



HORDS PLC

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

HORDS PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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HORDS PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

Auditor: CFY Partners
13 Oshimpa street
P.O.Box GP 8941
Accra

Banker: Zenith Bank

REPORT OF THE DIRECTORS TO THE MEMBERS OF HORDS PLC

In accordance with section 136 of the Companies Act, 2019 (Act 992), the Directors have the pleasure in presenting their report and the financial statements for the year ended 31 December 2019.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view of HORDS Plc, comprising the statements of financial position as at 31 December, 2019 and statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 2019 (Act 992), and the Security Industry Act, 2016 (Act 929) In addition, the Directors are responsible for the preparation of the Directors' Report.

The Directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

Principal activities

The company's business is in areas of manufacturing of food and beverages, food supplements, detergents, laundry products, agricultural consultants and importation and exportation of goods.

Financial results

The financial results of the company for the year ended 31 December 2019 are set out in the attached financial statements, highlights of which are as follows

The results are summarized as follows

Total comprehensive income for the year ended 31 December 2019 after tax is	GH¢
to which is added to the retained earnings balance brought forward of	345,904
leaving the retained earnings balance carried forward of	<u>1,078,183</u>
	<u>1,424,087</u>

Dividend

The Directors do not recommend the payment of dividend to the shareholders

Related companies

HORDS Plc is related to the under mentioned company

Name	Country of incorporation	Nature of business
Ghana Growth Fund Limited	Ghana	Private equity investment

REPORT OF THE DIRECTORS TO THE MEMBERS OF HORDS PLC

Change in business of related company

There was no change in business of related party

Particulars of entries in the interests register during the financial year

There were no entries in the interest register of Directors during the year.

Directors' capacity building

The Directors of HORDS Plc have years of relevant experience in manufacturing of consumer product and importation and exportation of goods. As part of discharging its duties, the directors had training on the new Companies Act 2019 (Act 992) to have thorough understanding of their additional duties and responsibilities enshrined in the new Act

Corporate social responsibility

The company did not engage in any corporate social responsibility activity during the year.

Auditor

The auditor, CFY Partners, have indicated their willingness, to continue in office pursuant to Section 139 (5) of the Companies Act 2019 (Act 992).

Audit fees

The amount payable by way of audit fees is **GHS 18,000** exclusive of the applicable VAT/NHIL and GETFL

Acknowledgment

The Board of Directors hereby expresses its sincere appreciation for the support, loyalty, and dedicated service of the staff, management, and all stakeholders of the company over the past year.

Finally, our sincere thanks to our cherished customers for the steadfast loyalty and confidence in our products and our business.

Approval of the Report of the Directors

The Report of the Directors of the company was approved by the Board of Directors on 21-4, 2020 and was signed on its behalf by:

BY ORDER OF THE BOARD

Name of Director: HAROLD OTABIL

Signature:

HSSOZ
5
21st April 2020

Name of Director: A. Fifi Simpson

Signature:

[Signature]
4
21st April, 2020

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HORDS PLC**

Opinion

We have audited the financial statements of HORDS Plc which comprise the statement of financial position as at 31 December 2019, statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 13 to 36

In our opinion, the accompanying financial statements give a true and fair view of the financial position of HORDS Plc as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992), and the Security Industry Act, 2016 (Act929)

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

Investment in mutual fund GHS 1,871,473	Our audit work included the following
<p>Refer to note 8. HORDS Plc has an investment in mutual fund valued at GHS 1,871,473 in Gold Money Market Fund Limited managed by Gold Coast Fund Management</p> <p>Gold Coast Fund Management's licence was revoked by Security and Exchange Commission (SEC) on the 8 November 2019.</p> <p>The Directors of the mutual fund were directed by SEC on 15 November 2019 to appoint new fund managers for the management of the fund by 10 January, 2020 pursuant to SEC Notice SEC/PN/018/12/2019</p> <p>As of the period of signing the audit report the Directors had not complied with the directive of appointing new fund manager by SEC. There is a significant risk that the investment in the mutual fund does not exist</p>	<p>We obtained statement on the investment balance</p> <p>We reviewed SEC statement that investment in listed companies, mutual funds and GOG instrument will not be affected as they are typically held by third parties as custodians and the central depository</p> <p>We obtained and reviewed the Security and Exchange Commission (SEC) Notice No. SEC/CIR/001/01/20 which stated that in accordance with Act 929, SEC shall engage the respective Trustees and Directors, in the interest of investors in order to determine other possible courses of action for unitholders of the unit trust/mutual funds that were unable to meet the requirement of the previous Notice SEC/PN/018/12/2019 and same communicated in due course</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORDS PLC

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report, as required by the Companies Act 2019 (Act 992), but does not include the financial statements and our auditors' report thereon.

