
# DANNEX AYRTON STARWIN PLC

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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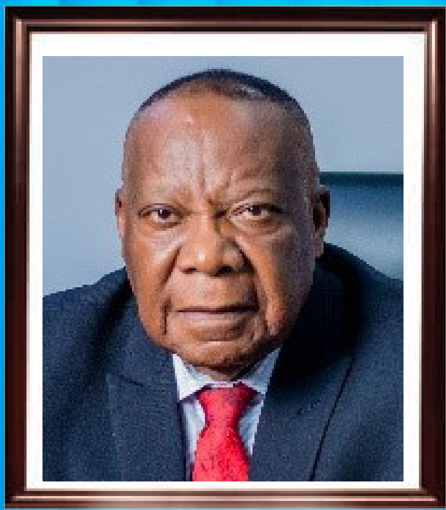
# CURRENT BOARD OF DIRECTORS

**Daniel Apeagyei Kissi**
Chief Executive Officer



**Nik Amarteifio**
Chairman

**Alex Bonney**
Member

**Dr. Barima Afrane**
Member

**Kwasi Yirenkyi**
Member

**Amarteorkor Amarteifio**
Member

**Ben Agyeman**
Member

**Henry Otu Ocansey**
Chief  Finance Officer

**Moritiz Acquah**
Member

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 4th Annual General Meeting of the Shareholders of **DANNEX AYRTON STARWIN PLC(DAS PLC)** will be held at the Eben-Ezer Presbyterian Church Hall, Osu, Accra, on **Thursday, 4th July, 2024 at 10:00am GMT** to transact the following business:

## AGENDA

1. To receive and adopt the Reports of the Directors, the Auditors and the Financial Statements for the year ended 31st December 2023.
2. To authorize the Directors to fix the remuneration of the Auditors.

**DATED THE 30TH DAY OF APRIL, 2024**
**BY ORDER OF THE BOARD**

**KWESI AUSTIN**
(SECRETARY)

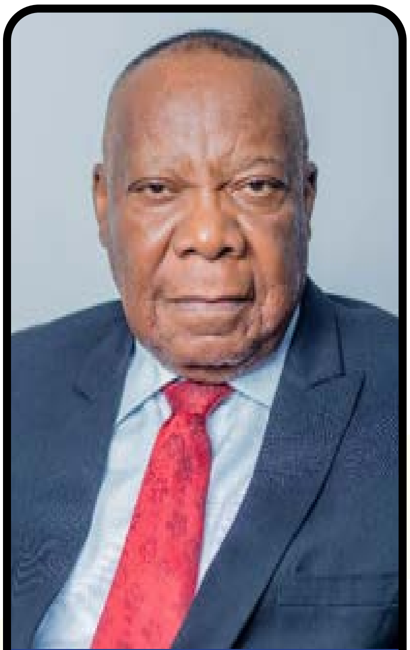
## NOTE:

1. A member of the company entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. Such a proxy need not be a member of the company.
2. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting. Where a member attends the meeting in person, the proxy appointment shall be deemed to be revoked.
3. A copy of the Form of Proxy may be deposited at the registered office of the Registrar of the Company, NTHC House, 18 Gamel Nasser Avenue, Ringway Estates or posted to the Registrar at P. O. Box KIA 9563 Airport Accra, Ghana not later than 2nd July, 2024.

# DANNEX AYRTON STARWIN PLC CORPORATE INFORMATION

| | |
|---|---|
| **BOARD OF DIRECTORS** | Nik Amarteifio (Chairman)<br>Daniel Apeagyei Kissi (Chief Executive)<br>Kwasi Yirenkyi (Member)<br>Henry Otu Ocansey (Member)<br>Benjamin Agyeman (Member)<br>Alex K. Braye Bonney (Member)<br>Dr. Barima Afrane (Member)<br>Amarteokor Amarteifio (Member)<br>Moritz Acquah (Member) |
| **REGISTERED OFFICE** | 5 Dadeban Road<br>Ring Road North Industrial Area<br>P O Box 5258<br>Accra North |
| **SOLICITOR** | Amarteifio and Co.<br>House No. 6, 11th Lane<br>P. O Box 4916<br>Accra, Ghana |
| **SECRETARY** | Kwesi Austin<br>Amarteifio and Co.<br>House No. 6, 11th Lane<br>P. O Box 4916<br>Accra, Ghana |
| **AUDITOR** | KPMG<br>Chartered Accountants<br>13 Yiyiwa Drive, Abelenkpe<br>P. O. Box 242<br>Accra |
| **BANKERS** | Ecobank Ghana Plc<br>GCB Bank Plc<br>Societe Generale Ghana Plc<br>Stanbic Bank Limited<br>Zenith Bank (Ghana) Limited |

# CHAIRMAN'S STATEMENT



**Nik Amarteifio**
Chairman

Dear Shareholders,

I deem it a great privilege to welcome you all to the 4th Annual General Meeting of your company Dannex Ayrton Starwin PLC. On behalf of the Board of Directors, I would like to thank you all for being here. Your presence here is a testament to your unflinching support.

I am very pleased to be before you today as this is my first opportunity to speak physically with shareholders of the company after the COVID-19 pandemic.

This meeting is not just a routine event; it is a vital opportunity for us to reflect on our past achievements, evaluate our present standing, and chart the course for our future endeavours. We believe that meeting shareholder expectations and delivering long-term value is fundamental for a listed company like ours. The opportunities before us are vast, but so are the responsibilities and challenges. It is imperative that we remain vigilant, adaptable, and innovative in the face of an ever-changing business landscape.

The Board, Management and General Staff are determined to continue and succeed in the process of growing Dannex Ayrton Starwin Plc, which started some four years ago.

The audited financial statements for the year ended December 31, 2023, along with the Directors' Report, have been circulated to you. With your permission, we may take them as read.

## GENERAL ECONOMIC OVERVIEW

According to the World Bank, following the macroeconomic crises experienced in 2022, Ghana witnessed some improvements in its economic conditions throughout 2023. However, persistent challenges remain, notably characterised by elevated inflation, subdued growth, and substantial pressure on public finances and debt. The country encountered significant external shocks that exacerbated existing fiscal and debt vulnerabilities.

In response, the Government embarked on a comprehensive debt restructuring programme, a significant fiscal consolidation programme, and the implementation of reforms to foster economic stability and resilience. The authorities' stabilisation efforts are being supported by an Extended Credit Facility (ECF) program of the IMF to the tune of approximately $US3 billion. The crisis took a toll on the pace of economic growth, which decelerated to an estimated 2.9% in 2023 and is projected to remain weak in 2024.

In 2024, the Ghanaian Economy's growth is expected to remain weak at 2.8% as the ongoing fiscal consolidation, high inflation rates, elevated interest rates, and lingering macroeconomic uncertainties are all projected to dampen private consumption and investment, limiting non-extractive sector growth. The fiscal deficit is projected to decline further to 5% of GDP in 2024 due to the on- going fiscal consolidation reforms and the external debt restructuring. (Worldbank.org March 2024)

All of this does not augur well for private enterprise.

## BUSINESS PERFORMANCE

The harsh economic conditions which the country experienced in the year 2022 prevailed to the early part of the year 2023 with inflation hovering around 56.6% in January 2023 before coming down and closing the year at 23.2%, the lowest in 13 months. The Cedi experienced a challenging year in 2023, depreciating by 15.57% against the US dollar in the retail market and a more pronounced 27.81% in the interbank market by year-end.

Despite the challenging economic environment, we executed our tasks relentlessly. Implementation of our strategy resulted in strong financial performance. Your company generated a record revenue of GH¢141 million, representing an increase of 47.20% or GH¢45.2 million compared with 2022. This culminated in Profit After Tax of GH¢7.6 million from a loss position of GH¢3.5 million in 2022. Total Assets grew from GHS 75.1 million to GHS 78.2 million. However liquidity continues to be a challenge.

## DIVIDEND

Even though we were able to make some gains during the period. Your Board is unable to recommend any dividends for the financial year ended 31st December 2023

## CORPORATE GOVERNANCE

Dannex Ayrton Starwin PLCrecognises the importance of good Corporate Governance as a means of sustaining the viability of the business and ensuring accountability to its shareholders.

Dannex Ayrton Starwin PLChas complied with all statutory requirements. It has put in place a comprehensive Health, Safety and Environment system to protect the environment and employees.

The company continues to apply sound operational control systems to safeguard the interests of shareholders. As indicated in the statement of responsibilities of the Directors, the company adopts standard accounting practices to facilitate transparency in the disclosure of information and reliability of financial statements.

## BOARD COMPOSITION

The Responsibility for good corporate governance is placed on the Board of Directors. The Board is currently composed of nine Directors: three Executive Directors, one of whom is the Chairman and six Non-Executive Directors. Five are dependent and four are independent.

The roles of Chief Executive Officer and Executive Chairman are played by two separate individuals. The Chairman guides strategy and decisions, oversees governance and the CEO's performance and leads the board while the Chief Executive leads management to run day-to-day operations, execute plans and decisions of the board and drive growth. The Board meets regularly to review the company's performance, strategy and other business-related matters.

