareholders who have provided their email addresses to the Registrars. The Reports are also dispatched to Shareholders via their addresses in the shareholders' register. Shareholders who are interested in receiving an electronic copy of the 2019 Annual Report by e mail should request via: info@gtlregistrars.com

Profile of Directors Standing for Election/re-election

The profiles of the four (4) Directors standing for election/re-election are contained in the Annual Report.

Live Stream of the Annual General Meeting

The Annual General Meeting will be streamed live and a link will be provided on the Company's website subsequently for this purpose.

Dated 12 March, 2020
By order of the Board

Mrs. Abidemi Ademola
General Counsel GN & Company Secretary
FRC/2013/NBA/00000001646

Registered Office
1, Billings Way,
Oregun, Ikeja,
Lagos.

Chairman's Statement

"The year 2019 turned out an even more challenging year for our company than 2018 and was laden with external and internal factors which shook our rock-solid company to its very fiber. Although the difficulties experienced in 2019 and the tough calls taken have left a deep hole in our results, our company has doubled up its resilience and continued to forge ahead to drive sustainable recovery in the medium to long term."

HIS MAJESTY NNAEMEKA A. ACHEBE CFR, MNI
Obi of Onitsha

Chairman's Statement (continued)

Distinguished Shareholders, Fellow Board members, representatives of Regulatory Bodies present, esteemed ladies and gentlemen, I warmly welcome you to the 95th Annual General Meeting of our Company.

It is with a great sense of responsibility that the Annual Report for the year ended 31 December, 2019 together with an in-depth review of the Company's performance during the financial year are being presented. The year 2019 turned out an even more challenging year for our company than 2018 and was laden with external and internal factors which shook our rock-solid company to its very fiber. Although the difficulties experienced in 2019 and the tough calls taken have left a deep hole in our results, our company has doubled up its resilience and continued to forge ahead to drive sustainable recovery in the medium to long term.

2019 Economic and Business Environment

Globally, growth slowed in 2019 to its lowest since the financial crisis of the decade driven by a combination of generic and country-specific factors. Increasing barriers to trade, volatility, uncertainty, complexity and ambiguity in world economy reigned in on business sentiments and activities on a global scale and further depressed an already fragile economic environment.

The Nigerian economy in 2019 on its part persisted under stress. Although the GDP grew from 2% in the first half to 2.3% at end of 2019, inflation stood relatively high at 11.3%. The general elections concluded in Q1 2019 impacted all sectors with economic slow-down in the run-up to the elections and after. This was further aggravated by the postponement of elections and resulted in a lull in business activities during and after the elections and virtual shut down of factories and distribution of goods. The incumbent, President Muhammadu Buhari was re-elected for a second term with the promise to tackle insecurity and corruption, diversify the economy and improve living standards.

Although Nigeria signed the African Continental Free Trade Agreement in July 2019, August saw the closure of all Nigeria's land borders to all imports and exports to curtail smuggling and drive self-sufficient food-chain on common staples, how be it with attendant negative impact on legitimate West Africa regional trade and food prices within Nigeria. The nagging inefficiency at the seaport remained a huge concern for businesses with resultant cost impact on supply chain pricing and timeliness.

Poverty continued to be widespread with the poverty rate in over half of Nigeria's 36 states rising above the national average of 69%. The poverty trend was reflective of rising unemployment and weighed heavily on consumer disposable income. Dwindling consumer income coupled with intense competitive pressure meant that businesses like ours could not take up prices to cover rising costs but instead had to take the hit on margins and profitability.

According to the World Bank, Nigeria improved its ranking to 131 in 2019 (out of 190 economies) from 146 in 2018. This is a positive move in the right direction given that 'Ease of Doing Business' in Nigeria averaged 143.92 from 2008 until 2019.

Business impact and Results

Unilever Nigeria bore the full brunt of the interplay of political, economic and market forces in 2019. Election postponements, conduct of supplementary elections, inconclusive polls and reports of violence in some locations created a variety of operating challenges for the company and trade partners in Quarter 1, 2019 as its factory operations and distribution system were heavily impacted. It took a while for trading activities to pick up post elections and the required rally in trade was slow to gather momentum as the liquidity of trading partners was also significantly affected.

Chairman's Statement (continued)

Unilever Nigeria subsequently took various measures to enhance trade liquidity, and also employed increased operational efficiency to reset its industrial asset and cost base.

Competition in the trading environment remained intense in Quarter 2 amidst declining purchasing power. Although there was relative forex stability driven by the Central Bank interventions, insecurity remained a source of concern leading to increased fears on safety and travel. Fierce competition from local and international players persisted in trade despite prevalent infrastructural challenges. Economic strain however started to reflect in consumption patterns with consumers embracing down trading as a means of survival.

The Nigerian land border closure in Quarter 3 to stem importation of food and other items festered a hike in food inflation. In September inflation rose to 11.24%, the highest since June 2019 while GDP growth lagged behind population growth. Rising unemployment persisted even as the Central Bank of Nigeria raised Bank's loan to deposit ratio from 60% to 65%. Xenophobic attacks on Nigerians in South Africa and reprisal attacks in Nigeria also took its toll on trading activities. As the economic indicators worsened, the Company took a tough but conscious decision to tighten credit offered to trade partners to drive down receivables and stock in trade with resultant impact on the Topline. Funding challenge in trade resulted in significant decline in the wholesale channel, a big contributor in the Fast-Moving Consumer Goods business. Pressure on consumers' wallets drove notable down trading from premium to mass brands with lower tiered products transcending the more traditional categories.

Quarter 4, 2019 saw stiff competition in the foods market given the increased cheaper products from China. Inflation continued to trend upwards with December 2019 reported at 12% with increasing impact on consumer purchasing power. Challenges in the manufacturing sector remained logistics/distribution issues and epileptic power supply. Land border closure resulted in reduction in export sales to Ghana and Cote D'Ivoire. The Company recorded N200m loss in Q4, 2019 driven by pressured Topline, intense competitive activities and funding challenge in trade resulting in significant decline in wholesale channel. The Company continued with tighter credit to trade partners to further reduce receivables and trade stock. This resulted in significant reduction in overdue position in Q4, 2019.

Under the above circumstances, Unilever Nigeria Plc. recorded a Turnover of N60.47 billion in the year ended 31 December, 2019 compared to N92.90bn recorded for the corresponding year, 2018. The Company also recorded a loss after tax of N7.42bn for the year ended 31st December 2019 relative to profit after tax of N10.55bn recorded for the comparative year ended 31st December 2018.

The result reflects challenging operating conditions and the Company's decision to tighten credit terms to address exposure from trade receivables and excess stock in trade. The Company is more than ever focused on business recovery and will continue to drive its strategy for same based on the fundamentals that deliver sustainable growth in the medium to long term despite the challenging operating and competitive environment.

Board

During the financial year ended 31 December, 2019, Mr. Yaw Nsarkoh resigned from the Board with effect from 30 November, 2019, having served as Managing Director since 2014. Mr. Nsarkoh has since taken up a new position within the Unilever Group. Mr Carl Cruz was appointed as Managing Director with effect from 1st February, 2020. On behalf of the Board, Management and all shareholders of our esteemed Company, I wish Mr. Yaw Nsarkoh every success in his new role and warmly welcome Mr Carl Cruz to the Board.

Chairman's Statement (continued)

Mr Atedo Peterside also recently resigned from the Board of Unilever Nigeria Plc. with effect from 31 March, 2020 to create more capacity to fulfil the objectives of the ANAP Foundation COVID-19 Think Tank which he recently established. We thank Mr Peterside for his stellar contributions to the Board over the years and wish him every success with the Think Tank initiative.

Acknowledgements

Our purpose to make sustainability commonplace has remained undaunted by the temporary set-back of 2019 and it shall continue to be our springboard to building stronger brands and a sturdier Company which all our stakeholders can be proud of. With reinforced commitment to continue to offer our Citizens brands that make them feel good, look good and get more out of life, our Company is poised to emerge on the other side of the tunnel with renewed energy and sustainable recovery. Our deep appreciation therefore goes to our Citizens for their deep loyalty to the Unilever brand and purpose. We value our employees for their unflinching resilience in the face of intense competitive pressure and acknowledge the strong partnership of our customers, bankers, suppliers and other service providers who have stood by us supporting us all the way. We especially thank you our cherished shareholders for your understanding and commitment to our great company and its well-loved brands. Finally, I thank the Board and Management, for forging ahead under extreme conditions to steer the Company to drive true purpose that creates a brighter future for our Citizens.

Outlook

If the Government pursues the right trajectory in the implementation of the Economic Recovery and Growth Plan (2017–2020) and drives increased focus on diversification of the Nigerian economy to non-oil sectors, it is envisaged that this will result in Real GDP growth of 2.9% in 2020 . This move, combined with the Central Bank of Nigeria's directive for banks to hold loan–deposit ratios of 65%, should result in increased lending to and growth in the real sector. The increase in the value-added tax from 5% to 7.5% should also boost domestic non-oil revenues while Nigeria taps into the myriad of opportunities available to transform its economy, particularly in agriculture and agro-processing. Oil exports were initially projected to improve and drive up foreign exchange reserves to enable the Central Bank to continue to implement positive intervention in the foreign exchange market.

However, with the advent of the COVID-19 pandemic and falling oil prices to unprecedented levels, all the above positive economic prognosis now seems a distant achievement. The COVID-19 situation has taken the world by storm and resulted in socio-economic impact to a level that has never yet been experienced. Many sectors have crumbled under the ravaging effect of the pandemic which remains unresolved.

Although our Company has been able to carry on partial operations on the basis of the essential nature of its products for personal and home hygiene which are non-negotiables at this crucial period, the fact remains that the operations are being carried out under extreme conditions with epileptic support from partners in its value chain which do not necessarily fall within the government exemptions. Regardless of the constraints to optimal operational efficiency, your Company continues to drive business continuity with rigor enlisting all hands on deck to maximize all the opportunities available to ensure continued operations, sales and distribution of its products across Nigeria to meet immediate health, hygiene and nutritional needs of Nigerian Citizens.

I am pleased to share that Unilever's approach to business in 2020 is to remain resolute in the face of daunting circumstances of COVID-19 and its devastation. Unilever will continue to focus on driving improvements in its operational efficiency despite the VUCA environment and circumstances. We will therefore constantly monitor the local and global

Chairman's Statement (continued)

economic environment, and appropriately apply pragmatic and dynamic approaches to business execution. We will actively position ourselves to mine all available market opportunities while putting the health and well-being of our employees first and tenaciously drive our purpose to make sustainable living commonplace.

Thank you for your continued support.

HIS MAJESTY NNAEMEKA A. ACHEBE CFR, MNI
Obi of Onitsha
FRC/2013/NIM/00000001568


Rexona
OFFICIAL GLOBAL PARTNER
CHELSEA FOOTBALL CLUB
YOKOHAMA TYRES
MEN Rexona
XTRA COOL
24h
MOVEMENT IS EVERYTHING
It Won't Let You Down.

The Board

HIS MAJESTY NNAEMEKA A. ACHEBE CFR, MNI
–Non-Executive Chairman

His Majesty Nnaemeka A. Achebe, Obi of Onitsha, had a 30-year career with the Royal Dutch Shell Petroleum Group of Companies in Nigeria and overseas. He is the past Chairman of Diamond Bank PLC, past Chairman of Intafact Beverages Ltd. (subsidiary of SAB Miller Plc.) and past Chancellor of Kogi State University. He is the Chairman of the Board of International Breweries Plc. (a subsidiary of AB-InBev, the global leading brewer of beer and other beverages) and a non-executive director of Coscharis Farms Limited (a subsidiary of the Coscharis Group). He is also the Chairman of Anambra State Traditional Rulers Council, Chairman of the South East Council of Traditional Rulers. and Chancellor Ahmadu Bello University, Zaria. He was educated at Stanford and Columbia Universities in the U.S.A. and also attended the National Institute for Policy and Strategic Studies, Kuru. He was appointed to the Board of Unilever Nigeria Plc. in March 2003.

MR CARL CRUZ (FILIPINO)
- Managing Director & Vice President Ghana-Nigeria

Mr Carl Raymond R. Cruz. is the immediate past Executive Chairman, Unilever Sri Lanka. He holds a Bachelor of Science degree in Marketing from De La Salle University, Philippines. He comes with an extensive career in Unilever D & E Markets in Asia (Philipines, Thailand, India and Sri Lanka). Since joining Unilever in 1992, Carl has gained over 26 years' experience working in Customer Development, and in Marketing roles across Home Care, Beauty & Personal Care and Foods. Most recently, as Chairman of Unilever Sri Lanka, Carl has successfully steered the business to a sustainable and competitive growth trajectory. He has not only established Unilever Sri Lanka as a market leader across key categories but also as the most admired employer, despite some very challenging conditions, including the Horana Fire in 2016 and the Easter Sunday Attacks in 2019. Under Carl's leadership, the Sri Lanka business was positioned as a lean, agile and digitally-enabled organization. Carl's passion for inclusion, experimentation and empowerment is reflected in his vision of Re Imagine USL - a transformational journey, that he has led from the front.

He was appointed to the Board of Unilever Nigeria Plc. in February 2020.

Board Profile

AMMUNA LAWAN ALI, OON
– Independent Non-Executive Director

Ammuna Lawan Ali, a retired Federal Permanent Secretary, commenced her Civil Service career in 1977 as a Planning Officer in the Borno State Ministry of Lands and Survey, Maiduguri, where she rose to the position of Permanent Secretary. In 1995, Ammuna Lawan Ali transferred her services to the Federal Civil Service as a director and served in the Ministry of Women Affairs and Social Development and of Finance. In January 2001, Ammuna Lawan Ali was appointed a Permanent Secretary and served in various Ministries, including those of Commerce, Petroleum Resources, Transportation, Works, Environment, Housing and Urban Development, amongst others. She retired from service in December 2009. Ammuna Lawan Ali is a proud recipient of a national honour, Order of Niger (OON) and a member of the National Institute of Policy and Strategic Studies (NIPSS) Kuru.

She holds a BA (Hons) and Masters Degree in Public Administration. She is an Independent Director of Africa Prudential Plc. She was appointed to the Board of Unilever Nigeria Plc. in December, 2015.

Mrs Abiola Alabi
– Independent Non-Executive Director

Biola Alabi is the CEO of Biola Alabi Media, a dynamic consultancy with expertise in film and television production; pay-tv entertainment, digital television; they service governments, content creators and the telecommunication industry. She is also the founder of "Grooming for Greatness" a leadership development and mentorship program for a new generation for African leaders. Named one of the 20 Youngest Power Women in Africa by Forbes Magazine (2012), a World Economic Forum Young Global Leader (2012) and CNBC Africa's AABLA West African Business Woman of the Year (2013), Yale World Fellow (2014) for over five highly successful years, Biola Alabi held the position of Managing Director for M-Net, Prior to this, she was based in the United States where she was part of the executive team at the children's television brand Sesame Street.

An alumni of the University of Cincinnati, Alabi has spent recent years polishing her knowledge with Executive Education Programs at Harvard University's Kennedy School of Government and Yale University's Jackson Institute of Global Affairs. She was appointed to the Board of Unilever Nigeria Plc. in December, 2015.

Board Profile

MR MUTIU SUNMONU CON, FNSE
– Independent Non-Executive Director

Mutiu Sunmonu, CON graduated from the University of Lagos in 1977 with a first-class degree in Mathematics and Computer Sciences. He joined Shell Petroleum Development Company of Nigeria Limited (SPDC) in August 1978 and served in various capacities in Nigeria, UK and the Netherlands. After 36 years of meritorious service, Mr. Mutiu Sunmonu retired from Shell as the Managing Director of SPDC, and Country Chair of Shell Companies in Nigeria. Since his retirement, he continues to be active in the Oil and Gas Industry. He is currently the chairman of Petralon Energy Nigeria and the chairman of San Leon Energy UK.

He is the Chairman of Julius Berger Nigeria Plc and the Chairman of Imperial Homes Mortgage Bank. He was appointed to the Board of Unilever Nigeria Plc. in December, 2015.

MR FELIX ENWEMADU
– Executive Director and Vice President Customer Development

Mr Felix Enwemadu is the Vice President Customer Development. Prior to this position, he was the Head of Customer Development and Customer Development Director, General Trade respectively at Unilever Nigeria Plc, General Manager at Diageo Brands Nigeria Ltd, Sales Director at Nutricima Nig. Plc, Head of Sales Notore Chemicals Industries Ltd and occupied Sales Management positions at Guinness and Procter & Gamble.

He is an experienced business sales professional with over 20 years' experience. He holds a Bachelor of Science Degree in Geology from Nnamdi Azikiwe University, Awka, Anambra State. He was appointed to the Board of Unilever Nigeria Plc. in October, 2016.

MR. CHIKA NWOBI
– Non-Executive Director

Chika Nwobi is the founder and CEO of Decagon where brilliant young Nigerians are trained to be world-class software engineers then connected to local and global opportunities. Before Decagon, Chika has been involved in incubating over 20 startups including Babybliss - Nigeria's top omni-channel platform for mom and baby, Jobberman and Cheki. Chika was the founder of MTech where he launched Nigeria's first mobile internet service with MTN Nigeria in 2001 and helped pioneer the Mobile VAS industry. Chika has also led consulting engagements for Ford Foundation and IFC. Chika is also venture partner in Rise Capital, an emerging-markets focused venture capital firm. Chika has a BA in Economics and a B.Sc. in Computer Science and is in the MSc Software Engineering program at University of Oxford. He also completed the Stanford University SEED transformation program. Chika is passionate about education and developing young people and has been invited to speak at Wharton, NYU and Lagos Business School.

He has also served as judge and mentor for entrepreneurship programs of Federal Government of Nigeria's and the World Bank XL startup program. He was appointed to the Board of Unilever Nigeria Plc. in January 2019.

MRS ADESOLA SOTANDE-PETERS
– Executive Director and Vice President Finance Ghana Nigeria

Mrs. Adesola Sotande-Peters holds a bachelor degree in Business Administration and Economics from Richmond College, The American International University in London, she also has an MBA for finance professionals from Manchester Business School. She is a Fellow of the Association of Certified Chartered Accountants (FCCA) and fellow of the Institute of Chartered Accountants of Nigeria (FCA). Her career spans about 25 years in various organizations such as British Broadcasting Corporation (BBC), Informa Group UK, Openwave Telecoms UK, Diageo Plc (Guinness Nigeria Plc, East African Breweries Limited, and Guinness Cameroon SA) where she has held various senior Finance roles. Adesola is a member of the Institute of Directors, Nigeria, an Associate member of Women in Management, Business & Public Services (WIMBIZ) and a Fellow of the WIMBOARD Institute, a WIMBIZ/IE University, Madrid Executive Education Programme for Women on Boards.

She was a recipient of the 2017 CEO Awards as the CFO of the year – FMCG category and also a recipient of the Best place to work and Great Place to Work exceptional female leader for 2018 and 2019 respectively. Adesola is amiable and keen to nurture young professional colleagues. Adesola is a non-executive director of Unilever Ghana Ltd. She was appointed to the Board of Unilever Nigeria Plc. in January 2015

MRS ABIDEMI ADEMOLA
– General Counsel Ghana-Nigeria & Company Secretary

Mrs. Abidemi Ademola is a Corporate Counsel and Chartered Secretary with experience spanning over 24 years of Commercial Law and Corporate Governance practice in Nigeria and West Africa. She is listed on the Legal 500 GC Powerlist: Africa. Her forte is to proactively identify legal, regulatory, compliance and corporate governance risks to business and develop innovative mitigation to enable seamless operations. Abidemi holds a Bachelor of Laws from the Obafemi Awolowo University, Ile-Ife., a Master of Laws from the University of Lagos, Akoka and an MBA Leadership from Walden University, United States. She is a Fellow of the Institute of Chartered Secretaries and Administrators of Nigeria and an Associate of the United Kingdom equivalent. She is also a member of the Nigerian Bar Association, the Society of Corporate Governance and the Institute of Directors, Nigeria.

She is an Associate member of Women in Management, Business & Public Services (WIMBIZ) and a Fellow of the WIMBOARD Institute, a WIMBIZ/IE University, Madrid Executive Education Programme for Women on Boards. Abidemi chairs the Corporate Counsel Committee of the NBA Section on Business Law. She is passionate about nurturing talents to realise their leadership potential. She was appointed as Company Secretary in January 2012.

Report of the Directors

The Directors hereby present their Report together with the audited financial statements for the year ended 31 December 2019.

Legal Status

Unilever Nigeria Plc. is incorporated in Nigeria as a public limited liability company under the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004 and is domiciled in Nigeria. The company's shares are listed on the Nigerian Stock Exchange (NSE).

Principal activities

The company is principally involved in the manufacture and marketing of Foods and Refreshments, Home care and Beauty and Personal care products. It has manufacturing sites in Oregun, Lagos State and Agbara, Ogun State.

Results

The results for the year are summarized as follows:

	N'000
Revenue	60,486,835
Operating loss	(11,763,219)
Loss before taxation	(10,071,943)
Taxation	2,652,269
Loss after tax	(7,419,674)
Other comprehensive income	(224,011)
Proposed dividend	-

Corporate Governance Report Framework

Unilever Nigeria Plc. operates within a Corporate Governance framework established on the following:

1 Companies and Allied Matters Act (Cap C20) LFN 2004.
2 The Rule Book of the Nigerian Stock Exchange for the time being in force
3 The Investment and Securities Act 2007
4 Securities and Exchange Commission (SEC) Rules for the time being in force
5 The SEC Code of Corporate Governance for Public Companies 2011 as amended
6 The Nigerian Code of Corporate Governance 2018
7 The Memorandum and Articles of Association of Unilever Nigeria Plc.
8 The Board Charter
9 The Unilever Code of Business Principles and Code Policies
10 Subsidiary Governance of Unilever document

From the above, the Corporate Governance Policy of Unilever Nigeria Plc can be summed up as follows:

a. We conduct our operations with honesty, integrity and openness and with respect for the human rights and interests of the employees.
b. We shall similarly respect the legitimate interests of those with whom we have relationships.
c. As a Unilever Group company, we are required to comply with the laws and regulations of the countries in which we operate.

Report of the Directors (continued)

d. We will conduct our operations in accordance with internationally accepted principles of good corporate governance. We will provide timely, regular and reliable information on our activities, structure, financial situation and performance to our shareholders and other stakeholders.

Compliance with the above principles is an essential element in our business success and all employees and business partners of Unilever are mandated to comply with the above principles.

During the year 2019, Unilever Nigeria Plc. complied with all the mandatory provisions of the Securities and Exchange Commission Code of Corporate Governance for Public Companies 2011 as amended together with the requirements of other good corporate governance standards listed above. The company also took cognizance of the Nigerian Code of Corporate Governance 2018 and imbibed the principles enunciated in same in the course of 2019.

Board composition

The Directors who held office during the year 2019 and up to the date of this report are:

His Majesty Nnaemeka A. Achebe, CFR, MNI	Non-Executive Director and Chairman
Mr Carl Cruz	Managing Director (Appointed w.e.f. 1 February, 2020)
Mr Yaw Nsarkoh	Managing Director (Resigned w.e.f. 30 November 2019)
Mrs Abiola Alabi	Non-Executive Director
Ammuna Lawan Ali, OON	Independent Non-Executive Director
Mr Felix Enwemadu	Executive Director
Mr Chika Nwobi	Non-Executive Director
Mr. Atedo N. A. Peterside, CON	Non-Executive Director (Resigned w.e.f. 31 March 2020)
Mrs Adesola Sotande-Peters	Executive Director
Mr Mutiu Sunmonu, CON	Independent Non-Executive Director

Since the last Annual General Meeting, the following Directors resigned from the Board:
Mr Yaw Nsarkoh - resigned from the Board with effect from 30 November, 2019.
Mr. Atedo Peterside - resigned from the Board with effect from 31 March, 2020.

