HORDS LIMITED

FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30TH JUNE, 2019.

TABLE OF CONTENTS

GENERAL INFORMATION

Board of Directors:	Mr. Kwame Ofori Asomaning (Chairman) Nana Ofori Owusu Mr. Fiifi Simpson Mr. Harold Otabil (Managing Director) Mr. Kobina Nkum Akwa
Secretary:	GN Legal Limited H/NO. 5 Mozambique link Road, North Ridge, Accra P.O. BOX CT 3998 Cantonments. Accra
Registered Office:	3 Kanda, Accra Kade avenue street
Bankers:	GN Bank Zenith Bank

HORDS LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION FOR THE HALF YEAR ENDED 30 JUNE 2019(All amounts are expressed in Ghana Cedis)

	Notes	June,2019	June,2018
Assets			
Property, plant and equipment	5	1,179,757	1,249,944
Intangible Assets	6	311,768	370,475
Total non-current assets		**1,491,525**	**1,620,419**
Inventories	7	792,643	593,710
Trade and other receivables	8	469,968	431,679
Taxation		3,000	3,000
Deferred tax	14	212,179	218,590
Financial instrument	9	1,808,040	1,554,682
Cash and cash equivalents	10	21,946	40,488
Total current assets		**3,307,776**	**2,842,149**
Total assets		**4,799,301**	**4,462,568**
Equity			
Share capital	11	3,250,000	3,250,000
Reserves and Surplus	12	(174,425)	(174,425)
Retained earnings		1,224,938	950,000
Total equity		**4,300,513**	**4,025,575**
Current liabilities			
Trade and other payables	15	466,433	404,638
Borrowings	13	32,355	32,355
Total current liabilities		**498,788**	**436,993**
Total equity and liabilities		**4,799,301**	**4,462,568**

The accompanying notes on pages 7 to 29 form part of these financial statements

These financial statements were approved by the Board of Directors and signed on its behalf by:

....
Director Director
Date: Date: 23/7/19

HORDS LIMITED
UNADITED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2019 (All amounts are expressed in Ghana Cedis)

	Notes	June,2019	June,2018
Revenue		1,442,587	1,787,681
Cost of sales	16	(1,023,062)	(1,299,670)
Gross profit		**419,525**	**488,011**
Selling and Distribution costs	17	(31,306)	(37,251)
General and Administrative expenses	18	(382,594)	(471,707)
Operating profit		**5,625**	**(20,947)**
Other Income	19	141,130	174,358
Profit before tax		**146,755**	**153,411**
Profit after tax		**146,755**	**153,411**
Other comprehensive income		-	-
Total comprehensive income		**146,755**	**153,411**

The accompanying notes on pages 7 to 29 form part of these financial statements

HORDS LIMITED
UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE HAF YEAR ENDED 30TH JUNE, 2019 *(All amounts are expressed in Ghana Cedis)*

	Share Capital	Reserves and Surplus	Retained Earnings	Total Equity
Half year ended June 2019				
Balance at 1 January 2019	3,250,000	(174,425)	1,078,183	4,153,758
Total comprehensive income	-	-	146,755	146,755
Balance at 30 June	**3,250,000**	**(174,425)**	**1,224,938**	**4,300,513**

The accompanying notes on pages 7 to 29 form part of these financial statements

HORDS LIMITED
UNAUDITED STATEMENT OF CASH FLOW FOR THE HALF YEAR ENDED 30 JUNE, 2019(All amounts are expressed in Ghana Cedis)