## BOARD COMMITTEES

We have established four essential Board Committees mandated by the 2020 Corporate Governance Code for listed companies. These Committees include the Audit Committee, Risk Committee, Nominating Committee, and Remuneration Committee.

In addition, the Company has established a Strategy & Finance Committee and a Human Resource Committee to augment the mandatory Board Committees. All the committees have written terms of reference that are reviewed annually.

## CODE OF BUSINESS ETHICS

The Company has a Board Charter and a documented Code of Business Policies to guide the Board Members and all employees in the discharge of their duties. This Code encompasses all aspects of the business.

## INTERNAL CONTROL

Dannex Ayrton Starwin PLChas implemented an efficient and robust internal control system for identifying risks. These controls are intended to provide reasonable assurance that the risks facing the company are being controlled.

## CORPORATE SOCIAL RESPONSIBILITY

In compliance with its CSR policy which emphasises areas such as Health, Education, and Community Development, your company was able to touch the lives of many by engaging in several activities during the year under review.

Programmes were sponsored with products donated to various institutions and establishments to support their outreach programs aligned with our CSR policy.

Dannex Ayrton Starwin partnered with Kaneshie Polyclinic to conduct a free health screening exercise for the public at the premises of the Ga Traditional Council during the funeral celebration of the late Queen mother of the Ga State. The three-day programme saw over 250 people screened for various ailments. Based on the advice and prescription of the participating Physician, some of the company's products (OTC Products) were given out for free to participants. In addition, the Company conducted a Gluconaf activation sampling exercise which reached more than 200 locals.

The National free deworming campaign, launched by the Company in 2021, continued throughout the year 2023.

Furthermore, internship programs for students from various tertiary institutions nationwide continued, providing valuable learning opportunities.

## 2024 OUTLOOK

Although the business and economic environment is likely to remain unpredictable this year, we need to build on what we have achieved so far and make further progress towards the achievement of our Strategic Objectives.

Inasmuch as there has been marginal growth in some areas of the business, sales volumes have seen a steady decline. A key focus area for this year will be implementing initiatives to halt the decline to grow the volumes profitably.

Cost optimisation program will continue to be a key focus area to drive operational efficiency, improve our profit position and free up cash to ensure adequate liquidity for our operations.

Dannex Ayrton Starwin PLCintends to invest heavily this year to build strong equity for its brands, renew key assets, improve capabilities/skills of its employees and retool to ensure a sustainable future for the business.

The company will also continue to work to high standards and strictly comply with and institutionalise all statutory requirements applicable to it as a business. We will continue to provide a safe environment for employees and ensure the safety of our consumers.

We are dedicated to pursuing sustainable goals and ensuring the ongoing success of our business in an environmentally friendly manner.

I assure you that the leadership team is fully committed to guiding our organisation towards continued success.

Ultimately, the success of our organisation depends on each and every one of us. It's the collective effort of every employee, shareholder, and stakeholder which drives our progress and fuels our growth. So let us rededicate ourselves to the ideals and principles that have brought us this far, and let us march forward with confidence and determination towards an even brighter future.

In conclusion, I would like to place on record my sincere gratitude to the Senior Executive team, Management and Staff for their outstanding effort during the year. We have some of the best people in Dannex Ayrton Starwin PLCand through our collective effort, we will continue to write the success story of our organization for many years to come.

I would also like to thank my fellow board members for their invaluable support during the year. Overall, we have had a good year, and the outlook is positive.

Finally, I formally thank you, our shareholders, for your ongoing trust, unwavering support and loyalty. The business is well positioned to continue to prosper into the future. I look forward to the years ahead with confidence.

Thank you.

# CORPORATE GOVERNANCE REPORT

The Board of Directors of Dannex Ayrton Starwin PLC(“DAS PLC”) comprises three (3) Executive Directors and six (6) Non-Executive Directors who bring their diverse expertise and experience in industry, management, financial and capital markets to bear. The Board works to steer and keep the Company on a strategic path to improving its performance by engaging in discourse and making informed decisions. The Board oversees the activities of the Executive Management and deliberates on key issues of concern. The various responsibilities of the Board have been documented in the Board Charter.

It is an objective of DAS PLCto deliver long term value for all stakeholders. Accordingly, key focus is given to ensuring compliance with the tenets of good corporate governance. DAS PLCaims to implement fairness, accountability and transparency in its transactions. A conscious effort is made to ensure that various statutory and regulatory requirements are satisfied.

In accordance with regulatory requirements and in order to carry out its various functions, the Board has commissioned various Committees which have been delegated roles in specific areas. These Committees are as follows:

- The Nominating Committee
- The Risk Committee
- The Audit Committee
- The Remuneration Committee
- The Finance and Strategy Committee
- The Human Resources Committee

As prescribed by the Securities and Exchange Commission’s Corporate Governance Code, the Board has approved various Terms of Reference for each of these Committees. The Terms of Reference contain in detail the mandate, constitution, responsibilities, meeting and reporting requirements of the Committees. Largely, the Committees are responsible for the formulation of various policies which are recommended to the full Board for approval for implementation.

Thereafter, the Committees monitor the implementation and submit further recommendations to the Board where necessary. As and when the need arises, Members of the Executive Committee and General Management staff are invited to attend Committee meetings.

In its bid to comply with regulatory requirements and prevailing trends, the Board of Directors has also constituted an Ad-Hoc Environmental, Social and Governance (“ESG”) Committee which shall be responsible for the implementation of a system of ESG Reporting within the framework of DAS PLCin accordance with SEC’s ESG disclosures guidelines. According to the Global Reporting Initiative (“GRI”), Environmental, Social and Governance (“ESG”) Reporting is a company’s practice of publicly reporting on its economic, environ- mental, and/or social impacts, and also its contribution towards sustainable development. It has been widely suggested that, good ESG performance and/or reporting has enhanced the financial earnings of companies. It is important that the Board is abreast with recent happenings in the economic and financial sectors and ESG Reporting allows for a more encompassing view of DAS PLC’S financial and non-financial performance.

In compliance with good corporate governance practices, the Board has curated evaluation tools and criteria to help assess the performance of the Directors and the Board's Committees on an annual basis. This is to help enhance the effectiveness of the Board in the performance of its functions and obligations.

The Board meets quarterly, and additional meetings may be called at the instance of the Chairman where it is deemed necessary to conduct business. Over the course of the year ended 31st December 2023, ten (10) Board meetings were held. Notices for the various meetings were prepared by the Company Secretary setting out the agenda and circulated to all members of the Board in advance of each meeting. The Secretary also recorded minutes at the meetings which were reviewed and duly approved by the Board at subsequent meetings.

Where applicable, approvals were given in respect of recommendations by the Committees and the respective resolutions were passed by the Board. The Committees also reported to the Board on their activities on a quarterly basis to ensure that the Board is fully aware of any developments, as well as the extent to which its delegated functions are being carried out by the Committees.

**Key business conducted by the Board in the year 2023 include:**

- The review and approval of the Unaudited and Audited Financial Statements for the year ended 31st December 2022
- The review and approval of the Terms of Reference of the Board's Committees
- The review and approval of the Quarterly Work Plans of the Board's Committees
- The review and approval of the 2024 Work Plans of the Board's Committees
- The review of outstanding Corporate Governance Actions
- The appointment of an Ad-Hoc Environmental, Social and Governance Committee
- The review of reports from the Committees of the Board
- The review, on quarterly basis, of DAS Plc's 2023 Business Performance

# BOARD COMMITTEE REPORTS

## REMUNERATION COMMITTEE

Membership of the Remuneration Committee

1. Mr. Alex Bonney (Chairman)
2. Madam Amarteorkor Amarteifio
3. Mr. Moritz Acquah
4. Mr. Daniel Kissi
5. Mr. Henry Ocansey

**Mandate and responsibilities**

The mandate of this Committee is to recommend a remuneration policy to the Board for Directors and such members of senior management as the Board may determine and to oversee its implementation. Its Terms of Reference are set out in detail guidelines provided by the SEC's Corporate Governance Code.

The Remuneration Committee serves to provide advice and assistance to the Board on issues relevant to remuneration of Directors and Members of Management's Executive Committee ("ExCo") by using market benchmarks to set pay levels for directors, retain and motivate directors, and ensure that the business can attract experienced and top-level directors to maximize company value for shareholders.

The Committee may make recommendations or provide guidance to the Human Resources Committee on issues relating to the remuneration of other members of staff, if required by the Board to do so.

It is also the role of the Committee to oversee the implementation of its Remuneration Policy by the Board. The Committee remains mindful that DAS PLCmaintains compliance with remuneration governance guidance and frameworks in the light of prevailing developments.

**Meetings and Activities**

The members of the Committee met three (3) times in the year 2023 and at each meeting, the quorum was met.

Notices and relevant documents were circulated by the Secretary to all members in advance of the meeting. The Secretary also recorded minutes at the said meetings. The Committee reviewed and approved these minutes at subsequent meetings.

Pursuant to its Terms of Reference, the Committee provided reports on its discussions to the Board on a quarterly basis. Also, recommendations were made where necessary.

In the year ended 31st December, 2023, notable tasks undertaken by the Remuneration Commit- tee include:

- The review and approval of its existing Terms of Reference;

- The review of the SEC Corporate Governance Status;
- Consideration of Remuneration policy;
- Drafting and approval of the Committee's work plan for 2024.