Board responsibilities

The Board has the final responsibility for leadership, direction and performance of the company and has the powers, authorities and duties vested in it by the relevant laws and regulations of the Federal Republic of Nigeria and the Articles of Association of Unilever Nigeria Plc. The Board has overall responsibility for the management of risk and for reviewing the effectiveness of the internal control and risk management system within the Company. The Board has delegated to the Chief Executive Officer/Managing Director all its powers, authorities and discretions which relate to the day to day operations of Unilever Nigeria Plc. The powers, authorities and discretions exclusively within the remit of the Board and which currently have not been delegated include making or approving the following:

1 Structural and constitutional powers
   a Alteration of Articles of Association
   b Alteration of the capital of the Company
   c Significant asset disposal

Report of the Directors (continued)

2 Governance
   a Convening of meetings of the shareholders of Unilever Nigeria Plc. and the setting of the agenda thereof and generally ensuring that a satisfactory dialogue with shareholders takes place.
   b Presentation of the annual report and financial statements to shareholders.
   c Reviewing and approving proposals from the Governance, Remuneration and Risk Management Committee.
   d Proposals to the general meetings of shareholders of Unilever Nigeria Plc. on the Board remuneration policy within the authority set by the general meeting of shareholders.
   e The review of the functioning of the Board and its committees.
   f Overall responsibility for compliance with all relevant laws, regulations and Code of Corporate Governance.
   g The Operating Framework.

Board appointment and evaluation process

Unilever Nigeria Plc. appoints Directors in line with its Board recruitment process which devolves from its Code of Business Principles and Code Policies relating to human resources recruitment and the corporate Governance. The basic principle underlining the process of recruitment of Directors in Unilever Nigeria Plc. are the qualifications, ability and skills required for the role and the ability to make visible and independent (as applicable) contribution to the governance of Unilever Nigeria Plc. in accordance with Unilever global, regional and local strategy and the relevant local legal requirements. These principles were applied during the appointment of Mr Carl Cruz, the new Managing Director. The governance process in Unilever Nigeria Plc. provides for the induction and training of Directors by virtue of which Directors are taken through relevant and appropriate training programmes which empower them for the role on an ongoing basis. In accordance with its 70-20-10 principle, Unilever believes that training and capability development largely happen through on-the-role experience and exposure, 20% will happen through relationship building and interaction with the right calibre of people while the remaining 10% will result from formal training. In 2019, the Board went through a formal training session on 'Cyber Security: Considerations for the Board' which was facilitated by PricewaterhouseCoopers, Nigeria.

Unilever Nigeria Plc. provides the right atmosphere for its Directors to exhibit leadership and enhance their capabilities. Unilever Nigeria Plc further provides relevant governance information to its Directors and facilitates circulation of essential governance documents to the Board from time to time to keep them updated on legal, regulatory and corporate governance trends.

The Board of Directors of Unilever Nigeria Plc. is evaluated locally and at the Unilever Africa Cluster level on an annual basis. The Board and individual Directors are benchmarked against the requirements of the Unilever Code of Business Principles, the Code Policies, the laws and regulations of Nigeria, the SEC Code of Corporate Governance, the Nigerian Code of Corporate Governance and other relevant governance provisions. The scope of evaluation covers compliance, contribution to the Board agenda for the year, attendance at meetings, quality of discussions at Board meetings, level of engagement with government and the community, business performance and entrepreneurial acumen.

In line with the Unilever Governance standards and in compliance with the SEC Code of Corporate Governance, the Board of Unilever Nigeria Plc. opted for an internal evaluation exercise in respect of period ended 31 December, 2019 to review the performance of the Board, individual Directors and Board Committees. The Evaluation Report shows that Unilever's governance procedures and practices during the year ended 31 December 2019 were in compliance with the provisions of applicable laws, regulations, corporate governance Code and international best practices. Action points from the Evaluation will be addressed in the course of 2020.

Report of the Directors (continued)

Directors retiring by rotation

In accordance with Article 90 of the company's Articles of Association, Mr Chika Nwobi and Mr Mutiu Sunmonu will retire by rotation and being eligible, offer themselves for re-election.

His Majesty Nnaemeka A. Achebe will also retire by rotation and offer himself for re-election notwithstanding that he is over 70 years of age. A special notice of his age has been given to the company pursuant to Section 256 of the Companies and Allied Matters Act LFN 2004.

In addition, Mr Carl Cruz who was appointed since the last Annual General Meeting will retire at this meeting and being eligible offer himself for re-election.

The profiles of all the four (4) Directors standing for re-election are contained on pages 6 to 9 of this Annual Report and Financial Statements.

Board committees

In line with the Code of Corporate Governance, the Board of Directors works through the following committees:

a. Executive Committee (Exco)

The Exco is a sub-committee of the Board and it is empowered by the Board to take decisions on behalf of the Board, which are necessary for the smooth day to day operations of the company.
The committee is composed of the Executive Directors of the company. The following are currently members of the committee:

i	Mr. Carl Cruz	-	Managing Director & Vice President
ii	Mrs. Adesola Sotande - Peters	-	Finance Director & Vice President Finance
iii	Mr. Felix Enwemadu	-	Executive Director & Vice President Customer Development

b. Leadership Team (LT)

The Leadership Team is constituted by the Executive Directors and Senior Executives who occupy strategic roles in the organization.
This Leadership Team is responsible for delivering the corporate targets of the company, establishing priorities, allocating resources, and seeing to the operations of the company on a day to day basis. The Leadership Team is chaired by the Managing Director/Chief Executive Officer of the company. Current members of the leadership team are as follows:

i	Mr. Carl Cruz	-	Managing Director & Vice President
ii	Mrs. Abidemi Ademola	-	General Counsel Ghana-Nigeria & Company Secretary
iii	Mrs Bunmi Adeniba	-	Marketing Director Home Care Ghana-Nigeria
iv	Mr. Adeleye Adeniji	-	Customer Development Director
v	Mr. Cephas Afebuameh	-	Manufacturing Director
vi	Mr. Ola Ehinmoro	-	Human Resources Director Ghana-Nigeria

Report of the Directors (continued)

vii	Mr Obinna Emenyonu	-	Procurement Operations Director, West Africa
viii	Mr. Felix Enwemadu	-	Executive Director & Vice President Customer Development
ix	Mrs Soromidayo George	-	Corporate Affairs & Sustainable Business Director Ghana-Nigeria
x	Mr. Farrukh Iqbal	-	CD Excellence and Modern Trade Director
xi	Mrs Bolanle Kehinde-Lawal	-	Marketing Director Foods Ghana-Nigeria
xii	Mr. Dave Planson	-	Research & Development Director West Africa
xiii	Mr Siddharth Ramaswamy	-	Vice President Supply Chain West Africa
xiv	Mrs. Adesola Sotande-Peters	-	Finance Director & Vice President Finance

c. The Audit Committee

The Audit Committee, established in accordance with the provisions of Section 359(4) of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004, comprises of three (3) shareholders' representatives and three (3) Directors' representatives (all of whom are non–executive Directors). The chairman of the Audit committee is a shareholders' representative. During the year under review, the committee met four (4) times. The functions of the Audit Committee are governed by the provisions of Section 359(6) of the Companies and Allied Matters Act Cap 20 Laws of the Federation of Nigeria 2004 and the SEC Code of Corporate Governance for Public Companies 2011. The Members of the Audit Committee and the Report of the Audit Committee to the members are contained on page 46.

Governance, Remuneration and Risk Management Committee

The Governance, Remuneration and Risk Management Committee comprises solely of Non-Executive Directors and is chaired by a Non-Executive Director. The Committee's Terms of Reference are in line with the SEC Code of Corporate Governance 2011. Members of the Committee during the period ended 31 December, 2019 were:

I Mr. Atedo N.A. Peterside, CON - Chairman
ii His Majesty Nnaemeka A. Achebe, MNI, CFR
iii Ms Ammuna Lawan Ali, OON
iv Mr Mutiu Sunmonu, CON

Following the Nigerian Code of Corporate Governance 2018 coming into force in 2019, the Board took a conscious decision to retain the Chairman of the Board as a member of the Committee on the basis of his experience and knowledge which the Committee considers invaluable for its activities.

In 2019, all the above committees discharged their roles creditably and in line with their terms of reference.


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50

Report of the Directors (continued)

Board Meetings

During 2019, the Board held five (5) meetings. The record of Directors' attendance is presented below:

Name	Meeting date 21 January, 2019	Meeting date 14 March, 2019	Meeting date 17 April, 2019	Meeting date 18 July, 2019	Meeting date 23 October, 2019	Total attendance
His Majesty N.A Achebe	✓	✓	✓	✓	✓	5 meetings
Mr. Carl Cruz	NYA	NYA	NYA	NYA	NYA	NYA
Mr. Yaw Nsarkoh	✓	✓	✓	✓	X	4 meetings
Mrs. Abiola Alabi	✓	✓	✓	✓	✓	5 meetings
Ammuna Lawan Ali	✓	✓	✓	✓	✓	5 meetings
Mr. Felix Enwemadu	✓	✓	✓	✓	✓	5 meetings
Mr. Chika Nwobi	✓	✓	✓	✓	✓	5 meetings
Mr. A.N.A. Peterside	✓	✓	✓	✓	✓	5 meetings
Mrs. Adesola Sotande-Peters	✓	✓	✓	X	✓	4 meetings
Mr. Mutiu Sunmonu	✓	✓	X	✓	✓	4 meetings

✓-Present; **X** – Absent with Apologies; NYA - Not yet appointed

Governance, Remuneration and Risk Management Committee

The Governance, Remuneration and Risk Management Committee held three (3) meetings in 2019. The record of members' attendance is presented below:

Name	Meeting date 14, March, 2019	Meeting date 18 July, 2019	Meeting date 23 October, 2019	Total attendance
Mr. A.N.A. Peterside	✓	✓	✓	3 meetings
His Majesty N.A Achebe	✓	✓	✓	3 meetings
Ammuna Lawan Ali	✓	✓	✓	3 meetings
Mr. Mutiu Sunmonu	✓	✓	✓	3 meetings

✓ - Present.

Report of the Directors (continued)

Audit Committee meetings

The Audit Committee held four (4) meetings in 2019. The record of members' attendance is presented below:

Name	Meeting date 13 March, 2019	Meeting date 16 April, 2019	Meeting date 17 July, 2019	Meeting date 22 October, 2019	Total attendance
Mr David Oguntoye	✓	✓	✓	✓	4 meetings
Alhaji W. Ajani	✓	✓	✓	✓	4 meetings
Mr. Kolawole Durojaiye	NYA	NYA	✓	✓	2 meetings
Mrs. Abiola Alabi	✓	✓	✓	✓	4 meetings
Mr Chika Nwobi	✓	✓	✓	✓	4 meetings
Ammuna Lawan Ali	NYA	NYA	✓	✓	2 meetings

✓ - Present: **NYA** – Not Yet Appointed.

Record of Directors' attendance at Board meetings

In accordance with section 258 (2) of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004 the record of the Directors' attendance at Directors' meetings during 2019 as listed above is available for inspection at the Annual General Meeting.

Directors' interests in contracts

Directors' interests in contracts for the year ended 31 December, 2019 were as follows:

Name of Director	Nature of the Contract	Directors' Interest therein
Mr. Atedo N. A. Peterside CON	Pension Fund Administrator Service Agreement with Stanbic IBTC Pension Managers Ltd. & banking relationship with Stanbic IBTC Bank Plc	Shareholder of Stanbic IBTC Holdings Plc. the Holding Company of Stanbic IBTC Pension Managers Ltd. and Stanbic IBTC Bank Plc.

No other Director has notified the company for the purpose of section 277 of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria 2004, of their direct or indirect interest in contracts or proposed contracts with the company during the year.

Directors' shareholding

The Register of Directors' interests in the share capital of the company will be open for inspection at the Annual General Meeting. The direct and indirect interest of Directors in the issued share capital of the company as recorded in the Register

Report of the Directors (continued)

of Directors' Shareholdings and/or as notified by them for the purposes of sections 275 and 276 of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004 and the listing requirements of the Nigerian Stock Exchange are as follows:

Name of Director	Number of shares held at 31 December 2019 & up to 31 March 2020	Number of shares held at 31 December 2018
His Majesty Nnaemeka A. Achebe	55,976	55,976
Mr. Carl Cruz	Nil	Nil
Mrs Abiola Alabi	Nil	Nil
Ammuna Lawan Ali	Nil	Nil
Mr Felix Enwemadu	Nil	Nil
Mr Chika Nwobi	Nil	Nil
Mr. Atedo N. A. Peterside -Indirect (First ANAP Domestic Trust)	2,500,000	2,500,000
Mrs Adesola Sotande-Peters	Nil	Nil
Mr Mutiu Sunmonu	Nil	Nil

According to the register of members at 31 December 2019, the following shareholders of the Company held more than 5% of the issued share capital of the Company:

Shareholder	Number of shares	Percentage held%
Unilever Overseas Holdings B.V. Holland	3,277,305,278	57.05
Unilever Overseas Holdings BV	877,209,358	15.27
Stanbic Nominees Nigeria Ltd (Cummulative Holding)	436,107,262	7.59

Immediate and Ultimate Parent Companies
Unilever Overseas Holdings B.V. and Unilever Plc. United Kingdom.

Share Dealing Policy

In accordance with the Post-Listings Rules of the Nigerian Stock Exchange, Unilever Nigeria Plc. has in place a share dealing policy which regulates securities transactions by its Directors, Employees and other Insiders on terms which are no less exacting than the required standard set out in the Nigerian Stock Exchange Rules. The Policy and Closed Periods are communicated periodically to drive compliance. In respect of the year ended 31 December, 2019, the Directors of Unilever Nigeria Plc. hereby confirm that:

1) A code of conduct regarding securities transactions by all Directors has been adopted by the Company.

2) Specific enquiry of all Directors has been made during the reporting period and there is no incidence of non-compliance with the listing rules of the Nigerian Stock Exchange, and Unilever Nigeria's code of conduct, regarding securities transactions by Directors.

Report of the Directors (continued)

Complaints Management Policy Framework

In compliance with the Securities and Exchange Commission Rule Relating to the Complaints Management Framework of the Nigerian Capital Market ("SEC Rules") 2019, Unilever Nigeria Plc. has further strengthened its complaints management procedure. The Company has in place a formal Complaints Management Policy by which complaints arising from issues covered under the Investment and Securities Act 2007 (ISA) are registered, promptly resolved and quarterly submission of same is made to the Nigerian Stock Exchange.

Unilever Code of Business Principles

Unilever Nigeria Plc. has zero tolerance for corruption and unethical practices and mandates its employees and business partners to adhere to all applicable laws and regulations, the Unilever Code of Business Principles and Code Policies. Unilever Code of Business Principles (COBP) prescribes a uniform standard of conduct expected of every Unilever operating company, employee and business partner. The COBP covers matters such as Obeying the law, Conflict of interest, Business integrity, Business partners, Shareholders and public activities, Fair Competition, Data Protection and Responsibility to our consumers. The Code Policies further spell out the 'must dos' and 'must nots' relating to each area under the COBP. Employees of Unilever Nigeria Plc. go through periodic mandatory trainings and Declarations and focussed discussions to reinforce the COBP standards and drive compliance.

Compliance with the COBP is mandatory and is monitored at the highest level of the organization. Internal and external confidential reporting media are available to encourage reporting of breaches and sanctions are consistently applied for these breaches. Unilever has a dedicated Business Integrity organization which focuses on Code compliance and related matters. The BI organization provides an effective framework for prevention, monitoring and enforcement. Unilever also makes it mandatory for all its business partners to sign up to compliance with its Responsible Business Partner Policy or Responsible Sourcing Policy as may be applicable

Employment policy

At Unilever Nigeria, we remain firm in our belief that winning in the marketplace requires winning with people, and through people. This belief continues to guide the way we work and reflects in our policies and practices at every stage of our employment cycle. We are committed to remaining an equal opportunity employer who is passionate about diversity, inclusivity and mutual respect while encouraging vibrant communication and consultation amongst all our employees.

Our core values and Code of Business Principles define what we stand for and the framework within which we do business. These are values and principles hinged on professional integrity, attaining and maintaining a pioneering mindset of innovation and continuous improvement, a responsibility to make a positive impact in the society in which we operate, and respect for all our stakeholders. These non-negotiables together with our standards of leadership define the kind of people that drive our business; people with Purpose and Service, Personal Mastery, Agility, a Passion for High Performance, Consumer Love with Business Acumen and those who have the ability to be Talent Catalyst.

Talent Development

We recognize that our people are a key part of our sustainable competitive advantage in this increasingly connected world. Accordingly, we have set ourselves apart in the FMCG industry by continuously working to create development opportunities and connecting our employees with those opportunities. In 2019 we pioneered a new Growth Culture where we introduced a performance management framework to encourage high performance and help employees live out their


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NEW
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EVER FRESH
12 HOURS FRESH BREATH*
+ STRONG WHITE TEETH
COOL BREEZE
FRESH minty FLAVOR
FOR 12 HOURS FRESH BREATH
*Based on in-vivo study of brushing twice daily over 4 weeks.

purpose, while driving business growth. While encouraging employees to take ownership of their personal development, we also have robust technology enabled systems to develop better leadership, professional and general skills in our employees, for enhanced engagement and productivity.

In 2019, in addition to our focus on experiential development through on-the-job deliverables, we implemented various initiatives to complement other traditional learning methodologies, with our business leaders being at the forefront of these initiatives. The introduction of the Book Club, Line Manager Capability building sessions and other related activities continue to create the platform for our business leaders to engage with employees and share their experiences, while also giving career coaching and mentoring to younger employees within the organization.

We recognize that our people are a key part of our sustainable competitive advantage in this increasingly connected world. Accordingly, we have set ourselves apart in the FMCG industry by continuously working to create development opportunities and connecting our employees with those opportunities. In 2019 we pioneered a new Growth Culture where we introduced a performance management framework to encourage high performance and help employees live out their purpose, while driving business growth.

Employee Engagement

Our employees are our most valued assets and as such their wellbeing and purpose are integral to building a positive work environment that drives growth. In this regard, we deployed initiatives to promote a highly engaged and productive workforce whilst inspiring a sense of accountability and ownership. Our "#ItsMyBusiness" initiative was geared towards improving the physical, emotional and mental wellbeing of our employees and driving an ownership mindset through Adopt-a-store campaign, cost frugality and security awareness initiatives.

We intensified the "Thrive" initiative by upskilling Line Managers via capability sessions for balanced personal well being and work, as well as driving a mental wellbeing support system for all employees through the Lipton "You.Me.Tea.Now" campaign.

Also, as part of our drive to foster a productive and inspiring environment, we relaunched more specific initiatives such as the "Agile Working" campaign powered by the recently completed office renovation across our business premises. We included a creche, eco-friendly office workspaces as well as optimized resource sharing and disability-friendly infrastructure. This engendered increased sense of belonging, motivation and commitment amongst employees.

We also promoted diversity and inclusion through the re-invigoration of the "Diffability" initiative by exploring support systems geared at the inclusion of people with disabilities in the workplace. We drove workplace gender equality campaigns on International Women's Day. Finally, we championed "Unity-In-Diversity" during the 59th Nigerian Independence celebration across Unilever Nigeria. All of these programs worked to keep our people engaged, motivated and focused on delivering our business objectives

Employer Branding

In 2019, we launched and amplified several initiatives geared at building our employer brand. One of such was the sustenance of partnerships with reputable universities where we hosted student competitions, career talks, seminars etc. We also successfully deployed the following key projects:

a. A proactive talent sourcing and conversion program called "Unilever Field Sales Accreditation" program, through

which we sourced for field sales talent.

b. The "Unilever Campus Ambassadors" program activated across universities nationwide aimed at connecting university students with Unilever's values and preparing them for the workplace.

c. The "Unilever Secondary Students Internship Program" for secondary school students who are interested in gaining career insights.

Through these initiatives we were able to impact over 2,000 youths across the country with a compelling message to keep dreaming and actively pursue those dreams. The winners of our Unilever Nigeria 7th Edition IdeaTrophy Competition from Federal University of Technology, Owerri represented Africa and won 3rd Place at the Unilever Global Future Leaders League, putting Africa on the league's map for the first time at the event in London.

Our activities and impact in 2019 were also validated externally as Unilever Nigeria was again recognized as one of the Top Employers in Nigeria and in Africa, by the Top Employers Institute. We were also awarded 'Best Talent Acquisition Initiative' and 2nd Runner Up for overall HR Best Practice by Chartered Institute of Personnel Management Nigeria. We will continue to focus on ensuring that employees feel valued and well equipped to be future-fit, whilst continuously refining our people-related processes and practices, to foster purposeful business growth and sustainable living.

Safety, Health and Environmental Care (SHE) Policy

In line with our Safety, Health and Environmental care (SHE) policy, we remain committed to providing a healthy, safe and secure work environment for employees, sub-contractors and visitors, and to continue to be responsible to the government and people of the communities where we operate. Our manufacturing sites in Oregun and Agbara have been certified to ISO 14001 and OHSAS 18001 global Safety, Health and Environment Standards, and we submit to regular audits to keep up to date. We identify health and safety hazards and manage / control risks such that we have recorded zero fatal / major injuries in our operations and strive to continue to prevent even minor injuries.

To drive and maintain SHE standards, Unilever employs robust systems and continuous improvements programs comprising employee engagement, behavioral safety audits, deep compliance audits, safety committees, safe travel and logistics safety initiatives, to name a few. We commence each week with a Safety Talk across the business and continually promote a culture of safety awareness with monthly educational campaigns on various topics like manufacturing line ownership, I care culture, environmental awareness, off- the - job safety etc. Periodically, we engage with regulatory agencies like the Federal Road Safety Corps (FRSC) to also assist to educate our employees and contractors on relevant safety matters.

The company continues to implement key Technical Safety Standards in the areas of processes, fire, construction, machines, electrical and risk assessments to continually benchmark ourselves against internationally acceptable standards, towards ensuring that our work equipment, processes and facilities are safe and secure for all stakeholders.

We drive a community partnership with other manufacturing colleagues to create a platform for collaborative emergency preparedness and response. We continue to aggressively drive initiatives such as waste reduction, recycle and re-use, energy reduction, water consumption reduction and "Zero Non-Hazardous Waste to Landfill", in order to reduce our environmental footprints and live up to our Unilever Sustainable Living Plan ideals.

Report of the Directors (continued)

The health and wellness of our employees is of great importance, and we continually deploy various programs to improve health, lifestyle and promote behavioral changes. Some of these programmes include "Preventive Medicine through Lamplighter" where employees are encouraged to carry out comprehensive health checks, promotion of mental resilience, travel medicine etc. There are also long–standing initiatives including 'Fit for Business' where employees are encouraged to live active lifestyles.

To set the right tone from the top, each member of our Leadership Team heads a SHE committee and leads the teams to ensure realization of all our SHE programs. Each employee, as well as contractors engaged on our business sites, remain committed to the principles of maintaining a healthy, safe and secure work environment that will propel us into further productivity.

Quality Report

Our consumers expect a **great experience** every time they use our products and trust us to deliver it. Great quality is at the core of the **trust that our consumers place in us**, and our business is built on our quality promise - it keeps our **consumers safe**, builds **stronger brands** and is key to our **sustainable growth**. We have, over the last three years, maintained a strong record of Zero marketplace incidents as a result of the quality programs we deploy to drive a culture of excellence and continuous improvement across the business. Leveraging digital technology, our Quality and Consumer Marketing Insight teams deployed the Digital Voice of the Consumer tool which had been launched globally, in Nigeria in the last quarter of 2019. This digital tool further keeps our consumer at the heart of our organization and aids us in using consumer connection and insight as key drivers of growth.

Also, in 2019, the first Unilever Connected for Growth program to take place in Africa held in Lagos. This program brings key Unilever employees from various teams, including Procurement, Quality, Research and Development, Brand and Legal, as well as some of our strategic partners into a forum focused on building collaboration and trust, and simplifying the governance around engaging with our supply partners. The resultant effect was increased speed to market and improved quality for growth. The platform was also useful for engaging our new local suppliers, helping them stabilize quickly into our ways of working towards delivery of great quality materials for our products. During the 2019 World Quality Day, we came together as an organization to pay particular attention to the Voice of the Consumer, by jointly reviewing consumers' feedback, and turning insights into right actions.

