

Samba Foods Limited

2018

Annual Report And Financial Statement



OUR MISSION

“We are committed to build a world class food experience, to nourish, enrich and delight the taste buds of Ghana and beyond.”

OUR VISION

“With our Super Ability, Our Core Values and our experience in processing and food innovations, we excel and expand to new segment with excellent quality and exceptional value in Food industry and beyond.”

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Financial highlights

	2018	2017	Change
Revenue	342,020.00	444,044.00	-22.98
Operating profit	102,216.00	-120,392.00	-184.90
Profit/ (Loss) before taxation	-335,304.00	-253,765.00	32.13
Profit/ (Loss) after taxation	-347,641.00	-252,299.00	37.79

Cash flow from operating activities	290,407.00	395,379.00	-173.45
Shareholder's funds	3,177,070.00	3,177,070.00	0.00
Capital expenditure	0.00	0.00	0.00

Basic earnings per share (Gh¢)	-0.06	-0.04	45.45
Diluted earnings per share (Gh¢)	-0.06	-0.04	37.79
Dividend per share	0.00	0.00	0.00
Net assets per share (Gh¢)	0.53	0.53	0.00

Profit/ (Loss) before taxation margin (%)	0.57	-0.57	0.26
Profit/ (Loss) after taxation (%)	0.57	-0.56	1.46

Corporate Information



Directors:	Charles Darko Leticia Osafo - Addo Fuseini Issah Kwame Osafo – Addo Kwado Opoku Okoh Awo Dede Osafo – Addo Tutu Kwachie	(Chairman) (Managing Director) (Non Executive) (Non Executive) (Non Executive) (Non Executive) (Non Executive)
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Company Secretary: Charles Atuahene

Registered office: West Coast Dyeing Company
Heavy Industrial Area
Tema

Postal Address: P. O. Box B186
C2, Tema

Auditors: IAKO Consult
P. O. Box 617
Teshie - Nungua Estates
Accra

Bankers: Zenith Bank Ghana Limited
Unibank Ghana Limited
Agricultural Development Bank

MAJOR SHAREHOLDERS (TOP 10) AS ON 31ST DEC. 2018

Member	Name	Shares	%
384773	Unisecurities Proprietary Account	3,209,774	53.71
384798	Mrs Leticia Osafo-Addo	2,500,000	41.83
391046	Intrepid Venture Capital Financing	43,100	0.72
384795	Ghana Oil Palm Devlop.Corp. Spc.Fnd.	41,667	0.70
384794	Ghana Oil Palm Devlop.Corp. Staff.Pf	41,667	0.70
376855	STD Noms TVL PTY/Heritage Fund Ltd.	41,600	0.70
384793	Kinmpton Master Trust Scheme	27,778	0.46
384782	NCA Provident Fund	13 900	0.23
384789	MR. K O Osafo-Addo	10,000	0.17
384781	Enterprise Tier 3	9,700	0.16
	Reported Total	5,939,186	99.38
	Not Reported	36,867	0.62
	Grand Total	5,976,053	100



Notice of Meeting

SAMBA FOODS LIMITED NOTICE OF 4TH ANNUAL GENERAL MEETING (AGM).

NOTICE is hereby given that the 4th Annual General Meeting (AGM) for 2018 for the Members of SAMBA FOODS LIMITED to be held on the premises of Samba Foods Ltd (West Coast Dyeing Ltd. compound, Heavy Industrial Area, Tema, Ghana) on Friday 12th July 2019 at 11:00 AM.

AGENDA

1. To receive and consider the reports of Directors and Auditors together with the financial statement for the year ended 31st December 2018
2. To authorize the Directors to fix the Auditors Remunerations
3. Any other business.

A member who is entitled to attend and vote at this meeting may appoint some other person as a proxy who need not be a member of the company to attend and vote instead of him or her.

Dated this 29th March 2019

**BY ORDER OF THE BOARD
TEMA**

*Registered Office,
West Coast Dyeing Industries Compound
Heavy Industrial Area, Tema-Ghana*

CHAIRMAN'S REVIEW

Another year has come to a close, and I as Chairman of the Board of Directors of Samba Foods Ltd., am delighted to welcome you to the 4th Annual General Meeting of your company.

As a board, we aim to provide your company with sound policies and safeguard the interest of shareholders and all other stakeholders of the company. We were therefore not enthused about the 25% negative variance in the 2018 financial report. Management has however instituted measures to mitigate against such future occurrence. From all indications, the measures seem to be impacting positively on operations, as the Mid-year financial reports for 2019 indicate a significant increase of 26% in revenue as against the 2018 Financial Year.

SAMBA FOODS continues to conduct business in a socially responsible manner, and support the sustainable development of the community through incentives aimed at creating a positive impact in the areas where we operate.

We always believe in following best manufacturing practices which is key for achieving its long-term objectives. We are believers in compliance of the law and regulations, adopting transparent systems, safeguarding the interest of all stake holders and creating an environment of trust and confidence, by means of transparency and timely disclosure of information.

As an infant member of the Ghana Stock Exchange, SAMBA FOODS is doing reasonably well, despite all the challenges and constraints facing the manufacturing sector- particularly Agri business as a whole. The company keep intensifying its efforts to developing the local retail market and the large export clients, thereby creating value and providing customized solutions to local and global clients in the country and abroad. SAMBA FOODS is known and recognised in maintaining high standards in the factory, while growing a very strong relationship with the universities and the research institutions and vendors in order to create unmatched products and service levels to sustain customer satisfaction and retention.

I sincerely commend our work force for their resilience, commitment and dedication towards work, and pray they continue to give their best in the coming years. In conclusion, ladies and gentlemen, I will like to, on behalf of the board of directors and the entire team of Samba Foods Ltd. to thank you, our distinguished shareholders for your support and trust. Though your company saw a slight 'hip-cup' in the tear under review, this has been taken care of. The company is on the right track with intense focus on target. I know as shareholders you are yearning to see profits which I completely agree with you. I am absolutely confident that, with the passion, hard work and commitment of the team and your unwavering support, your company will arrive at the ultimate destination of a food processing emporium where profits will be a way of life.