## HUMAN RESOURCES COMMITTEE

Membership of the Human Resources ("HR") Committee

1. Mr. Alex Bonney (Chairman)
2. Mr. Daniel Kissi
3. Mr. Henry Ocansey
4. Madam Amarteorkor Amarteifio
5. Dr. Barima Afrane Mandate

The Board has delegated to the HR Committee, the task of providing guidance for the management of Human Resources of the Company. The HR Committee is responsible for recommending a Human Resources Management Strategy, Policies and Procedures to the Board for approval and also for the oversight of their implementation.

The Committee is guided by its Terms of Reference which contain provisions on its membership, general scope of work, functions and responsibilities as well as reporting.

It is also the aim of the HR Committee, to ensure that the human capital of DAS PLCshall function best in their assigned roles and also maximise their potential. The Committee is committed to retaining the best human capital in a bid to improve the company's performance. Accordingly, the HR Committee considers that DAS Plc's remuneration strategies and policies must be sufficiently attractive to ensure that employees remain motivated.

The Committee is driven to promote the reward of high performance and diligence of the employees.

### Meetings, Activities and Reporting

Over the course of the year, four (4) meetings were held with all members in attendance. Where necessary, members of Management were in attendance, particularly the Chief Human Resources Officer.

The HR Committee reported on quarterly basis on its activities and outcome of its meetings to the Board.

Key highlights of the Committee's activities for the year include;

- General Oversight and Review of the Company's Human Resources
- The consideration and approval of the upward review of the basic salary of Management and General Staff;
- Review of the Quarterly Reports presented by the Human Resources Department;

- The review of the SEC Corporate Governance Status;
- Review of revised Terms of Reference for the HR Committee;
- Approval of a 2024 Work plan for the HR Committee.

The Committee maintains continuous engagement with staff to achieve improved conditions of service and optimize gains from the efforts of the workforce.

## FINANCE AND STRATEGY COMMITTEE

Membership of the Finance & Strategy Committee

1. Mr. Benjamin Agyeman (Chairman)
2. Mr. Moritz Acquah
3. Mr. Daniel Kissi
4. Mr. Henry Otu Ocansey
5. Dr. Barima Afrane

The Chief Financial Officer was present, by invitation, to a number of meetings of the Committee.

**Mandate and responsibilities**

The Committee is responsible for the formulation and recommendation of finance policies, business strategy and plans aimed at improving the financial performance of DAS PLC. Its Terms of Reference contain guidelines on membership, functions and its reporting obligations to the Board.

In the performance of its roles, the Finance and Strategy Committee scrutinizes the Company's annual budget and operational plan prepared by Management and advises the Board on their adoption. The Committee reviews management accounts and monitors performance against the finance and resource objectives approved in the operational plan and budget. The Committee examines any operational or project portfolio against the annual operation plan and budget.

In accordance with its mandate, the Committee reviews capital and other expenditure and makes the necessary recommendations to the Board for approval. As and when necessary, the committee considers expenditure that was not budgeted for and advises the Board on financial and other resource implications.

In liaison with management, the Committee considers the budgetary impact of proposed variations to operational activities through restructuring, acquisition/disposal or other significant changes. In order to ensure that DAS PLCis able to meet its commitments and strategic objectives, the Committee monitors the financial position of the Company.

In the area of strategy, planning and policy, the Committee oversees the implementation of DAS Plc's financial strategy and monitors any subsequent changes that are made.

The Committee is responsible for advising the Board on the financial impact of new accounting policies, laws and regulations. To ensure that DAS PLCmaintains value for money, the Committee annually reviews management's procedures for procurement and controls.

The Committee engages with Management to examine the efficiency and effectiveness of DAS PLC's financial systems. Furthermore, the progress made in the implementation of internal and external audit recommendations for enhancement is monitored.

**Meetings, Activities and Financial Reporting**

In the year ended 31st December 2023, the Committee held ten (10) meetings

During these meetings, the Committee reviewed and opined about the following issues:

- The review of strategic Long-Term Plan and 2023 Annual Plan of the company;
- The review and approval of the 2024 Budget and Annual Work Plan;
- Review of Finance-related Policies;
- The Review and approval of Quarterly and Half-Year Unaudited Financial Statements as well as Full Year Financial Statements and Business Performance;
- Product Innovation Strategies and Initiatives;
- Current Good Manufacturing Practice compliance and its required Capex/Investment;
- The review of Major Transactions;
- The review and approval of the Committee's existing Terms of Reference;
- The review and assessment of the strategic implications, financial impact, and risk factors associated with the approach of potential investors throughout the 2023.

In relation to financial reporting, the Committee examined the annual report and accounts for consistency with financial information which had been received by the Committee during the course of the year and advised the Board on any differences. In addition, the Finance and Strategy Committee reported on a quarterly basis on its activities and outcome of its meetings to the Board.

In the execution of its Mandate, all necessary reports were received from Management.

## AUDIT COMMITTEE

### Introduction

The Audit Committee of the Board of Directors is responsible for maintaining oversight for the integrity of the accounting and financial reporting system, reviewing the quarterly and year- end financial statements of the Company, superintending over the appointment and work of the external auditor and related matters. The Committee also oversees an internal audit function that includes the review of the adequacy of internal controls and compliance with policies, laws, the code of ethics and business practices.

In pursuance of these objectives, the Audit Committee serves as a link between the Board and its external auditors.

Membership of the Audit Committee

1. Mr. Moritz Acquah (Chairman)
2. Mr. Benjamin Agyeman
3. Dr. Barima Afrane
4. Mr. Daniel Kissi
5. Mr. Henry Ocansey

**Functions and Responsibilities**

The Terms of Reference of the Audit Committee govern its activities and set out in detail, its various obligations.

In relation to the various financial statements of DAS PLC, the Audit Committee reviews the statements, both audited and unaudited. Further, the Committee focuses on accounting policies and practices, any significant adjustments arising from the audit, the going concern assumption and compliance with the relevant accounting standards and other legal requirements.

It is the responsibility of the Committee to review the adequacy, scope, functions, capacity, effectiveness and resources of the internal audit function, and ensure that it has the necessary authority to carry out its work. It reviews the internal audit program and results of the internal audit process and where necessary ensures that appropriate action is taken on the recommendations of the internal audit function.

In respect of external audits, the Audit Committee considers and approves the appointment of the external auditor and related fees, and where necessary, the resignation or dismissal of the external auditor. The Committee engages with the external auditor to confirm its qualifications and to agree on the nature and scope of audits. Discussions are held regarding the outcomes of the interim and final audits and any matters arising are thoroughly resolved.

The Audit Committee also makes recommendations to the Board where necessary to ensure that well informed decisions are taken in respect of auditing.

**Meetings, Activities and Reporting**

The Committee met three (3) times in the year 2023 and on all three occasions, the quorum requirement was met. Where it was necessary, members of Management who carry out the Internal Audit Function were in attendance to deliver reports/presentations to the Committee.

On a quarterly basis, the Audit Committee reported on its tasks and outcomes of its meetings to the Board.

Highlights of the Committee's activities include:

- The review of the Committee's existing Terms of Reference;

- The review of quarterly Internal Audit Reports;
- Consideration and approval of the process for the Review of Related Third-Party Transactions;
- The Review and approval of Quarterly and Half-Year Unaudited and Audited Financial Statements and Business Performance;
- The review of the SEC Corporate Governance Status;
- Drafting and approval of the Committee's work plan for 2024.

## RISK COMMITTEE

The members of the Risk Committee of the Board of Directors are as follows:

1. Mr. Benjamin Agyeman (Chairman)
2. Dr. Barima Afrane
3. Mr. Moritz Acquah
4. Mr. Daniel Kissi
5. Mr. Kwasi Yirenkyi
6. Mr. Henry Ocansey

Mr. Moritz Acquah was appointed a Member of the Risk Committee during the year.

**Mandate and responsibilities**

The Risk Committee, as mandated by the Board, serves as a supervisory organ as far as the effective discharge of the Company's Risk function is concerned. It is the objective of the Committee to maintain supervisory responsibility for the company's internal and external risk management function.

The Committee considers DAS PLC's values, regulatory factors as well as emerging trends and advises the Board on overall risk strategy accordingly. It provides oversight on current risk exposures and future strategies for risks in the areas of strategy, operations, finance, compliance, conduct and reputation. The Committee also conducts horizon-scanning for emerging risks and potential impacts on the global network.

In liaison with Management, the Committee monitors the robustness of risk management policies and processes through internal and external sources of assurance, all the while ensuring alignment with the Board's strategy. Particularly, the Committee ensures compliance with risk policies, statutory and regulatory requirements.

The Committee aims at developing and maintaining a documented Risk Management Framework and to continuously assess its adequacy and effectiveness. It also reviews material breaches of risk limits and proposed actions as requested by the Board or when deemed necessary by the Committee. The integration of risk management objectives into the compensation structure is also pursued by the Committee.

Where transactions are proposed, the Risk Committee engages with Management to assess risk implications by conducting due diligence and may seek external advice when necessary. The Committee also monitors Management's response to findings and recommendations given by the Risk and Compliance Manager.