		June,2019	June,2018
Cash Flow from Operating Activities		**GH¢**	**GH¢**
Profit/ (Loss) before Taxation		146,755	153,411
Adjustments for:			
Depreciation		42,281	48,296
Amortization		28,343	32,339
Interest Income		(141,130)	(150,139)
Profit on Disposal		-	(24,219)
Operating Profit before Working Capital Changes		76,249	56,222
(Increase)/Decrease in Accounts Receivables		86,886	(85,513)
(Increase)/Decrease in inventories		227,112	44,346
Increase / (Decrease) in Accounts Payable		(379,504)	(162,545)
Cash Generated from operations		10,743	(147,489)
Net cash flow from operating activities		**10,743**	**(147,489)**
Cash flows from investing activities			
Purchase of Property, Plant and Equipment	5	(10,200)	53,820
Purchase of Investment		-	-
Net cash flow used in investing activities		**(10,200)**	**53,820**
Cash flows from financing activities			
Short Term Loans		-	-
Net cash flow from financing activities		-	-
(Decrease)/ Increase in cash and cash equivalents		**543**	**(93,669)**
Cash and cash equivalent at 1st January		21,403	134,157
Cash and cash equivalents at 31st Dec.		**21,946**	**40,488**

1. GENERAL INFORMATION

HORDS Limited is a wholly own Ghanaian indigenous company, registered in 1999 as a limited liability company to research, develop and produce Cereals, detergents and other food supplements in Ghana.

The company adds value to raw material such as cocoa, cassava, soya, and herbs to produce food supplements, breakfast cereals detergents and disinfectants and laundry starch. In the last 12 years, HORDS has focused on researching its products and has launched Brown Gold, Soyabetix, Cocobetix, and Spray Starch as flagship brands to the market.

2. BASIS OF PREPARATION

The company adopted international financial reporting standards (IFRS) with effect from 1 January 2015 which is the date of transition to IFRS.

The financial statements are prepared on the historical cost basis, in accordance with International Financial Reporting Standards (IFRS) and comply with the requirement of the companies Act 1963 (Act 179).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note...

2.1. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

2.2. Functional and Presentational Currency

The financial statements are presented in Ghana Cedis (GH¢) which is the functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all transactions in the year presented, unless otherwise stated.

Employee Benefits

i. Short term obligations

Wages and salaries paid to employees are recognized as an expense in the statement of comprehensive income during the period when the expense is incurred. Also, the expected cost of outstanding leave as at the statement of financial position date is also recognized as an additional amount. Liabilities for wages, salaries, and outstanding or unused annual leave expected to be settled within 12 months of the reporting date are recognized in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

ii. Pensions obligations

The Company contributes towards the defined contribution plans in compliance with The National Pensions Act (Act 766). The Company is required to make a monthly contribution of 13% of employees' basic salaries, whilst the employee makes a contribution of 5.5%, making a total of 18.5% of workers basic salaries. The Act seeks to implement a three–tier pension scheme which is regulated by the National Pension Regulatory Authority (NPRA):

a) Tier 1 & 2- Basic National Social Security Scheme & Occupational pension scheme

Employees and employers contribute 5.5% and 13% respectively of employees' basic salaries, making a total of 18.5%, towards the Tier 1 & 2 pension schemes. The first-tier is a basic national social security scheme and is mandatory for all employees. Out of the total 18.5%, 13.5% is paid to Social Security and National Insurance Trust who manages 11% of the amount, and remit the rest (2.5%) to the National Health Insurance Scheme. However, the second-tier is also mandatory and it is 5% of basic salaries of employees. The second-tier provides a lump sum payment upon retirement or death and can also be used by employees to secure mortgages. Retirement can result from either or attainment of retirement age, due to medical reasons, becoming self-employed or unemployed at the age of fifty or a result of permanent disability.

b) Tier 3 – Provident Fund Scheme

The Company is yet to establish a provident fund scheme for its employees.

Foreign currency translation

The company's financial statements are presented in Ghana cedis (GH¢) which is also the company's functional currency. Items included in the financial statements of the company are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the income statement

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non- monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined

Revenue recognition

i. Sale of goods

Revenue from sales of goods is recognized when the goods are delivered and title has passed. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes collected on behalf of the Government

ii. Investment income

Investment income for all financial instruments, including financial instruments measured at fair value through income statement is recognized within 'investment income' in the statement of comprehensive income using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Financial instrument

Assets and liabilities in this category are classified as current assets and current liabilities if they are expected to be realized within 12 months of the balance sheet date. Those not expected to be realized within 12 months of the balance sheet date are classified as non-current.