Finally, with respect to you distinguished ladies and gentlemen, I would like to leave you a quote I overheard over the Christmas holidays, and I quote; dear Santa, this year I would like to a low negative variance and high positive variance in our company's financials. Please don't mix them up like last year.

Thank you and bless us all.

Thank you for your attention.

Mr. Charles Tetteh Darko
Chairman



MANAGING DIRECTOR'S REVIEW



On behalf of the board, I am pleased to welcome you our cherished shareholders, and all the invited personalities to our 4th Annual General Meeting and the review of the financial results of Samba Foods Ltd. for the year ending 31st December 2018.

I will also take the opportunity to highlight a number of significant events during the year under review. The year 2018 proved to be very challenging for the company and management was extremely disappointed, instead of improving on our brilliant 2017 performance, we had to concede a 25% negative variance in revenue for the year under review.

Other general challenges continue include high utility tariffs, though availability and supply have been quite regular and consistent. Tax regimes have been confusing especially for SMEs. It is hoped that with time, we may be able to decipher the kind of advantages or disadvantages these taxes are supposed to give.

Access to both quality and quantity of raw materials remain a challenge, pragmatic efforts need to be made to overcome this perennial challenge. To put an end this, raw material buying centre has been located in Tamale to stock ground nuts and pepper during bumper harvest.

At the enterprise level, the constraints of low level of production due to limited working capital and restricted space at our factory, negates our desire for increased production to respond to the increased demand for our products. This situation has sparked discussions on the relocation of our facility to our own 3.34 acre industrial property in Tema where a more spacious and state of the art food processing factory will be built. Efforts are also being made to access the 1D1F initiative of the government for this expansion program.

One major client with the highest demand for groundnuts based products due their own internal difficulties, was unable to place orders from us for 12 months. This certainly had a serious negative impact on our total revenue for the year 2018. The situation has served as a learning curve for management not to depend heavily on one big client, but rather broaden our cliental base.

The challenges which accounted for our negative variance have been identified and rectified. As at mid-year ending June 2019, our balance sheet is in a stronger position than the previous corresponding period. This shows in our mid-year management report where revenue for the mid-year of 2019 stands 26 % against financial year 2018. Quite an impressive performance. It is our fervent hope 2019 will be a promising year.

OUTLOOK.

Ladies and gentlemen, the outlook for Samba foods remains positive and we anticipate a strong financial performance in 2019. Our client with the highest demand for groundnut-based products has resumed operation and orders have started. There is an increased demand of the Shito and also other products have been developed for KFC restaurants across Ghana.

More exports markets have been identified and samples have been delivered, this we hope will translate into actual orders. Though insufficient working capital was an issue last year, we have been quite innovative without going for a bank over-draft, but rather relied on market credits from our raw material suppliers.

MANAGING DIRECTOR'S REVIEW (CONT'D)

A GREAT TEAM.

We have an expert and highly capable team of people, who combine their skills to work together for the benefit of the company. It is a pleasure to work with them all. Looking after our employees is vital and we will be focusing on improving our safety performance, continuous education and training, and of course remuneration as the company's financial positions improves.

The company was recognised and won 2 awards in the year 2018.

1. **SMEGA'17 SME Technology Adoption Award**- Awarded by SME Ghana Awards.
2. **SMEGA'17 SME Trade Sector Award for Food and Water Products**- Awarded by SME Ghana Awards.

To all of the SAMBA team, our shareholder, employees, clients and industry partners, thank you for your dedication and for being part of our business during the year 2018. We remain committed to achieving our vision of being a major player in the food processing sector in Ghana and beyond.

Thank You

Leticia Osafo-Addo (Mrs.)
Managing Director



REPORT OF THE INDEPENDENT AUDITOR TO MEMBERS OF SAMBA FOODS LIMITED

OPINION

We have audited the financial statements of SAMBA FOODS LIMITED (the Company), which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present a *true and fair view* of the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Ghana, 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.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

REPORT OF THE INDEPENDENT AUDITOR (Cont'd)



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.

Report on Other Legal and Regulatory Requirements

The Companies Code, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit; and
- ii) in our opinion, proper books of account have been kept by the Company, so far as it appears from our examination of those books.

A handwritten signature in blue ink, appearing to read "A. Tetteh Okai", written over a dotted line.

Signed by: Arnold Tetteh Okai (ICAG/P/1077)

For and on Behalf of:
IAKO CONSULT (ICAG/F/2019/003)
CHARTERED ACCOUNTANTS
32 Samora Machel Road, Asylum Down
P. O. Box TN 617
Accra

Date..... 29/03/19.



REPORT OF THE DIRECTORS

In accordance with the requirements of section 132 of the Companies Act, 1963, (Act 179), the Directors have the pleasure in presenting the report of the Company for the year ended 31 December, 2018.

Statement of Directors' Responsibilities

The Directors are responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of affairs of the company and of the profit or loss and cash flows for that period. In preparing these financial statements, the Directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS) and the requirements of the Companies Code, 1963 (Act 179).

The Directors are responsible for ensuring that the Company keeps proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal Activities

The principal activity of the company include the following:

- I. Food Processing
- II. Producers of Spices
- III. Farming
- IV. Exporters of Processed Foods

Financial results

The results of the Company are set out on pages 6 to 33. The Company recorded a net loss after tax of GH¢347,641 in 2018 as against a net loss of GH¢ 252,299 in 2017. The increase in Loss was as a result of reduction in interest income in the year under consideration.

Dividend

The Directors do not recommend the payment of dividend for the period ended 31 December, 2018.

Auditors

In accordance with section 134(5) of the Companies Code, 1963, Iako Consult will continue in office as Auditors of the company.