Consumer love continues to sit at the heart of how we do business, positioning us to influence our consumers' choices and co-create better futures for them every day.

A Business With A Purpose: Our Strategy For Sustainable Business

It is now 90 years since British soap maker Lever Brothers and Dutch margarine producer Margarine Unie merged their operations to become Unilever in 1930. Both Lever Brothers and Margarine Unie were passionate about making quality products more affordable for the working class and improving social conditions for their workers. By coming together in 1930, they were able to take products and purpose to more people across the globe. We have come a long way since then, and today, our employees and brands still live by our founding belief that 'by focusing on doing good, we will end up doing well'.

Today we are a global company, with a turnover of over €53 billion and sales in more than 120 countries. We make many of the world's favourite brands and, every day, about 2.5 billion people use Unilever products to feel good, look good and get

Report of the Directors (continued)

more out of life. These successes and the communities of people who trust our brands place a social responsibility on us, and through almost a century of growth, we have kept faith with our founding beliefs and this responsibility.
As our world continues to face increasingly difficult challenges, we believe that our business has a duty to society, to effect positive change. Some of the present challenges include:

- nearly 800 million people are without access to safe drinking water and over 2 billion without access to proper sanitation
- more than 2 million children die each year from preventable diarrhea disease
- 1 in 10 adults is obese while almost 1 billion go hungry
- climate change which is causing extreme weather changes and conditions
- over a billion people live in water-scarce areas
- increasing demand for food to feed a rapidly growing population; and many more.

At Unilever, we believe the world cannot wait and that businesses and brands must be part of the solution. Sustainable and equitable growth is the only acceptable business model today. So, in 2010, we launched the Unilever Sustainable Living Plan (USLP), which is the blueprint for how we conduct our business responsibly. In this model, we aim to decouple our growth from our environmental impact while increasing our positive social impact, driving profitable growth for our brands, saving costs and fueling innovation.

Our strategic vision is "to make sustainable living commonplace" by growing our business while reducing our environmental footprint and increasing our positive social impact. To achieve this vision, we will:

- Help people take action to improve their health and well-being.
- Enhance livelihoods, and
- Decouple growth from the environmental footprint of our products

2019 In Review

Improved Health And Well-Being

Our brands are positioned to help Nigerians take the actions they need to stay healthy and improve their wellbeing. We have active programs which help to address some of the specific challenges faced in the country, including the following:

1. The Vaseline Healing Project

Everyone deserves healthy skin and through the Vaseline Healing Project (VHP) in partnership with Direct Relief and Dermatologists in Nigeria, Vaseline provided dermatological training to Health Care Practitioners and skin care to patients. As part of the Unilever Sustainable Living Plan, the goal of the VHP is to help heal the skin of five million people living in poverty and crisis.

The first Vaseline Healing Project in Nigeria kicked off in 2019 with a two-day training of health professionals in the basic knowledge of managing skin conditions. This was followed up with a dermatological outreach to communities in Lagos. The VHP team trained Doctors, Pharmacists and Community Health Workers and led an outreach to Makoko and surrounding communities in Lagos where Dermatologists and Unilever Volunteers offered free consultations to people with skin disorders. The entire project reached 120 Doctors, 40 Pharmacists, 20 Community Health Workers and over 400 patients from the communities. This project is the start of an incredible journey for Vaseline as the brand contributes to the health and wellbeing of Nigerians; healing everyone's skin everywhere so they can fully participate in life.

Report of the Directors (continued)

2. Pepsodent 'Brush Day and Night' Schools Program

We aim to tackle the social menace of poor oral hygiene and tooth decay. In 2012, we launched the Pepsodent Brush Day and Night Oral health campaign, to improve oral health habits amongst Nigerian children. Together with partners and relevant stakeholders in the health sector, we took a 21-day behavior change programme to primary schools across Nigeria to educate and motivate kids to adopt good oral hygiene habits. By educating the children on the essence of brushing day and night, we encourage them to stay healthy, happy and lead a more enjoyable and fulfilled life.
The oral health schools programme has directly reached over 5 million Nigerian children in government primary schools across the country with our message, our products, free educational materials, behavior change ambassadors and through World Oral Health Day events.

Enhancing Livelihoods

Global and local economic challenges, unemployment and poverty have impacted the spending power of families around the world. Reduced disposable income means that families must prioritize necessities and cannot invest in health, wellbeing, and the accoutrements of a good quality of life. The impact of this can be particularly hard on vulnerable groups such as women and children. As we are committed to contributing to the prosperity of the communities in which we do business and the economic wellbeing of our consumers, we provide access to opportunities and resources for improved livelihood.

3. Creating Women 'Microprenuers'

Extreme poverty remains a significant problem in our part of the world; more than 90 million Nigerians live in extreme poverty today. In our attempt to do something about this problem, we created a program called Shakti (which means 'Empowered') in 2014, which is creating an inclusive society by providing business training and funding, and thereby livelihoods, to women in rural areas. We work at simultaneously empowering these women and expanding our last-mile distribution into uncharted regions of rural Nigeria. We now have 4,000 Shakti women across the country who are making a living and feeling included in a more sustainable existence. Our Shakti women are today more confident about meeting their family's needs, and some can now dare to dream of owning their own houses.
The Shakti initiative seeks to empower 10,000 less privileged women in Nigeria by making them Unilever retailers at the grassroots.

Protecting the Environment in which we Operate

About 16 million tonnes of plastic are generated in Nigeria every year, and most of it still sits around in the environment. This problem heightens the need for businesses to support government initiatives to solve the plastic problem.

4. The Recycle Exchange Initiative

In 2017, Unilever committed to a Recycling Exchange partnership with local social enterprise, Wecyclers, towards creating a circular economy that translates waste to wealth. While Wecyclers has been at the forefront of the Waste-to-Wealth initiative, our Recycling Exchange partnership has turned out to be a significant turning point in bringing recycling to even more low-income communities.

Shipping containers which have been remodelled and repurposed, have been situated at conspicuous parts of Lagos in Iyana-Ipaja, Lekki Phase 1, Ikorodu, Lagos Island, Gbagada and Jakande in an extension of a drop-off model of recyclable

waste reclamation. The program has collected tons of waste, and the initiative has created financial inclusion for the low-income earners involved while preventing flooding and the attendant diseases in these areas. The setups have also spawned job opportunities and serve as a continuous repository of recycling information for these communities.

We are tackling the challenges that come with an initiative like this courtesy of new ideas for expansion and the commitment of Unilever and Wecyclers to the effort. Our drive to see the establishment of a circular economy approach to recyclable waste only gets stronger because every win for the Recycle Exchange program is effectively a win for communities.

Outlook for 2019

The business case for growing our company sustainably is increasingly compelling; consumers expect it, and our customers increasingly demand it. It drives innovation and market development, saves money and avoids costs. It also inspires the people who work for us. It is not just about doing good; it is also about doing well. So, even as our sustainability activities improve the lives and wellbeing of those we serve, it is also an investment in the growth and resilience of our business.

In 2020, while we have the mandate to continue to deliver business value for our shareholders, we also have a class of stakeholders to whom we are beholden as a business – these are the everyday people in our society. It is our responsibility to them to conduct our business responsibly, to help them make the decisions and take the actions that will improve their health, well being and the environment in which they live. It is our commitment to them to make sustainable living commonplace.

A FULL REPORT OF OUR SUSTAINABILITY INITIATIVES WILL BE PUBLISHED IN A COMPREHENSIVE, STAND-ALONE SUSTAINABILITY REPORT

Corporate Social Responsibility	**2019 N'000**	**2018 N'000**
Unilever Secondary school scholarship programme	11,600	10,800
Nigerian Bar Association	3,000	-
Nigerian Economic Summit Group	3,000	-
Forum of Wives of Ondo State Officials	1,000	-
Embassy of the Netherlands Lagos	1,000	-
British Deputy High Commission Lagos	1,000	-
Omolayole Management Lecture Series	500	-
Abuja Chamber of Commerce	500	-
Wecyclers Nigeria Limited	200	-
Nigerian Labour Congress - Ogun state chapter	200	-
Brand Journalists' Association of Nigeria	100	-
Nigeria Institute of Public Relations	100	-
Donation of products to schools and charity homes in Lagos and Ogun state.	38,635	32,656
	60,835	43,456

In compliance with Section 38(2) of the Companies and Allied Matters Act of Nigeria, the Company did not make any donation or gift to any political party, political association or for any political purpose during the year.

Report of the Directors (continued)

UNILEVER KEY DISTRIBUTORS

KD Name	Region
Fareast Mercantile Co. Ltd	Strategic partner
Game Discount World Limited	Key accounts
Grand Square Supermarket & Stores Ltd	Key accounts
Park N Shop	Key accounts
Retail Supermarkets Limited	Key accounts

KD Name	Region
Caniz Ikotun	Lagos
Chrislanbolu Trade & Eng. Serv. Ltd	Lagos
De Moshadek And Company Nigeria	Lagos
Hats Investment And Promotions Ltd	Lagos
Itura Ventures Limited	Lagos
Itura Ventures Supermarkets	Lagos
J. A. Onabowale	Lagos
Lobic Global Merchantile Coy	Lagos
M. F. Ore Awo Nigeria Ltd	Lagos
Maquahm Nigeria Limited - Kd3	Lagos
Mutkeem Concept	Lagos
Renuzi Supermarket	Lagos
Renuzi Ventures	Lagos
Renuzi Ventures -Lekki	Lagos
Sam & Martha -Ajegunle	Lagos
Sam And Martha Investment Ltd	Lagos
Suara & Company	Lagos
Tripple P Dazzled	Lagos
Vancrest Global Ventures	Lagos
Worthy Ventures Limited	Lagos

KD Name	Region
Adebiyi & Sons Nigeria Supermarkets	Middle Belt
Alakass Nigeria Enterprises	Middle Belt
Arinola Precious Ventures	Middle Belt
Aub And Sons Integrated Services	Middle Belt
Dom Bee Nigeria Limited	Middle Belt
Dupet Light International Ltd.	Middle Belt
Giz-tech Ent. Ltd	Middle Belt
Iduh Integrated Services - Kd3 Lokoja	Middle Belt
Iduh Integrated Services Nig Ltd	Middle Belt
Ifjane Nigeria Limited	Middle Belt
J. A. Onabowale And Sons Limited	Middle Belt

KD Name	Region
J. J. Nnoli And Sons	Middle Belt
J. O. Adebiyi & Sons Nigeria Ltd	Middle Belt
Kesy Distribution And Logistic Ltd	Middle Belt
Kish N Kit Nigeria Limited	Middle Belt
Lasun Dan Mama Nigeria Limited	Middle Belt
Muabsa Integrated Services	Middle Belt
Olayiwola Gbadamosi Company Nigeria Ltd.	Middle Belt
Olonaasunde Ventures	Middle Belt
Rickmen Healthcare Limited	Middle Belt
Sidi And Sons Business Solutions Nig Ltd	Middle Belt

KD Name	Region
A. D. Basharu And Sons (Nig) Limited	North East
A. D. Basharu & Sons Nig Ltd Jalingo	North East
Abubakar Adamu Integrated Serv.	North East
Nig. Ltd	North East
Baba Gana Mafoni	North East
Lawalti General Enterprise	North East
Naheem Heights Limited	North East
Nahuwa General Enterprise	North East
S. C. Okafor Nigeria Limited	North East

KD Name	Region
Al Babello Supermarkets	North East
Al-babello Gasau	North East
Albabello Trading Co. Ltd Kebbi	North East
Al-babello Trading Company Limited	North East
Al-babello Trading Company Ltd - Katsina	North East
Alhaji Abu Zamau Enterprises	North East
Armu Global Concept	North East
Prime General Merchants Limited	North East
SDS Plaza Limited North	North East

Report of the Directors (continued)

KD Name	Region
Paxson Nigeria Company Limited	Strategic Partner
Beehives Multinational Limited	South Central
Blessed Iyke Stores	South Central
Charles Aman Nigeria Limited	South Central
Chuduak Limited	South Central
Cito Int'l Nig. Ltd Kd3	South Central
Cok Royal Link Ventures Kd3	South Central
Globalog Enterprises	South Central
H. O. Nwoji Enterprises Super Market	South Central
Humphrey Okechukwu Nwoji Enterprise	South Central
Ibokies Nigeria Company	South Central
M. E. Ugbor And Brothers Nig Ltd	South Central
Prenica And Company Nigeria Limited	South Central
Rickafe Services Limited	South Central
Steve Sylver Nigeria Limited	South Central
Sylika Global Resources Enterprises	South Central
Tivo Corporate Services Int'l Ltd	South Central
Tivo Corporate Services Int'l Ltd Sapele	South Central
Ursulasam Ventures	South Central
Vosa-voji Limited	South Central

KD Name	Region
B. N. Igwe And Sons	South East
Burnae Ventures	South East
CY Obiora Nig Enterprises	South East
Elaug -15 Provest Ltd	South East
Eleru Brand Ltd	South East
G. N. Chukwu & Sons Enterprises	South East
Igbozulike Investment Limited	South East
Isangette Enterprises	South East
Igbozulike Investment Limited	South East
Isangette Enterprises	South East
Kaima Integrated Network	South East
Ventures Ltd	South East
Lyg Enterprise - Supermarket	South East
P. O. Konyeha And Sons	South East
Paradise Bakeries Ltd	South East
Lyg Enterprise - Supermarket	South East
P O Konyeha And Sons	South East
Paradise Bakeries Ltd	South East
Marginal Concepts Ltd	South East
Igwt Worldwide Concept Ltd	South East
Jancy Integrated Services	South East
Ronald Resources Ltd - Supermatket	South East

KD Name	Region
Theo And Powell Services Limited	South East
Tomiesha Pro Resources Ltd	South East

KD Name	Region
Ajoke Dominion Services Limited	West
Dan Sarat Company Nig Ltd	West
David Uthman Ltd	West
Debby Mega Merchants - Kd3	West
Debby Mega Merchants Limited	West
Estfrans Ventures Limited	West
Hasbar Investment Nigeria Limited	West
J. O. Adegboyega Enterprises	West
John Bosco Trading Company Ltd	West
Marzab Multiventures	West
Niji Global Concept Limited	West
R. S. Abimbola (nigeria) Enterprises	West
R. S. Abimbola Enterprises (osogbo)	West
The Lords Doing G.C.S Ltd	West
Toriola Olu Enterprises	West
Tsq Alayo & Sons Nigeria Ltd	West
Unruly Ventures Supermarket	West
Wharton Harper Nig. Limited	Strategic Partner

Report of the Directors (continued)

Independent auditor

KPMG Professional Services are Independent Auditors to Unilever Nigeria Plc. and have indicated willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004 therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

By Order of the Board

Mrs. Abidemi Ademola
General Counsel GN & Company Secretary
FRC/2013/NBA/00000001646

12 March 2020

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Statement of Directors' responsibilities in relation to the financial statements for the year ended 31 December 2019

The directors accept responsibility for the preparation of the annual Financial Statements set out on pages 53 to 114 and confirm that they give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

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

12 March 2020

Carl Cruz
Managing Director

12 March 2020

Adesola Sotande-Peters
Vice- President Finance
FRC/2015/ICAN/00000010834

12 March 2020

Report of the Audit Committee to the members of Unilever Nigeria Plc.

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria 2004, the members of the Statutory Audit Committee of Unilever Nigeria Plc. hereby report as follows:

We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004 and we acknowledge the cooperation of management and staff in the conduct of these responsibilities. We confirm that:

1. The accounting and reporting policies of the Company are consistent with legal requirements and agreed ethical practices.
2. The internal audit programmes are extensive and provide a satisfactory evaluation of the efficiency of the internal control systems.
3. We have considered the independent auditors' post-audit report in respect of year ended 31 December, 2019 and management responses thereon, and are satisfied thereto.

Members of the Audit Committee are:

1. Mr David Oguntoye	-	Chairman & Shareholders' Representative
2. Alhaji Wahab A. Ajani	-	Shareholders' Representative
3. Mr Kolawole Durojaiye	-	Shareholders' Representative
4. Mrs Abiola Alabi	-	Non-Executive Director
5. Ammuna Lawan Ali	-	Non-Executive Director
6. Mr Chika Nwobi	-	Non-Executive Director

Dated this 11 March, 2020

Mr David Oguntoye
Chairman
FRC/2013/ANAN/00000002787


AWAKEN
TO WHAT
Lipton
REALLY
MATTERS.
Lipton
YELLOW LABEL

KPMG Professional Services
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Bishop Aboyade Cole Street
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PMB 40014, Falomo
Lagos

Telephone 234 (1) 271 8955
234 (1) 271 8599
Internet home.kpmg/ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Unilever Nigeria Plc**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Unilever Nigeria Plc ("the Company") which comprise the statement of financial position as at 31 December 2019, statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes, comprising significant accounting policies and other explanatory information, as set out on pages 53 to 114.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

a. **Accuracy of revenue**

Refer to summary of significant accounting policies (Note 2.13) and right of return (Note 4(b)) on pages 72 and 77 respectively of these financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Company earns revenue from the sale of food/refreshments and home/personal care consumer goods to customers in and outside Nigeria. For the year ended 31 December 2019, revenue amounted to ₦60.5 billion which was a significant reduction of 35% in comparison to prior year of ₦92.9 billion. This is considered a key audit matter due to the significance of revenue to the users of the financial statements and the assumptions involved in estimating the refund liability.	Our procedures included the following; - obtained an understanding of the Company's sales process and tested the design, implementation and operating effectiveness of the relevant controls. - agreed a sample of revenue (including discounts and rebates) recognized for the year to invoices and delivery waybills acknowledged by the customer. - performed analytical procedures over sales discounts and rebates. - challenged the assumptions made in estimating the refund liability and measuring the right to recover returned goods asset based on our knowledge of the industry, Company's business and a retrospective review of the estimate in prior year - assessed the adequacy of the refund liability by comparing the actual returns subsequent to year end to the refund liability recognized. - assessed whether adequate sales cut-off procedures were performed. - held inquiries with certain key distributors - evaluated the adequacy of the Company’s financial statement disclosures in respect of revenue.

b. Impairment of property, plant and equipment

Refer to summary of significant accounting policies (Note 2.2 and 2.4) and property, plant and equipment (Note 14) on pages 62, 63 and 83 respectively of these financial statements.

The Key Audit Matter	How the matter was addressed in our audit
During the year, the directors identified certain idle assets relating mainly to plant and machinery. The assets were assessed to be idle due to technological obsolescence and outsourcing of some production processes requiring their use to third parties. These circumstances indicated that there were potential indicators of impairment of these assets. Accordingly, management estimated that the impact of this impairment amounted to ₦1.3 billion as at 31 December 2019. This is considered a key audit matter due to the significant judgments and estimate required in evaluating the impairment allowance.	Our procedures included the following; - obtained an understanding of the Company's impairment of asset process. - evaluated management's assessment of impairment indicators as at year end. - performed a physical verification of a select sample of idle assets. - inspected the minutes of board meetings for the Company's plans for these idle assets - tested the appropriateness and adequacy of the impairment loss on the idle assets recognised in this respect. - evaluated the adequacy of the Company's financial statement disclosures in respect of property, plant and equipment.

Other Information

The Directors are responsible for the other information. The other information comprises the Unilever Purpose and Values, Unilever Corporate Profile, Board of Directors, Officers and Other Corporate Information, Results at a glance, Board Profile, Report of the Directors, Statement of Directors' Responsibilities in relation to the financial statements for the year ended 31 December 2019, Report of the Audit Committee to the members of Unilever Nigeria PLC and other National Disclosures (but does not include the financial statements and our auditor report thereon), which we obtained prior to the date of this auditor's report. It also includes additional other information such as the Notice of Annual General Meeting, Chairman's Statement, Shareholders' Information, amongst others (together "Outstanding Reports) which are expected to be available to us after the date.

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- 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 directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements
Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and statement of other comprehensive income agree with the books of account.

Signed:

Goodluck C. Obi, FCA
FRC/2012/ICAN/00000000442
For: KPMG Professional Services
Chartered Accountants
30 March 2020
Lagos, Nigeria

Statement of profit or loss
For the year ended 31 December

	Note	2019 N'000	2018 N'000
Continuing operations			
Revenue	4	60,486,835	92,899,969
Cost of sales	5	(55,737,010)	(64,674,847)
Gross profit		4,749,825	28,225,122
Selling and distribution expenses	5	(3,151,738)	(4,239,077)
Marketing and administrative expenses	5, 9(a)	(13,247,563)	(14,712,986)
Impairment loss on trade and intercompany receivables	17(vi)	(200,042)	(311,443)
Other income	6	86,299	236,160
Operating (loss)/ profit		(11,763,219)	9,197,776
Finance income	10	2,144,815	4,026,932
Finance cost	11	(135,869)	(602,800)
(Loss)/ profit before minimum taxation		(9,754,273)	12,621,908
Minimum tax expense	12(iv)	(317,670)	-
(Loss)/ profit before taxation		(10,071,943)	12,621,908
Income tax credit/(expense)	12(i)	2,652,269	(3,489,756)
(Loss)/ profit from continuing operations		(7,419,674)	9,132,152
Discontinued operations			
Profit from discontinued operations	34(i)	-	1,419,988
(Loss)/ profit for the year		(7,419,674)	10,552,140
Earnings per share for profit attributable to equity holders:			
Basic and diluted earnings per share (Naira)	13	(1.29)	1.84
Basic and diluted earnings per share (Naira) - continuing operations	13	(1.29)	1.59

The notes on pages 59 to 114 form an integral part of these financial statements.

Statement of Other Comprehensive Income
For the year ended 31 December

	Note	2019 N'000	2018 N'000
(Loss)/ profit for the year		(7,419,674)	10,552,140
Other comprehensive (loss)/ income			
Items that will not be reclassified to profit or loss:			
Remeasurement of post employment benefit obligations	21(vi)	(329,428)	176,865
Tax effect	12	105,417	(56,597)
Total comprehensive (loss)/ income		(7,643,685)	10,672,408

The notes on pages 59 to 114 form an integral part of these financial statements.

Statement of Financial Position
As at 31 December

	Note	2019 N'000	2018 N'000
Assets			
Non-current assets			
Property, plant and equipment	14(i)	31,957,420	29,677,539
Intangible assets	15	225,933	448,488
Other non- current assets	32	-	48,353
Employee loan receivable	33	-	65,531
Retirement benefit surplus	21(v)	35,292	293,219
		32,218,645	30,533,130
Current assets			
Inventories	16	11,869,295	13,928,867
Trade and other receivables	17(i)	24,131,026	30,188,189
Employee loan receivable	33	-	49,005
Cash and cash equivalents	18	35,458,553	57,144,182
		71,458,874	101,310,243
Total assets		103,677,519	131,843,373
Liabilities			
Current liabilities			
Trade and other payables	19	34,719,709	38,610,839
Income tax	12	88,375	4,555,820
Loans and borrowings	28	-	394
		34,808,084	43,167,053
Non-current liabilities			
Deferred tax liabilities	20	894,439	3,652,125
Unfunded retirement benefit obligations	21(iv)	422,830	2,021,360
Long service award obligations	21(iv)	318,096	209,510
Loans and borrowings	28	705,720	3,782
		2,341,085	5,886,777
Total liabilities		37,149,169	49,053,830

Statement of Financial Position (continued)
As at 31 December

	Note	2019 N'000	2018 N'000
Equity			
Ordinary share capital	31	2,872,503	2,872,503
Share premium	31	56,812,810	56,812,810
Retained earnings		6,843,037	23,104,230
Total equity		66,528,350	82,789,543
Total equity and liabilities		103,677,519	131,843,373

The financial statements were approved for issue by the Board of Directors on 12 March 2020 and signed on its behalf by:

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

Carl Cruz
Managing Director

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

*The Financial Reporting Council (FRC) granted a waiver to the Managing Director to sign the financial statements without indicating any FRC registration number. His FRC number will be obtained in due course.