The Risk Committee also reviews its objectives, goals and remuneration related to risk management. The Committee considers, deliberates and approves statements on risk management for inclusion in the annual report.

In the performance of all these functions, the Risk Committee makes relevant recommendations to the Board for action/approval.

### Meetings, Activities and Reporting

Three (3) meetings were held in 2023. Where necessary, members of Management were in attendance, particularly, the Risk and Compliance Manager, to deliver presentations/reports to the Committee.

In advance of these scheduled meetings, the Company Secretary circulated Notices containing the agenda as well as relevant papers to the members of the Committee. Minutes of the meetings were duly recorded by the Secretary and have been approved at subsequent meetings.

The issues discussed, reviewed and opined about by the Committee at the meetings include:

- The review and approval of the Committee's existing Terms of Reference;
- The review of the SEC Corporate Governance Status;
- The approval of the Risk and Compliance Strategic Plan for 2023-2025;
- The approval of the 2023 Half Year Risk and Compliance Report;
- The assessment of risk implications of an acquisition offer received from an international pharmaceutical company;
- Drafting and approval of the Committee's work plan for 2024.
- Quarterly report on its activities to the Board in compliance with its Terms of Reference.

## NOMINATING COMMITTEE

### Introduction

The Nominating Committee as constituted by the Board of Directors has the main responsibility of recommending nominating policy and for developing a succession plan for the Chief Executive Officer and other senior executive officers as determined by the Board. In the performance of this function, the Committee oversees the recruitment and succession planning for the Board and Senior Management (Executive Committee).

The Committee is responsible for ensuring that new and existing Directors retain up-to-date knowledge and experience to aid the performance of their duties. To this extent, induction and training of Directors falls within the responsibilities of the Committee.

**Mandate**

The activities of the Nominating Committee are governed by its Terms of Reference which stipulate its functions, obligations, reporting duties among other provisions. The Securities and Exchange Commission has also provided guidance on the Committee's responsibilities in accordance with Corporate Governance.

Membership of the Nominating Committee

1. Mr. Kwasi Yirenkyi (Chairman)
2. Madam Amarteorkor Amarteifio
3. Mr. Alex Bonney
4. Mr. Moritz Acquah Meetings, Activities and Reporting

In the year ended 31st December 2023, two (2) meetings were held with all members present to conduct extensive business. In accordance with regulations and practice, Notices for the meetings were prepared by the Secretary setting out the agenda and subsequently sent to all members ahead of each meeting. The Secretary also recorded minutes at the said meetings.

As prescribed by its Terms of Reference, the Committee reported to the Board on activities it had been engaged in on a quarterly basis.

Notable business conducted by the Nominating Committee includes:

- Review of the Half-Year and Full Year Reports presented by the Human Resources Department;
- The review and approval of the existing Terms of Reference of the Nominating Committee;
- Continuous review of status of Directors, Senior Management.
- Review of the Company's Gender Policy and the Appointments and Succession Policies;
- The review of the SEC Corporate Governance Status;
- The drafting and approval of the Committee's work plan for 2024.

# REPORT OF THE DIRECTORS TO THE MEMBERS OF DANNEX AYRTON STARWIN PLC

The Directors present their report and the financial statements of Dannex Ayrton Starwin PLC(the Company) for the year ended 31 December 2023.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of the financial statements, that give a true and fair view of Dannex Ayrton Starwin PLC(DAS Plc) comprising the statement of financial position at 31 December 2023, and the statements of profit or loss and other 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 material accounting policies and other explanatory notes in accordance with IFRS Accounting Standards including the Hyperinflation Directive issued by the Institute of Chartered Accountants, Ghana and in the manner required by the Companies Act, 2019 (Act 992). In addition, the Directors are responsible for the preparation of the report of the Directors.

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 ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The Auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

## NATURE OF BUSINESS

The Company is registered to carry on the business of manufacturing and selling of pharmaceutical products. There was no change in the nature of business of the company during the year.

## OBJECTIVES OF THE COMPANY

The objective of the Company is to care for life with brands, products and services which significantly reduce disease burden and promote good health and vitality.

## SHAREHOLDING STRUCTURE

Dannex Ayrton Starwin PLCis 60% owned by Equatorial Cross Acquisitions Limited (ECA), 17% owned by Social Security and National Insurance Trust (SSNIT). The remaining 23% is owned by a number of individual shareholders.

## FINANCIAL STATEMENTS/ BUSINESS REVIEW

The financial results of the Company for the year ended 31 December 2023 are set out in the financial statements, highlights of which are as follows:

| | GHS |
|---|---|
| Profit before tax | 10,988,215 |
| Profit after tax | 7,553,731 |
| Total assets | 78,217,554 |
| Total liabilities | 61,867,528 |
| Total equity | 16,350,026 |

The Directors do not recommend the payment of dividend. The Directors consider the state of the Company's affairs to be satisfactory.

## PARTICULARS OF ENTRIES IN THE INTERESTS REGISTER DURING THE FINANCIAL YEAR

Directors' interests in contracts and proposed contracts with the Company, as recorded in the Interests Register in compliance with sections 194(6),195(1)(a) and 196 of the Companies Act 2019, (Act 992), during the year were as follows:

| Name of Director | Nature of Contract | Contract Amount | Contract Duration |
|---|---|---|---|
| Alex Bonney | HR consultancy services | GHS 6,500/month | 1 year |
| Benjamin Agyeman | Financial consultancy services | USD 1,000/month | 1 year |

## RELATED PARTY TRANSACTIONS

Information regarding Directors' interests in equity shares of the Company and remuneration is disclosed in Note 25 to the financial statements. The Board Chairman owns 100% shares in Equatorial Cross Acquisitions, which holds 60.04% shares of Dannex Ayrton Starwin PLC. Other than service contracts, no Director had a material interest in any contract during the year. Related party transactions and balances are also disclosed in Note 25 to the financial statements.

## CORPORATE SOCIAL RESPONSIBILITY AND CODE OF ETHICS

Dannex Ayrton Starwin PLCin the year under review made donations totaling GHS 65,807 (2022: GHS 61,528) to a number of institutions and organizations in the country. Some of the notable donations were to support the Lady Pharmacists Association of Ghana's anniversary celebration, Homowo festival and flood victims of the Akosombo Dam Spillage.

Apart from the aforementioned donations, DAS PLCalso embarked on some health oriented activities which was aimed at the general wellbeing of the members of in their community. In collaboration with the Kaneshie Polyclinic, the Company undertook a successful blood donation exercise where about 52 pints of blood was realized to support the Greater Accra Regional Hospital blood bank. An extract of the Company's Code of Ethics can be found in Appendix 1.

| Executive | Qualification | External board and management position |
|---|---|---|
| Nik Amarteifio | • BA Economics (Wesleyan University)<br>• MBA – Finance and Marketing (Harvard Business School) | Board Member, N.F.B Company Limited<br>Board Member, Omni Media Company Limited<br>Board Member, Yaro Capital Ghana Limited<br>Chairman, Equatorial Cross Acquisitions Limited<br>Vice Chairman, Ghana Agro Foods Company (GAFCO) |
| Daniel Apeagyei Kissi | • BSc (Hons) Mechanical Engineering (Kwame Nkrumah University of Science and Technology) | None |
| Henry Otu Ocansey | • EMBA in Finance (University of Ghana)<br>• Bsc. Admin. in Accounts/Finance (GIMPA) | None |
| Alex K. Braye Bonney | • Dip. Regulatory Economics University of Florida, USA) | Governing Council Member, University of Education, Winneba |
| Dr. Barima Afrane | • BSc Chemistry (MCL)<br>• PharmD (University of Southern California) | Board Member, Gulf Integrated Biochemical Solutions Limited<br>Board Member, Entrance Pharmaceuticals & Research Centre |
| Amarteorkor Amarteifio | • Dip. Social Work (School of Social Work, Darmstadt,Germany)<br>• BA Social Work (McGill University School of Social Work in Montreal Canada)<br>• MA Social Work (McGill University School of Social Work Montreal Canada) | Chairman, Omni Media Company Limited<br>President of the Artistic Committee of the Abidjan Market for the Performing Arts (MASA)<br>Policy Consultant, Design & Technology Institute, Accra.<br>Programs Consultant to the Ga Mantse |
| Kwasi Yirenkyi | • Post Graduate Diploma in Management & Micro Enterprise Development (Southern New Hampshire University, USA)<br>• Bsc. in Administration (George Mason University, Fairfax Virginia, USA) | Board member SSNIT Guest House<br>Board member Opportunity International Savings and Loans Limited |
| Benjamin Agyeman | • MBA (Columbia Business School in New York, USA)<br>• B. Eng. (Hons) Electronic/Electrical Engineering (South Bank University, London) | CIO & Managing partner – Yaro Capital<br>Board Member – Ghana Climate Innovation Center |
| Moritz Acquah | • Chartered Institute of Management Accountants (CIMA) | Managing Director, Ghana Agro Food Company Limited (GAFCO) |

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# PROFILE OF DANNEX AYRTON STARWIN PLC(DAS PLC) DIRECTORS

## MR. NIK AMARTEIFIO (CHAIRMAN)

Mr. Nik Amarteifio is the Chairman and majority shareholder of Equatorial Cross Acquisitions Limited (ECA), an investment holding firm with majority shareholding in Dannex Ayrton Starwin PLCand Omni Media, Owners of Citi FM and the Globe Newspaper. He is also currently the Vice Chairman of Ghana Agro Foods Company Limited (GAFCO).