By Order of the Board

Name: CHARLES TETTEH DARKO

Name: LUTICA OTHMAN

Signed:

Signed:

Financial Statements

Statement Of Comprehensive Income For The Year Ended 31 December 2018

	Notes	2018 GH¢	2017 GH¢
Income	4	342,020	444,044
Direct Expenses	5	(239,804)	(323,652)
Gross Profit/(Loss)		102,216	(120,392)
Other Income	8	-	88,990
Administrative Expenses	6	(265,531)	(300,638)
Depreciation and Amortization	10	(171,417)	(158,947)
Finance Charges	7	(572)	(3,562)
Net Profit/(Loss) Before Taxation		(335,304)	(253,765)
Tax Expense	11a	(12,337)	1,466
Net Profit/(Loss) After Taxation		<u>(347,641)</u>	<u>(252,299)</u>

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

ASSETS	Notes	2018 GH¢	2017 GH¢
Non-Current Assets			
Plant, Properties & Equipment	10	3,621,845	3,476,448
Intangible Assets	9	46,745	70,118
		3,668,590	3,546,566
Current Assets			
Inventories	12	349,489	285,344
Loans and Receivables	13	51,813	355,536
Taxation	11	27,395	27,395
Cash & Bank	14	17,177	21,678
		445,874	689,953
Total Assets		4,114,464	4,236,519
EQUITY AND LIABILITIES			
Equity			
Stated Capital	15	2,750,498	2,750,498
Income Surplus		(2,143,628)	(1,795,987)
Revaluation Surplus		2,222,559	2,222,559
		2,829,429	3,177,070
Current Liabilities			
Accounts Payable	16	5,638	3,760
Other Payables	17	424,779	213,408
		430,417	217,168
Non-Current Liabilities			
Deferred Tax Liabilities	11	702,865	690,528
Term Loan	18	151,753	151,753
Total Equity and Liabilities		4,114,464	4,236,519

The Board of Directors approved these financial statements on 29th March, 2019



DIRECTOR

The accompanying notes on pages 13 to 33 form part of these financial statements and should be read in conjunction therewith.



DIRECTOR

Financial Statements

Statements Of Cash Flow As At 31st December, 2017

	Notes	2018 GH¢	2017 GH¢
Operating activities			
Loss from operations		(335,304)	(252,299)
Adjustments for:			
Depreciation and Amortization		171,417	158,948
Decrease / (Increase) in Inventories		(64,145)	(187,221)
Decrease / (increase) in receivables		303,723	(223,134)
(Decrease) / increase in payables		214,715	109,793
Deferred Tax			(1,466)
Net cash generated from operating activities		290,407	(395,379)
Taxation			
Tax Paid		-	-
Cash flow included in investing activities:			
Purchase of PPE		(293,441)	-
Intangible Assets		-	-
Net cash from investing activities		(293,441)	-
Cash flows from financing activities			
Increase in Stated Capital		-	-
Medium Term Loans		-	(40,000)
Shareholders Advance		-	-
Net cash used in financing activities		-	(40,000)
Net increase/ (decrease) in cash and cash equivalents		(4,501)	(435,379)
Cash and cash equivalents at beginning of year		21,678	457,057
Cash and cash equivalents at end of year		17,177	21,678



Financial Statements

Statements Of Change In Equity As At 31st December, 2018

	Stated Capital	Income Surplus	Revaluation Surplus	Total
At the beginning of the year	2,750,498	(1,795,987)	2,222,559	3,177,070
Increased Stated Capital	-	-	-	-
Profit/(Loss) for the period	-	(347,641)	-	(347,641)
Year Ended 31 December 2018	<u>2,750,498</u>	<u>(2,143,628)</u>	<u>2,222,559</u>	<u>2,829,429</u>
At the beginning of the year	2,750,498	(1,543,688)	2,222,559	3,429,369
Increased Stated Capital	-	-	-	-
Profit/(Loss) for the period	-	(252,299)	-	(252,299)
Year Ended 31 December 2017	<u>2,750,498</u>	<u>(1,795,987)</u>	<u>2,222,559</u>	<u>3,177,070</u>

Notes

NOTES TO THE FINANCIAL STATEMENTS

1.0 CORPORATE INFORMATION

NATURE OF COMPANY

Samba Foods is a limited liability company incorporated in Ghana under the Companies Code 1963, Act 179. The company is domiciled in Ghana with its registered office at West Coast Dyeing Company, Heavy Industrial Area, Tema.

The company is authorized and licensed by the Ghana Stock Exchange to trade on the stock exchange. The Registrar of Companies also accords the company the legal and regulatory mandate to undertake the following:

- I. Food Processing
- II. Producers of Spices
- III. Farming
- IV. Exporters of Processed Foods

Authorization for Publication

The financial statements of the company for the year ended 31st December 2018 were authorized for issue in accordance with a resolution of the directors on 29th March, 2019

Judgments and Estimates

The presentation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the note 3

Going concern

The company's management has made an assessment of the company's ability to continue as a going concern and is satisfied that the company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

IFRS 9	Financial Instruments	<p>Effective for annual periods beginning on or after 1 January 2019</p> <p>Note: IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before 1 February 2015.</p>
	<p>IFRS 9 Introduce new requirements for classifying and measuring financial assets and financial liabilities</p> <p>Finalized version, incorporating requirements for classification and measurement, impairment, general hedge accounting and Derecognition</p>	
IFRS 11	Joint Arrangements	<p>Effective for annual periods beginning on or after 1 January 2019.</p> <p>IFRS 11 <i>superseded</i> SIC-13 <i>Jointly Controlled Entities - Non-Monetary Contributions by Venturers</i></p>
	<p>IFRS 11 <i>Joint Arrangements</i> outlines the accounting by entities that jointly control an arrangement. Joint control involves the contractually agreed sharing of control and arrangements subject to joint control are classified as either a joint venture (representing a share of net assets and equity accounted) or a joint operation (representing rights to assets and obligations for liabilities, accounted for accordingly).</p>	
IFRS 16	Leases	<p>IFRS 16 is effective from periods beginning on or after 1 January 2019</p> <p>Note: IFRS 16 will replace IAS 17 and three related Interpretations.</p>
	<p>It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability</p>	
IFRS 17	Insurance Contracts	<p>Effective for annual periods beginning on or after 1 January 2021</p> <p>IFRS 17 replaces the following standard:</p> <ul style="list-style-type: none"> • IFRS 4 <i>Insurance Contracts</i>
	<p><i>Insurance Contracts</i> establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. [IFRS 17:1]</p>	

IFRS 9

IFRS 9 *Financial Instruments* issued on 24 July 2014 is the IASB's replacement of IAS 39 *Financial Instruments: Recognition and Measurement*. The Standard includes requirements for recognition and

Notes (Continued)

measurement, impairment and general hedge accounting. The IASB completed its project to replace IAS 39 in phases, adding to the standard as it completed each phase.