Financial assets are derecognized when the right to receive cash flows from the investments have expired or has transferred substantially all risks and rewards of ownership.

Investment income from financial assets at fair value through profit or loss is recognized in the statement of comprehensive income within investment income when the right to receive payments is established. Investment income is recognized in the statement of comprehensive income.

Financial Instruments Disclosure

HORDS limited discloses information about the right to set- off and related party transaction.

Impairment of financial assets

The company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as change in arrears or economic conditions that correlate with defaults.

Derecognition of financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or

- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the company has transferred substantially all risks and rewards of the asset, or

(b) the company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under the "pass- through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognized to the extent of the company's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of non-financial assets

The carrying values of property, plant 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 or cash-generating units to which the asset belongs are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price 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 assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalue amount, in which case the reversal is treated as a revaluation increase.

Taxation

(a)Income tax

Income tax is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly in shareholders' equity or other comprehensive income, in which case it is recognized in shareholders' equity or other comprehensive income.

Current tax assets and liabilities for the current and prior periods 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 reporting date. Current tax assets and liabilities are offset when the Company intends to settle on net basis and the legal right to set-off exists.

(b)Deferred income tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

when the deferred income tax liability arises from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- when the deferred income tax assets relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

- 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 assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred 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 reporting date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Property, plant and equipment

The company recognizes an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it and the cost can be reliable measured by the company.

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 asset on a straight-line 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.

When significant parts of property, plant and equipment are required to be replaced in intervals, the company recognizes such parts as individual assets with specific useful lives and depreciation respectively. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The current annual depreciation rates for each class of property, plant and equipment are as follows:

Computer and Accessories	33.33%
Office Equipment	20%
Motor Vehicle	20%
Plant and Machinery	10%
Furniture and Fittings	20%

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

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. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognized.

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

Development Cost

Cost associated with developing the company's products are capitalized where;

- The technical and commercial feasibility associated with the product is established.
- The products have been fully developed and can be offered for sale.
- It is probable that future economic benefits associated with the products will flow to the entity
- The company is able to reliably measured the cost associated with developing the products

These costs are amortized over their estimated useful life (15 years)
Where the above criteria are not met the expenditures incurred are written off in the profit or loss account.

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 their estimated useful lives (three years).

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

Inventory

Inventories are stated at the lower of cost and selling price less cost to complete and sell. Cost is calculated using the first in first out (FIFO) method.

Trade and other Receivables

Most sales are made on the basis of credit terms. At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized in the statement of comprehensive income.

Trade payable and accruals

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. If not, they are presented as non-current liabilities. Liabilities are recognized for amount to be paid in the future for goods or services received whether billed by the supplier or not.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. Cash on hand and at the bank and short-term deposits, which are held to maturity are carried at cost. For the purpose for the statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposit in bank and highly liquid investments.

Borrowing cost

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortized cost. Any difference in the proceeds (net transaction costs) and the redemption value is recognized as borrowing cost.

Borrowings are classified as current liability unless the company has unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs are accounted for in line with IAS 23 allowed for alternative treatment. Borrowing costs which are directly attributable to the construction or acquisition of specified assets is capitalized as part of the asset. All other borrowing costs are expensed in profit and loss in the period they were incurred.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset.

i.Operating lease

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

ii.Finance lease

Asset acquired under the finance leases are capitalized at the inception of the lease at the lower of their fair value and the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligation, net of finance charges, are included in non-current liability. The interest element of the finance charge is charge to the statement of comprehensive income over the lease period.