In his role, as the Board Chairman, Mr. Amarteifio focuses on the strategic direction and effective operation of the Board and its Committees in conformity with the highest standards of corporate governance. His goal is to see Dannex Ayrton Starwin PLCbecome internationally recognised in the delivery of healthcare needs.

Mr. Amarteifio is a seasoned entrepreneur who has been involved in many domestic and international transactions within different industries like mining, real estate, telecommunication, oil and gas. Through his investment vehicle, ECA, he has invested and held Executive Board positions in many companies including International Gold Resources (1992-1996), Magnesium alloy Company Limited (1998 – 1999) and African Selection Company (1998 – 2011). Mr. Amarteifio was the Marketing Manager of Nestle Ghana (1975 – 1979). He served as a member of the Ghana Investors Advisory Council, an advisory Board formed to advise former President John A. Kufour of the Republic of Ghana, on foreign direct investment strategies (2001 – 2008). He also served as the Lead Director on the Board of Bank of Ghana (2001 – 2008).

Mr. Amarteifio holds a Degree in Economics from Wesleyan University (1970) and an MBA in Finance and Marketing from Harvard Business School (1973).

## MR. DANIEL APEAGYEI KISSI (CHIEF EXECUTIVE OFFICER)

Daniel has over 31 years work experience with Business Transformation, with extensive experience in General Management, Business Leadership, Manufacturing, and Supply Chain Management. He worked with Unilever for 21 plus years during which he held various leadership positions in different countries; namely Ghana, Kenya and South Africa, including a role as Operations Excellence Director of Unilever South Africa and a Regional Director role with responsibilities across the Africa, Middle East and Turkey Region. Daniel joined Adcock Ingram of South Africa in 2012 and was appointed Managing Director of Ayrton Drug Manufacturing Ltd (Adcock Ingram's Ghanaian subsidiary) in December 2012. He is currently the Chief Executive Officer of DAS PLC.

## MR. HENRY OTU OCANSEY (CHIEF FINANCE OFFICER)

Henry Otu Ocansey holds an Executive MBA in Finance (University of Ghana) and B.Sc. Admin in (Accounting & Finance) from (GIMPA). Henry joined Dannex in 2000, as a Management Accountant and was appointed Chief Accountant in 2004, and Head of Finance in 2006. Prior to him joining Dannex Limited he worked with Pharmaplast Limited initially as a Cost Accountant and later as a Management Accountant. He is a seasoned, experienced executive in the General Management field, an Accountant with a background in Commercial, Audit Management and Finance.

## MR KWASI YIRENKYI (MEMBER)

Mr. Kwasi Yirenkyi served as Non-Executive Director of Starwin Products Limited from July 2015 to 2019. He served as Managing Director of the Company between November 2007 and July 2015. Prior to that, he was a Non-Executive Director of the Company between March 2005 and November 2007. He has about 20 years of business operations experience. He received his undergraduate Degree in Business Administration (BSc. Admin) from George Mason University in Fairfax, Virginia USA. He further obtained a Diploma in Management and Micro Enterprise Development (Dip. Mgt. Studies) from Southern New Hampshire University, USA. He worked with Merchant Bank Ghana Limited as Manager in Corporate and Institutional Banking with responsibilities in Marketing. He also worked with Deloitte and Touche Consulting Ghana and engaged in projects with some key companies including the Ashanti Goldfields Corporation, Tema Oil Refinery, and the National Insurance Company of Zimbabwe.

## MR. ALEX BONNEY (MEMBER)

Mr. Kwabena Alex Bonney served as the President of the Organization of Trade Unions in West Africa (OTUWA) and Chairman of the Ghana Trades Union Congress from 1992 to 2012. As a Unionist, he is an expert in mediation and arbitration and has worked around the world on labor issues making him more relatable to Dannex Ayrton Starwin PLC's vision of becoming an internationally recognized and leading brand in the delivery of healthcare needs. Mr. Bonney holds a Diploma in Regulatory Economics from the University of Florida, USA.

## DR. BARIMA AFRANE (MEMBER)

With his distinctive background as a renowned Pharmacologist with many years of experience as a Lecturer and Medical Advisor in the US and some Middle Eastern countries, Dr. Afrane relates well to Dannex Ayrton Starwin PLC's vision of becoming an internationally recognized and leading brand in the delivery of health needs. In his contribution to Dannex Ayrton Starwin PLC's Board, he seeks to bring a wealth of his experience in the design of solution to matters of pharma- ceutical innovation and application. Currently, Dr. Afrane is Dean at Entrance University College of Health Sciences. He was previously a Senior Lecturer and Head of Department at the University of Ghana School of Pharmacy. He holds a PharmD from the University of Southern California and a Degree in Chemistry from the University of New York.

## MS. AMARTEORKOR AMARTEIFIO (MEMBER)

Ms. Amarteorkor Amarteifio was first appointed to the Board in 2015 and has brought to it rich experiences from serving on other Boards of both local and international organizations. Amarteorkor holds a Bachelor's and a Master's Degree in Social Work from the McGill University School of Social Work in Montreal, Canada. She also holds a Diploma in Social Work from the School of Social Work in Darmstadt, Germany. Amarteorkor is currently the Chairperson of Omni Media, Accra and President of the International Artistic Committee of the Abidjan market for the Performing Arts (MASA) in Cote D'Ivoire. Additionally, she is an Art and Policy Consultant to the Design & Technology Institute in Accra and a founding board of the Ghana Jazz Foundation. Furthermore, she is a Consultant on programs to the Ga Mantse.

## MR. BENJAMIN AGYEMAN (MEMBER)

Mr. Benjamin Agyeman has over 25 years of work experience in the Financial Industry, particularly in Private Equity/Venture Capital, Mergers and Acquisitions and Project Finance in developing markets.

He was Managing Director of MPC Capital AG (Hamburg), a Germany based global Private Equity Manager of real assets, with assets under management of over 4bn euros. He is an expert in Equity and structured investments as well as infrastructure transactions. He is a former Investment Director at Gulf Finance House, based in the Kingdom of Bahrain in the Middle East. Before that, Benjamin was an Investment Banker at UBS AG and prior to that a Technology Business Analyst at Lehman Brothers International. He is currently a Senior Advisor to Kreen Energy Ltd, UK. He holds an MBA from Columbia Business School in New York, USA and a B.Eng. (Hons) Electronic/Electrical Engineering from London South Bank University in the UK.

## MR. MORITZ ACQUAH (MEMBER)

Mr. Acquah is an Accounting and Finance Professional with over 20 years work experience in the industry. He is currently the Managing Director of Ghana Agro Food Company Limited (GAFCO) a role he has successfully and efficiently held since 2012. Prior to this, he had worked in Ghana with the African Concrete Products Ltd (APC) as Finance Controller. He also worked in the United Kingdom with Waltham Forest Housing Ltd as Finance Director, Tower Hamlets Housing Ltd as Finance Controller, Springboard Housing Ltd as Financial Services Manager, and the University College London Hospitals, Whittington Hospital and Newham Health Authority as Financial Systems Accountant, Cost Accountant, and Assistant Management Accountant respectively. He brings to the Board a vast wealth of experience in the Accounting and Finance fields.

# PROFILE OF DANNEX AYRTON STARWIN PLCMANAGEMENT

## MR. DANIEL APEAGYEI KISSI (CHIEF EXECUTIVE OFFICER)

Daniel has over 31 years work experience with Business Transformation, with extensive experience in General Management, Business Leadership, Manufacturing, and Supply Chain Management. He worked with Unilever for 21 plus years during which he held various leadership positions in different countries; namely Ghana, Kenya and South Africa, including a role as Operations Excellence Director of Unilever South Africa and a Regional Director role with responsibility across the Africa, Middle East and Turkey Region. Daniel joined Adcock Ingram of South Africa in 2012 and was appointed Managing Director of Ayrton Drug Manufacturing Ltd (Adcock Ingram's Ghanaian subsidiary) in December 2012. He is currently the Chief Executive Officer of the DAS PLC.

## MR. HENRY OTU OCANSEY (CHIEF FINANCE OFFICER)

Henry Otu Ocansey holds an Executive MBA in Finance (University of Ghana) and B.Sc. Admin in (Accounting & Finance) from (GIMPA). Henry joined Dannex in 2000, as a Management Accountant and was appointed Chief Accountant in 2004 and Head of Finance in 2006. Prior to him joining Dannex Limited he worked with Pharmaplast Limited initially as a Cost Accountant and later as a Management Accountant. He is a seasoned, experienced executive in the General Management field, an Accountant with a background in Commercial, Audit Management and Finance.

## MR. KAFUI NTOW (CHIEF HUMAN RESOURCE OFFICER)

Kafui Ntow has over 15 years' experience in FMCG industries where he has served in diverse roles in Project Management, Engineering, Manufacturing, Supply Chain and HR. He joined Dannex Ayrton Starwin PLCin January 2021. Prior to that he served as Compensation and Benefits Manager (West Africa) and HR Business Partner (Ghana) for Fan Milk (Danone) Limited. He previously worked with Unilever Ghana Limited, Guinness Ghana Breweries PLC(Diageo) and PBC Ghana Limited.