The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted (subject to local endorsement requirements). For a limited period, previous versions of IFRS 9 may be adopted early if not already done so provided the relevant date of initial application is before 1 February 2015.

IFRS 9 does not replace the requirements for portfolio fair value hedge accounting for interest rate risk (often referred to as the 'macro hedge accounting' requirements) since this phase of the project was separated from the IFRS 9 project due to the longer term nature of the macro hedging project which is currently at the discussion paper phase of the due process.

IFRS 11

A joint arrangement is an arrangement of which two or more parties have joint control. [IFRS 11:4]

A joint arrangement has the following characteristics: [IFRS 11:5]

- the parties are bound by a contractual arrangement, and
- the contractual arrangement gives two or more of those parties joint control of the arrangement.

A joint arrangement is either a joint operation or a joint venture. [IFRS 11:6]

Joint control

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. [IFRS 11:7]

Before assessing whether an entity has joint control over an arrangement, an entity first assesses whether the parties, or a group of the parties, control the arrangement (in accordance with the definition of control in [IFRS 10](#) *Financial Statements*). [IFRS 11:B5]

After concluding that all the parties, or a group of the parties, control the arrangement collectively, an entity shall assess whether it has joint control of the arrangement. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement. [IFRS 11:B6]

The requirement for unanimous consent means that any party with joint control of the arrangement can prevent any of the other parties, or a group of the parties, from making unilateral decisions (about the relevant activities) without its consent. [IFRS 11:B9]

IFRS 16

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 was issued in January 2017 and applies to annual reporting periods beginning on or after 1 January 2019.

Notes (Continued)

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. [IFRS 16:1]

IFRS 16 *Leases* applies to all leases, including subleases, except for: [IFRS 16:3]

- (i) leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources;
- (ii) leases of biological assets held by a lessee (see IAS 41 Agriculture);
- (iii) service concession arrangements (see IFRIC 12 Service Concession Arrangements);
- (iv) licences of intellectual property granted by a lessor (see IFRS 15 Revenue from Contracts with Customers); and
- (v) rights held by a lessee under licensing agreements for items such as films, videos, plays, manuscripts, patents and copyrights within the scope of IAS 38 Intangible Assets

A lessee can elect to apply IFRS 16 to leases of intangible assets, other than those items listed above. [IFRS 16:4]

IFRS 17

IFRS 17 *Insurance Contracts* establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. [IFRS 17:1]

Scope

An entity shall apply IFRS 17 *Insurance Contracts* to: [IFRS 17:3] Insurance contracts, including reinsurance contracts, it issues;

- (i) Reinsurance contracts it holds; and
- (ii) Investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts.

Some contracts meet the definition of an insurance contract but have as their primary purpose the provision of services for a fixed fee. Such issued contracts are in the scope of the standard, unless an entity chooses to apply to them IFRS 15 Revenue from Contracts with Customers and provided the following conditions are met: [IFRS 17:8]

- a) the entity does not reflect an assessment of the risk associated with an individual customer in setting the price of the contract with that customer;
- b) the contract compensates the customer by providing a service, rather than by making cash payments to the customer; and
- c) the insurance risk transferred by the contract arises primarily from the customer's use of services rather than from uncertainty over the cost of those services.

Notes (Continued)



2.0 ACCOUNTING POLICIES

BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for sale financial assets and financial assets and financial liabilities (including derivatives instruments) at fair value through profit or loss.

Significant Accounting Estimates, Assumptions & Judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policy. Key areas in which judgment is applied include:

Statement of Compliance

These financial statements of Samba Foods Limited have been prepared in accordance with International Financial reporting Standards (IFRS) IFRS 1, First – Time Adoption of International Financial Reporting Standards, has been applied in preparing these financial statements. This is in conformity with the directives of the Institute of Chartered Accountants (ICAG) in collaboration with other regulatory bodies like Ghana Stock Exchange.

Segmental Reporting

The Company is only operating business in Ghana and therefore subject to only one geographical and economic condition. It therefore has no reporting segment and not necessary to prepare additional segment information as per IAS 14. The Company is not yet organized to support segment reporting as per IFRS 8 which has not been earlier adopted.

Functional and Presentation Currency

The financial statements are presented in Ghana Cedis, which is the Company's functional and presentation currency.

Foreign currencies

Foreign currency transactions are recorded in the functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated into the functional currency at rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the restatement of monetary assets and liabilities denominated in foreign currencies at year end are recognized in the income statement under the heading "other operating income or "other operating expenses".

The effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency is reported in the cash flow statements as part of the reconciliation of cash and cash equivalent at the beginning and end of the period. This amount is presented separately from cash flows from operating, investing and financing activities and includes the differences, if any, had those cash flows been reported at end of period exchange rates.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on the depreciable amount of each component on a straight-line

Notes (Continued)

basis over the anticipated useful life of the asset. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the Company would currently obtain from the disposal of an asset in similar age and condition as expected at the end of the useful life of the asset. The current annual depreciation rates for each class of property, plant and equipment are as follows:

	%
Land	60 years lease
Computers	30
Factory Equipment	20
Motor vehicles	20
Office Equipment, Furniture & Fittings	15

Costs associated with routine servicing and maintenance of assets are expensed as incurred. Subsequent expenditure is only capitalized if it is probable that future economic benefits associated with the item will flow to the Company.

The carrying values of property and equipment are reviewed for indications of impairment annually, or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Residual values, useful lives and methods of depreciation for property and equipment are reviewed, and adjusted if appropriate, at each financial year end.

Intangible assets

Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over 2 years.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Notes (Continued)



Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain the expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingent liabilities and contingent assets are not recognized in the financial statements but are disclosed.

Employee benefits - Social security & Provident Funds

The Company contributes to the national pension fund (defined contribution) governed by the Social Security & National Insurance Trust Fund law on behalf of employees. All employer contributions are charged to the income statement as incurred and are included under staff costs.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria are met before revenue is recognized.