The notes on pages 59 to 114 form an integral part of these financial statements.

Statement of Changes in Equity for the Year ended 31 December

	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2018 as previously reported	2,872,503	56,812,810	16,223,062	75,908,375
Adjustment on initial application of IFRS 9, net of tax	-	-	(918,737)	(918,737)
Restated balance on 1 January 2018	2,872,503	56,812,810	15,304,325	74,989,638
Total comprehensive income for the year				
Profit for the year	-	-	10,552,140	10,552,140
Other comprehensive income				
Remeasurement on post employment benefit obligations, net of tax (Note 21 (vi))	-	-	120,268	120,268
	-	-	10,672,408	10,672,408
Transactions with owners				
Dividend declared (Note 19 (I))	-	-	(2,872,503)	(2,872,503)
	-	-	(2,872,503)	(2,872,503)
At 31 December 2018	2,872,503	56,812,810	23,104,230	82,789,543
Balance at 1 January 2019	2,872,503	56,812,810	23,104,230	82,789,543
Total comprehensive income for the year				
Loss for the year	-	-	(7,419,674)	(7,419,674)
Other comprehensive income				
Remeasurement on post employment benefit obligations, net of tax (Note 21 (vi))	-	-	(224,011)	(224,011)
	-	-	(7,643,685)	(7,643,685)
Transactions with owners				
Dividend declared (Note 19 (i))	-	-	(8,617,508)	(8,617,508)
	-	-	(8,617,508)	(8,617,508)
At 31 December 2019	2,872,503	56,812,810	6,843,037	66,528,350

The notes on pages 59 to 114 form an integral part of these financial statements.

Statement of Cash Flows
Year ended 31 December

	Note	2019 N'000	2018 N'000
Cash generated from operations	23	(5,018,972)	12,166,084
Retirement benefits paid	21(iv)	(2,302,786)	(2,190,856)
Long service award obligations paid	21(iv)	(33,774)	(31,098)
Tax paid	12(ii)	(4,168,785)	(3,000,960)
Net cash flow (used in)/ generated from operating activities		(11,524,317)	6,943,170
Cash flows from investing activities			
Interest received	10	2,144,815	3,431,603
Purchase of property, plant and equipment	14(i)	(6,511,071)	(5,395,511)
Proceeds from sale of property, plant and equipment		32,362	5,057,411
Net cash flow (used in)/ generated from investing activities		(4,333,894)	3,093,503
Cash flows from financing activities			
Repayment of loans and borrowing	28(ii)	(4,176)	(536,533)
Interest paid	28(ii)	-	(25,726)
Dividend paid	19(i)	(5,820,974)	(2,872,503)
Net cash flow used in financing activities		(5,825,150)	(3,434,762)
Net (decrease)/ increase in cash and cash equivalents		(21,683,361)	6,601,911
Impact of foreign exchange movement on cash balance		(2,268)	48,676
Cash and cash equivalents at the beginning of the year		57,144,182	50,493.595
Cash and cash equivalents at the end of the year	18	35,458,553	57,144,182

The notes on pages 59 to 114 form an integral part of these financial statements.

Notes to the financial statements

1. Basis of accounting

1.1a Statement of compliance

The financial statements of Unilever Nigeria Plc ("Unilever" or "the Company") have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and in the manner required by the Companies and Allied Matters Act, Cap 20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

This is the first set of the Company's annual financial statements in which IFRS 16 Leases has been applied. The related changes to significant accounting policies are described in note 1.5. These financial statements were authorised for issue by the Company's board of directors on 12 March 2020.

1.1b Basis of measurements

The financial statements have been prepared under the historical cost basis, except for the following items which are measured on an alternative basis on each reporting date:

Items		**Measurement basis**
Derivative financial instruments	-	Fair value
Inventories	-	Lower of cost and net realisable value
Liabilities for cash settled share	-	Fair value
Non-derivative financial instruments	-	Initially at fair value and subsequently at amortised cost using effective interest rate
Defined benefit obligation	-	Present value of the obligation
Plan asset of defined benefit obligation	-	Fair value

1.2 Functional and presentation currency

The financial statements are presented in Nigerian Naira, which is the Company's functional and presentation currency, rounded to the nearest thousand (N'000) unless otherwise indicated.

1.3 Going concern

Nothing has come to the attention of the directors to indicate that Unilever will not remain a going concern for at least twelve months from the date of approval of these financial statements.

1.4 Standards and interpretations issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing the Company's financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements

- Definition of Business (Amendments to IFRS 3)

- Definition of Material (Amendments to IAS 1 and IAS 8)

Notes to the financial statements (continued)

Standards and interpretations issued but not yet effective (continued)

- Definition of Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)

1.5 Changes in significant accounting policies

The Company initially applied IFRS 16 Leases from 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Company's financial statements.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

A Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 2.15.
On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

B As a lessee

As a lessee, the Company leases consist mainly of warehouses. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.
However, for leases of property, the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

i. *Leases classified as operating leases under IAS 17*
Previously, the Company classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the

1.5 Changes in significant accounting policies (continued)

i. **Leases classified as operating leases under IAS 17 (continued)**

Company's incremental borrowing rate of 17.5% as at 1 January 2019. Right-of-use assets are measured at either:
– their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application: the Company applied this approach to its largest property lease; or
– an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Company applied this approach to all other leases.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.
The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:
– did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
– did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
– excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
– used hindsight when determining the lease term.

ii. *Leases classified as finance leases under IAS 17*
The Company does not have any leases classified as finance leases under IAS 17

C **As a lessor**
The Company does not have any investment property and does not lease out any of its property, plant and equipment.

D **Impact on transition**
On transition to IFRS 16, the Company recognised right-of-use asset and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 January 2019
	N'000
Right-of-use assets – property, plant and equipment	43,411
Prepayments - Trade and other receivables	(43,411)
Retained earnings	-

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 17.5%.

2.1 Discontinued operations

A discontinued operation is a component of the Company's business, the operations and cash flows of which can

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.1 Discontinued operations (continued)

be clearly distinguished from the rest of the Company and which
:- represents a major line of business or geographic area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

2.2 Property, plant and equipment

(i) *Recognition, derecognition and measurement*

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. All property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The carrying amount of an item of property, plant and equipment shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are measured by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in the statement of profit or loss.

(ii) *Subsequent costs*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial year in which they are incurred.

(iii) *Depreciation*

The estimated depreciation rates of property, plant and equipment for current and comparative periods are as follows:

Leasehold land	-	Nil
Buildings	-	2.5%
Plant and machinery	-	7%
Furniture and equipment	-	7% - 25%
Motor vehicles	-	25%

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the statement of profit or loss.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.2 Property, plant and equipment (continued)

iii Depreciation (continued)

The capital work-in-progress represents buildings and plant and machinery under construction and other property, plant and equipment not available for use in the manner intended by management.
Depreciation method, assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

2.3 Intangible assets

Computer software
Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:
- it is technically and commercially feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development of the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Computer software development costs recognised as assets are amortised on a straight line basis in the income statement over their estimated useful lives, which does not exceed eight and a half years. These costs are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation method, assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

2.4 Impairment of non-financial assets

At each reporting period, the Company reviews the carrying amount of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

An impairment loss is recognised for non-financial assets when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.4 Impairment of non-financial assets)

Intangible assets not yet available for use are tested for impairment annually. Impairment losses are recognized in the income statement. All other non-financial assets are assessed for indicators of impairment at the end of each reporting period.

2.5 Financial instruments

2.5.1 Recognition and initial measurement

Financial instruments (i.e. financial assets and liabilities) are recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

2.5.2 Classification and subsequent measurement

Management determines the classification of its financial instruments at initial recognition.

(i) *Financial assets*
On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.
Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains & losses including any interest or dividend income are recognised in the statement of profit or loss.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.5 Financial instruments (continued)

(I) Financial assets (continued)

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the income statement. Any gain or loss on derecognition is recognised in the statement of profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the income statement. Other net gains or losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to the statement of profit or loss.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets

(ii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the income statement.

2.5.3 Derecognition

- Financial assets

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset or the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.5 Financial instruments (continued)

2.5.3 Derecognition (continued)

- Financial liabilities

Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cashflows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of profit or loss.

2.5.4 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.6 Impairment of financial assets

Non- derivative financial assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost

The Company measures loss allowances at an amount equal to lifetime ECLs, except for other debt securities and bank balances for which credit risk has not increased significantly since initial recognition which are measured at 12 month ECL.

The ECL for trade and other receivables are estimated using a provision matrix that is based on the Company's historical credit loss experience adjusted for factors that are specific to the debtors general economic conditions and an assessment of both current as well as forecast direction of conditions as at reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full without recourse by the Company to actions such as realising security (if any is held) or
- the financial asset is more than 180 days past due

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.6 Impairment of financial assets (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial asset. The Company considers intercompany receivables to have a lower credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".
The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
ECLs are discounted at the effective interest rate of the financial asset.

Credit- impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occured. Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or being more than 180 days past due
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. An impairment loss is recognised if the gross carrying amount of the assets exceeds its estimated recoverable amounts. Impairment losses are recognised in profit or loss.

Write-off
The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

2.7 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.7 Fair value measurement (continued)

- In the absence of a principal market, in the most advantageous market for the asset or liability.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.8 Inventories

Inventories are measured at the lower of cost and estimated net realisable value less allowance for obsolete and damaged inventories. A detailed review of slow moving and obsolete stocks is carried out on a monthly basis and an allowance is booked based on a realistic estimate. Cost is based on standard costing that comprises direct materials and where applicable, directs labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost of raw materials and work in progress are stated at standard cost while cost of finished goods, engineering spares and other items of inventories is calculated using the weighted average method. Standard cost is reviewed periodically to ensure it consistently approximates historical cost. Net realisable value represents the estimated selling price less all estimated costs of selling expenses.

2.9 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash at bank and in hand plus short-term deposits less overdrafts and short-term working capital loans. Short-term deposits have a maturity of three months or less from the date of acquisition, are readily convertible to cash and are subject to an insignificant risk of change in value. Bank overdrafts are repayable on demand and form an integral part of the Company's cash management.

2.10 Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The present value is derived by discounting the expected future cashflows at a pre-tax rate. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation and the amount has been

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.10 Provision (continued)

reliably estimated. Provisions for restructuring costs are recognised when the Company has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are not recognised for future operating losses.

2.11 Income tax

Income tax expense comprises current tax (company income tax, tertiary education tax, Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. The Company had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(i) Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years.

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The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year)

Total amount of tax payable under Company Income Tax Act is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

(ii) Deferred income 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 balance sheet 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(ii) Deferred income (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.
Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax liabilities on a net basis.
Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

(iii) *Minimun tax*
The Company is subject to the Finance Act as enacted, which amends the Company Income Tax Act (CITA). Total amount of tax payable under this is determined based on the higher of two components; Company Income Tax Act on taxable income (or loss) for the year, and minimum tax (determined based on 0.5% of qualifying Company's turnover less franked investment income). Taxes based on taxable profit are treated as income tax in line with IAS 12, whereas minimun tax based on gross amount is outside the scope of IAS 12 and therefore not presented as tax expense in the statement of prfit or loss.

The liability is recognised under trade and other payables in the statement of financial position.
Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

2.12 Employee benefits

(a) **Post-employment benefit plans**
The Company operates a defined contribution benefit scheme, an unfunded defined benefit service gratuity scheme for its employees; and a funded post-employment benefit plan.

(I) *Defined contribution scheme*
The Company operates a defined contribution plan in line with the Pension Reform Act 2014. The contributions are recognised as employee benefit expenses when they are due. The Company has no further payment obligation once the contributions have been paid. The contribution made towards securing the future benefits in the scheme is as follows:

Staff	**Management staff**	**Non-management**
Employer	10%	10%
Employee	8%	10%

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(a) Post-employment benefit plans (continued)

(ii) Defined benefit plans

The Company also operates both an unfunded defined benefit service gratuity scheme and a funded benefit plan. The level of benefit provided is based on the length of service and terminal salary of the person entitled. The defined benefit plan surplus or deficit in the statement of financial position comprises the total for each plan of the fair value of plan assets less the present value of the defined benefit obligation (using a discount rate based on federal government bonds in issue as at the reporting date).

The cost of defined benefit plans is determined using the projected unit credit method. The liability recognised in the statement of financial position in respect of the unfunded defined benefit service gratuity scheme is the present value of the defined benefit obligation at the reporting date. With respect to the funded benefit plan, the related pension liability recognized in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Actuarial valuations for defined benefit plans are carried out annually. The discount rate applied in arriving at the present value of the pension liability represents the market yield on government bonds at the calculation date and reflects the duration of the liabilities of the benefit plan.

Actuarial gains and losses are recognized in full in the period in which they occur, in other comprehensive income without recycling to the income statement in subsequent periods. Current service cost, the recognized element of any past service cost and the net interest cost arising on the pension liability are included in the same line items in the income statement as the related compensation cost.

(b) **Other long term employee benefits**

The Company measures long term employee benefits using the same accounting policies for defined benefit plans except for remeasurements which are recognised in income statement in the period in which they arise.

(c) **Share-based payment transaction - Cash-settled transactions**

The cost of cash-settled transactions is measured initially at fair value at the grant date using a pricing model similar to the 'projected unit credit method'. The fair value of the amount payable is recognised as an expense with a corresponding increase in liabilities over the period during which the employees become unconditionally entitled to payment. The liability is re-measured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognised in employee benefits expense.

(d) **Short term employee benefits**

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably

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Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.13 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue at a point in time when it transfers control over a product or service to a customer. The Company principally generates revenue from the sale and delivery of its products. The sale and delivery of products are identified as one performance obligation and are not separately identifiable. The Company recognises revenue when the customer takes possession of the goods. This usually occurs when the customer signs the invoice. The amount of revenue is adjusted for expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods assets are recognised.

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables (Note 19) and the right to receive returned goods is included in inventory (Note 16).
The Company reviews its estimates of expected returns at each reporting date and updates the amounts of assets and liability accordingly.
See note 26 for details of revenue disaggregated by business category and geographical location

2.14 Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee
The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(i) As a lessee (continued)

end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.
The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
– fixed payments, including in-substance fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets
The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) *As a lessor*
At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.
When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(ii) As a lessor (continued)

operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.
If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.
The Company recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of 'other revenue'.
Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Policy applicable before 1 January 2019
Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

All other leases are accounted for as finance leases. Finance leases relate to various leasehold land properties which the Company holds the right to use for between 50 and 99 years. The Company has retained significant risks and rewards over the use of these properties, including construction of its offices and factories, and is responsible for maintaining the properties. The leasehold land were acquired under the Land Use Act, and payments were made upfront. There are no annual lease repayments connected with these leases. Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents shall be charged as expenses in the periods in which they are incurred.

2.15 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.16 Finance income and finance cost

Finance income and finance costs are recognised using the effective interest rate method.

Finance income includes interest received or receivable on balances and deposits with banks, exchange differences (excluding differences on payables to foreign suppliers which has been included in cost of sales) and derivative gains on derivative financial assets.

Finance cost includes interest on borrowings, interest charge related to defined benefit plans, gains or losses arising on the early settlement of debt, exchange difference on non-derivative financial assets and liabilities (excluding differences on paybles to foreign suppliers which has been included in cost of sales) and derivative losses on derivative financial liabilities.

2.17 Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over their par value is recorded in the share premium reserve.

All ordinary shares rank equally with regard to the Company residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entited to one vote per share at general meetings of the Company. Incremental assets direclty attributable to the issue of ordinary shares are recognised as a deduction from equity net of any tax effects.

3. Critical accounting estimates and judgements

Estimates and accounting judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are:

(i) Judgements

lease term: whether the Company is reasonably certain to exercise extension options (Note 2.14)

Notes to the financial statements (continued)

3. Critical accounting estimates and judgements (continued)

Estimates

(i) Retirement benefit and long service award obligations

The cost of retirement benefit and long service award obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates.

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on the rates published in the A67/70 tables published jointly by the Institute and Faculty of Actuaries in the UK.

Future salary increases are based on expected future inflation rates in Nigeria. Further details about the assumptions are given in Note 21.

(ii) Recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources (Note 35)
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(iii) Provision for Right of Return on Revenue (Note 4b)

(iv) Measurement of ECL allowance of trade and intercompany receivables (Note 17 (iii) and (vi))

(v) Recognition and measurement of income and deferred taxes (Note 12)

4 Revenue

	2019 N'000	2018 N'000
(a) Revenue for the year which arose from sales of goods comprise:		
Domestic (within Nigeria)	59,470,471	91,216,481
Export (outside Nigeria)	1,016,364	1,683,488
	60,486,835	92,899,969

The Company recognises revenue at a point in time when it transfers control over a product or service to a customer. The Company has 101 (2018: 102) key distributors, and one key distributor accounted for more than 10% of the Company's revenue. All the Company's non-current assets are located in Nigeria.

(b) Right of Return

In line with the adoption of IFRS 15, a refund liability of N373 million (2018: N1.1 billion) has been recognised for the right to return goods sold. Management has made an estimate based on historical trend of likely sales returns by customers subsequent to year end. The amount of revenue recognised is adjusted for expected returns. A refund liability (Note 19) and the right to recover returned goods asset have been recognised (Note 16)

5 Expenses by nature

The following items have been charged in arriving at profit before tax:

	2019 N'000	2018 N'000
Raw materials and consumables	41,276,161	50,127,989
Bought in products	4,975,962	4,649,860
Depreciation of property, plant and equipment (Note 14)	4,265,782	2,672,245
Amortisation of intangible assets (Note 15)	222,555	257,402
Employee benefit expenses (Note 8)	10,637,234	9,739,754
Brand and marketing (Note 9)	3,129,850	4,397,631
Royalties and Service Fees (Note 9)	1,490,230	2,422,901
Handling charges	2,256,906	3,293,838
Auditors' remuneration	37,009	37,464
Professional service fees	226,405	159,113
Utilities	480,324	1,011,971
Business travel expenses	457,734	609,810
IT costs	796,936	1,610,342
Consumer market research	354,267	400,875
Lease rental *	269,408	172,630
Repairs and maintenance cost	687,766	1,368,031
Insurance	148,473	196,025
Donations	60,835	43,456

Notes to the financial statements (continued)

5. Expenses by nature (continued)

	2019 N'000	2018 N'000
Trainings and meals	323,459	386,940
Impairment loss	200,042	311,443
Office materials	39,015	68,633
Total cost of sales, selling and marketing, distribution and administrative expenses	72,336,353	83,938,353
Analysed as:		
Cost of sales	55,737,010	64,674,847
Selling and distribution expenses	3,151,738	4,239,077
Impairment loss	200,042	311,443
Marketing and administrative expenses	13,247,563	14,712,986
	72,336,353	83,938,353

Lease rentals recognised during the year relates to the expense of short term leases and low value items for which the Company has elected not to recognise right-of-use assets and lease liabilities.

6 Other income

	2019 N'000	2018 N'000
Gain on sale of Aba factory	-	149,626
Gain on sale of property plant and equipment	23,543	10,264
Transitional Service Agreement income	62,756	76,270
	86,299	236,160

7 Compensation of key management personnel and directors

Key management personnel comprises the directors (executive and non-executive) and other key management staff who are members of the Leadership Team. Compensation to key management personnel was as follows:

	2019 N'000	2018 N'000
(i) Short term benefits		
Non executive directors	59,237	57,457
Executive directors	589,864	648,046
Members of the Leadership team (excluding executive directors)	1,042,050	930,040
	1,691,151	1,635,543
(ii) Post-employment benefits:		
Executive directors	17,300	13,840
Members of the Leadership team (excluding executive directors)	49,857	31,580
	67,157	45,420

Notes to the financial statements (continued)

7. Compensation of key management personnel and directors (continued)

	2019 N'000	2018 N'000
(iii) The emoluments of the Chairman of Board of Directors	17,922	10,787
(iv) The emoluments of the highest paid director	302,519	330,107

8 **Employee benefits expense**

	2019 N'000	2018 N'000
Salaries and wages	5,989,752	6,051,869
Pension contribution	574,853	512,353
Gratuity and Long service awards (Note 21(vi))	302,022	265,925
Other employee allowances	3,770,607	2,909,607
	10,637,234	9,739,754

Other employee allowances include incentives, medical allowances, product packs and other benefits which are consistent with industry practice.

The average number of persons, excluding executive directors, employed by Unilever during the year was as follows:

	2019	2018
Administration	82	215
Technical and production	785	758
Sales and marketing	143	201
	1,010	1,174

The table below shows the number of direct employees of Unilever excluding executive directors, other than employees who discharged their duties wholly or mainly outside Nigeria and which fell within the bands stated.

N		N	2019 Number	2018 Number
Below 1,750,000			2	138
1,750,001	-	2,000,000	14	88
2,000,001	-	2,250,000	91	165
2,250,001	-	2,500,000	160	157
2,500,001	-	2,750,000	154	114
2,750,001	-	5,000,000	303	191
5,000,001	-	10,000,000	124	150
10,000,001	-	15,000,000	68	761
5,000,001	-	20,000,000	24	30
20,000,001	-	30,000,000	42	38
30,000,001	-	40,000,000	12	18
40,000,001	-	60,000,000	4	3
60,000,001	-	80,000,000	12	6
			1,010	1,174

9 **Marketing and administrative expenses**

(a) This is analysed as follows:

	2019 N'000	2018 N'000
Brand and marketing	3,129,850	4,397,631
Overheads	8,627,483	7,892,454
Royalties and Service Fees (9(b))	1,490,230	2,422,901
	13,247,563	14,712,986

(b) Unilever Nigeria Plc has Technology & Trademark agreements with Unilever Plc to manufacture, distribute and market its international brands. In consideration for this, a royalty of 2% of net sales value and 0.5% of net sales value is payable to Unilever Plc for technology and trademark licences respectively (Note 27).

Also, Unilever Nigeria has a central support and management services agreement with Unilever Europe Business Centre B.V (previously Unilever Plc) for the provision of corporate strategic direction, and expert advice/support on legal, tax, finance, human resources and information technology matters. In consideration of this, a fee of 2% of profit before tax is payable as service fees (Note 27).

10 **Finance income**

	2019 N'000	2018 N'000
Interest on call deposits and bank accounts	2,144,815	3,431,603
Net exchange gain on translation of foreign currency denominated bank balances	-	555,650
Interest income from employee loans	-	39,679
	2,144,815	4,026,932

11 **Finance cost**

	2019 N'000	2018 N'000
Interest expense	-	585,263
Interest expense on lease liabilities (Note 28(iii)	104,948	-
Net exchange loss	30,921	-
Amortised cost interest	-	17,537
	135,869	602,800

12 **Income tax credit/expense**

(i) **Income statement**

	2019 N'000	2018 N'000
Current income tax	-	3,650,844
Tertiary education tax	-	295,908
	-	3,946,752

Notes to the financial statements (continued)

12. Income tax credit/expense (continued)

	2019 N'000	2018 N'000
Deferred tax credit	(2,652,269)	(456,996)
Tax (credit)/ charge to income statement - Continuing operations	(2,652,269)	3,489,756
Tax (credit)/ charge to income statement - Discontinuing operations (Note 34 (I))	-	810,826

Other comprehensive income	2019 N'000	2018 N'000
Deferred tax on temporary differences	(105,417)	56,597

The amount provided for income tax was computed on the basis of the company income tax rate of 30% in line with section 15(a) of Companies Income Tax Act 1979 (as amended). Tertiary education tax charge is at 2% of assessable profits in accordance with Decree No. 7 of 1993.