## MR. FRANCIS GEORGE EKUMAH (CHIEF SALES AND MARKETING OFFICER)

Francis George Ekumah is a Pharmacist with over 16 years experience in Pharmaceutical Sales and Marketing, Product Development and Project Leadership. He joined Dannex in 2011 and has served in various leadership positions. He holds an MBA in Marketing from University of Ghana, Bachelor of Pharmacy from KNUST and a Post Graduate Certificate in Project Management from The Graduate School of Governance and Leadership.

## MR. VICTOR TORNYIE (CHIEF QUALITY AND REGULATORY AFFAIRS OFFICER)

Victor Tornyie has over 15years experience in Pharma industries where he has served in diverse roles in Quality, Regulatory Affairs, R&D and Project Management. He joined Dannex Ltd in October 2015. Prior to that, he worked with African Global Pharma (affiliate of Global Pharma Inc., Canada) and Danadams Pharmaceuticals Limited.

## MR. JOSEPH SKUGGEN (CHIEF SUPPLY CHAIN OFFICER)

Mr. Joseph Skuggen has served in diverse roles in Supply Management, Maintenance, Manufacturing and Project Management functions. He has 25 years of work experience with Unilever Ghana Ltd and 5 years with Ayrton Drug Manufacturing Ltd in the Supply Chain environment. He is a chartered member of the Chartered Institute of Procurement and Supply UK, and holds a MSc in Supply Chain Management from Roehampton University, UK.

# REPORT OF THE DIRECTORS TO THE MEMBERS OF DANNEX AYRTON STARWIN PLC(CONT'D)

## BIOGRAPHICAL INFORMATION OF DIRECTORS

| *Age category* | *Number of Directors* |
|---|---|
| 41 – 60 years | 4 |
| Above 60 years | 5 |

## ROLE OF THE BOARD

The Directors are responsible for the long term success of the Company, determining the strategic direction of the Company and reviewing operating, financial and risk performance. There is a formal schedule of matters reserved for the board of directors, including approval of the Company's annual business plan, the Company's strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, all guarantees, treasury policies, the financial statements, the Company's dividend policy, transactions involving the issue or purchase of Company shares, borrowing powers, appointments to the Board, alterations to the memorandum and articles of association, legal actions brought by or against the Company, and the scope of delegations to Board Committees and the Executive Committee. Responsibility for the development of policy and strategy and operational management is delegated to an Executive Committee, which as at the date of this report includes the executive Directors and four (4) senior managers.

## INTERNAL CONTROL SYSTEMS

The Directors have overall responsibility for the Company's internal control systems and annually review their effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive directors and other senior management. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. The Directors have reviewed the effectiveness of the internal control systems, including controls related to financial, operational and reputational risks identified by the Company as at the reporting date and no significant failings or weaknesses were identified during this review.

## DIRECTORS' PERFORMANCE EVALUATION

Every year the performance and effectiveness of the Board of Directors ("the Board"), its Committees and individual Directors is evaluated. The evaluation is conducted by the completion of detailed and comprehensive written survey questionnaires. The results of the evaluation are shared with all members of the Board. Overall, it was noted that the Board of Directors and its committees were operating in an effective manner and performing satisfactorily, with no major issues identified.

## CONFLICTS OF INTEREST

The Company has established appropriate conflicts authorisation procedures, whereby actual or potential conflicts are regularly reviewed, and authorisations sought as appropriate. During the year, no such conflicts arose, and no such authorisations were sought.

## BOARD BALANCE AND INDEPENDENCE

The composition of the Board of Directors and its Committees is regularly reviewed to ensure that the balance and mix of skills, independence, knowledge and experience is maintained. The Board Chairman is not independent and all Non Executive Directors, with the exception of one of the Non Executive Directors are independent as pertains to the management of the company. The continuing independence and objective of the judgement of the Non Executive Directors is being reviewed by the Board of Directors.

## CAPACITY BUILDING OF DIRECTORS TO DISCHARGE THEIR DUTIES

On appointment to the Board, Directors are provided with full, formal and tailored programmes of induction to enable them gain in depth knowledge about the Company's business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the Company operates. Programmes of strategic and other reviews, together with the other training programmes provided during the year, ensure that Directors continually update their skills, knowledge and familiarity with the Company's businesses. This further provides insights about the industry and other developments to enable them effectively fulfill their role on the Board and committees of the Board.

## AUDITOR

The Audit Committee has responsibility delegated from the Board of Directors for making recommendations on the appointment, reappointment, removal and remuneration of the External Auditor. KPMG has been appointed as auditor of Dannex Ayrton Starwin PLCand this is the Company's fourth period of audit. Prior to the merger of the three entities, KPMG was the Auditor of Dannex Limited for 4 years and Starwin Products Limited for over 10 years. With the approval of the Board of Directors, KPMG provided non audit services to the company for a fee of GHS85,000.

## AUDIT FEES

The audit fee for the year is GHS 400,000 (2022: GHS 344,973).

## APPROVAL OF THE REPORT OF THE DIRECTORS

The report of the Directors of Dannex Ayrton Starwin PLCwas approved by the Board of Directors

on 29TH MARCH ........................ 2024 and signed on their behalf by:

| | |
|---|---|
| NIK AMARTEIFIO | |
| Signature | Signature |
| NIK AMARTEIFIO | DANIEL APEAGYEI KISSI |


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Fluid and electrolyte replacement
To treat and prevent dehydration
ORS
ORIGINAL
ORS
ORAL REHYDRATION SALTS
SELS DE REHYDRATATION ORALE

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DANNEX AYRTON STARWIN PLC

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the financial statements of Dannex Ayrton Starwin PLC("the Company"), which comprise the statement of financial position at 31 December 2023, and the statements of profit or loss and other 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 material accounting policies and other explanatory notes, as set out on pages **36 - 91.**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Dannex Ayrton Starwin PLCat 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards including the Hyperinflation Directive issued by the Institute of Chartered Accountants, Ghana and in the manner required by the Companies Act, 2019 (Act 992).

### 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

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



A.K. Sarpong
A.O. Akoto
F. Dennis
L. Amidu
N.D. Harley
N.A. Ayivor
J. Coleman
K.S. Bannich
D.S. Adoteye
K. Frampong-Kore
E. Addico
J.E. Annobil

## KEY AUDIT MATTERS (CONT'D)

**Revenue Recognition (GHS 141,003,384)**

Refer to Note 7 to the financial statements

| ***The key audit matter*** | ***How the matter was addressed in our audit*** |
|---|---|
| Revenue is measured based on the consideration specified in a contract with a customer.<br><br>The Company recognises revenue when goods are delivered to a customer and thus control has been transferred. There may be a time lag between issue of invoices and receipts of goods close to the year end. Revenue may be recorded when control has not been transferred to the customer. | Our principal audit procedures included the following:<br>• Identifying relevant controls over the revenue recognition process for all the revenue streams, evaluating the design and implementation, and testing the operating effectiveness of these controls;<br>• For a sample of significant sales transactions, tracing the transactions back to source documents to ensure that the transactions actually occurred, and the amounts were accurate;<br>• Performing predictive analysis on individual product lines of the company;<br>• Performing gap analysis on revenue details for the period;<br>• Assessing whether sales transactions on either side of the balance sheet date as well as credit notes is- sued after year end had been recorded in the appro- priate accounting period; and<br>• Evaluating the adequacy of the Company's disclo- sures on revenue recognition in the financial state- ments in accordance with the applicable financial reporting framework. |

## OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 2019 (Act 992), Corporate Information, Appendix 1: Extract of Dannex Ayrton Star- win PLCCode of Ethics which we obtained at the date of this report and The Chairman's statement, Chief Operation Officer's statement, Audit Committee's report and Corporate Governance statement which we expect to be available to us after that date. The other information does not include the financial statements and our auditor's 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 or our knowledge obtained in the audit, or otherwise appears to be materially misstated

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

## RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards including the Hyperinflation Directive issued by the Institute of Chartered Accountants, Ghana and in the manner required by the Companies Act, 2019 (Act 992), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made Directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

KPMG

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DANNEX AYRTON STARWIN PLC**

*Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)*

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

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

**Report on Other Legal and Regulatory Requirements**

*Compliance with the requirements of Section 137 of the Companies Act, 2019, (Act 992).*

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, so far as appears from our examination of those books.

The statements of financial position and comprehensive income are in agreement with the accounting records and returns.