IFRS 9 Financial Instruments

IFRS 9 published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The company is assessing the potential impact on its financial statements resulting from the application of IFRS 9. Given the nature of the company's operations, this standard is expected to have a pervasive impact on the company's financial statements. In particular, calculation of impairment of financial instruments on an expected credit loss basis is expected to result in an increase in the overall level of impairment allowances.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue can be recognized:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and recognise the revenue as each performance obligation is satisfied.

Key changes to current practice are:

Any bundled goods or services that are distinct must be separately recognized, and any discounts or rebates on the contract price must generally be allocated to the separate elements.

Revenue may be recognized earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) – minimum amounts must be recognized if they are not at significant risk of reversal.

The point at which revenue is able to be recognized may shift: some revenue which is currently recognized at a point in time at the end of a contract may have to be recognized over the contract term and vice versa.

There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.

As with any new standard, there are also increased disclosures.

Clarification of Acceptable Methods of Depreciation and Amortization – Amendments to IAS 16 and IAS 38

The amendments clarify that a revenue-based method of depreciation or amortization is generally not appropriate.

This amendment is effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted.

The IASB has amended IAS 16 Property, Plant and Equipment to clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment.

IAS 38 Intangible Assets now includes a rebuttable presumption that the amortization of intangible assets based on revenue is inappropriate. This presumption can be overcome if either:

•The intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or

•It can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

Amendments to IAS 12

The amendments clarify that a temporary difference is calculated by comparing the carrying amount of an asset against its tax base at the end of the reporting period. When an entity determines whether or not a temporary difference exists, it should not consider the expected manner of recovery of the related assets (for example, by sale or by use); or whether it is probable that any deferred tax asset arising from a deductible temporary difference will be recoverable. How is future taxable profit estimate?

The IASB clarified that: determining the existence and amount of temporary differences; and estimating future taxable profit against which deferred tax assets can be utilized are two separate steps.

Estimating future taxable profit inherently includes the expectation that an entity will recover more than the carrying amount of an asset. Therefore, if an entity considers it is probable that it can realize more than the carrying amount of an asset at the end of a reporting period, it should incorporate this assumption into its estimate of future taxable profit

4. Critical accounting estimates andjudgments.

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

i. Critical accounting estimates and assumption

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculation for which the ultimate tax determination is uncertain during the course of business. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Property, plant and equipment

The company's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on management understanding of the operations of the company and could change based on actual usage. Management will increase or decrease the depreciation charge where the useful lives differ from previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Receivables

Critical estimates are made by the directors in determining the recoverable amount of impaired receivables.

ii. Critical judgments in applying the company's accountingpolicies

In the process of applying the company's accounting policies, management has made judgement in determining

- The classification of non current assets
- Whether assets are impaired, and
- Provisions and contingent liabilities.

5. Property, plant and equipment

2019

	Land and Building	Motor Vehicle	Plant and Machinery	Office Equipment	Furniture and fittings	Computer and Accessories	Total
Cost							
As at 1 January	1,251,997	268,880	59,076	16,086	20,982	7,234	**1,624,255**
Additions during the period	-	-	-	-	-	10,200	**10,200**
As at 30 June	**1,251,997**	**268,880**	**59,076**	**16,086**	**20,982**	**17,434**	**1,634,455**
Accumulated Depreciation							
As at 1 January	164,189	173,00	41,177	15,544	11,265	7,234	**412,417**
Charge for the period	10,158	26,888	2,828	542	1,582	283	**42,281**
As at 30 June	**174,347**	**199,896**	**44,005**	**16,086**	**12,847**	**7,517**	**454,698**
Net Book Value	**1,077,650**	**68,984**	**15,071**	**-**	**8,135**	**9,917**	**1,179,757**

6. Intangible Assets

2019	Development Cost	Computer Software	Total
Cost			
As at 1 January	821,364	24,000	845,364
Additions during the period	-	-	-
As at 30 June	**821,364**	**24,000**	**845,364**
Accumulated Depreciation			
As at 1 January	481,253	24,000	505,253
Charge for the period	28,343		28,343
As at 30 June	**509,596**	-	533,596
Net Book Value	**311,768**	-	**311,768**