(ii) The movement in current income tax liabilities is as follows:

	2019 N'000	2018 N'000
At 1 January:		
- Current income tax	3,748,991	2,526,939
- Tertiary education tax	612,788	272,264
- Capital Gains tax	194,041	
(Credit)/ charge for the year - continuing operations:		
- Current income tax	-	3,650,844
- Tertiary education tax	-	295,908
Charge for the year - discontinuing operations:		
- Current income tax	-	572,168
- Tertiary education tax	-	44,616
- Capital Gains tax	-	194,041
Tax paid:		
Cash	(4,168,785)	(3,000,960)
Witholding tax credit notes	(298,660)	-
At 31 December	88,375	4,555,820

Notes to the financial statements (continued)

12. Income tax credit/expense (continued)

		2019 N'000	2018 N'000
(iii)	**Reconciliation of effective tax to the statutory tax**		
	(Loss)/ profit before tax - continuing	(9,754,273)	12,621,908
	Profit before tax - discontinued	-	2,230,814
		(9,754,273)	14,852,722
	Tax calculated at the applicable statutory rate of 30% (2018: 30%)	(2,926,282)	4,455,817
	Tertiary education tax at 2%	(195,085)	297,054
	Tax effects of expenses not deductible for tax purposes	641,602	(232,366)
	Tax effects on tax incentives	-	(336,535)
	Tax exempt income	(97,215)	82,014
	Change in recognised deductible temporary differences	(75,289)	34,598
	Tax (credit)/ charge in income statement	(2,652,269)	4,300,582

(iv) Minimum tax expense

Minimum tax in current year has been computed based on 0.5% of turnover in line with the Finance Act 2020 and this amounts to N317.7 million. No minimum tax was recognised in prior year.

Uncertainty over income tax treatment

The Company computed minimum tax in current year based on the assumption that the new Finance Act 2020 will be applied retrospectively to the financial year ended 31 December 2019.

13 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all diluted potential ordinary shares. There were no potentially dilutive shares at the reporting date (2018: nil), thus the basic earnings per share and diluted earnings per share have the same value.

	2019 N'000	2018 N'000
(Loss)/ Profit attributable to ordinary shareholders	(7,419,674)	10,552,140
(Loss)/ Profit attributable to ordinary shareholders (continuing operations)	(7,419,674)	9,132,152
Weighted average number of ordinary shares	5,745,005	5,745,005
Basic and diluted earnings per share (Naira)	(1.29)	1.84
Basic and diluted earnings per share (Naira) - continuing operations	(1.29)	1.59

Notes to the financial statements (continued)

13. Earnings per share (continued)

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of approval of these financial statements.

14 Property, plant and equipment (PPE)

The movement in the Property Plant and Equipment account is as follows:

	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 classes	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
Balance as at 1 January 2019	4,248,206	433,640	9,753,479	29,425,228	2,106,118	1,311,067	47,277,738
Recognition of right-of -use asset on initial application of IFRS 16	-	-	43,411	-	-	-	43,411
Restated balance at 1 January 2019	4,248,206	433,640	9,796,890	29,425,228	2,106,118	1,311,067	47,321,149
Additions	5,378,115	-	1,132,956	-	-	-	6,511,071
Transfers	(4,110,144)	-	625,758	3,063,745	214,960	205,681	-
Write-offs	-	-	-	(1,553,600)	(57,231)	(11,006)	(1,621,837)
Disposals	-	-	-	(639)	(324,499)	(145,578)	(470,716)
At 31 December 2019	5,516,177	433,640	11,555,604	30,934,734	1,939,348	1,360,164	51,739,667
Accumulated Depreciation / impairment							
At 1 January 2018	-	15,531	1,492,118	12,447,578	755,448	541,915	15,252,590
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	-	3,190	1,580,429	14,354,314	934,953	727,313	17,600,199
Depreciation charge for the year	-	-	663,347	3,183,082	169,555	249,798	4,265,782
Write-offs	-	–	-	(1,553,600)	(57,231)	(11,006)	(1,621,837)

Notes to the financial statements (continued)

14. Property, plant and equipment (continued)

	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
Disposals	-	-	-	(37)	(322,305)	(139,555)	(461,897)
At 31 December 2019	-	3,190	2,243,776	15,983,758	724,972	826,550	19,782,247
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 31 December 2019	5,516,177	430,450	9,311,828	14,950,975	1,214,376	533,614	31,957,420

(ii) Included in building is right-of-use assets of 1.13bn and depreciation of 363million related to leased properties that do not meet the definition of investment property (See Note 22(I)).

(iii) *Security*
As at 31 December 2019, no item of property, plant and equipment was pledged as security for liabilities (2018: nil).

(iv) *Capital work-in-progress*
The capital work-in-progress of N5.5bn (2018: N4.2bn) represents buildings and plant and machinery under construction and other property, plant and equipment not available for use in the manner intended by management.

	Land & Buildings N'000	Plant and machinery N'000	Furniture and equipment N'000	Motor vehicles N'000	Total N'000
Capital work-in-progress	4,437	5,398,457	112,103	1,180	5,516,177

(v) *Capital commitments*

Contractual commitments with respect to property, plant and equipment contracted for at the reporting date but not recognised in the financial statements:

	2019 N'000	2018 N'000
Capital commitments	646,574	2,035,862

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Unilever

Notes to the financial statements (continued)

15. Intangible assets

Intangible assets comprise computer software

Cost:	2019 N'000	2018 N'000
At 1 January	2,192,460	2,192,460
Additions	-	-
At 31 December	2,192,460	2,192,460
Amortisation:		
At 1 January	1,743,972	1,486,570
Charge for the year	222,555	257,402
At 31 December	1,966,527	1,743,972
Net book value as at 31 December	225,933	448,488

Intangible assets represent the Company's computer software and the amortisation charge for the year has been included in administrative expenses.

16. Inventories

	2019 N'000	2018 N'000
Raw and packaging materials	7,706,608	7,028,110
Work in progress	439,648	534,586
Goods in Transit	738,405	846,054
Finished goods	1,882,189	3,652,134
Engineering spares and other inventories	841,131	1,024,329
Right to recover returned goods	261,314	843,654
	11,869,295	13,928,867

The amount of inventories written down and included in cost of sales was N721.6 million (2018: N498.3 million). This represents allowance for slow-moving, obsolete, damaged and missing inventories.

The cost of inventories recognized as an expense and included in cost of sales amounted to N46.3 billion (2018: N56.8 billion).

17. Trade and other receivables

(i) Trade and other receivables account is analysed as follows:	2019 N'000	2018 N'000
Trade receivables: gross	11,125,550	18,225,511
Less: impairment	(1,389,939)	(485,746)
Trade receivables: net	9,735,611	17,739,765
Advances and prepayments **	1,973,480	4,395,920

Notes to the financial statements (continued)

17. Trade and other receivables (continued)

	2019 N'000	2018 N'000
Unclaimed dividend held with registrar	991,333	475,448
Interest receivable	152,015	434,345
Other receivables *	1,631,827	2,581,949
Due from related parties (Note 27 & 25.1(b))	5,548,419	4,307,325
Deposit for imports (Note 17 (v))	4,098,341	253,437
	24,131,026	30,188,189

* Included in other receivables is N665 million (2018: N1.8 bn) due from Upfield in relation to the Transitional Service Agreement (note 34 (iii))

** Advances and prepayments include short term and low value prepaid warehouse rents, insurance premium, and advances to vendors

		2019 N'000	2018 N'000
(ii)	Analysis for trade receivables:		
	Carrying amount not past due	152,875	11,543,910
	Carrying amount past due less than 3 months	9,269,127	5,983,819
	Carrying amount past due 3 - 6 months	313,394	212,014
	Carrying amount past due 6 months & above	215	22
		9,735,611	17,739,765

Information about the Company's exposure to credit risk and impairment losses for trade receivables is included in note 25.1(b

		2019 N'000	2018 N'000
(iii)	Movement in allowance for trade receivables:		
	At 1 January	485,746	287,672
	Impairment loss (17 (vi))	904,193	272,597
	Bad debt written off	-	(74,523)
	At 31 December	1,389,939	485,746

		2019 N'000	2018 N'000
(iv)	Analysis of related parties receivables:		
	Carrying amount neither past due nor impaired	-	157,987
	Carrying amount of related party receivables past due	5,548,419	4,149,338
		5,548,419	4,307,325

Related party receivables arise from export sales which are payable within 90 days and exchange of services which are payable within 30 days.
Receivables above 90 days have been subjected to impairment assessment in line with IFRS 9 and the appropriate impairment loss recognised in the statement of profit or loss. Information about the Company's exposure to credit risk and impairment losses for intercompany receivables in included in note 25.1(b)

Notes to the financial statements (continued)

17. Trade and other receivables (continued)

(v) Deposit for imports represents foreign currencies purchased for funding letter of credits in respect of imported raw materials which were yet to be paid to suppliers as at year end.

(vi) Impairment loss on trade and intercompany receivables

	2019 N'000	2018 N'000
Trade receivables (17 (iii))	904,193	272,597
Intercompany receivables	(704,151)	38,846
	200,042	311,443

18. Cash and cash equivalents

	2019 N'000	2018 N'000
Cash at bank	13,505,227	24,055,755
Fixed deposit	21,953,326	33,088,427
	35,458,553	57,144,182

Included in cash and cash equivalents is an amount of N5.57bn (2018: N2.72bn) which is not available for use to the Company being unclaimed dividend returned to the Company. N2.8bn of this amount was invested by the Company's registrar in line with SEC rules (2018: N2.72bn).

19. Trade and other payables

	2019 N'000	2018 N'000
Trade payables	10,396,263	13,138,613
Amount due to related companies (Note 27)	9,773,293	14,611,870
Dividend payable (Note 19(I))	6,599,665	3,171,439
Accrued liabilities	2,123,247	1,175,636
Accrued brand and marketing expenses	649,680	366,892
Accrued shipping and freight charges	1,471,248	1,609,344
Refund liabilities	373,305	1,071,360
Minimum tax payable	317,670	-
Non trade payables *	3,015,338	3,465,685
	34,719,709	38,610,839

* Included in Non trade payables is N219m (2018: N711m) due to Upfield in relation to the TSA (Note 34 (iii))
Reconciliation of changes in trade and other payables in the statement of cashflows:

	2019 N'000	2018 N'000
Movement in trade and other payables	(3,891,130)	5,202,019
Dividend reclassified from retained earnings but not paid out	(2,796,534)	-
Impact of foreign exchange movement	2,268	(48,676)
Movement in trade and other payables per statement of cashflows	(6,685,396)	5,153,343

Notes to the financial statements (continued)

19. Trade and other payables (continued)

(i) Dividend payable

	2019 N'000	2018 N'000
As at 1 January	3,171,439	2,891,042
Dividend declared	8,617,508	2,872,503
Dividend paid	(5,820,974)	(2,872,503)
Dividend unclaimed by shareholders	631,692	280,397
As at 31 December	6,599,665	3,171,439

For the year ended 31 December 2019, the directors have not proposed any dividend (2018:N1.50 per share amounting to N8.6billion).

Unclaimed dividend returned by the registrar is invested in a portfolio managed by a fund manager (Stanbic IBTC Asset Management Limited). In line with SEC rules, this unclaimed dividend is not available to be used by the Company for its own business.

Included in dividend payable is N2.8bn due to Unilever Overseas Holding (Note (27(v)).
As at 31 December 2019, N991 million (2018: N475 million) of the total dividend was held with the Company's Registrar, GTL Registrars Limited

20 Deferred tax liabilities

Deferred income tax is calculated using the statutory income tax rate of 30% (2018: 30%). The movement on the deferred tax account is as follows:
The movement in deferred tax is as follows:

Deferred tax liability:	N'000	N'000
At start of year	3,652,125	4,484,871
Changes during the year:		
- Credit to income statement (Note 12)	(2,652,269)	(456,996)
- (Credit)/ charge to other comprehensive income	(105,417)	56,597
- Credit to retained earnings	-	(432,347)
At end of year	894,439	3,652,125

The movement in the deferred tax account is as follows:

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20. Deferred tax liabilities (continued)

Deferred tax liabilities/ (assets)	Property, plant and equipment N'000	Employee benefit obligations N'000	Other temporary differences* N'000	Leases N'000	Exchange difference N'000	Total N'000
At 1 January 2018	5,715,458	(1,119,144)	(92,056)	-	(19,387)	4,484,871
Charge/(credit) to income statement	(83,264)	56,091	16,673	-	(446,496)	(456,996)
Charge to other comprehensive income	-	56,597	-	-	-	56,597
Credit to retained earnings	-	-	(432,347)	-	-	(432,347)
At 31 December 2018 / 1 January 2019	5,632,194	(1,006,456)	(507,730)	-	(465,883)	3,652,125
Charge/(credit) to income statement	(1,208,488)	719,338	(1,711,309)	(225,831)	(225,979)	(2,652,269)
Credit to other comprehensive income	-	(105,417)	-	-	-	(105,417)
At 31 December 2019	4,423,706	(392,535)	(2,219,039)	(225,831)	(691,862)	894,439

*Other temporary differences comprises unrelieved losses (N1.2 billion) and provisions for trade receivables and inventories (N1 billion).

21 Retirement benefit obligation

(i) Retirement benefit obligation

Unilever operates a funded benefit scheme for retired employees. The funded benefit scheme is for retirees who have received pension. With effect from 1 January 2013, only employees who were employed prior to January 2006 and who had not opted out of the Unilever savings scheme are permitted entry into the funded benefit scheme. The plan asset of the scheme is funded by contributions from the retired employees. In addition, Unilever provides medical and soap pack benefits to retired employees

Unilever also operates an unfunded defined benefit plan retirement scheme for employees under its gratuity scheme. For non-management staff the benefit payable is based on a graduated scheme depending on the number of years of service. The scheme was terminated during the year. The plan assets of the scheme are unfunded. With effect from 1 January 2015, new employees no longer qualify for this benefit. In addition, Unilever provides medical and soap pack benefits to retired employees.

(ii) Long service obligation

The Company grants long service awards to employees who have served continuously well and loyally. Depending on the length of service, employees are granted both monetary and non monetary awards. Qualified employees have the option of monetising the non monetary awards.

Notes to the financial statements (continued)

21. Retirement benefit obligation (continued)

(iii) *Summary of retirement benefits and long service award obligations*

	2019 N'000	2018 N'000
Funded retirement benefit obligation (Note 21(v))	(1,854,537)	(1,584,886)
Fair value of plan assets (Note 21(v))	1,889,829	1,878,105
Retirement benefit surplus	35,292	293,219
Unfunded retirement benefit obligations (Note 21(iv))	(422,830)	(2,021,360)
Long service award obligations (Note 21(iv))	(318,096)	(209,510)
	(705,634)	(1,937,651)

(iv) *Reconciliation of change in liabilities*

The movement in the obligations over the year is as follows:

	Funded Retirement Benefit Obligations		Unfunded Retirement Benefit Obligations		Long Service Award Obligations	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000	2019 N'000	2018 N'000
At 1 January	(1,584,886)	(1,597,969)	(2,021,360)	(3,454,370)	(209,510)	(205,745)
Included in income statement						
Current service charge	-	-	(189,810)	(257,719)	(88,661)	(30,680)
Interest cost	(224,074)	(205,705)	(214,761)	(458,204)	(30,148)	(26,657)
Actuarial (losses)/gains – change in assumptions	-	-	-	-	(29,130)	16,461
Actuarial gains – experience	-	-	-	-	5,579	6,013
	(224,074)	(205,705)	(404,571)	(715,923)	(142,360)	(34,863)
Included in OCI						
Remeasurement (loss)/gain						
Actuarial (losses)/gains – change in assumptions	(167,839)	117,788	(31,079)	187,532	-	-
Actuarial (losses)/gains – experience	(167,670)	(177,342)	21,326	48,887	-	-
	(335,509)	(59,554)	(9,753)	236,419	-	-
Others						
Benefits paid	289,932	278,342	2,012,854	1,912,514	33,774	31,098
	289,932	278,342	2,012,854	1,912,514	33,774	31,098
At 31 December	(1,854,537)	(1,584,886)	(422,830)	(2,021,360)	(318,096)	(209,510)

Notes to the financial statements (continued)

21. Retirement benefit obligation (continued)

(v) Reconciliation of change in assets

The plan assets relate to the funded retirement benefit obligation. The movement in the fair value of plan assets of the year is as follows:

	2019 N'000	2018 N'000
At January 1	1,878,105	1,927,204
Included in income statement		
Interest income on plan assets	285,822	229,107
Included in OCI		
Remeasurements - actuarial (losses)/gains	15,834	-
Others		
Employer contributions	-	136
Benefits paid	(289,932)	(278,342)
	(289,932)	(278,206)
At December 31	1,889,829	1,878,105
Less: funded retirement benefit obligations (Note 21(iv))	(1,854,537)	(1,584,886)
Retirement benefit surplus	35,292	293,219

(vi) Summary of items recognised in income statement and other comprehensive income

	2019			2018		
	Income Statement		OCI	Income Statement		OCI
	Employee benefits N'000	Net Interest cost N'000	Actuarial gains N'000	Employee benefits N'000	Interest cost N'000	Actuarial gains N'000
Funded retirement benefit obligations	-	224,074	(335,509)	-	205,705	(59,554)
Plan assets	-	(285,822)	15,834	-	(229,107)	-
Unfunded retirement benefit obligations	189,810	214,761	(9,753)	257,719	458,204	236,419
Long service award obligations	112,212	30,148	-	8,206	26,657	-
	302,022	183,161	(329,428)	265,925	461,459	176,865

*Current service charge disclosed above includes actuarial gains/(losses) charged to profit or loss.

Notes to the financial statements (continued)

21. Retirement benefit obligation (continued)

(vii) *Actuarial assupmtions*

The principal actuarial assumptions were as follows:

	Funded Retirement Benefit Obligations		Unfunded Retirement Benefit Obligations		Long Service Award Obligations	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Discount rate	13.5%	15.5%	-	15.5%	13.5%	15.5%
Inflation rate	11%	12%	-	12%	11%	12%
Interest income rate	15.5%	15.5%	-	-	-	-
Future salary/pension increases	-	-	-	12%	12%	12%

Assumptions on mortality rate for the funded retirement benefit obligation is based on the rates published in the A67/70 tables, published jointly by the Institute and Faculty of Actuaries, United Kingdom while that of the unfunded retirement benefit obligation and long service award obligation is based on the publications in the A67/70 Tables and PA (90)-1 Male table (UK annuitant table), published jointly by the Institute and Faculty of Actuaries in the United Kingdom.

The Company has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk. To achieve this, investment are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

For risk management purposes on the funded retirement benefit obligation, the obligations are funded by investments in liability matching assets. The assets are managed by external independent pension fund administrators. The plan assets comprised the following:

	2019 N'000	2018 N'000
Government Securities:		
FGN Bonds	1,089,396	846,687
Treasury bills	400,626	424,186
State Government Bonds	34,052	57,841
	1,524,074	1,328,714
Fixed deposits/strict calls:		
Uninvested Cash/Money on Call	1,090	2288
Credit interest	197	108
Fixed deposits	335,256	481,086
Receivable	-	439
Accrued Fees and Expenses	(3,307)	(14,501)
	333,236	469,420
Corporate Bonds	32,519	79,969
Asset	1,889,829	1,878,103

Notes to the financial statements (continued)

21. Retirement benefit obligation (continued)

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yield on fixed interest investments are based on gross redemption yields as at the end of the reporting period. Expected returns on government securities and quoted securities reflect long-term real rates of return experienced in the respective markets.

(viii) *Sensitivity analysis on liability as at 31 December 2019*

A 1% change in assumed rates will result in the following balances to the retirement benefit scheme.

	Unfunded Retirement Benefit Obligations				**Funded Retirement Benefit Obligations**	
	Gratuity		**Medical and Soap packs**			
	N'000	**Impact (%)**	**N'000**	**Impact (%)**	**N'000**	**Impact (%)**
Base figures	-	-	422,830	-	1,854,538	-
Discount rate (-1%)	-	-	448,036	-6%	1,951,962	5%
Discount rate (+1%)	-	-	400,300	5%	1,766,533	-5%
Salary/pension increase rate (-1%)	-	-	-	-	-	-
Salary/pension increase rate (+1%)	-	-	-	-	-	-
Price escalation rate (-1%)	-	-	409,374	3%	-	-
Price escalation rate (+1%)	-	-	436,996	-3%	-	-
Mortality experience (-1 year)	-	-	454,796	-8%	1,927,313	4%
Mortality experience (+1 year)	-	-	392,786	7%	1,781,851	-4%

Sensitivity analysis on liability as at 31 December 2018

	Unfunded Retirement Benefit Obligations				**Funded Retirement Benefit Obligations**	
	Gratuity		**Medical and Soap packs**			
	N'000	**Impact (%)**	**N'000**	**Impact (%)**	**N'000**	**Impact (%)**
Base figures	1,623,471	-	300,524	-	1,584,887	-
Discount rate (-1%)	1,722,931	6%	317,244	6%	1,661,469	5%
Discount rate (+1%)	1,533,727	-6%	285,484	-5%	1,515,240	-4%
Salary/pension increase rate (-1%)	1,524,898	-6%	-	-	-	-
Salary/pension increase rate (+1%)	1,731,393	7%	-	-	-	-
Price escalation rate (-1%)	-	-	282,720	-6%	-	-
Price escalation rate (+1%)	-	-	320,152	7%	-	-
Mortality experience (-1 year)	1,623,217	0%	300,530	0%	1,604,347	1%
Mortality experience (+1 year)	1,623,749	0%	300,518	0%	1,564,657	-1%

Notes to the financial statements (continued)

21. Retirement benefit obligation (continued)

	Long Service Award Obligations- 2019		Long Service Award Obligations- 2018	
	N'000	Impact (%)	N'000	Impact (%)
Base figures	318,096		209,510	
Discount Rate (-1%)	335,496	5%	220,231	5%
Discount Rate (+1%)	302,253	5%	199,700	-5%
Salary increase rate (-1%)	302,978	5%	199,946	-5%
Salary increase rate (+1%)	334,498	-5%	219,852	5%
Price escalation rate (-1%)	316,795	0%	207,909	-1%
Price escalation rate (+1%)	334,498	-5%	211,213	1%
Mortality experience (-1 year)	318,710	0%	209,831	0%
Mortality experience (+1 year)	317,409	0%	209,147	0%

	Base rates 2019	Base rates 2018
Discount rate (unfunded retirement benefit obligation and medical)	13.5%	15.5%
Discount rate (funded retirement benefit obligation)	13.5%	15.5%
Salary increase rate	12%	12%
Product/benefit inflation rate	11%	12%

The base figures used for the sensitivity analysis on liability is the unfunded retirement benefit obligation as at 31 December 2019 while the base figure for sensitivity analysis on service and interest cost is the projected net period benefit cost for 2019.

The retirement benefits and long service award obligations are based upon independent actuarial valuation conducted by Ernst and Young (O.O. Okpaise, FRC/2012/NAS/00000000738).

22 Leases

See accounting policy in Note 2(14).
The Company leases office building and warehouses. The leases typically run for a period of 2 to 3 years, with renewal to be determined by both parties on or before expiration date.
The warehouses rented by the Company were previously classified as operating leases under IAS 17.
During 2019, the Company entered into several lease agreements for both office building and warehouses.

Information about leases for which the Company is a lessee is presented below

(i) *Right-of-use assets*

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 14(ii)).