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

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

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Board of Directors for the financial statements.

The Board of Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992), and the Security Industry Act, 2016 (Act929) and for such internal control as management determines 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 Board of 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 Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HORDS PLC**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation and obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on other legal requirements

The seventh schedule of the Companies Act, 2019 (Act 992) 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;
- ii. in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- iii. the company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent Auditor's report is **Nii Akwei Tetteh** (ICAG/P/1381).

CFY Partners
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CFY Partners (ICAG/F/2020/073)
Chartered Accountants
13 Oshimpa street
P.O.Box GP 8941
Accra, Ghana.

27-04-
.....2020.

HORDS PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019
(All amounts are expressed in Ghana Cedis)

Assets	Note	2019	2018
Non-current assets			
Property, plant and equipment	4	1,130,047	1,211,838
Intangible assets	5	<u>298,065</u>	<u>340,111</u>
Total non-current asset		<u>1,428,112</u>	<u>1,551,949</u>
Current assets			
Inventory	6	1,049,758	1,019,755
Receivables	7	340,341	556,854
Current taxation	13	3,000	3,000
Deferred tax	13	164,316	212,179
Mutual fund investment	8	1,871,473	1,666,910
Cash and cash equivalent	9	<u>88,692</u>	<u>21,403</u>
Total current assets		<u>3,517,580</u>	<u>3,480,101</u>
Total assets		<u>4,945,692</u>	<u>5,032,050</u>
Equity and liabilities			
Stated capital	10	3,250,000	3,250,000
Reserve and surplus	11	(174,425)	(174,425)
Retained earnings		<u>1,424,087</u>	<u>1,078,183</u>
Total equity		<u>4,499,662</u>	<u>4,153,758</u>
Liabilities			
Long term liabilities			
Loans	12	<u>32,355</u>	<u>34,305</u>
Current liabilities			
Payables	14	<u>413,675</u>	<u>843,987</u>
Total liabilities		<u>446,030</u>	<u>878,292</u>
Total liabilities and equity		<u>4,945,692</u>	<u>5,032,050</u>

The accompanying notes on pages 13 to 36 form part of these financial statements

These financial statements were approved by the Board of Directors on 21-4-2020 and signed on its behalf by:



21st April 2020



21st April, 2020⁸

HORDS PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019 *(All amounts are expressed in Ghana Cedis)*

	Note	2019	2018
Revenue		3,124,425	3,427,267
Cost of sales	15	<u>(2,041,136)</u>	<u>(2,467,859)</u>
Gross profit		1,083,289	959,408
Selling and distribution expense	16	(111,084)	(81,235)
Administrative expenses	17	(651,865)	(743,667)
Directors' remuneration	19	(113,136)	(113,136)
Auditor's remuneration		<u>(18,000)</u>	<u>(18,000)</u>
Operating profit		189,204	3,370
Finance cost		-	(1,950)
Other income	18	204,563	286,585
Profit before tax		393,767	288,005
Income tax expense	13	<u>(47,863)</u>	<u>(6,411)</u>
Profit after tax		<u>345,904</u>	<u>281,594</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>345,904</u>	<u>281,594</u>

HORDS PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019
(All amounts are expressed in Ghana Cedis)