We are independent of the Company under audit pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The engagement partner on the audit resulting in this independent auditor's report is **Labaran Amidu (ICAG/P/1472).**

KPMG
......................................................
**For and on behalf of:**
**KPMG: (ICAG/F/2024/038)**
**CHARTERED ACCOUNTANTS**
**13 YIYIWA DRIVE, ABELENKPE**
**P. O. BOX GP 242**
**ACCRA**

29 March ............ **2024**

## DANNEX AYRTON STARWIN PLC
## STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2023

| | Note | 2023 GHS | 2022 GHS |
|---|---|---|---|
| **ASSETS** | | | |
| Property, plant and equipment | 14 | 25,165,512 | 25,651,135 |
| Intangible assets | 15 | 57,628 | 90,491 |
| Equity investment at FVOCI | 16 | - | 2,416,650 |
| Deferred tax assets | 17(d) | 1,807,012 | 4,907,937 |
| **Non-current assets** | | 27,030,152 | 33,066,213 |
| Inventories | 18 | 27,310,795 | 25,141,953 |
| Equity investment at FVOCI | 16 | 3,190,000 | - |
| Current tax assets | 17(b) | 676,748 | 882,623 |
| Trade and other receivables | 19 | 12,181,453 | 13,473,581 |
| Prepayments | | 2,879,771 | 2,123,019 |
| Cash and bank balances | 20 | 4,948,635 | 462,883 |
| **Current assets** | | 51,187,402 | 42,084,059 |
| **Total assets** | | **78,217,554** | **75,150,272** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 21 | 33,058,701 | 33,058,701 |
| Fair value reserves | 21(b) | 901,111 | 321,098 |
| Retained earnings | | (17,609,786) | (25,163,517) |
| **Total equity** | | 16,350,026 | 8,216,282 |
| Lease liabilities | 14(c)(v) | 1,177,594 | 1,340,325 |
| Loans and borrowings | 23 | 10,544,326 | 17,176,758 |
| Employee benefits obligations | 22 | 4,071,255 | 3,354,626 |
| Deferred tax liabilities | 17(d) | 2,430,710 | 2,350,834 |
| Bank overdraft | 25 | 1,212,500 | - |
| **Non-current liabilities** | | 19,436,385 | 24,222,543 |
| Lease liabilities | 14(c)(v) | 974,944 | 1,033,061 |
| Bank overdraft | 20 | 12,623,335 | 10,866,198 |
| Loans and borrowings | 23 | 6,572,716 | 5,824,272 |
| Employee benefits obligations | 22 | 622,655 | 622,655 |
| Trade and other payables | 24 | 21,608,932 | 24,365,261 |
| Due to related parties | 25 | 28,561 | - |
| **Current liabilities** | | 42,431,143 | 42,711,447 |
| **Total liabilities** | | 61,867,528 | 66,933,990 |
| **Total equity and liabilities** | | **78,217,554** | **75,150,272** |

The notes on pages 42-91 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 29TH MARCH 2024 and signed on its behalf by:

**NIK AMARTEIFIO** — **DANIEL APEAGYEI KISSI**

NIK AMARTEIFIO

# DANNEX AYRTON STARWIN PLCSTATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | 2023 GHS | 2022 GHS |
|---|---|---|---|
| Revenue | | 141,003,384 | 95,792,613 |
| Cost of sales | 8 | (63,546,084) | (45,070,953) |
| **Gross Profit** | | 77,457,300 | 50,721,660 |
| Other operating income | 11 | 96,218 | 634,685 |
| Selling and distribution expenses | 9 | (14,549,026) | (11,964,360) |
| General and administrative expenses | 10 | (46,562,134) | (39,202,321) |
| Impairment (loss)/reversal on financial assets | 27 | (750,360) | 49,719 |
| **Results from operating activties** | | 15,691,998 | 239,383 |
| Finance costs | 12 | (4,703,783) | (5,025,712) |
| **Net finance costs** | 12 | (4,703,783) | 5,025,712 |
| **Profit/(Loss) before tax** | | 10,988,215 | (4,786,329) |
| Income tax credit/(expense) | 17(a) | (3,251,346) | 1,335,300 |
| Growth and sustainability levy | 17(a) | (183,138) | – |
| **Total income tax expense** | 17(a) | (3,434,484) | 1,335,300 |
| **Profit/(Loss) after tax** | | 7,553,731 | (3,451,029) |
| **Other comprehensive income** | | | |
| Equity investment at FVOCI net change in fair value | 16 | 773,350 | – |
| Related income tax | 17(d)(i) | (193,337) | – |
| **Other comprehensive income, net of tax** | | 580,013 | – |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | 8,133,744 | (3,451,029) |
| **Basic/ Diluted earnings/(loss) per share (GHS per share)** | | 0.0891 | (0.0407) |

The notes on pages **42-91** are an integral part of these financial statements.

# DANNEX AYRTON STARWIN PLCSTATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | Share capital GHS | Fair value reserves GHS | Other reserves GHS | Retained earnings GHS | Total equity GHS |
|---|---|---|---|---|---|---|
| Balance at 1 January 2023 | | 33,058,701 | 321,098 | - | (25,163,517) | 8,216,282 |
| Total comprehensive income | | | | | | |
| Profit for the year | | = | = | = | 7,553,731 | 7,553,731 |
| Other comprehensive income | | | | | | |
| Changes in fair value on equity instrument at FVOCI, net of tax | 16<br>17(d)(i) | = | 580,013 | = | = | 580,013 |
| Total comprehensive income | | = | 580,013 | = | 7,553,731 | 8,133,744 |
| **Balance at 31 December 2023** | | **33,058,701** | **901,111** | | **(17,609,786)** | **16,350,026** |
| Balance at 1 January 2022 | | 33,058,701 | 321,098 | - | (21,712,488) | 11,667,311 |
| | | | | | | |
| **Total comprehensive income** | | | | | | |
| Loss for the year | | = | = | = | (3,451,029) | (3,451,029) |
| **Balance at 31 December 2022** | | **33,058,701** | **321,098** | - | **(25,163,517)** | **8,216,282** |

The notes on pages 42 - 91 are an integral part of these financial statements.

# DANNEX AYRTON STARWIN PLCSTATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | 2023 GHS | 2022 GHS |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/(loss) for the year | | 7,553,731 | (3,451,029) |
| Adjustments for: | | | |
| Depreciation | 14 (a) | 2,580,792 | 2,225,623 |
| Amortisation of intangible assets | 15 | 32,863 | 207,204 |
| Impairment loss/(reversal) on financial assets | 27 | 750,360 | (49,719) |
| Unrealised exchange difference | | 230,371 | 9,086,986 |
| Dividend income | | – | (280,050) |
| Finance costs | 12 | 3,881,011 | 4,253,733 |
| Loss/(profit) on disposal of PPE | 14(b) | 9,198 | (52,650) |
| Tax expense | 17(a) | 3,434,484 | (1,335,300) |
| | | 18,472,810 | 10,604,798 |
| Changes in: | | | |
| Inventories | | (2,168,842) | (6,875,951) |
| Trade and other receivables | | 556,429 | 411,123 |
| Prepayments | | (756,752) | (437,496) |
| Trade and other payables | | (2,756,329) | 4,141,023 |
| Amount due to/from related party | | 28,561 | (346,377) |
| Employee benefit obligations | | 716,629 | 411,479 |
| **Cash generated from operating activities** | | 14,092,506 | 7,908,599 |
| Interest paid | 12 | (3,900,487) | (4,298,097) |
| Income taxes paid | 17(b) | (205,983) | (28,161) |
| **Net cash used from operating activities** | | 9,986,036 | 3,582,341 |

| | | | |
|---|---|---|---|
| **Cash flow investing activities** | | | |
| Proceeds from sale of property, plant and equipment | 14(b) | 226,499 | 52,650 |
| Acquisition of property, plant and equipment | 14 | (2,330,867) | (6,607,511) |
| Acquisition of intangible assets | 15 | = | (97,249) |
| Net cash used in Investing activities | | (2,104,368) | (6,652,110) |
| **Cash flows from financing activities** | | | |
| Proceeds from loans and borrowings | 23 | 1,212,500 | 6,862,705 |
| Repayment of loans and borrowings | 23 | (5,883,988) | (5,846,096) |
| Dividends received | | – | 280,050 |
| Payment on lease liabilities | 14(c)(v) | (220,848) | (51,307) |
| Net cash (used in)/generated from financing activities | | (4,892,336) | 1,245,352 |
| **Net increase/(decrease) in cash and cash equivalents** | | 2,989,332 | (1,824,417) |
| Cash and cash equivalents at 1 January | | (10,403,315) | (8,545,282) |
| Effect of exchange rate fluctuations on cash held | | (260,717) | (33,616) |
| Cash and cash equivalents at 31 December | 20 | (7,674,700) | (10,403,315) |

The notes on pages 42 - 91 are an integral part of these financial statements.

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# DANNEX AYRTON STARWIN PLCNOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 1. REPORTING ENTITY

Dannex Ayrton Starwin PLC(“the Company”) is a company incorporated and domiciled in Ghana. The Company’s registered office can be found on page 5 of the annual report. The Company is primarily involved in the manufacturing and sale of pharmaceutical products. The financial statements comprise the individual financial statements of the Company as at and for the year ended 31 December 2023. Dannex Ayrton Starwin is listed on the Ghana Stock Exchange.

## 2. BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with IFRS Accounting Standards and its interpretations adopted by the International Accounting Standards Board (IASB) including the Hyperinflation Directive issued by the Institute of Chartered Accountants, Ghana and in a manner required by the Companies Act, 2019 (Act 992).

The ICAG issued a directive in November 2023 to accountants in business and accountants in practice, together with an update during January 2024 in terms of which the ICAG concluded that based on its analysis and interpretation, hyperinflationary will not be applicable for December 2023 financial reporting period since Ghana is not considered to be operating in a hyperinflationary economy. In this regard, the financial statements of the Company, including the corresponding figures for the comparative period have not been stated in terms of the measuring unit current at the end of the reporting period. Details of the Company’s material accounting policies are included in Note 6.