{a}. Interest income

Interest income and expense are recognized in the income statement for all interest-bearing financial instruments, as interest accrues using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or interest expense. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

The effective interest rate is calculated on initial recognition of the financial asset or liability, estimating the future cash flows after considering all the contractual terms of the instrument but not future credit losses. The calculation includes all amounts for processing and commitment fees paid or received by the Company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument.

Where a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

{b} Commissions and fees

Commissions and fees revenues and expenses that are integral part of financial instruments and are included in the measurement of the effective interest rate are spread over the period of the financial instruments. Commission and fees in respect of services are recognized in the income statement when the related services are performed.

{c} Dividends

Revenue is recognized when the Company's right to receive the dividend is established.

Income tax

{a} Current income tax

Current income tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

{b} Deferred income tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Revenues, expenses and assets are recognized net of the amount of values added tax except:

- where the value added tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(c) Value Added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT except:

- (i) where the value added tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) Receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the Ghana Revenue Authority is included as part of receivables or payables in the statement of financial position.

Financial instruments – Initial recognition and subsequent measurement

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Available for Sale Assets

Available for sale financial assets are measured at fair value on the balance sheet, with gains and losses arising from changes in the fair value of investments recognized directly in equity, until the financial asset is either sold, becomes impaired or matures, at which time the cumulative gain or loss previously recognized in equity is recognized in the income statement. Interest calculated using the effective interest method is recognized in the income statement; dividends on available-for-sale equity instruments are recognized in the income statement when the Company's right to receive payment is established. Purchases and sales of securities and other financial assets are recognized on trade date, being the date that the Company is committed to purchase or sell an asset. If an available for sale instrument is determined to be impaired, the respective cumulative unrealized losses previously recognized in equity are included in the income statement in the period in which the impairment is identified. Impairment losses on available for sale equity instruments are reversed equity.

Held-to-Maturity Assets

Held-to-maturity assets are non-derivative financial instruments with fixed or determinable payments and maturity dates. Financial assets including Government of Ghana Index linked bonds are securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity and are measured at amortized cost using the effective interest method, less impairment losses.

Loans and Receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Notes (Continued)

The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

Financial Liabilities

Financial liabilities are classified as non-trading, held for trading or designated as held at fair value through profit and loss. Non-trading liabilities are recorded at amortized cost applying the effective interest method. Held for trading liabilities or liabilities designated as held at fair value through profit and loss, are accounted for as indicated above.

Determination of Fair Value of Financial Instruments

The fair value of a financial instrument traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations without any deduction of transaction costs. Where market prices are not available the Company establishes a fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants. For private equity investments that are not publicly traded, management uses comparisons to similar companies, relevant third party arm's length transactions and other information specific to the investment.

Derecognition of Financial Assets and Liabilities

A financial asset or a portion thereof, is derecognized when the Company's rights to cash flows has expired; or when the Company has transferred its rights to cash flows relating to the financial assets, including the transfer of substantially all the risk and rewards associated with the financial assets or when control over the financial assets has passed.

A financial liability is derecognized when the obligation is discharged, cancelled or expired.

Impairment of Financial Assets

{a} Framework for impairing financial assets

At each balance sheet date the Company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets has become impaired. Evidence of impairment may include indications that the borrower or group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, or the fact that the debt is being restructured to reduce the burden on the borrower.

{b} Loans and Advances

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being

Notes (Continued)



recognized within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

{c} Available-for-Sale Financial Assets

For available-for-sale financial investments, the Company assesses at each balance sheet date whether there is objective evidence that an investment or group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement) is removed from equity and recognized in income statement. Impairment losses on equity investments are not reversed through the same income statement. Increases in fair value after impairment are recognized directly in equity.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of 'Interest and similar income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement.

Issued debt and equity financial instruments

Financial instruments issued by the Company are classified as liabilities if they contain an obligation to transfer economic benefits. Financial instruments issued by the Company are classified as equity where they confer on the holder a residual interest in the Company.

Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including: cash and non-restricted balances with bank, treasury bills and other eligible bills, loans and advances, amounts due from other companies and short-term government securities.

Dividend

Dividend declared is treated as an appropriation of profit in the year of approval while dividend proposed is disclosed as a note to the financial statements.

Trade payables

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

Leasing

The company as a lessee

Operating leases relate to leases of building with lease terms of between 3 and 5 years. All operating lease contracts over 5 years contain clauses for 5-yearly market rental reviews. The company does not have an option to purchase the leased land at the expiry of the lease periods.

Notes (Continued)

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Placement

Placements are recognized initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Placements are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

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

Notes (Continued)



NOTES TO THE FINANCIAL STATEMENTS (CONTD)

4. Income	2018 GH¢	2017 GH¢
Sales	342,020	444,044
	342,020	444,044
5. Direct Cost	2018 GH¢	2017 GH¢
Opening Stock – Raw material	272,564	90,465
Purchases	217,851	373,603
Factory Wages	49,889	53,344
Overheads	36,209	83,926
	576,513	601,338
Add: Finished Goods b/f	12,780	7,658
Less: Raw Materials c/d	(345,904)	(272,564)
Less: Finished Goods c/d	(3,585)	(7,658)
	239,804	323,652
6. Administrative Expenses	2018 GH¢	2017 GH¢
Audit Fees	17,000	17,000
Salaries	166,725	176,903
Communication	4,224	5,461
Marketing Expenses	395	6,271
Travelling & Transport	16,123	21,706
Printing & Stationery	2,223	6486
Medicals	2,776	140
Vehicle Running Expenses	22,810	20,192
Rent	5,980	5,980
Electricity & Water	3,643	6,300
Security	-	165
Cleaning & Sanitation	1,724	1,078
Meetings	2,598	4,519
Insurance	2,547	871
Listing Expenses	4,000	20,000
Rates	-	-
Rep. & Mtce - Office Equipment	1,578	4,266
Registration & Licensing	5,435	3,300
	265,531	300,638

Notes (Continued)

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

7. Financial Charges	2018	2017
	GH¢	GH¢
Interest Charges	-	-
Bank Charges	572	3,562
	<u>572</u>	<u>3,562</u>
	<u><u>572</u></u>	<u><u>3,562</u></u>
8. Other Income	2018	2017
	GH¢	GH¢
Interest income	-	88,990
Vehicle Donation	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>88,990</u>
	<u><u>-</u></u>	<u><u>88,990</u></u>
9. Intangible Assets	2018	2017
	GH¢	GH¢
Balance Brought Forward	116,864	116,864
Addition	-	-
	<u>116,864</u>	<u>116,864</u>
	<u><u>116,864</u></u>	<u><u>116,864</u></u>
Amortization	46,746	23,373
Current Charge	23,373	23,373
	<u>70,119</u>	<u>46,746</u>
	<u><u>46,745</u></u>	<u><u>70,118</u></u>

This relates to expenses incurred to put rented factory premises in Shape. The balance carried forward and any additions during the year is written off over the remaining live of the lease.