	Stated capital	Retained earnings	Total equity
Year ended December 31, 2019			
Balance at 1 January 2019	3,250,000	1,078,183	4,328,183
Total comprehensive income	<u>-</u>	<u>345,904</u>	<u>345,904</u>
Balance at 31 December 2019	<u>3,250,000</u>	<u>1,424,087</u>	<u>4,674,087</u>
Year ended December 31, 2018			
Balance at 1 January 2018	3,250,000	796,589	4,046,589
Total comprehensive income	<u>-</u>	<u>281,594</u>	<u>281,594</u>
Balance at 31 December 2018	<u>3,250,000</u>	<u>1,078,183</u>	<u>4,328,183</u>

HORDS PLC
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2019
(All amounts are expressed in Ghana Cedis)

	Note	2019	2018
Cash flow from operating activities			
Profit before tax		393,767	288,005
Adjustments for:			
Depreciation	6	83,491	87,136
Amortisation	7	57,546	62,703
Interest income	18	(204,563)	(262,366)
Gain on disposal of motor vehicle		-	(24,219)
Operating cash flow before working capital		<u>330,241</u>	151,259
Changes in working capital			
Decrease/(increase) in accounts receivables		216,513	(210,688)
(Increase) in inventories		(30,003)	(381,699)
(Decrease)/increase in payables		<u>(430,312)</u>	<u>278,754</u>
Net cash inflow/(outflow) from operating activities		<u>86,439</u>	<u>(162,374)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(1,700)	(4,200)
Purchase of intangibles asset	5	(15,500)	
Proceeds from disposal of asset		-	53,820
Net cash (outflow)/ inflow from investing activities		<u>(17,200)</u>	<u>49,620</u>
Cash flows from financing activities			
Repayment of loan		<u>(1,950)</u>	-
Net cash (outflow) from financing activities		<u>(1,950)</u>	-
Net increase/(decrease) in cash and cash equivalent		67,289	(112,754)
Cash and cash equivalent at 1 January		<u>21,403</u>	<u>134,157</u>
Cash and cash equivalent at 31 December	9	<u>88,692</u>	<u>21,403</u>

HORDS PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(All amounts are expressed in Ghana Cedis)

1. GENERAL INFORMATION

HORDS Plc is a wholly 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and with requirements of the Companies Act, 2019 (Act 992) and Security Industry Act 2016 (Act 929)

2.2 Use of judgments and estimates

The Company's financial reporting and its financial results are influenced by the accounting policies, assumptions, estimates, and management judgement which necessarily have to be made in the course of preparation of the financial statements.

All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events and are considered appropriate under the given circumstances. Accounting policies and management's judgements for certain items are especially critical for the Company's results and financial position due to their materiality in amount. This applies to the following:

a) Income and deferred taxes

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

b) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The company uses its judgement to select a variety

HORDS PLC
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of methods and make assumptions that are mainly based on market condition existing at the end of each reporting period.

c) Impairment of financial assets

The company assesses at each statement of financial position date whether objective evidence of impairment exists for any financial asset. A financial asset is deemed to be impaired 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 (loss event), and the loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the borrower is experiencing significant difficulty, default or delinquency in interest or principal payments, the probability that it 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 changes in arrears or economic conditions that correlate with defaults.

d) Useful lives of property, plant and equipment

Critical estimates are made by directors in determining depreciation rates for property and equipment. The rates used are set out in note 3.1

2.3 New and amended standard adopted by the company

IFRIC 23 Uncertainty over income tax treatments

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

judgments made; assumptions and other estimates used; and the potential impact of uncertainties that are not reflected. IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted. The company applied the standard in measuring the amount of tax reported in the financial statements

2.3.1 Standards, amendments and interpretations to existing standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective are disclosed below. The company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the

HORDS PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
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minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of 'material' is not expected to have a significant impact on the Company's financial statements.

None of these is expected to have a significant effect on the financial statements of the company

2.4 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 (NPRO):

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-

HORDS PLC
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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.

2.4 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.

2.5 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 statement of comprehensive income

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

2.6 Revenue recognition

2.6.1 Sale of goods

The company recognizes revenue when the control of a good or service is transferred to a customer. 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. The company adopted a five-step process in recognizing revenue as follows:

- Identified contracts with customers
- Identified the separate performance obligation
- Determined the transaction price of the contract
- Allocated the transaction price to each of the performance obligation
- Recognised revenue as each performance obligation is satisfied

2.6.2 Investment income

Investment income for all financial instruments, including financial instruments measured at fair value through profit or loss 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.