Intangible Assets represent amount spend in developing the products by the Company

7. Inventories

	June 2019	June 2018
Finished Goods	86,873	70,740
Raw Materials	625,023	399,050
Packaging Materials	80,551	123,920
	792,447	**593,710**

8. Trade and Other Receivables

	June 2019	June 2018
Trade receivables	374,047	283,371
Staff Debtors	94,677	135,103
Prepayments	1,244	13,2015
	469,968	**431,679**

9 Financial Instrument

	June 2019	June 2018
Investment in Mutual Funds	1,666,910	1,404,544
Net movement in investment securities	-	-
Accrued interest	141,130	150,138
As at 30 June	**1,808,040**	**1,554,682**

10. Cash and Cash Equivalent

	June 2019	June 2018
GN Bank	8,374	33,621
Cash in hand	13,572	6,867
	21,946	**40,488**

The financial asset has been classified as fair value through profit or loss

11. Stated Capital

The authorized shares of the company are 200,000,000 ordinary shares of no par value of which 114,947,561 have been issued as follows:

	Number of shares	June 2019	June 2018
Issue of Shares	114,947,561	3,250,000	3,250,000
At 30 June	**114,947,561**	**3,250,000**	**3,250,000**

There is no unpaid liability on any shares and there are no treasury shares

12. Reserve and Surplus

This relates to floatation cost incurred in raising the GH¢ 3 million Equity Shares

13. Borrowings - Short term

	June 2019	June 2018
Ghana Growth Fund Limited	32,355	32,355
	32,355	32,355

14. Taxation

	June 2019	June 2018
(a)Income Tax Expense		
Current income tax	-	-
Deferred tax Liability/(Asset)	-	12,497
	-	**12,497**

c) Deferred Tax

Deferred tax is calculated, in full on all temporary differences under the liability method using a principal tax rate of 25% (2016: 25%). The movement on the deferred income tax account is as follows:

	June 2019	June 2018
At start of year	(212,179)	(218,590)
Income statement charge	-	-
At end of year	**(212,179)**	**(218,590)**

15. Trade and Other Payables

	June 2019	June 2018
Trade payables	(144,498)	-
Other Payables	610,931	404,638
	526,308	**404,638**

16. Cost of sales

This comprises raw materials, packaging materials and production costs as follows:
Cost of raw materials consumed

	June 2019	June 2018
Raw/Packaging Materials Consumed	1,004,567	1,275,394
Production overhead	18,495	24,276
	1,023,062	**1,299,670**

17. Selling and Distribution Expenses

	June 2019	June 2018
Fuel and Lubricants	18,795	13,349
Transport and Travel	5,677	9,367
Marketing Expenses	6,834	14,535
	31,306	**37,251**

18. Administrative and General Expenses	**June 2019**	**June 2018**
Depreciation Expense	70,628	77,168
Bank Charges	875	1,513
Cleaning And Sanitation	2,621	3,996
Directors' Fees	22,500	22,500
Insurance	10,965	16,625
IT Services	1,200	2,100
Legal Expense	6,300	9,000
Printing & Stationery	735	4,574
Professional Services	-	25,097
Refreshment	-	330
Registration And Licensing	6,447	7,678
Staff Cost	225,899	256,662
Staff Welfare Expenses	-	500
Telecommunication	8,675	6,614
Travel And Transport	2,839	4,683
Water Expenses	4,475	7,700
Repairs And Maintenance	12,530	17,417
Electricity Expenses	5,700	7,550
Safety Expense	205	
	382,594	**471,707**

19. Other Income

	June 2019	**June 2018**
Profit on Disposal	-	24,219
Interest on Mutual Fund Investment	141,130	150,139
	141,130	**174,358**