Notes (Continued)



NOTES TO THE FINANCIAL STATEMENTS (CONTD)

10. Property Plant and equipment

Cost	Leasehold Premises GH¢	Motor Vehicles GH¢	Office Equip & Furniture GH¢	Computers GH¢	Factory Equipment GH¢	Total GH¢
Cost 1/1/18	2,494,767	169,000	160,115	19,100	1,478,859	4,321,841
Revaluation	-	-	-	-	-	-
Additions	-	-	-	-	293,441	293,441
Bal 31/12/18	2,494,767	169,000	160,115	19,100	1,772,300	4,615,282
Depreciation						
Cost 1/1/18	298,843	115,040	74,699	12,480	344,331	845,393
Charge for the Yr.	54,609	24,880	23,222	1,215	44,118	148,044
Bal 31/12/18	353,452	139,920	97,921	13,695	388,449	993,437
NBV 18	2,141,315	29,080	62,194	5,405	1,383,851	3,621,845

Notes (Continued)

Property Plant and equipment

Cost	Leasehold Premises GH¢	Motor Vehicles GH¢	Office Equip & Furniture GH¢	Computers GH¢	Factory Equipment GH¢	Total GH¢
Cost 1/1/17	2,494,767	169,000	158,225	10,050	502,528	3,334,570
Revaluation					0	
Additions	0	0	1,890	9,050	976,331	987,271
Bal 31/12/17	2,494,767	169,000	160,115	19,100	1,478,859	4,321,841
Depreciation						
Cost 1/1/17	189,625	61,080	28,255	10,050	285,235	574,245
Charge for the Yr.	54,609	26,980	23,222	1,215	29,548	135,574
Bal 31/12/17	244,234	88,060	51,477	11,265	314,783	709,819
NBV 17	2,250,533	80,940	108,638	7,835	1,164,076	3,612,022

Notes (Continued)



NOTES TO THE FINANCIAL STATEMENTS (CONTD)

11a. INCOME TAX EXPENSE	2018	2017
	GH¢	GH¢
Current Income Tax	-	-
Deferred Tax	(12,337)	1,466
	<u>(12,337)</u>	<u>1,466</u>

Deferred Tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 25% (2017: 25%). The movement on the deferred income tax account is as follows:

11b. DEFERRED TAX Asset/(Liability)	2018	2017
	GH¢	GH¢
At start of year	(690,528)	(691,994)
Income statement credit/(charge)	(12,337)	1,466
Balance at December 31	<u>(702,865)</u>	<u>(690,528)</u>

11c. Corporate Tax

Year of Assessment	Balance B/Fwd GH¢	Tax Charged / Adjustments GH¢	Tax Paid GH¢	Tax Outstanding GH¢
2014	(11,753)	8,183	(3,925)	(7,495)
2015	(7,495)	-	(15,510)	(23,005)
2016	(23,005)	-	(4,390)	(27,395)
2017	(27,395)	-	-	(27,395)
2018	(27,395)	-	-	(27,395)

12. Inventories	2018	2017
	GH¢	GH ¢
Raw Materials	3,124	8,914
Packaging Materials	342,780	263,650
Trading	3,585	12,780
	<u>349,489</u>	<u>285,344</u>

Notes (Continued)

13. Loan and Receivables		2018	2017
		GH¢	GH ¢
Trade Debtors		97,425	97,425
Deposit for Equipment		-	258,111
Prepayment - Rent		-	-
		<u>355,536</u>	<u>355,536</u>
14. Cash and Bank		2018	2017
		GH¢	GH¢
Unibank		27	3,375
Zenith Bank GHC		17,150	2,271
Zenith Bank USD		-	8,931
Zenith Fixed Deposit		-	6,300
Cash on Hand		-	801
		<u>17,177</u>	<u>21,678</u>
15. Stated Capital		2018	2017
Authorized Shares			
1,000,000,000 Ordinary Shares			
Issued Shares	No. of shares	GH¢	GH¢
Equity Contribution	<u>5,976,053</u>	<u>2,750,498</u>	<u>2,750,498</u>
Total	<u>5,976,053</u>	<u>2,750,498</u>	<u>2,750,498</u>
16. Accounts Payables		2018	2017
		GH¢	GH¢
Creditors		5,638	3,760
Statutory		-	-
		<u>5,638</u>	<u>3,760</u>
17. Other Payables		2018	2017
		GH¢	GH¢
Audit Fees		34,000	17,000
Salaries		331,406	164,848
Rent		5,122	30,000
System Consult		-	1,560
Directors		54,251	-
		<u>424,779</u>	<u>213,408</u>

Notes (Continued)



NOTES TO THE FINANCIAL STATEMENTS (CONTD)

18. Medium Term Loans

Lender	Balance as at Jan 1 2018 GH¢	Addition / Adjustment GH¢	Payments GH¢	Balance as at 31 Dec 2018 GH¢
Venture Capital	91,753	-	-	91,753
MOFA / ADB Loan	60,000	-	-	60,000
	151,753	-	-	151,753

MOFA relates to the cost of importing factory equipment.

19. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both.

The Company's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Company. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Company.

Key management compensation

The compensation paid or payable to key management for employee services is shown below:

	2018 GH¢	2017 GH¢
Total key management compensation	162,150	69,381

20. Financial Risk Management

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

Credit risk
Liquidity risk
Market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

Risk Management Framework

The Board of Directors has overall for the establishment and oversight of the company's risk management framework. The Board has established the Audit and Finance committee, which are

Notes (Continued)

responsible for developing and monitoring the company's risk management policies in their specified areas. The team includes selected members of executive management and report regularly to the Board of Directors on their activities.