Notes to the financial statements (continued)

22. Leases (continued)

		2019
		N'000
Balance as at 1 January		43,411
Additions to right-of-use assets (Note 14(I)):		
- Addition to right of use asset	532,184	
- Lease liability (Note (28(iii))	600,772	1,132,956
Depreciation for the year		(363,444)
Balance as at 31 December		812,923

		2019
		N'000
ii	Amounts recognised in profit or loss	
	Leases under IFRS 16	
	Interest on lease liabilities (Note (28(iii))	104,948
	Expense relating to short term leases and low value items (Note 5)	269,408
	Operating leases under IAS 17	
	Lease expense	664,055
		2018
		N'000
iii	Lease expense (Note 5)	172,630
	Amounts recognised in statement of cash flows as part of finance cost and depreciation	
	Interest on lease (Note 11)	104,948
	Depreciation for the year (Note 14(ii))	363,444

iv Extension options

Some office building and warehouse leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

23 Cash flows from operating activities

	2019 N'000	2018 N'000
(Loss)/ profit before tax - continued operations	(10,071,943)	12,621,908
Profit before tax - discontinued operations (Note 34 (I))	-	2,230,814
Adjustment for non-cash items:		
- Depreciation of property plant and equipment (Note 14(I))	4,265,782	2,672,245
- Bad debt write off (Note 17 (iii))	-	74,523
Gain on disposal of property, plant and equipment	(23,543)	(159,890)
- Gain on sale of discontinued operation (Note 34 (I))	-	(1,971,090)
- Net impairment charge on receivables (17(vi))	200,042	(1,039,641)
- Amortisation of intangible assets (Note 15)	222,555	257,402
- Interest income (Note 10)	(2,144,815)	(4,026,932)
- Interest expense	135,869	602,800
- Net charge in retirement benefit obligations (Note 21(vi))	342,823	692,385
- Long service award obligations (Note 21(vi))	142,360	34,863
- Minimum tax	317,670	-
- Change in employee loan receivable (Note 33)	114,536	95,158
- Other employee benefits (Note 30)	-	(85,902)
- Decrease in other non-current assets (Note 32)	48,353	31,133
	(6,450,311)	12,029,776
Changes in working capital:		
- Decrease/ (increase) in trade and other receivables	6,057,163	(2,566,700)
- Decrease/ (increase) in inventories	2,059,572	(2,450,335)
- (Decrease)/ increase in trade and other payables (Note 19)	(6,685,396)	5,153,343
Cash flows (used in)/ generated from operating activities	(5,018,972)	12,166,084

24 Fair values, including valuation hierarchy and assumptions

The fair values of financial instruments, valuation methods and the carrying amounts shown in the Statement of financial position, are as follows:

	2019 Fair value hierarchy	2019 Carrying amount N'000	2019 Fair value N'000	2018 Fair value hierarchy	2018 Carrying amount N'000	2018 Fair value N'000
Employee loans receivable (Note 33)	Level 2	-	-	Level 2	114,536	114,536
Trade and related party receivables (Note 17(I))		15,284,030	15,590,886		22,047,090	22,047,090
Cash and cash equivalent (Note 18)		35,458,553	32,618,795		57,144,182	57,144,182
		50,742,583	48,209,681		79,305,808	79,305,808
Trade and other payables (Note 19) *		33,587,419	33,587,419		36,265,280	36,265,280
Long term loan (Note 28)		705,720	-		4,176	4,176
		34,293,139	33,587,419		36,269,456	36,269,456

The fair values of the financial assets and liabilities are defined as being the amounts at which the instruments could be exchanged or liability settled in an arm's length transaction between knowledgeable, willing parties.

Cash and cash equivalents, trade and other current receivables, bank overdrafts, trade payables, intercompany loan and other current liabilities have fair values that approximate to their carrying amounts due to their short-term nature.

*This analysis is required only for financial instruments. Accordingly, trade and other payables excludes pension obligations, refund liabilities, withholding tax payables and value added tax.

Financial instruments in level 2 include the fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
Specific valuation technique used to value financial instruments is the discounted cash flow analysis.

The Company's activities expose it to a variety of financial risks: market 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 Board of Directors. Unilever's Treasury Department identifies, evaluates and manages financial risks in close co-operation with Unilever's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments

24. Fair values, including valuation hierarchy and assumptions (continued)

and non-derivative financial instruments, and investment of excess liquidity. These policies are mostly Unilever Global Policies adopted for local use.

25 Financial risk management

25.1 Financial risk factors

(a) **Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – 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.

(i) Currency risk - Transactions in foreign currency

Unilever is exposed to foreign exchange risk arising from various currency exposures. The currencies in which these transactions are primarily denominated are US dollars, Pound sterling, Euro and Rand. The currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

During the year, the Company explored foreign currency official instruments available in the market to settle obligations denominated in foreign currencies and to manage foreign currency volatility. These include: Central Bank of Nigeria (CBN) forwards and CBN interventions in the interbank market. As a result, the Company's transactions were settled at a range of rates during the year. As at year end the assets and liabilities were translated using the NAFEX rate which represented the rate at which the future cash flows represented by the balances could have been settled if those cash flows had occurred at year end.

At 31 December 2019, the unhedged financial assets and financial liabilities amounted to N13 billion (2018: N5 billion).

At 31 December 2019, if the Naira had weakened/strengthened by 16%* against key currencies (Euro and USD) to which the Company is exposed to, with all other variables held constant, post-tax profit for the year would have been N2 billion lower/higher (2018: N863 Million).

At 31 December 2019, if the Naira had weakened/strengthened by 16%* against other currencies (GBP and ZAR) to which the Company is exposed to, with all other variables held constant, post-tax profit for the year would have been N7 million lower/higher (2018: N118 million).

*16% represents the 5 year average change in the conversion rate of key currencies to Naira.

(ii) Cash flow and fair value interest rate risk

Unilever's interest rate risk arises from bank overdrafts, bank loans and inter-company 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.

Notes to the financial statements (continued)

25. Financial risk management (continued)

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 average interest rate on local short-term borrowings in 2019 was 18.5% (2018: 19%)

The following table shows the split in fixed rate exposures:

	2019 N'000	2018 N'000
Fixed rate (bank loans) - Note 28	-	4,176
	-	4,176

(b) *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses on financial assets assets recognised in the income statement were as follows:

	2019 N'000	2018 N'000
Impairment loss on trade and intercompany receivables (Note 17(vi))	200,042	311,443

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base.
The Company's risk management committee has established a credit policy under which each new customer is placed on a 3 month probation. Sales are made to these customers on a cash and carry basis during this period after which each customer is analysed individually for credit worthiness before the Company's standard credit and delivery terms and offered. The Company's review includes available financial information, industry information and bank references. Credit limits are established for each customer and reviewed quarterly.

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.
In monitoring customer credit risk, customers are grouped according to their credit characteristics, distribution channel, geographic location and trading history.

.
The Company does not require collateral in respect of trade and other receivables. The Company does not have trade receivables for which no loss allowance is recognised because of collateral.

25. Financial risk management (continued)

Expected credit loss assessment for customers

The Company uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise a very large number of small balances. Loss rates are calculated using a historical default method based on the probability of a receivable progressing through stages of delinquency to write-off. The historical default rates are calculated separately for exposures from the two classes of customers (General and Modern Trade) based on their credit risk characteristics.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from General Trade customers as at 31 December 2019.

	2019				2018			
	Weighted average loss rate	Gross carrying amount N'000	Loss allowance N'000	Credit impaired	Weighted average loss rate	Gross carrying amount N'000	Loss allowance N'000	Credit impaired
Current (not past due)	3%	84,162	(2,672)	No	1%	10,402,942	(58,281)	No
Less than 3 months past due	1%	8,855,939	(123,579)	No	3%	5,499,664	(143,264)	No
3 - 6 months past due	23%	397,388	(90,187)	No	15%	162,532	(25,111)	No
6 - 12 months past due	100%	240,888	(240,673)	Yes	100%	7,281	(7,281)	Yes
More than 12 months past due	100%	363,810	(363,810)	Yes	100%	236,151	(236,151)	Yes
		9,942,187	(820,921)			16,308,570	(470,088)	

Loss rates are based on actual credit loss experience over the past three years

The following table provides information about the exposure to credit risk and ECLs for trade receivables from Modern Trade customers as at 31 December 2019.

	2019				2018			
	Weighted average loss rate	Gross carrying amount N'000	Loss allowance N'000	Credit impaired	Weighted average loss rate	Gross carrying amount N'000	Loss allowance N'000	Credit impaired
Current (not past due)	0%	71,537	(152)	No	0%	1,200,442	(1,192)	No
Less than 3 months past due	22%	686,902	(150,134)	No	0%	627,800	(632)	No
3 - 6 months past due	95%	127,194	(121,002)	No	0%	74,667	(75)	No
6 - 12 months past due	100%	212,280	(212,280)	Yes	0%	(1,820)	-	Yes
More than 12 months past due	100%	85,450	(85,450)	Yes	87%	15,851	(13,759)	Yes
		1,183,363	(569,018)			1,916,940	(15,658)	

Notes to the financial statements (continued)

25. Financial risk management (continued)

Loss rates are based on actual credit loss experience over the past three years

Movements in the allowance for the impairment in respect of trade receivables
The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

	2019 N'000	2018 N'000
Balance at 1 January	485,746	287,672
Charged to income statement (17 (vi))	904,193	272,597
Bad debt written off	-	(74,523)
Balance at 31 December	1,389,939	485,746

Other receivables
Other receivables comprise unclaimed dividend held with registrar, prepayments and advance payments to local vendors, interest receivable on fixed deposits, deposit for imports and other receivables. Prepayments and advance payments to local vendors and deposit for imports (deposit with foreign vendors for goods) and other receivables are non-financial assets while interest receivables on fixed deposits held with reputable financial institutions and have good credit ratings. The Company assessed the credit risk as low, hence, the expected credit loss is immaterial.
The unclaimed dividend held with registrar represents the Company's maximum credit exposure to the financial asset. The refund of this receivable is as stipulated by the Securities Exchange Commission's set guidelines. The Company's registrar is GTL Registrars Limited, which is a reputable company. The Company has assessed the credit risk as low and the expected credit loss is immaterial.

Intercompany receivables
Intercompany receivables arise from export sales to and settlement of transactions on behalf of related entities. Related entities are entities within the Unilever Group. Credit terms for related entities are determined on individual basis and the Company does not require collateral in respect of intercompany receivables.

Expected credit loss assessment for related entities
The Company has applied a general approach in computing the Expected Credit Loss (ECL) for intercompany receivables. The company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including external credit ratings, audited financial statements, cashflow projections), applying experienced judgement and historical default rates.

Lifetime probabilities of default are based on historical data supplied by Standard & Poors for each credit rating. Loss Given Default (LGD) generally reflect an assumed recovery rate of 40%, except when a security is credit impaired in which case the estimate of loss is assumed to be 100%.

Intercompany receivables and payables are offset and the net amount presented in the Statement of Financial Position when, and only when the Company has a legally enforcable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the financial statements (continued)

25. Financial risk management (continued)

The following represents the analysis of the credit quality of the Company's related parties that were subject to lifetime ECL allowance, and whether they were credit impaired.

	2018			2018	
	N'000	N'000		N'000	N'000
Equivalent to external credit rating (Standard & Poors)	**Gross carrying amount**	**Impairment loss allowance**	**Credit impaired**	**Gross carrying amount**	**Impairment loss allowance**
BBB- to AAA	-	-	No	157,987	-
BB- to BB+	-	-	No	-	-
B- to B+	-	-	No	-	-
C to CCC+	6,195,352	(646,933)	Yes	5,539,268	(763,603)
Gross carrying amounts	6,195,352	(646,933)		5,697,255	(763,603)

The Company has assumed a CCC rating for all related party entities with no credit risk rating which is based on the similar risk profile of corporates with credit risk ratings.
The movement in allowance for impairment of related party receivables during the year was as follows:

	2019 N'000	2018 N'000
Balance at 1 January	1,351,084	-
Specific impairment provision recognised in the year	-	1,351,084
Writeback of provision	(704,151)	-
Balance at 31 December 2019	646,933	1,351,084

Cash and cash equivalents
The Company held cash and cash equivalents of N35.5bn as at 31 December 2019 (2018: N57.1bn). The cash and cash equivalents are held with banks and financial institutions. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects short term maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Employee receivables
Employees are not considered a credit risk as amounts due from employees are deductible monthly from gross pay and upon resignation, deducted from final entitlements.

(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.

Notes to the financial statements (continued)

25. Financial risk management (continued)

Cash flow from operating activities provides the funds to service the financing of financial liabilities on a day-to-day basis. Unilever seeks to manage its liquidity requirements by maintaining relationships with different financial institutions through short-term and long-term credit facilities.

Cash flow forecasting is performed in Unilever. Unilever's finance team monitors rolling forecasts of Unilever's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that Unilever does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration Unilever's debt financing plans, covenant compliance and compliance with gearing ratios.

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 of N13.8 billion (2018: N24.1 billion). Unilever also had Nil overdraft (2018: Nil) and undrawn facilities of N20.5 billion (2018: N20.5 billion). The facilities are unsecured and do not attract any cost if they are not utilised. The bank overdraft facilities are subject to annual renewal.

	2019	**2018**
The average interest rates on bank overdrafts at the year end is as follows:	17%	19%

Exposure to liquidity risk

The table below analyses Unilever's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The Company has no derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 3 months N'000	**Between 3 months and 1 years N'000**	**Between 1 and 2 years N'000**	**Between 2 and 5 years N'000**	**Over 5 years N'000**	**Total N'000**
2019						
Trade and other payables*	33,587,419	-	-	-	-	33,587,419
Loans and borrowings	-	-	705,720	-	-	705,720

	Less than 3 months N'000	**Between 3 months and 1 years N'000**	**Between 1 and 2 years N'000**	**Between 2 and 5 years N'000**	**Over 5 years N'000**	**Total N'000**
2018						
Trade and other payables*	36,265,280	-	-	-	-	36,265,280
Loans and borrowings	178	215	788	1,182	1,813	4,176

Notes to the financial statements (continued)

25. Financial risk management (continued)

	At amortised cost 2019 N'000	2018 N'000
Liabilities as per statement of financial position		
Trade and other payables (Note 19)*	34,719,709	37,336,640
Loans and borrowings (Note 28)	705,720	4,176
	35,425,429	37,340,816

*This analysis is required only for financial instruments. Accordingly, trade and other payables excludes pension obligations, refund liabilities, withholding tax payables and value added tax.

25.2 Capital risk management

Unilever's objectives when managing capital are to safeguard Unilever's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, Unilever 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, Unilever monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities (non-current liabilities and current liabilities) over total assets (non-current assets and current assets), based on balances reported in the statement of financial position.

The gearing ratios at 31 December 2019 and 2018 were as follows:

	2019 N'000	2018 N'000
Total liabilities	37,149,169	49,053,830
Total assets	103,677,519	131,843,373
Gearing ratio (%)	36%	37%

26 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 Food Products category and Home and Personal Care category.

Foods – including sales of tea and savoury products
Home and Personal Care – including sales of fabric care, household cleaning, skin care and oral care products.
There are no intersegmental sales and Nigeria is the Company's primary geographical segment as it comprises 98% of the Company's sales.

Notes to the financial statements (continued)

26. Segment reporting (continued)

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.

Total segment assets exclude tax related assets. These are included in the reconciliation to the total assets on the Statement of financial position.

2019	Food Products N'000	Home and Personal Care N'000	Total N'000
Revenue	31,781,267	28,705,568	60,486,835
Depreciation and amortisation	2,358,282	2,130,056	4,488,337
Segmental operating loss	(6,180,685)	(5,582,534)	(11,763,219)
Finance income	1,126,938	1,017,877	2,144,815
Finance cost	(71,389)	(64,480)	(135,869)
Loss before taxation	(5,125,136)	(4,629,138)	(9,754,273)

2019	Food Products N'000	Home and Personal Care N'000	Total N'000
Property, plant and equipment	16,791,212	15,166,208	31,957,420
Inventories	6,236,419	5,632,876	11,869,295
	23,027,631	20,799,084	43,826,715
Other non-current assets			261,225
Cash and bank balances			35,458,553
Other current assets			24,131,026
Trade and other payables			(34,719,709)
Income tax			(88,375)
Loans and borrowings			(705,720)
Deferred tax liabilities			(894,439)
Retirement benefit obligations			(422,830)
Long service obligations			(318,096)
Net assets			66,528,350
Capital expenditure	3,105,416	2,804,883	5,910,299

Notes to the financial statements (continued)

26. Segment reporting (continued)

Total segment assets exclude tax related assets. These are included in the reconciliation to the total assets on the Statement of financial position.

2018	**Food Products N'000**	**Home and Personal Care N'000**	**Total N'000**
Revenue	44,486,751	48,413,218	92,899,969
Depreciation and amortisation	1,402,912	1,526,735	2,929,647
Segmental operating profit	4,404,514	4,793,262	9,197,776
Finance income	1,928,366	2,098,566	4,026,932
Finance cost	(288,661)	(314,139)	(602,800)
Profit before taxation	6,044,218	6,577,690	12,621,908

2018	**Food Products N'000**	**Home and Personal Care N'000**	**Total N'000**
Property, plant and equipment	14,211,601	15,465,938	29,677,539
Inventories	6,670,078	7,258,789	13,928,867
	20,881,679	22,724,727	43,606,406
Other non-current assets			855,591
Cash and bank balances			57,144,182
Other current assets			30,237,194
Trade and other payables			(38,610,839)
Income tax			(4,555,820)
Loans and borrowings			(4,176)
Deferred tax liabilities			(3,652,125)
Retirement benefit obligations			(2,021,360)
Long service obligations			(209,510)
Net assets			82,789,543
Capital expenditure	2,583,733	2,811,778	5,395,511

27 Related party transactions

Unilever Nigeria Plc is controlled by Unilever Plc incorporated in the United Kingdom which is the ultimate party and controlling party of Unilever Nigeria Plc. There are other companies that are related to Unilever Nigeria Plc by virtue of their relationship to Unilever Plc (subsidiary) who is the ultimate controlling party.
The following transactions were carried out with related parties:

(i) Trade mark and technology licences

Unilever Plc, United Kingdom has given Unilever Nigeria Plc exclusive right to the know-how, manufacture, distribution and marketing of its international brands namely: Omo, Sunlight, Close-Up, Pepsodent, Vaseline, Lux, Knorr, Royco, Lipton, and Lifebuoy in Nigeria. In consideration of this, a royalty of 2% of net sales value and

Notes to the financial statements (continued)

27. Related party transactions (continued)

0.5% of net sales value is payable by Unilever Nigeria Plc to Unilever Plc, United Kingdom for Technology and Trade Mark licences respectively. The royalty payable under these agreements for the year is N1,490 million (2018: N2,310 million).

(ii) Central support and management services

Unilever Nigeria Plc has a Management Services Agreement with Unilever Plc, United Kingdom for the provision of corporate strategic direction, and expert advice/support on legal, tax, finance, human resources and information technology matters.

Effective 1 June 2018, after an internal arrangement, the service provider was changed from Unilever Plc to Unilever Europe Business Centre B.V.
In consideration of this agreement, a fee of 2% of profit before tax is payable by Unilever Nigeria Plc to Unilever Plc/Unilever Europe Business Center B.V. The fee payable under this agreement in 2019 was nil being that the Company made a loss before tax (2018: N112.6 million).

(iii) Sale of finished goods to related parties

	2019 N'000	**2018 N'000**
Unilever Cote D'Ivoire	25,897	988,598
Unilever Ghana Ltd	990,467	694,890
	1,016,364	1,683,488

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

	2019 N'000	**2018 N'000**
Unilever Ghana Limited	24,921	1,632,154
Unilever Asia Private Limited	-	78,670
Unilever South Africa (Pty) Limited	-	51,593
Unilever Gulf Free Zone Establishment	-	18,461
	24,921	1,780,878

(v) Outstanding related party balances as at 31 December were:

	2019 N'000	**2018 N'000**
Receivables from related parties:		
Unilever Cote D'Ivoire	3,068,317	5,457,650
Unilever Ghana Limited	2,543,944	-
Other related parties (settlement of liabilities on behalf of related entities)	583,091	239,605

Notes to the financial statements (continued)

27. Related party transactions (continued)

	2019 N'000	2018 N'000
Gross receivables	6,195,352	5,697,255
Less impairment	(646,933)	(1,389,930)
	5,548,419	4,307,325

Payables to related parties:	2019 N'000	2018 N'000
Unilever UK Plc	4,272,620	2,423,562
Unilever Cote D'Ivoire	254,807	125,328
Unilever Ghana Limited	-	2,373,529
Unilever Asia Private	2,277,023	5,876,661
Unilever NV	2,625,093	2,394,533
Unilever Gulf Free Zone Establishment	-	333
Other related parties (settlement of liabilities on behalf of the Company)	343,750	1,417,924
Amount due to related companies per note 19	9,773,293	14,611,870
Unilever Overseas Holding	2,796,534	-
Total amount due to related parties	12,569,827	14,611,870

During the year, there were no transactions between the Company and its key management personnel. Compensation paid to key management personnel have been disclosed in Note 7.

(vi) Related party relationship

The nature of related party relationships with Unilever Nigeria Plc is as follows:

Related Party	**Nature of relationship**
Unilever UK Plc	Ultimate parent and controlling party
Unilever Cote D'Ivoire	Fellow subsidiary
Unilever Ghana Limited	Fellow subsidiary
Unilever Asia Private	Fellow subsidiary
Unilever Finance International AG	Fellow subsidiary
Unilever NV	Immediate Parent
Unilever Market Development (Pty) Limited	Fellow subsidiary
Unilever South Africa (Pty) Limited	Fellow subsidiary
Unilever Gulf Free Zone Establishment	Fellow subsidiary

28 Loans and borrowings

This note provides information about the contractual terms of the company's interest-bearing loans and borrowing which are measured at amortised cost.

28. Loans and borrowings (continued)

	2019 N'000	2018 N'000
Current liability		
Current portion of long term bank loan (Note 28(I))	-	394
Non-current liability		
Lease liabilities (Note 28(iii))	705,720	-
Non-current portion of long term bank loan (Note 28(I))	-	3,782
Total loans and borrowings	705,720	4,176

(i) Long term bank loan

Long term bank loan represents bank facility obtained by the Company to fund housing loans extended to employees. The facility is unsecured and is for a maximum period of ten years. Interest rate is charged at 21% per annum. A portion of the outstanding principal amount is repaid annually. The balance on the facility was paid off during the year.

The movement on the facility is as follows:

	2019 N'000	2018 N'000
At 1 January	4,176	22,511
Repayments	(4,176)	(18,335)
At 31 December	-	4,176
Analysed as:		
Current	-	394
Non current	-	3,782
	-	4,176

(ii) Secured bank loan

This represents the loan obtained from the Bank of Industry (BOI). The bank issued a loan of N5 billion to Unilever at 10% for a period of six years ending 2019. Given that Unilever has adopted the settlement date accounting policy, the amount recognised is the drawn down value of N1.4 billion. The loan is secured by the guarantee of the Company's bankers and was utilised to improve capital investment capacity.

The loan was initially recognised at its fair value by discounting the expected cash outflows and deducting the applicable transaction costs. The difference between the present value at grant date and the original proceeds has been recognised as deferred income in accordance with IAS 20 (Note 28).

The loan was settled in 2018.

	2019 N'000	2018 N'000
Opening amortised cost	-	518,198
Interest cost	-	25,726
	-	543,924
Less repayment		
Principal	-	(518,198)
Interest	-	(25,726)
Amortised closing balance	-	-

Notes to the financial statements (continued)

28. Loans and borrowings (continued)

The net interest charge on the BOI loan is as follows:

	2019 N'000	2018 N'000
Interest expense	-	25,726
Amortisation of government grant	-	(8,189)
	-	17,537

(iii) Lease liabilities

Lease liabilities relate to the present value of future lease payment on the Company's rented properties.
The movement in the lease liability during the year is as follows:

	2019 N'000	2018 N'000
Opening balance	-	-
Lease liability recognised	600,772	-
Interest on lease liability	104,948	-
Closing balance	-	-
	705,720	-

Import Finance Facility

This represents a facility line for the issuance of Letters of Credits to the Company's vendors for the purchase of raw materials

29 Deferred income

The deferred income refers to the difference between the present value at grant date and the original proceeds based on government grant obtained by Unilever through the N5 billion loan from the Bank of Industry.
The loan is at an interest rate of 10% which is below the market rate and therefore represents a government benefit. The benefit is measured by the difference between the original loan proceeds and the present value of the loan at grant date recognised in line with IAS 39. The benefit is recognised in interest expense to match the related cost in accordance with IAS 20. The loan was paid up in 2018 and the outstanding deferred income recognised in interest expense.