2.7 Financial instrument

i. Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument. Trade receivables are amounts due from customers for goods sold and services rendered in the ordinary course of business. Trade receivables have a short-anticipated term and therefore recognised initially at fair value and subsequently at nominal value, less provision for impairment

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly

attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. The company's financial assets include investment in mutual fund, trade receivables and cash and cash equivalent

ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI - debt investment, FVOCI- equity investment, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates, or significantly reduces an accounting mismatch that would otherwise arise.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(All amounts are expressed in Ghana Cedis)

Financial assets - Business model assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment 'principal' is defined as the fair -value of the financial asset on initial

recognition. 'Interest' is defined as consideration for the time -value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs {e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for

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early termination} is treated as consistent with this criterion if the fair -value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement, gains, and losses:

Financial assets at amortized cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognised in statement of comprehensive income. Any gain or loss on derecognition is recognised in statement of comprehensive income.
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Financial liabilities - Classification, subsequent measurement, gains, and losses

Financial liabilities are classified as measured at amortised cost. The company’s financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of comprehensive income. Any gain or loss on derecognition is also recognised in statement of comprehensive income. Trade payables are obligation to pay goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and classified as current liabilities because of their anticipated short-term nature. Trade payables are subsequently measured at nominal value. The company’s financial liabilities include trade payables and loans

Interest income and expense

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from the company of similar transactions.

Interest on financial instruments

Interest income and expenses are recognised in statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset; or the amortised cost of the financial liability.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial asset's, adjusted for any loss allowance.

The gross carrying amount of a financial asset is its amortised cost before adjusting for any loss allowance.

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Financial assets not credit-impaired on initial recognition	<p>If the financial asset is not credit-impaired, then interest income is calculated by applying the effective interest rate to the gross carrying amount of the asset. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the asset but not ECL.</p> <p>If the financial asset has become credit-impaired subsequent to initial recognition, then interest income is calculated by applying the effective interest rate to the amortised cost of the asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.</p>
Financial liabilities	Interest expenses are calculated by applying the effective interest rate to the amortised cost of the liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the liability.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest revenue on financial assets not measured at FVTPL and other finance costs presented in profit or loss include interest on financial assets and financial liabilities measured at amortised cost and debt instrument measured at FVOCI calculated on an effective interest basis.

iii. Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of comprehensive income

2.8 Impairment of financial instrument

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The company measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is

relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12

months). The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

i. Non-derivative financial assets

Measurement of ECLs

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

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. However, financial assets that are written off could still be subject to

enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

2.9 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when and only when the company has a legally enforceable right to offset, where there is and intends to either settle on net basis or to realise the asset and settle the liability simultaneously.

3.0 Income tax

Income tax on the profit for the year consist of current and deferred tax. Income tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity.

Current tax is provided at current rates and is calculated on the basis of result for the period

Deferred tax is provided using the balance sheet liability method providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized only to the extent that the board consider that it is more likely that there will be suitable taxable profit from which the future reversal of the underlying temporary difference can be deducted

Deferred tax is measured at the tax rate that are expected to apply in the periods in which timing differences reverse, based on tax rates and law enacted or substantively enacted at the financial position date. Deferred tax is charged or credited to the statement of comprehensive income, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity,

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3.1 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 reliably 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%
Building	1.623%

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.

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3.2 Impairment of non- financial assets

The carrying amounts of the company's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated.

An impairment loss is recognised for the amount by which the assets carrying value exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non- financial assets are reviewed for possible reversal of the impairment at each reporting date.

3.3 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 measure the cost associated with developing the products

These costs are amortized over their estimated useful life (10 years)

Where the above criteria are not met the expenditures incurred are written off in the statement of comprehensive income

Computer Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three years).

Costs associated with developing or maintaining computer software programmes are recognised 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 recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

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

3.4 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

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3.5 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.