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

The company's Audit and Finance Committee is responsible for monitoring compliance with the company's risk management policies and procedures, and for reviewing the adequacy of risky management framework in relation to the risks faced by the company. This committee is assisted in these functions by a risk management structure in all the units of the company which ensures a consistent assessment of risk management control and procedures.

Credit Risk

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

Allowances for Impairment

The company establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of risk and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for homogenous assets in respect of losses that have been incurred but not yet been identified. The collective loss allowance is determined based on historical data of payment for similar assets.

Liquidity Risk

Liquidity risk is the risk that the company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The company's approach to managing liquidity is to ensure that it will maintain adequate liquidity to meet its liabilities when due.

Market Risks

Market risk is the risk that changes in the money and capital market such as 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 on investments.

Foreign Currency Risk

The company is not exposed to currency risk as there are no transaction and balances denominated in currencies other than the functional currency

Operational Risk

Notes (Continued)



NOTES TO THE FINANCIAL STATEMENTS (CONTD)

Operational risk is the exposure to financial or other damage arising through unforeseen events or failure in operational processes and systems. Examples include inadequate controls and procedures, human error, deliberate malicious acts including fraud and business interruption. These risks are controlled and monitored through system controls, segregation of duties, exception and exposure reporting, business continuity planning, reconciliations, and timely and reliable management reporting.

21. Fair Values

Fair values versus carrying amounts

The fair values of financial assets and liabilities together with carrying amount shown in the balance sheet are as follows

	31 December 2018		31 December 2017	
	Carrying Amount GH¢	Fair Value GH¢	Carrying Amount GH¢	Fair Value GH¢
Assets				
Inventories	349,489	349,489	285,344	285,344
Loans and Receivables	51,813	51,813	355,536	355,536
Cash & Bank	17,177	17,177	21,678	21,678
	418,479	418,479	662,558	662,558
Liabilities				
Account Payables	5,638	5,638	3,760	3,760
Other Payables	424,779	424,779	213,408	213,408
Term Loan	151,753	151,753	151,753	151,763
	582,170	582,170	368,921	368,921

22. Event after the reporting period

No significant event occurred after the end of the reporting date which is likely to affect these financial statements.

23. Commitments

There were no commitments capital expenditure at the balance sheet date as at 31 December 2018

FINANCIAL TRANSPARENCY AND INFORMATION DISCLOSURE

1. Objectives of the Company :

To resolve Post Harvest losses and Food Securities Issues in the country.

2. Board's responsibilities regarding financial communications:

The Board recognizes the importance of two-way communication with the Company's shareholders. The Chair, and the CEO, meet regularly with major shareholders and report the views of such shareholders to the Board. As well as the Company giving a balanced report of financial results and progress at each AGM, all shareholders have an opportunity to ask questions in person.

3. The decision making process for approving transactions with related parties.

There is no decision making process for approving transactions with related parties

Auditing

4. Internal control systems.

The Board is responsible for maintaining a sound system of risk management and internal control, and for regularly reviewing its effectiveness. It has delegated authority to the Audit Committee to assist it in fulfilling its responsibilities in relation to internal control and financial reporting

The Board confirms that there is a robust process for identifying, evaluating and managing the principal risks to the achievement of Samba Food's objectives. This has been in place throughout 2018 and up to the date of this Report and is regularly reviewed by the Board and accords with the Internal Control

5. Process for appointment of external auditors

The procedure for the selection and appointment of external auditor is based on the following framework:

- (i) The Board is responsible for appointing the external auditor, subject to shareholder approval;
- (ii) If the role of external auditor becomes vacant, or if the Audit and Risk Committee otherwise considers it appropriate to do so, the Audit and Risk Committee will conduct a formal selective tendering process. Tenders will be evaluated in accordance with established criteria as appropriate at the time;
- (iii) The Committee shall ensure that prospective auditors are provided with sufficient information about the Company to develop an appropriate proposal and fee estimate;
- (iv) Once the review process has taken place the Audit and Risk Committee provides the Board with information concerning the process adopted in undertaking the review, the recommended external auditor and the reasons for the recommendation;

6. Process for interaction with external auditors.

- (i) Upon engagement, the external auditor will report to the Audit & Risk Committee, have unfettered access to management, staff, records, company facilities and will be permitted reasonable time to conduct its audit; and
- (ii) The Audit and Risk Committee will annually review the external auditor's performance and independence.

7. Duration of current auditors.

5 yrs. Since 2014

8. Auditors' involvement in non-audit work and the fees paid to the auditors.

Our Auditors are not involved in non-audit work. The external auditor services are limited to the statutory audit

Corporate Responsibilities and Compliance

9. Policy and performance in connection with environmental and social responsibility.

The company does have a Corporate Social Responsibilities Policy. But no CSR activity was conducted in 2018 because the operating performance of the company has not been positive.

10. A Code of Ethics for all company employees.

Directors, officers, employees and contract staff are required to comply with the Company Code of Conduct, which is intended to help them put Company's business principles into practice. This code clarifies the basic rules and standards they are expected to follow and the behaviour expected of them.

Code of ethics is part of the employee hand book. All employees have a hand book for ease of reference

We strive to maintain a healthy industrial relations environment in which dialogue between management and employees – both directly and, where appropriate, through employee representative bodies – is embedded in our work practices. On a quarterly basis, management briefs employees on our operational and financial results through various channels, including team meetings, face-to-face gatherings, an and email from the Chief Executive Officer.

Strong employee engagement is especially significant in maintaining strong business delivery in times of great change. We promote safe reporting of views about our processes and practices.

11. Code of Ethics for the Board and waivers to the ethics code.

Members of the Board of Directors are committed to observing and promoting the highest standards of ethical conduct in the performance of their responsibilities on the board.