	2019 N'000	2018 N'000
At 1 January	-	62,781
Amount recognised in interest expense	-	(62,781)
At 31 December	-	-

30 Other employee benefits

Unilever operates a stakeholders' scheme geared towards promoting people enterprise and ownership culture. Upon confirmation, every employee is allocated 4,375 stakeholder units. These units cannot be traded within the

Notes to the financial statements (continued)

30. Other employee benefits (continued)

Nigerian Stock Exchange and are therefore phantom shares. The scheme is cash-settled.
Stakeholders are entitled to a yearly dividend as declared by the shareholders at the Company's Annual General Meeting.
Upon disengagement, other than dismissal, employees would be paid the market value of shares held. This will be equivalent to Unilever share price on the stock exchange market at the time of exit. The market value to be paid will be pro-rata according to length of service.
The scheme was wound down in the year 2018 and all stakeholders were paid off
A summary of the status of the Scheme Plan as at 31 December 2019 and 31 December 2018 is presented below:

	2019 Number of employees	2018 Number of employees
As at 1 January	-	889
Awarded	-	5
Terminated	-	(894)
As at 31 December	-	-

The movement in the scheme is shown below

	2019 N'000	2018 N'000
As at 1 January	-	85,902
Service Cost	-	8,754
Curtailment	-	10,667
Benefits paid by employer	-	(105,323)
	-	-

	2019 N'000	2018 N'000
Other employee benefits	-	85,902

The share-based payments are based upon independent valuation conducted by Ernst and Young. (O.O. Okpaise, FRC/2012/NAS/00000000738)

31 Share capital and share premium

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

The authorised number of ordinary shares is 10,000,000,000 (2018: 10,000,000,000) with a par value of 50kobo per share. Of these, 5,745,005,417 (2018: 5,745,005,417) ordinary shares have been issued and fully paid.

Notes to the financial statements (continued)

32 Other non-current assets

	2019 N'000	2018 N'000
Long term portion of employee loans	-	30,574
Long term portion of prepayments	-	17,779
Balance as at 31 December	-	48,353

Long term portion of employee loans include long term portion of loans provided to employees. The tenor of the loans range from a period of 2 years to maximum period of 4 years.
The loan was fully settled during the year alongside the settlement of Unfunded retirement benefits obligation.

33 Employee loan receivable

	2019 N'000	2018 N'000
Current portion of present value	-	49,005
Non-current portion of present value	-	65,531
	-	114,536

This represents the fair value of interest free loans given to staff of Unilever Nigeria Plc. These are amortised annually and recognised in the income statement as interest expense.
They are also disclosed as part of the employee benefit for the period. The terms are:

1) The fair value (i.e. present value of the future cash flow) of the loan is calculated using the market interest rate of 22%
2) A monthly deduction is made from payroll over the tenor of the loan, which is between 4 and 5 years.
3) Terms of repayment are agreed with any staff who is exiting the business but has outstanding loan receivables.
4) The loan was fully settled during the year alongside the settlement of Unfunded retirement benefits obligation.

34 Discontinued Operations

(i) In July 2018, Unilever Nigeria Plc concluded the sale of its entire spreads business (Blueband margarine). In line with the Unilever Group's directive, the Company committed to a plan to sell this business since its announcement in December 2017.

The amount is analysed as follows: Income Statement	Year ended 31s Dec 2019 N'000	Year ended 31st Dec 2018 N'000
Turnover	-	2,344,435
Cost of sales	-	(1,781,435)
Gross Profit	-	563,000
Selling and Distribution expenses	-	(123,044)
Marketing and administrative expenses	-	(266,644)
Other income (Gain on sale)	-	1,971,090

Notes to the financial statements (continued)

34. Discontinued Operations (continued)

	Note	Year ended 31s Dec 2019 N'000	Year ended 31st Dec 2018 N'000
Operating profit		-	2,144,402
Finance income		-	101,624
Finance cost		-	(15,212)
Profit Before tax		-	2,230,814
Taxation	12 (I)	-	(810,826)
Profit for the year from discontinued operations		-	1,419,988
Profit for the year attributable to equity holders from discontinued operations		-	1,419,988
Basic and diluted earnings per share (Naira) attributable to equity holders from discontinued operations		-	0.25

The numbers reflect the results of the spreads business from the beginning of 2018 to its discontinuation in July 2018.

(ii) Effects of disposal on the Statement of Financial Position

	2018 N'000
Property plant and equipment	2,760,687
Non current assets	2,760,687
Cash consideration received	4,731,777

(iii) Transitional Service Agreement

Subsequent to the disposal of the spreads business in 2018, Unilever entered into a Transitional Service Agreement ("the Agreement") with the new owners, Sigma Silver Foods (Upfield Foods) Nigeria Limited. The Agreement is in place till 31 March 2020, during which time Unilever will provide production and sales support to Upfield Foods in exchange for a fee. The fee earned during the year was N62.75 million (2018: N76.27 million)

Receivables from and payables due to Upfield in relation to this agreement are N665m (Note 17) and N219m (Note 19) respectively.

35 Contingencies

The Company is involved in pending litigation and claims arising in the ordinary course of business. Estimated contingent liability as at 31 December 2019 is N27 million (2018: N492 million). In the opinion of the directors, the Company will not suffer any material loss arising from these claims. Thus no provision has been recognized in the financial statements.

The company is subject to ongoing audit by regulatory bodies. The audit is yet to be completed as at reporting date

35. Contingencies (continued)

and any liability that may arise cannot be determined with sufficient reliability. The Directors are of the opinion that the Company will not suffer any significant financial loss from these audits. Further disclosures are not provided in respect of these exposures because doing so may have unfavourable impacts on the Company's position.

36 Subsequent events

In recent weeks, many countries have enacted protection measures against COVID-19, with a significant impact on the daily life, production and supply chain of goods in these countries and beyond. The evolution of COVID-19 as well as its impact on the global economy, and more specifically, on Unilever's activities, is hard to predict at this stage. The Company is monitoring the situation to ensure the safety of its staff as well as to adapt its services and operations.

There are no significant subsequent events which could have had a material effect on the state of affairs of the company as at 31 December 2019 that have not been adequately provided for or disclosed in the financial statements.

Other national disclosures
Value Added Statement

	2019 N'000	%	2018 N'000	%
Revenue - continuing operations	60,486,835		92,899,969	
Revenue - discontinued operations	-		2,344,435	
	60,486,835		95,244,404	
Bought in materials and services:				
- local	(21,213,637)		(26,222,133)	
- imported	(36,228,516)		(44,924,280)	
	3,044,682		24,097,991	
Interest income	2,144,815		4,026,932	
Value added	5,189,497	100	28,124,923	100
Applied as follows:				
Employee benefit expenses (Note 8)	10,637,234	205	9,739,754	52
Depreciation and amortisation	4,488,337	86	2,929,647	14
Income taxes	(2,652,269)	(51)	4,300,582	4
Finance costs	135,869	2.62	602,800	24
To (deplete) /augment reserves	(7,419,674)	(143)	10,552,140	6
	5,189,497	100	28,124,923	100

This statement represents the distribution of the wealth created through the use of the Company's assets through its own and employees' efforts.

Other national disclosures
Five Year Financial Summary

	2019 N'000	2018* N'000	2017 N'000	2016 N'000	2015 N'000
Financial performance					
Revenue	60,486,835	95,244,404	90,771,306	69,777,061	59,221,748
Gross profit	4,749,825	28,788,122	28,943,264	20,296,041	21,047,500
Operating expenses	(16,599,343)	(19,653,194)	(15,975,515)	(14,615,233)	(16,485,316)
Other (expenses)/income	86,299	2,207,250	(18,026)	124,237	77,506
Net finance cost	2,008,946	3,510,544	(1,742,511)	(1,698,623)	(2,868,627)
Minimum tax expense	(317,670)	-	-	-	-
(Loss)/ profit before taxation	(10,071,943)	14,852,722	11,207,212	4,106,422	1,771,063
Income tax credit/(expenses)	2,652,269	(4,300,582)	(3,757,128)	(1,034,537)	(578,697)
(Loss)/ profit after Tax	(7,419,674)	10,552,140	7,450,084	3,071,885	1,192,366
Other comprehensive income	(224,011)	120,268	(680,171)	742,739	(430,004)
Total comprehensive income	(7,643,685)	10,672,408	6,769,913	3,814,624	762,362
Earnings per share					
(Basic and diluted) - Naira	-1.29	1.84	1.78	0.81	0.32
Capital employed					
Share capital	2,872,503	2,872,503	2,872,503	1,891,649	1,891,649
Share premium	56,812,810	56,812,810	56,812,810	45,717	45,717
Reserves	6,843,037	23,104,230	16,223,062	9,752,577	6,065,887
Shareholders' funds	66,528,350	82,789,543	75,908,375	11,689,943	8,003,253
Employment of capital					
Non-current assets	32,218,645	30,533,130	31,125,625	30,948,762	29,164,670
Net current assets/(liabilities)	36,650,790	58,143,190	53,263,433	(11,970,842)	(13,689,839)
Non-current liabilities	(2,341,085)	(5,886,777)	(8,480,683)	(7,287,977)	(7,471,578)
	66,528,350	82,789,543	75,908,375	11,689,943	8,003,253
Net assets per share (Naira)	11.58	14.41	18.17	3.09	2.12

* Includes continued and discontinued operations

Shareholders Information

UNILEVER NIGERIA PLC SHARE CAPITAL HISTORY

S/N	YEAR	BONUS RATIO	SHARE CAPITAL
1	1976	1:2	21,522,752
2	1977	3:2	53,806,880
3	1978	1:2	80,710,320
4	1979	1:4	100,887,900
5	1980	1:15	107,613,760
6	1981	NIL	107,613,760
7	1982	NIL	107,613,760
8	1983	NIL	107,613,760
9	1984	NIL	107,613,760
10	1985	1:4	134,517,200
11	1986	NIL	134,517,200
12	1987	NIL	134,517,200
13	1988	NIL	134,517,200
14	1989	1:2	201,775,800
15	1990	1:3	269,034,400
16	1991	NIL	269,034,400
17	1992	NIL	269,034,400
18	1993	1:3	358,712,533
19	1994	1:2	538,068,800
20	1995	1:4	672,586,000
21	1996	1:2	1,008,879,000
22	1997	NIL	1,008,879,000
23	1998	1:5	1,210,654,800
24	1999	NIL	1,210,654,800
25	2000	NIL	1,210,654,800
26	2001	NIL	1,210,654,800
27	2002	3:2	3,026,637,000
28	2003	NIL	3,026,637,000
29	2004	NIL	3,026,637,000
30	2005	NIL	3,026,637,000
31	2006	1:4	3,783,296,250
32	2007	NIL	3,783,296,250
33	2008	NIL	3,783,296,250
34	2009	NIL	3,783,296,250
35	2010	NIL	3,783,296,250
36	2011	NIL	3,783,296,250
37	2012	NIL	3,783,296,250
38	2013	NIL	3,783,296,250
39	2014	NIL	3,783,296,250
40	2015	NIL	3,783,296,250
41	2016	NIL	3,783,296,250
42	2017	RIGHTS ISSUE	5,745,005,417
43	2018	NIL	5,745,005,417
44	2019	NIL	5,745,005,417

Shareholders Information

RANGE ANALYSIS AS AT DECEMBER 31, 2019

Share Range	Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1-1,000	37,029	40.19	15,584,132	0.27
1,001-5,000	31,565	34.26	83,000,481	1.44
5,001-10,000	9,219	10.01	70,884,264	1.23
10,001-50,000	10,618	11.53	237,673,532	4.14
50,001-100,000	2,105	2.28	151,782,159	2.64
100,001-500,000	1,390	1.51	228,870,669	3.98
500,001-1,000,000	96	0.10	65,772,432	1.14
1,000,001 and Above	105	0.11	4,891,437,748	85.14
TOTAL	**92,127**	**100.00**	**5,745,005,417**	**100.00**

SHAREHOLDERS WITH SHAREHOLDING VALUES OF 5% AND ABOVE

S/No	Shareholder Name	Shareholding	% Shareholding
1	Unilever Overseas Holdings B.V Holland	3,277,305,278	57.05
2	Unilever Overseas Holdings B.V	877,209,358	15.27
3	Stanbic Nominees Nigeria Ltd (Cumulative Holding)	436,107,262	7.59

Circular to Shareholders Seeking a General Mandate Authorizing Transactions with Related Parties of Value up to and more than 5% of Unilever Nigeria Plc. Net Tangible Assets

In accordance with Paragraph 20.8 of the Nigerian Stock Exchange Rules Governing Transactions with Related Parties or Interested Persons, Unilever Nigeria Plc. hereby seeks a general mandate from shareholders in general meeting, authorizing the Company to enter into recurrent transactions necessary for its day to day operations such as the purchase and sale of supplies and materials, procurement of goods and services, with its related parties to wit Unilever Overseas Holdings B.V., Unilever Plc, United Kingdom and other entities within the Unilever Group, up to transactions of a value equal to or more than 5% of Unilever Nigeria Plc's net tangible assets.

The following information is hereby provided in respect of the transactions for which the general mandate is sought:

i. Class of interested persons with which the entity at risk will be transacting:
   - a. Parent Company – Unilever Plc
   - b. Holding Company – Unilever NV
   - c. Other Companies within the Unilever Group

ii. Nature of transactions contemplated under the mandate
   - a. Import and export of raw materials and finished goods
   - b. Import and export of materials
   - c. Services – Cross charges of pension costs, international assignees costs and other services such as Trade mark license, Technology License, Central Services and financial services.

iii. Rationale for, and benefit to the entity
   - a. Access to Unilever logo and trade marks, up to date technology and service expertise
   - b. Competitive sourcing prices through negotiated transfer pricing
   - c. Seamless reconciliation of transactions and balances on a line item level
   - d. Pro-active, managed dispute resolution process
   - e. Full transparency of all intercompany differences
   - f. Enforced compliance with internal intercompany processes and external regulations.
   - g. Ensures adequate monitoring of receivables and payables
   - h. Reduced financial risk
   - i. Business continuity

iv. Methods or procedures for determining transaction prices
   Transfer Pricing methods as follows:
   - a. Comparable uncontrolled price.
   - b. Resale price method.
   - c. Cost plus method.
   - d. Transactional net margin method.

v. We have received Independent financial advisers' opinion which confirmed that our transfer pricing methods or procedures are sufficient to ensure that the transactions shall be carried out on normal commercial terms and shall not be prejudicial to the interests of Unilever Nigeria Plc. and its minority shareholders.

vi. Unilever Nigeria Plc. shall obtain a fresh mandate from the shareholders if the transfer pricing methods or procedures become inappropriate; and

Circular to Shareholders Seeking a General Mandate Authorizing Transactions with Related Parties of Value up to and more than 5% of Unilever Nigeria Plc. Net Tangible Assets (continued)

vii. Unilever Overseas Holdings B.V. and/or Unilever Plc, United Kingdom shall abstain and has undertaken to ensure that its associates shall abstain from voting on the Resolution approving the general mandate.

Dated this 12 March, 2020
By order of the Board

Mrs Abidemi Ademola
General Counsel and Company Secretary
FRC/2013/NBA/00000001646

Registered Office
1, Billings Way,
Oregun, Ikeja,
Lagos.

GREENWICH REGISTRARS & DATA SOLUTIONS

Affix
Current
Passport Photograph

E-DIVIDEND MANDATE ACTIVATION FORM

Only Clearing Banks are acceptable

Instruction

Please complete all sections of this form to make it eligible for processing and return to the address below

The Registrar
GREENWICH REGISTRARS & DATA SOLUTIONS
274 Murtala Muhammed Way, Yaba, Lagos

I\We hereby request that henceforth, all my\our Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my\our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname/Company Name	First Name	Other Names

Address

City	State	Country

Previous Address (if any)

CSCS Clearing House Number

Mobile Number 1

Mobile Number 2

Email Address

Shareholder's Signature

Company Seal (If applicable)

2nd Signatory (Joint/Company Accounts)

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: +234-(0)1-2917747, +234-(0)1-2793160-2.

Tick	Company Name	Shareholders Account No.
	11 PLC	
	Abplast Products PLC	
	Aluminium Extrusion PLC	
	Cashchew Nut Processing Industries PLC	
	Chellarams PLC	
	Christlieb PLC	
	DANA Group of Companies PLC Series 1 & 2	
	DN Tyre & Rubber PLC	
	Ecobank Transnational Incorporated (Naira)	
	Ecobank Transnational Incorporated (USD)	
	Ekiti State Bond Tranche 1 & 2	
	EKOCORP PLC	
	Ensure Insurance (erstwhile Union Assurance Company Limited)	
	Eterna PLC	
	FAN Milk PLC	
	General Telecoms PLC	
	GlaxoSmithKline Nigeria PLC	
	Global Biofuel Nigeria Limited	
	Great Nigeria Insurance PLC	
	Ikeja Hotels PLC	
	Impresit Bakolori PLC	
	Industrial & General Insurance PLC	
	IPWA PLC	
	John Holts PLC	
	Julius Berger Nigeria PLC	
	Kajola Integrated & Investment Company PLC	
	Lennard Nigeria PLC	
	Local Contractors Receivables Bond Tranche 1, 2 & 3	
	Meyer PLC	
	Municipality Waste Management Contractors Limited Series I,II & III	
	Nestle Nigeria PLC	
	Nigeria Cement Company PLC	
	Nigeria Reinsurance	
	Nigerian Enamelware Company PLC	
	Nigerian Lamp & Industries	
	Nigerian Wire & Cable PLC	
	Okitipupa Oil Palm PLC	
	Oluwa Glass Company	
	The Tourist Company of Nigeria PLC	
	Tripple Gee & Company PLC	
	UBA Fixed N20 Billion Bond Series 1 Bond	
	UBN Property Company PLC	
	Unilever Nigeria PLC	
	Union Bank of Nigeria PLC	
	Union Homes REITS	
	Union Homes Savings & Loans PLC	
	University Press PLC	
	WEMA Bank PLC	


Unilever
new
Pears
Pure, Mild & Gentle
new
Pears
Pure, Mild & Gentle
Baby Oil
new
Pears
Pure, Mild & Gentle
Baby Lotion
new
Pears
Pure, Mild & Gentle
Baby Powder
Pears
Pears
OLIVE OIL
Endorsed by
NANNM

A. Pepsodent Activation B. Celebrating Nigeria's Independence Day C. Lux Even Complexion launch D. 2019 Unilever Nigeria Annual General Meeting E. Legal Week organised by the Legal Function to drive compliance culture F. Unilever Global Future Leaders League 2019 - Nigeria placed 3rd overall G. Book Club Session H. Celebrating Nigeria's Independence Day I. Employee Wellbeing Session J. Quality Insights Programme

K. Cleaning exercise for nearby Agbara community by Unilever employees **L.** Lux Even Complexion launch **M.** #OMOLendAHandofCare donations **N.** Employee's Long Service Award ceremony **O.** 2019 Vaseline Makoko outreach **P.** Unilever Management Meeting With Localization Partners **Q.** Unilever Management with Recycling Partners **R.** Royco activation **S.** Visit of Ministry of Industry, Trade and Investment to Agbara factory **T.** 2019 Pears Baby of the Year Award

Removes Tough stains

Product Range

BEAUTY AND PERSONAL CARE

CLOSEUP

Despite the intense competitive pressures in the Nigerian Oral Care category, Closeup has retained its lead position in the category. In 2019, the brand's key message, "Breaking Love Barriers" inspired young adults to turn their mutual attraction into action, and be free from self-doubt and judgement of others on the basis of ethnicity, age difference, distance and social class. This garnered significant interest and engagement amongst the target audience.

Closeup created relevant digital video content featuring popular celebrity couples like Linda Ejiofor Suleiman and Ibrahim Suleiman for the #Giveloveachance campaign in February 2019. This helped drive sustained engagement and interaction with the brand's core target audience through relevant communication. These videos showed couples narrating their journeys to breaking down love barriers and choosing to be with each other regardless of what was thrown at them. The inspiring videos were promoted across Closeup's digital platforms, key influencers' pages as well as the celebrities' individual pages. The Closeup #Giveloveachance campaign generated a lot of buzz on social media, drove conversations, awareness and high-level engagement with a total campaign reach of 6.1million. It culminated in ten (10) consumer couples with the best inspiring stories being selected for a lovely dinner sponsored by Closeup.

Last year Closeup also had a "Direct to consumer" activation which involved door-to-door sales, consumer education and sensitization on key functional benefits of Closeup Cool Breeze, Herbal and Naija Herbal variants, at weekend neighborhood events, worship centers and festivals in the South East and Middle Belt of the Country. This helped drive improved performance for the brand. Over the years, Closeup has continued to engage and evolve with its consumers, by being immersed in their interest areas and in 2020, Closeup looks forward to consistently connecting with our target audience through even more impactful campaigns.

PEPSODENT

Pepsodent remains passionate about improving oral health of Nigerians through its products and its three-in-one benefit: Anti-cavity protection, white teeth and fresh breath. In keeping with its promise of enabling optimal oral health for Nigerians, Pepsodent launched Pepsodent Sensitive Expert, an amazing innovation to remedy the increasing menace of teeth sensitivity.

Unlike competition, Pepsodent Sensitive Expert relieves the sharp pain due to teeth sensitivity in 30 seconds and stops it from coming back. This innovation was well received in 2019 by both Dental Professionals and Consumers alike; there was a consensus amongst those who tried our Pepsodent Sensitive Expert that it was superior in delivering on its promise. Pepsodent Sensitive Expert was launched in 3 variants: Original, Whitening and Gum care.

Product Range

BEAUTY AND PERSONAL CARE

PEPSODENT (continued)

In 2019, Pepsodent continued to stay well ahead of competition in terms of innovation as we launched the Pepsodent Kids Toothbrush. This innovation, which was perfectly designed to protect the fragile nature of children's teeth while also ensuring protection from sugar and germs, was well received by Nigerian mothers who were concerned about their children having to use toothbrushes meant for adult permanent teeth. Pepsodent Kids Toothbrush was launched in 2 variants for different age groups: Ages 2 – 6, Ages 7 – 11.

In the quest for a cavity-free Nigeria, Pepsodent, in partnership with the Federal & Lagos State Governments, Nigerian Dental Association, and some NGOs has continued to educate Nigerians on the importance of brushing twice daily through special events like the World Oral Health Day Celebration where we reached about 60 million people with our important message. We have also made available free dental services to Nigerians across communities.

A cavity-free Nigeria, and improved oral health of Nigerians is at the heart of the Pepsodent brand, and we look forward to working towards the achievement of these goals, as well as our business objectives, in 2020.

VASELINE

Vaseline Petroleum Jelly maintains its market share as the number one Petroleum Jelly in Nigeria. The brand has been around since the 1880s and Nigerians love and use it as a beauty and natural healing staple.

In Nigeria, Vaseline is available in Jelly and Lotions. The jelly is available in three(3) tubs of its original variant (50ml, 250ml and 450ml) and 400ml Lotion in five(5) variants (Cocoa glow, Aloe Soothe, Dry Skin Repair, Men Cooling and Men Fast Absorbing)

In November 2019, Vaseline in partnership with Direct Relief executed the Vaseline Healing Project. The teams provided dermatological trainings to health care practitioners on the basic knowledge of health care and offered free health care to patients with skin disorders in Makoko and surrounding communities, while also giving out free tubs of Vaseline Jelly to generate brand trials. The outreach was a success with a reach of over 400 community members.

We look forward to an exciting 2020, with the healing power of Vaseline.

Product Range

BEAUTY AND PERSONAL CARE

LIFEBUOY

Following the launch of Lifebuoy germ protection soap in Nigeria, the brand focused on delivering on its claim as the world's No.1 antibacterial soap with new 'Activ-Silver' formulation which provides stronger protection against today's germs. In 2019, Lifebuoy extended its work with the popular artiste Omawumi Megbele as the Lifebuoy Brand Ambassador to reach more mothers with its germ protection message.

Globally and locally, helping mothers ensure that their children never missed school due to infections was at the centre of our communications. We deployed communication across TV, Radio, Digital and Instore to drive Lifebuoy's "stronger soap for stronger germs" message.