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2019	4. Property, plant and equipment							Total
	Cost	Building	Motor Vehicle	Plant and Machinery	Office Equipment	Furniture and Fittings	Computer and Accessories	
As at 1 January	1,251,997	268,880	59,076	16,086	20,982	7,234	1,624,255	
Additions for the year	-	-	-	-	1,700	-	1,700	
As at 31 December	<u>1,251,997</u>	<u>268,880</u>	<u>59,076</u>	<u>16,086</u>	<u>22,682</u>	<u>7,234</u>	<u>1,625,955</u>	
Accumulated Depreciation								
As at 1 January	164,189	173,008	41,177	15,544	11,265	7,234	412,417	
Charge for the year	20,320	53,776	5,660	542	3,193	-	83,491	
As at 31 December	<u>184,509</u>	<u>226,784</u>	<u>46,837</u>	<u>16,086</u>	<u>14,458</u>	<u>7,234</u>	<u>495,908</u>	
Net Book Value	<u>1,067,488</u>	<u>42,096</u>	<u>12,239</u>	<u>-</u>	<u>8,224</u>	<u>-</u>	<u>1,130,047</u>	

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2018	Building	Motor Vehicle	Plant and machinery	Office equipment	Furniture and fittings	Computer and accessories	Total
As at 1 January	1,251,997	322,700	59,076	16,086	16,782	7,234	1,673,875
Additions for the year	-	-	-	-	4,200	-	4,200
Disposal	-	(53,820)	-	-	-	-	(53,820)
As at 31 December	1,251,997	268,880	59,076	16,086	20,982	7,234	1,624,255
Accumulated Depreciation							
As at 1 January	143,873	143,450	35,514	12,896	8,661	5,106	349,500
Charge for the year	20,316	53,777	5,663	2,648	2,604	2,128	87,136
Disposal	-	(24,219)	-	-	-	-	(24,219)
As at 31 December	164,189	173,008	41,177	15,544	11,265	7,234	412,417
Net Book Value	1,087,808	95,872	17,899	542	9,717	-	1,211,838

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5. Intangible assets

2019	Development Cost	Computer Software	Total
Cost			
As at 1 January	821,364	24,000	845,364
Additions for the year	<u>-</u>	<u>15,500</u>	<u>15,500</u>
As at 31 December	<u>821,364</u>	<u>39,500</u>	<u>860,864</u>
Accumulated Depreciation			
As at 1 January	481,253	24,000	505,253
Charge for the year	<u>56,685</u>	<u>861</u>	<u>57,546</u>
As at 31 December	<u>537,938</u>	<u>24,861</u>	<u>562,799</u>
Net Book Value	<u>283,426</u>	<u>14,639</u>	<u>298,065</u>
2018	Development Cost	Computer Software	Total
Cost			
As at 1 January	821,364	24,000	845,364
Additions for the year	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December	<u>821,364</u>	<u>24,000</u>	<u>845,364</u>
Accumulated Depreciation			
As at 1 January	424,568	17982	442,550
Charge for the year	<u>56,685</u>	<u>6,018</u>	<u>62,703</u>
As at 31 December	<u>481,253</u>	<u>24,000</u>	<u>505,253</u>
Net Book Value	<u>340,111</u>	<u>-</u>	<u>340,111</u>

6. Inventories

	2019	2018
Finished goods	95,065	79,652
Raw materials	843,904	835,387
Packaging materials	<u>110,789</u>	<u>104,716</u>
	<u>1,049,758</u>	<u>1,019,755</u>

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7. Trade and other receivables

	2019	2018
Trade receivables	332,922	544,645
Prepayments	<u>7,419</u>	<u>12,209</u>
	<u>340,341</u>	<u>556,854</u>

8. Mutual fund investment

Investment in mutual funds	1,666,910	1,404,544
Net movement in investment securities		-
Accrued interest	<u>204,563</u>	<u>262,366</u>
As at December 31	<u>1,871,473</u>	<u>1,666,910</u>

9. Cash and cash equivalent

GN bank	-	9,121
Zenith bank	83,807	-
Cash in hand	<u>4,885</u>	<u>12,282</u>
	<u>88,692</u>	<u>21,403</u>

10. 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:

	No. of shares	2019	2018
At 1 January	<u>114,947,561</u>	<u>3,250,000</u>	<u>3,250,000</u>
At 31 December	<u>114,947,561</u>	<u>3,250,000</u>	<u>3,250,000</u>