Board members pledge to accept this code as a minimum guideline for ethical conduct and shall:

Accountability

1. Faithfully abide by the company regulations, by-laws and policies of Samba Foods.
2. Exercise reasonable care, good faith and due diligence in organizational affairs.
3. Fully disclose, at the earliest opportunity, information that may result in a perceived for actual conflict of interest.
4. Fully disclose, at the earliest opportunity, information of fact that would have significance in board decision-making.
5. Remain accountable for prudent fiscal management to association members, the board, and where applicable, to government and Professional Excellence
6. Maintain a professional level of courtesy, respect, and objectivity in all {Name of Organization} activities
7. Strive to uphold those practices and assist members of the board in upholding the highest standards of conduct

Board and Management Structure and Process

12. Risk management objectives, system and activities

Objectives

- To identify and prioritise potential risk events
- Help develop risk management strategies and risk management plans
- Use established risk management methods, tools and techniques to assist in the analysis and reporting of identified risk events
- Find ways to identify and evaluate risks
- Develop strategies and plans for lasting risk management strategies

Management has overall responsibility for the management of risks, and for the implementation and maintenance of control systems in accordance with the Board's policies. Specifically, divisional heads are responsible for ensuring that a process for creating risk awareness exists throughout the division. The divisional heads are responsible for all aspects of the operations in their divisions, including operational risk management and risk minimization.

Accountability for managing risks is clearly assigned to divisional heads. Also Divisional heads do understand the risks associated with providing services and be able to assess and control these risks.

13. Types and duties of outside board and management positions.

Charles Darko- Executive Director	Reipco Industries
Leticia Osafo-Addo	Managing Director (Samba Foods)
Kwame Osafo-Addo-	(Managing Director- Kwame Law LLC- Minnesota)
Awo Osafo-Addo	(Scientist- Yale University- Connecticut)
Fussieni Issah	(MP- Ghana Govt)
Tutu Kwachie	(HODA holding)
Kwado Opoku Okoh	(HODA holding)

14. Number of outside board and management positions held by the directors.

15. Qualifications and biographical information on board members.

16. Professional development and training activities.

NONE

17. Composition of board of directors (executives and non-executives).

Charles Darko	Chairman	Non Executive
Leticia Osafo-Addo	Managing Director	Executive
Kwame Osafo-Addo	Director	Non Executive
Awo Osafo-Addo	Director	Non-Executive
Fusieni Issah	Director	Non Executive
Kwado Opoku Okoh	Director	Non-Executive
Tutu Kwachie	Director	Non Executive

18. Performance evaluation process

NO

19. Role and functions of the board of directors and committees of the board.

ROLE OF DIRECTORS

The roles of the Chair, a non-executive role, and the CEO are separate, and the Board has agreed their respective responsibilities. The Chair is responsible for the leadership and management of the Board

and for ensuring that the Board and its committees function effectively. One way in which this is achieved is by ensuring Directors receive accurate, timely and clear information.

The CEO bears overall responsibility for the implementation of the strategy agreed by the Board, the operational management of the Company and the business enterprises connected with it. He is supported in this by the Executive Committee which he chairs.

NON-EXECUTIVE DIRECTORS

Non-executive Directors are appointed by the Board or by shareholders at general meetings and, in accordance with the Code. Upon appointment, Non-executive Directors confirm they are able to allocate sufficient time to meet the expectations of the role.

The Non-executive Directors bring a wide range and balance of skills and experience to the Company. Through their contribution to Board meetings and to Board committee meetings, they are expected to challenge constructively and help develop proposals on strategy and bring independent judgement on issues of performance and risk.

The Board recognises its collective responsibility for the long-term success of the Company. This includes: overall strategy and management; corporate structure and capital structure; financial reporting and control, oversight and review of risk management and internal control; significant contracts; and succession planning and new Board appointments.

20. Existence of procedure(s) for addressing conflicts of interest among board members.

CONFLICTS OF INTEREST

Certain statutory duties with respect to directors' conflicts of interest are in force under the Companies Act 1963 (the Act). In accordance with the Act and the regulations, the Board may authorise any matter that otherwise may involve any of the Directors breaching their duty to avoid conflicts of interest.

The Board has adopted a procedure to address these requirements. It includes the Directors completing detailed conflict of interest questionnaires. The matters disclosed in the questionnaires are reviewed by the Board and, if considered appropriate, authorised in accordance with the Act and the Regulations. Conflicts of interest as well as any gifts and hospitality received by and provided by Directors are kept under review by the Board.

21. Independence of the board of directors.

All the Non-executive Directors are considered by the Board to be wholly independent.

22. Determination and composition of directors' remuneration

23. Checks and balances" mechanisms balancing the power of the CEO with the power of the board.

The roles of the Chair, a non-executive role, and the CEO are separate, and the Board has agreed their respective responsibilities. The Chair is responsible for the leadership and management of the Board and for ensuring that the Board and its committees function effectively. One way in which this is achieved is by ensuring Directors receive accurate, timely and clear information.

The CEO bears overall responsibility for the implementation of the strategy agreed by the Board, the operational management of the Company and the business enterprises connected with it. He is supported in this by the Executive Committee which he chairs.



The Management Committee operates under the direction of the CEO in support of his responsibility for the overall management of the Company's business. The CEO has final authority in all matters of management that are not within the duties and authorities of the Board or of the shareholders' general meeting

ADMISSION / PROXY FORM



4th Annual General Meeting for Samba Foods Ltd.
to be held on the premises of Samba Foods Ltd.
(West Coast Dyeing Ltd. compound, Heavy Industrial Area,
Tema, Ghana) on Friday 12th July 2019 at 11:00 AM.

1. This Admission card must be produced by the shareholder or his/her Proxy in order to obtain entrance into the meeting.
2. Shareholders or their proxies are requested to sign the admission card below

Name of Share Holder: _____

Name of Person Attending: _____

Signature: _____ **Date:** _____



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Certificate of Merit

presented to

SAMBA FOODS LIMITED

AS WINNER OF THE **SME GHANA AWARDS SMEGA'17**
SME TECHNOLOGY ADOPTION AWARD

Date: 27/09/2018


Events Director



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Certificate of Merit

presented to

SAMBA FOODS LIMITED

AS WINNER OF THE **SME GHANA AWARDS SMEGA'17**
SME TRADE SECTOR AWARD
FOOD & WATER PRODUCTS

Date: 27/09/2018


Events Director





Nito
Pepper Sauce
Tastes like
Home

Nito

WITH
SHRIMPS AND FISH

WITH
SHRIMPS AND FISH

WITH
SHRIMPS AND FISH

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