Consolidating on Lifebuoy's 'Help A Child Reach 5' social mission campaign, the 2019 Global Hand washing Day was celebrated by visiting several schools across Nigeria. This was done in partnership with the Nigerian Medical Students' Association, where we got 179 medical volunteers to engage six public schools, reaching 4500 students. The objective was to teach children about the benefits of proper hand washing with soap, which is one of the most cost-effective, yet often overlooked solutions in preventing illnesses like diarrhoea and pneumonia.

In 2019, we were awarded the best brand in story telling by the Nigerian Institute of Public Relations (Lagos State chapter). The award was based on several parameters including humanizing the brand which produces optimum engagement with the audience while showcasing the impact of the brand on community, health and the environment. In 2020, Lifebuoy will work to further strengthen the brand's presence in the Nigerian market while supporting improved protection against germs across the country.

PEARS

The Pears Lotion, Oil, Cream, Petroleum Jelly and Powder are just right for babies' tender skin. They contain carefully chosen, pure and mild ingredients, including olive oil which is known to be a natural, mild skin cleanser. In addition, the Pears perfume leaves babies smelling fresh throughout the day. Pears is gentle, and promises rash-free skin, resulting in a comfortable, cheerful baby.

In 2019,The Pears Baby of the Year competition took place and the major aim of the campaign was to reinforce the brand love with consumers and increase brand equity. The campaign had over 1400 entries and a large number of visits to the website, generating over 1 million impressions on the Pears baby social media pages.

In 2020, Pears will continue to deliver trusted, high quality baby care products for babies' tender skin.

Product Range

BEAUTY AND PERSONAL CARE

REXONA

Rexona is the world's number 1 anti-perspirant which keeps you dry and delivers 48 Hour protection - the more you move; the more Rexona protects you. The Rexona female range comprises of Shower Clean, Cotton and Powder variants, while the males have the Active, Xtra Cool and Quantum variants. In 2019, Rexona ran the second season of the NorthStar campaign in partnership with Chelsea Football Club. Using the power of football, Rexona engaged and connected with consumers while showcasing the real Naija spirit of strength, resilience & determination for success– all qualities that align with Rexona's purpose of giving you the confidence to do more.

The competition kicked off with consumer engagement across popular higher institutions, malls and sport centres and football fields in Lagos. Apart from information on how to sign up for the competition, prospective participants were also educated about the Rexona brand and provided with opportunities to sample the products, which in turn led to purchase.

The campaign rounded off with 2 lucky Nigerians selected to be part of the Africa 11 team to train and play with Chelsea FC Legends in the United Kingdom.

AXE

The power of looking and smelling pleasant cannot be overstated, and for several years, Axe deodorant has helped consumers smell their best, enabling them to confidently live their lives and find what makes them unique - we term this 'their magic'.

In 2019, Axe's focus was calling out the functional benefits of the brand to millennials by driving online conversations using key calendar moments in the year like the 2019 presidential and gubernatorial elections, valentine and Christmas, while also running trivias to renew brand loyalty. Axe looks forward to more exciting engagements with its consumers in 2020.

Product Range

BEAUTY AND PERSONAL CARE

LUX

Over the years, Lux has been bringing the best of beauty, and the pleasure that comes with it, to women in Nigeria. Lux delivers on its promise of a luxurious bath experience with the most indulging fragrances. In 2019, Lux relaunched its core variants Soft Caress and Soft Touch with a pack refresh, and then delivered an even more compelling story to its consumers by introducing its first complexion care variant – "Lux Even Complexion"

Relaunching the Lux brand and introducing the new Even Complexion bar was in line with the brand's purpose of inspiring women to be unapologetically feminine. As part of the relaunch, a new TV commercial was deployed along with activations on various digital media platforms, e-commerce and in the market.

Building brand love, increasing relevance among a younger target group and improving consumer loyalties were key focus areas for the brand in 2019. To achieve this, Lux Even Complexion was present at two of the biggest millennial events in Nigeria – the She Leads Africa Festival and Lagos Fashion week, providing samples to at least 6000 young women between ages 18 -35. Actress, model and medical practitioner Jemima Osunde joined in as the face of the brand and helped drive its relevance even more, amongst young millennials.

Partnering with Jemima as well as other key female celebrity role models, we launched a Lux Influencer of the Year Competition on digital media to get young women aged 18-25 to try the new Lux Even Complexion variant and to act as nano-influencers for the brand. The competition had over 200 young women participate and reached over two million young women in Nigeria, improving our engagement rates across media channels and growing our followership by 25%.

The brand will continue to align consumer and market plans, to deliver an even more rewarding 2020 whilst driving consumer loyalty.

Unilever
FOR 12 HOURS
FRESH
BREATH
TOOTHPASTE/DENTIFRICE/DENTIFRICO
closeup®
DEEP ACTION
for strong white teeth
12 HOURS FRESH BREATH
RED HOT
THIS IS NOT JUST A TOOTHPASTE
THIS IS closeup®
closeup
HERBAL TOOTHPASTE
5 BENEFITS
NATURALLY HEALTHY MOUTH
closeup
NAIJA HERBAL
HERBAL FRESH BREATH
RECOGNIZED by fdi
FDI recognises that twice daily brushing with a floride toothpaste such as CloseUp Deep Action is beneficial to oral health.

Product Range

HOME CARE

SUNLIGHT

2019 was just as exciting for Sunlight as it was for our consumers, as Sunlight embarked on a women empowerment journey, truly living the Sunlight purpose. The year's journey started with the #SunlightSHERO campaign which ran through the month of March. Sunlight celebrated women with product samples and a refund of their transport fares at BRT and other bus parks for the International Women's Day celebration themed #BalanceforBetter. This activity created visibility for the brand and drove goodwill with our consumers as it showed consumers that Sunlight is a partner in their quest for a more gender balanced world!

For **Mother's Day** celebration, Sunlight tugged at heartstrings while breaking the single mum stereotype, rewarding winning mums with **home makeovers** (home renovations and furnishings) across Lagos, Enugu and Ogun State. Sunlight did this in partnership with actress Omoni Oboli, who shared her own inspiring stories of being raised by a single mum, and how it contributed to who she has become today.

April saw the launch of the amazing new Sunlight **Oud** variant. Tapping into the culturally deep insights of our Northern Nigerian consumers and their love for the **Oud fragrance**, Sunlight crafted and introduced the Oud variant so every consumer irrespective of social standing, can afford to enjoy the Oud fragrance. Sunlight Oud was launched in 200g and 900g pack sizes offering consumers burst after burst of uplifting oud fragrance, effortlessly.

Sunlight collaborated with Style House Files (SHF), the conveners of Lagos Fashion Week and through their Fashion Focus Fund supported 2 female designers, **Chechi Arinze** and **Titi Bello** with the sum of **N2,000,000** each towards the growth of their businesses. They were chosen for their passion and work towards empowering other designers; which is aligned with Sunlight's purpose.

Product Range

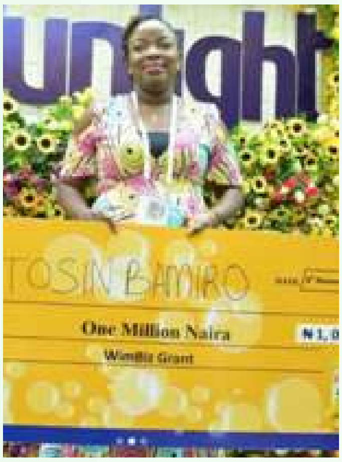
HOME CARE

Still on fashion, Sunlight was the official co-sponsor of Lagos Fashion Week 2019. For this partnership, two designers **Vathiswa**by Keji and **Zurizola Woman** by Chibuzor, who train other women at SHF's Fashion Focus Fund, were chosen to make and showcase the **Sunlight Collection** at the **Lagos Fashion Week** 2019 where all sales proceeds went back to the designers to grow their businesses.

**The Sunlight Woman;
A woman who has been inspired by Sunlight and has chosen to continue empowering other women.**

To land the message of **Women Empowerment**, Sunlight partnered with 5 Sunlight Women; Bolaji Chizoba Ayinde, Olubunmi Aboderin-Talabi, Bella Rose Okojie, Ify Okoye and Nelly Agbogu. These women from various walks of life, adorned in the amazing Sunlight collection shared what they do within their own spheres to empower other

These Sunlight activities did not go unnoticed as Sunlight was rewarded with multiple awards in recognition of Sunlight's continuous contribution to Nigeria and the lives of Nigerians. 2020 promises to be even more exciting, and we look forward to sharing updates and results with you next year.



In November at the 2019 Annual **WIMBIZ** conference, delegates were asked to share their business ideas and how it aligned with the Sunlight agenda and Tosin Bamiro, a mother of 6-year-old triplets who runs **Uncle B's Bakery** in Lagos as an employer of labour, emerged the winner of the **N1,000,000** Sunlight business grant! The grant went towards buying went towards buying Tosin the new equipment which she needed to grow her business, with the added benefit of receiving series of trainings from Sunlight's digital agency and Unilever's Safety, Health and Environment team on **Manufacturing Excellence.** The Sunlight partnership with **Lagos Fashion Week** was especially exciting for Sunlight consumers as they got the opportunity to win much coveted tickets to the Lagos Fashion week event!

Product Range

HOME CARE

OMO

OMO kicked off the year 2019 with the Mother's Day #OMOCaresForMOMs campaign where we dedicated our limited edition, specially designed "MOM" packs of OMO Auto washing machine detergent powder to MOMs, to appreciate them for all they do. Moms were pleasantly surprised with the limited-edition packs and with accompanying notes from their children, who got the packs in school. These not-for-sale packs along with a Mother's Day gift card were given to kids in 24 schools and to over 11,000 Mothers.

The#OMOCaresForMOMs campaign was supported with a docufilm chronicling the lives of five mothers as they navigate their way through motherhood. The docufilm titled 'Dear Mom', features top Nollywood actress Adunni Ade, TV presenter Chinonso Arubayi, Founder of Henna Place Hadiza Nyako, Career-mom Joy Egolum, and Stay-at-Home mom Trinity Amadi.

OMO believes that everyone should have access to clean clothes, but the harsh reality is that not everyone currently does. This gave birth to a platform #OMOLendAHandofCare during the holy month of Ramadan for people to donate pre-loved clothes. Over 27,000 units of pre-loved clothes were collected, cleaned in partnership with CleanAce, packaged and distributed for a second chance in Lagos and Kaduna States.

We ended 2019 on a high note with the introduction of OMO Multiactive Extra Fresh which is "Tough on Stains + Longer Lasting Freshness" in November. The powder is specially formulated to remove tough stains while leaving your fabric smelling fresh for much longer.

RADIANT

2019 saw the birth of a new detergent powder; Radiant. Radiant's purpose is about giving people the confidence to shine. So, whether they are old or new, Radiant detergent leaves your clothes dazzling bright, thereby boosting your confidence.

Radiant is excited about 2020 and looks forward to taking you on our journey to making clothes dazzle brighter across Nigeria.

Product Range

FOODS AND REFRESHMENT

KNORR

Rich Flavour Brings People Together

Flavour is the essence of the Knorr brand and we believe that this is the magic that transforms everyday experiences into meaningful moments that bring people together. Knorr's purpose takes a wholistic and responsible stance in the food ecosystem, as we champion better ways to cook and eat for a more sustainable food future across the globe.

Headlining this mindset is our fortification of the Knorr Bouillion cubes with iron and iodine which continues to help reduce the high rate of iron deficiency which is prevalent among young girls and women in Nigeria. This is on the backdrop of prior campaigns to drive awareness and behavioral change in diet to increase the consumption of green leafy vegetables.

Millennials are the generation of consumers who grew up with technology at their fingertips. Millennials are 60% of the Nigerian population and account for 52% of internet users in Nigeria. To progressively connect with Nigerian Millennials, Knorr created a platform to demonstrate that rich flavour can bring people together. For the first time, Knorr played cupid by activating a social experiment campaign to match young single people #LoveAtFirstTaste using their unique flavour preferences during the season of love, Valentine. In just 4 weeks of the campaign, the campaign achieved over 3 million impressions on Facebook, 1.3 million impressions on Instagram and a 14% engagement rate on Twitter versus the 3% global industry benchmark.

To excite and reward our loyal consumers in the last quarter of 2019, Knorr embarked on an instant in-pack reward of 10 extra cubes in each pack of Knorr. This was well received by consumers with a 25% uplift in sales in the same period. Knorr looks forward to bringing even more people together with its rich flavor, in 2020 and beyond.

GLEN TEA

"Bringing People Together"

Glen Tea, our latest exciting addition to the Nigerian Tea market, was launched in June 2018 as part of our commitment to provide good quality and affordable tea for consumers. Glen is a delicious tea with a strong, unique fresh flavour that is packaged in a beautifully designed 5.4g sachet and a 45g box pack.

Glen tea is a great day starter, and drinking Glen tea aids digestion and soothes the entire body. You can take Glen tea as a refreshing tea drink or enjoy it with a whole meal. Glen tea helps you relax and when fatigued, a cup of Glen tea helps

Product Range

FOODS AND REFRESHMENT

energize your body. Apart from the health benefits of drinking Glen Tea, Glen provides an opportunity for people to bond and collaborate more with each other. With Glen tea, finding a common ground is just an affordable cup of tea away, irrespective of any apparent differences.

In 2019, lots of exciting shopper and trade activities were deployed by the brand to aid trial by consumers and encourage sales. Activities deployed include sampling in trade, shopper offers and visibility drives in key cities in across the country. As tea is usually consumed with milk, the brand gave out 1.65 million sachets of Glen leveraging on an in-fibrite offer of free Glen Tea in cartons of milk. This was done in partnership with a milk producing company to drive penetration of the brand.

To create top of mind awareness of the new brand, Glen Happy Neighbor advert was deployed in a relevant local language in key radio stations in the North. Glen also sponsored a cultural festival to celebrate bringing people together. Glen Tea is glad to be part of the Nigerian story, and looks forward to bringing people together much more in the coming years.

ROYCO

"Original taste and Aroma"

Royco is that extra special ingredient that enriches meals in countless kitchens across Nigeria: stirring up original aromaand authentic mouth-watering taste in every mouthful.

Following the restage of the Royco portfolio in 2018 by introducing new and improved formulations in our Beef, Chicken and Goat variants, lots of exciting trade and community activities were deployed by the brand in 2019. Activities deployed include door to door product sampling, sampling at religious houses, markets and communities, cook-outsat various campuses and markets, customer promotions and local buy and win promotions with amazing prizes.

To raise awareness of the new Royco formulations with consumers, the Royco Effect Radio Advert was developed and adapted into 4 local languages (Hausa, Kanuri, Pidgin & Yoruba)for our diverse consumers. This was deployed on Radio, YouTube, Facebook and Instagram. Over 1.8 million impressions were garnered, reaching over 905,000 people with the exciting advert.

Royco further engaged its Muslim consumers during the Holy Month of Ramadan, with the sampling of delicious meals prepared with the new Royco at select mosques.

Royco is glad to be a part of the Nigerian story, and will continue to enrich meals across the country with its original taste and aroma.

Product Range

FOODS AND REFRESHMENT

LIPTON

Our Lipton Yellow Label tea is greatly loved by consumers for its rich and nutritious flavor, and as a result, has retained its position as the market leader in tea. As our consumers are at the heart of our brand, Lipton has focused on defining its purpose, and how it adds value to the lives of consumers. Our Purpose is: To Awaken Nigerians to Quality Connections by Fighting Hidden Loneliness.

Lipton's research shows a significant number of people are feeling lonely, disconnected from their network of people, and starved of company. Some cannot even recall the last time they made a new friend, with whom they felt they truly connected with. We live in the most technologically connected terain in the history of civilization – yet rates of loneliness are higher than ever. We know that having quality human connections helps to address this; they are proven to make you happier and healthier. Yet barriers exist which are stopping people from forming these connections. These barriers range from fear of being judged to not feeling like you have the time to connect with others. Unfortunately, this leads to superficial relationships that have a negative impact on our wellbeing.

Lipton is here to change this and awaken people to the importance of quality connections – and help people start connecting in more meaningful ways. Chatting to a friend over a cup of tea is proven to combat feelings of loneliness, therefore, we say, "You. Me. Tea. Now.". To land Lipton's purpose, we held an internal engagement with our staff and created a safe space for colleagues, to express themselves beyond the subject of work and to-do lists, we asked that everyone take a moment to ask the question "how are you doing"? sincerely. The results were truly impactful, as we saw colleagues across different work functions connect and share special moments; all of this happened over delicious cups of Lipton Tea!

In March 2019, Lipton partnered with Femme Africa to celebrate International Women's Day. Femme Africa was founded to support, uplift and celebrate the undeniable talent and hard work of women in the music industry. Keying into Lipton's mission to empower women, the brand sponsored the showcase of young budding female musicians, giving them an opportunity to share their talent with the world.

Notes

Notes


Lifebuoy
Unilever
New Lifebuoy
Strong soap for today's germs*
NEW
Lifebuoy
activ silver formula
Total 10
anti-bacterial bar
With
Activ Silver Formula
Creative Visualization.

Proxy Form

95th ANNUAL GENERAL MEETING TO BE HELD AT 10.00 AM ON FRIDAY 17 JULY, 2020 AT UNILEVER NIGERIA PLC HEAD OFFICE 1 BILLINGS WAY OREGUN, IKEJA LAGOS.

I/WE ……………………………… being a member/ Members of UNILEVER NIGERIA PLC. hereby appoint**………………………………………………………… of ……………………………………………………or failing him, the Chairman of the meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 17 July, 2020 and at any adjournment thereof:

Dated this ……………… day of……………………2020

Shareholder's Signature………………………………

IF YOU ARE UNABLE TO ATTEND THE MEETING

A Member (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote on a poll by proxy. The above proxy form has been prepared to enable you to exercise your right to vote, in case you cannot personally attend the Meeting.

Following the normal practice, the Chairman of the Company has been entered on the Form to ensure that someone will be at the Meeting to act as your proxy but if you wish you may insert in the blank space on the form (marked**) the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead.

Please sign this proxy form and send it, so as to reach the address shown overleaf or e mail address proxy@gtlregistrars.com not later than 10.00 a.m. on 15 July, 2020. If executed by a Corporation, the Proxy Form should be sealed with the Common Seal.

ORDINARY BUSINESS

RESOLUTION	FOR	AGAINST	ABSTAIN
To elect MR CARL CRUZ as a Director			
To re-elect MR CHIKA NWOBI as a Director			
To re-elect MR MUTIU SUNMONU as a Director			
To re-elect HIS MAJESTY NNAEMEKA A. ACHEBE as a Director			
To authorise Directors to fix the Auditor's Remuneration			
To elect Shareholders' Representatives on the Audit Committee			

SPECIAL BUSINESS

RESOLUTION	FOR	AGAINST	ABSTAIN
To fix the Directors' Remuneration			
To approve a general mandate authorizing the Company during the 2020 financial year and up to the date of the next AGM, to procure goods and services necessary for its day to day operations from its related parties or interested persons on normal commercial terms consistent with the Company's Transfer Pricing Policy			

Please indicate with an 'X' in the appropriate square how you wish your votes to be cast on the resolutions referred to above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

List of Proposed Proxies

- **His Majesty N A Achebe**
- **Sir Sunny Nwosu**
- **Mr Matthew Akinlade**
- **Mrs Bisi Bakare**
- **Mr Nornah Awoh**
- **Mr Mutiu Sunmonu**
- **Mr Boniface Okezie**
- **Mr Gbenga Idowu**
- **Mr Adebayo Adeleke**

For Company's use only	No. of Shares	

SECOND FOLD HERE

Please affix postage stamp

THE REGISTRAR
GREENWICH REGISTRARS & DATA SOLUTIONS,
274, MURTALA MUHAMMED WAY
ALAGOMEJI, YABA, LAGOS

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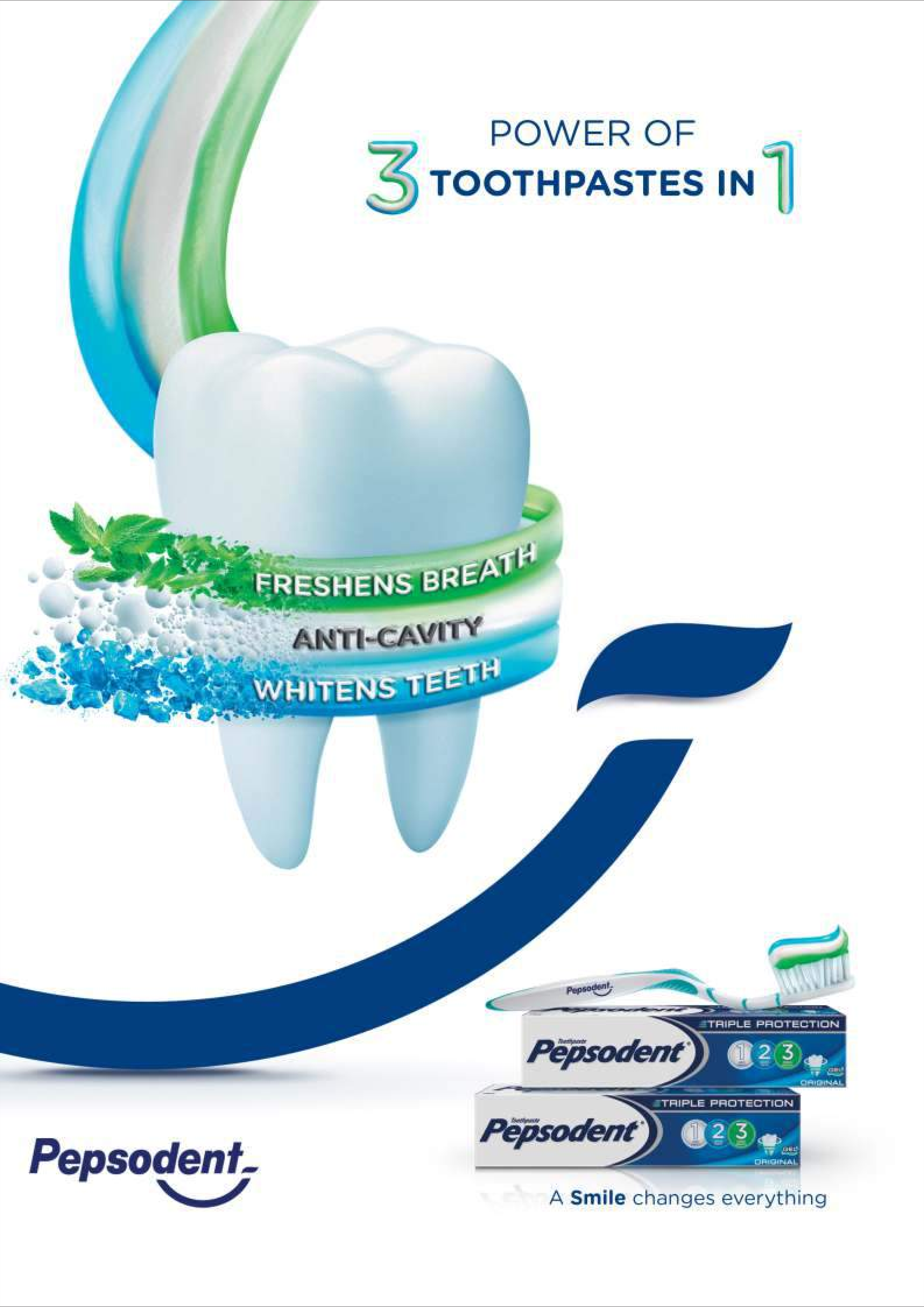
POWER OF
3 TOOTHPASTES IN 1
FRESHENS BREATH
ANTI-CAVITY
WHITENS TEETH
Pepsodent
TRIPLE PROTECTION
Pepsodent
1 2 3
ORIGINAL
TRIPLE PROTECTION
Pepsodent
1 2 3
ORIGINAL
Pepsodent
A Smile changes everything

Unilever

...creating
a brighter future

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