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

11. Reserve and surplus

This relates to floatation cost incurred in raising the GH¢ 3 million equity shares

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12. Loans

	2019	2018
Ghana Growth Fund Limited	<u>32,355</u>	<u>34,305</u>

The movement represents remittance to related party

13. Taxation

(a) Income tax expense

Current income tax	-	-
Deferred income tax	<u>47,863</u>	<u>6,411</u>

(b) Deferred Tax

Deferred tax is calculated, in full on all temporary differences under the liability method using a principal tax rate of 25% (2018: 25%). The movement on the deferred income tax account is as follows:

At start of year	(212,179)	(218,590)
Income statement charge	<u>47,863</u>	<u>6,411</u>
At end of year	<u>(164,316)</u>	<u>(212,179)</u>

The statement of comprehensive income charge of the year is made up of tax effect from temporary differences arising from property, plant and equipment

(c) Income tax payable

Year of Assessment	Opening balance	Paid during year	Charge for the year	Outstanding balance
2019	(3,000)	-	-	(3,000)
2018	(3,000)	-	-	(3,000)

14. Trade and other payables

	2019	2018
Trade payables	60,606	163,672
Other Payables	<u>353,069</u>	<u>680,315</u>
	<u>413,675</u>	<u>843,987</u>

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15. Cost of sale	2019	2018
This comprise raw materials, packaging material and production costs as follows		
Raw/Packaging Materials Consumed	2,013,622	2,420,977
Production overhead	<u>27,514</u>	<u>46,882</u>
	<u>2,041,136</u>	<u>2,467,859</u>
16. Selling and distribution expenses		
Fuel and lubricants	32,795	27,759
Transport and travel	4,648	19,303
Marketing expenses	61,384	34,173
Bad debt	<u>12,257</u>	<u>-</u>
	<u>111,084</u>	<u>81,235</u>
17. Administrative and general expenses		
Depreciation expense	141,037	149,839
Bank charges	712	2,017
Cleaning and sanitation	7,988	7,958
Professional service	-	30,553
Insurance	14,682	31,286
IT services	4,070	3,600
Legal Expense	12,300	18,000
Medicals	-	775
Printing & stationery	5,435	7,013
Registration and licensing	14,422	11,318
Staff cost	432,222	474,105
Staff welfare expenses	5,450	1,500
Telecommunication	15,782	14,162
Travel and transport	12,250	8,500
Water expenses	9,164	10,481
Repairs and maintenance	25,009	27,816
Electricity expenses	10,700	12,550
Food and refreshment	-	330
Impairment	<u>8,778</u>	<u>-</u>
	<u>720,001</u>	<u>874,803</u>

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18. Other income	2019	2018
Interest on mutual fund	204,563	262,366
Gain on disposal	-	24,219
	<u>204,563</u>	<u>286,585</u>

19. Related party transactions

The majority shareholder is Teak Tree Brokerage Limited. The company's related parties include the majority shareholder and its associated companies, key management personnel, close family members of key management personnel and entities which are controlled or significantly influenced by key management personnel or their close family member.

During the year, the following were the related party balances;

Ghana Growth Fund Limited	<u>32,355</u>	<u>34,305</u>
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Transactions with key management personnel

The company's key management personnel and persons connected with them are also considered to be related parties for disclosure purposes. 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 being influenced by that individual in their dealings with the company.

The remuneration of directors and other members of key management during the year were as follows:

Directors remuneration	68,136	68,136
Directors fees	<u>45,000</u>	<u>45,000</u>
	<u>113,136</u>	<u>113,136</u>

20. Financial risk management

Financial instrument – Fair values and risk management

Fair value measurement

The Company classifies fair value measurement within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and lowest prices to unobservable inputs (Level 3). The levels of the fair value hierarchy are

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within level1 that are observable for the asset or

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liability either directly or indirectly,

Level 3: Inputs are observable for the assets or liabilities.

The determination of what constitutes ‘observable’ requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for asset or liability at measurement date. However, the fair value measurement objective remains the same. Therefore, unobservable inputs reflect the assumptions that market participants would use when pricing the assets or liability, including assumptions about risk.

The following table provides an analysis of financial instruments measured at fair value at the period end date by the level in the fair value hierarchy into which the fair value measurement is categorized.

As at 31 December 2019	Level 1	Level 2 GHS	Level 3 GHS	Total GHS
Investment securities	1,871,473	-	-	1,871,473
Receivables	-	-	340,341	340,341
Payables	-	-	413,675	413,675
Loans	-	-	32,355	32,355
As at 31 December 2018				
Investment securities	1,666,910	-	-	1,666,910
Receivables	-	-	556,854	556,854
Payables	-	-	843,987	843,987
Loans	-	-	34,305	34,305

(a) Risk management

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

- i. credit risk
- ii. liquidity risk
- iii. 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 risks and the company’s management of capital

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Audit Committee is responsible for monitoring compliance with the Company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Company.

The Audit Committee gains assurances on the effectiveness of internal control and risk management from: summary information relating to the management of identified risks; detailed reviews of the effectiveness of management of selected key risks; results of management's self-assessment processes over internal control which provide the audit committee and management with results of procedures carried out on key risks, including extent of compliance with standards set on governance; and assurances over the quality of the Company's internal control.

The Company also has a control, compliance and ethics function in place, which monitors compliance with internal procedures and processes and assesses the effectiveness of internal controls.

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

(i) Credit risk

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

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit control committee has established a credit policy under which new customers are assessed individually for credit worthiness before the Company's standard payment terms and conditions are offered.

(i) Liquidity risk

Liquidity risk is the risk that the Company would either not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The Company's approach to managing liquidity is to ensure that it maintains adequate liquidity to meet its liabilities as and when they fall due. The Company assesses its debt position every month. The Company also monitors the level of expected cash inflows on trade and other receivables on a daily basis.

The following are contractual maturities of financial liabilities:

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2019	Carry amount	Less than 6 months	6 – 12 months	More than one year
Non derivative financial instrument				
	GH¢	GH¢	GH¢	GH¢
Trade and other payables	413,675	413,675	-	
Loans	<u>32,355</u>	<u>-</u>	<u>-</u>	<u>32,355</u>
	<u>446,030</u>	<u>413,675</u>	<u>-</u>	<u>32,355</u>

(ii) Liquidity risk (continued)

2018	Carry amount	Less than 6 months	6 – 12 months	More than one year
Non-derivative financial instrument				
	GH¢	GH¢	GH¢	GH¢
Trade and other payables	843,987	789,258	-	54,729
Loans	<u>34,305</u>	<u>-</u>	<u>-</u>	<u>34,305</u>
	<u>878,292</u>	<u>789,258</u>	<u>-</u>	<u>89,034</u>

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

Currency risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange risk. The company's principal transactions are carried out in Ghana cedis and hence do not have any significant exposure to foreign exchange risk.

(b) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instrument expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk. The company's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. The company does not currently have any policy in place to manage gap between fixed and variable rate instruments and their maturities.

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(c) Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the duties access controls, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the company's strategic planning and budgeting process.

21. Event after the reporting period

There has been no significant event after the Statement of Financial Position date that materially changed the company's financial information

22. Contingent liabilities

There were no commitments for contingent liabilities at the reporting date. (2018: Nil)

23. Capital commitments

There were no capital commitments at 31 December 2019 (2018: Nil)

24. Going concern considerations

The Directors of the company have made an assessment of its ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that cast significant doubt about the company's ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

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25. Shareholdings

Below are the details of shareholdings as at 31 December 2019.

Name of Shareholder	Shares held	%
Teak Tree Brokerage Limited (Formerly GN Investment Limited)	56,491,100	50
Mr. Harold Ekow Egyir Otabil	26,747,561	24
African Tiger Holding Limited	10,000,000	9
GNI/GGFC-Prime Equity	8,514,300	8
Nduom Foundation	3,000,000	3
Wienco Ghana Limited	2,000,000	2
Cocoa Abrabopa Association	2,000,000	2
Groupe Nduom	1,000,000	1
Others	<u>5,194,600</u>	<u>3</u>
Total	<u>114,947,561</u>	<u>100</u>