## 3. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Ghana Cedi (GHS) which is the Company’s functional currency. All amounts have been rounded to the nearest Ghana Cedi, unless otherwise indicated.

## 4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements, management has made judgements, estimates and as- sumptions that affect the application of the Company’s accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### (a) Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 22 – measurement of other long term benefit obligation, key actuarial assumptions;

- Note: 17 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized; and
- Note 27 – measurement of Expected Credit Loss (ECL) allowance for trade receivables: key as- sumptions in determining the expected credit loss rate.

**(i) Measurement of fair values**

When measuring fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the following inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in Note 27(b)(ii) Financial instruments.

## 5. BASIS OF MEASUREMENT

The financial statements have been prepared under the historical cost convention except for the following material items:

- Financial assets classified as equity investments at FVOCI, measured at fair value.
- Other longterm employee benefits recognised at the present value of the defined benefit obligations.

**Changes in material accounting policy**

**a. Material accounting policy information**

The company adopted Disclosure of accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Material accounting policies (2022: Significant accounting policies) in certain instances in line with amendments.

b. Deferred tax related to assets and liabilities arising from a single transaction

The Company also adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences  e.g. leases. For leases, an entity is required to recognise the associated deferred tax assets and liabilities from beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Company previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Company have recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right of use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 January 2022 as a result of the change. The key impact for the Company relates to disclosure of the deferred tax assets and liabilities recognised.

## 6. MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been adopted and applied in these financial statements, unless otherwise stated.

### 6.1 Foreign currency

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Nonmonetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

### 6.2 Revenue from customers

The Company generates revenue primarily from the sale of pharmaceutical products. The Company sells its products primarily to two categories of customers:

- Open Market: Pharmaceutical Wholesalers, Pharmacies and Licensed OTC Sellers.
- Institutions: Hospitals, Clinics, Regional Health Directorates and Regional Medical Stores.

The Company recognises revenue at a point in time when the goods are delivered and have been accepted by the customer who acknowledges receipt by signing a waybill or the invoice. The Company considers its sale of goods as a single performance obligation. Invoices are generated as and when the pharmaceutical products are sold. Invoices are usually payable within 60 days. Returned goods, which are usually faulty and near expiry products, are replaced.

### 6.3 Employee benefits

#### (i) Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (ii) Defined contribution plans

A defined contribution plan is a postemployment benefit plan under which the Company pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

#### a. Social security contribution

Under a national pension scheme, the Company contributes 13% of employee's basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The Company's obligation is limited to the relevant contributions, which have been recognised in the financial statements. The pension liabilities and obligations, however, rest with SSNIT.

#### b. Tier 3 Pension fund and saving scheme

The Company has a Tier 3 Pension fund for staff and management under which the Company contributes 6.5% of employee's basic salary to the scheme.

#### (iii) Other long-term benefits

The Company's obligation in respect of long term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. The discount rate is the rate on long dated Government of Ghana bonds. Re-measurement are recognised in profit or loss in the period in which they arise.

### 6.4 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumu lated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. The estimated useful lives for the current and comparative period are as follows:

| | |
|---|---|
| • Right-of-use assets | 50 – 91 years |
| • Buildings | 2% 3% |
| • Laboratory, plant and machinery | 10% 20% |
| • Motor vehicle | 20% 25% |
| • Furniture and equipment | 15% 20% |
| • Computer equipment | 25% 33.3% |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected to flow to the Company from either their use or disposal. Gains or losses on derecognition of an item of property and equipment are determined by comparing the proceeds from disposal, if applicable, with the carrying amount of the item and are recognised directly in profit or loss.

Property, plant and equipment under construction are stated at initial cost and depreciated from the date the asset is available for use over its estimated useful life. Cost of capital work-in-progress includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Assets are transferred from capital work-in-progress to an appropriate category of property, plant and equipment when they become ready for its intended use.

### 6.5 Intangible assets

Intangible assets (Computer software and trademarks) that are acquired by the Company are mea- sured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the profit or loss as incurred.

Amortisation is charged to profit or loss on a straight line basis over the estimated useful lives of intangible assets. Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years. Trademark is amortised over an expected useful life of 3 years.

### 6.6 Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the selling price less costs to sell. Cost is determined using the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

### 6.7 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The company has the right when it has the decisionmaking rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
    - the Company has the right to operate the asset; or
    - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

**The Company as a Lessee**

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

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

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise of:

- Fixed repayment, including in-substance fixed payments
- The effects of prepayments or rent free periods
- Contractually stipulated increases in rent payments
- Lease payments in an optional renewal period if the Company is reasonably certain to exercise an exercise option.

The lease liability is measured at amortised cost using the effective interest method. A remeasurement of the lease liability and right-of-use asset is required under the following circumstances:

(a) A change in future lease payment amount due to a market rent review;

(b) A change in fixed future lease payment amount due to rent being linked to an inflation index;

(c) A change in expected lease term ( e.g. no longer expect to exercise extension option or now expect to exercise an early termination option).

When the lease liability is remeasured in this way, a corresponding adjustment is made to the current amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use asset in property and equipment and lease liabilities in the statement of financial position.

Short term leases and leases of low value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases of property that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight- line basis over the lease term.

### 6.8 Cash and cash equivalents

Cash and cash equivalents as presented in the statement of financial position comprise cash on hand, bank balances and highly liquid investments with maturities of three months or less in money market instruments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### 6.9 Financial instruments

#### *(i) Recognition and initial measurement*

Trade receivables and debt securities 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.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair values 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.

#### *(ii) Classification and subsequent measurement*

#### a. Financial assets

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

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

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

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

- it is held within a business model whose objective is achieved by both collecting 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

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

**(b) 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 as- sets 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 that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**(c) 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;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. nonrecourse features).

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

**1. Financial assets Subsequent measurement and gains and losses**
Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method.

The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

**1. Financial liabilities Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost and are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Other financial liabilities comprise trade and other payables, related party payables and bank overdraft.

(iii) Derecognition

**a. 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 asset 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 the risks and rewards of the transferred assets. In these cases, transferred assets are not derecognised.

**b. 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 noncash assets transferred or liabilities assumed) is recognised in profit or loss.

**(c) Impairment**

(i) Non-derivative financial assets

Financial instruments and contract assets

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, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12 month 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 debtor is unlikely to pay its credit obligations to the Company in full due to bankruptcy
- there are adverse changes in the payment status of debtors
- the financial asset is more than 90 days past due (For trade receivables for open market customers, default is 183 days and above. For institutional customers 365 days and above)

The Company considers a debt security to have low credit risk when its credit rating is equivalent to the globally understood definition of "investment grade".

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.

**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.

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

- significant financial difficulty of the borrower or issuer;
- the financial asset is more than 90 days past due (For trade receivables for open market customers, default is 183 days and above. For institutional customers 365 days and above).

- 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;

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. 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. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

*Bad debt recovery*

Recoveries are recognised when cash is received and presented in other operating income income.

*Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### 6.10 Finance cost

Finance costs comprise interest expense on borrowings, bank charges and interest expense on lease liability recognised in profit or loss.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying assets are recognised in profit or loss using the effective interest method. The Company has presented interest expense on the lease liability separately from the depreciation charge for the right-of-use asset.

### 6.11 Income tax

Income tax expense on profit or loss for the year comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable or receivable on taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse.

A deferred tax asset is recognised for unused tax loses, unused tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences, differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

### 6.12 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of equity shares outstanding after adjustment for the effects of all dilutive potential equity shares.

### 6.13 Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

### 6.14 Segment reporting

Operating segments reflect the Company's management structure and the way financial information is regularly reviewed by the Chief Executive Officer. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer (Chief Operating Decision Maker (CODM).

The Company operates as a single unit that manufactures Syrups, Tablets, Creams, Suspensions, Disinfectants, Lozenges, Powders, Capsules and Emulsions.

### 6.15 New standard and interpretation issued not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2024 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below.

The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

| **Standard/Interpretation** | | Effective date Periods beginning on or after |
|---|---|---|
| IAS 1 amendment | *Classification of liabilities as current or non-current* | 1 January 2024 |
| IFRS 16 amendments | *Lease Liability in a Sale and Leaseback* | 1 January 2024 |
| IAS 1 amendment | *Non-current Liabilities with Covenants* | 1 January 2024 |
| IAS 7 and IFRS 7 amendment | *Supplier Finance Arrangements* | 1 January 2024 |
| IAS 21 amendment | *Lack of exchangeability* | 1 January 2025 |
| IFRS 10 and IAS 28 amendment | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | Deferred indefinitely by amendments made in December 2015 |

**Classification of liabilities as current or noncurrent and Noncurrent Liabilities with Covenants (Amendments to IAS 1)**

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. After reconsidering certain aspects of the 2020 amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or noncurrent. Additional disclosure is also required for noncurrent liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares.

The Company is yet to assess the potential impact on the financial statements. The amendments are to be applied retrospectively from the effective date.

**Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)**

The amendments confirm the following:

- On initial recognition, the seller lessee includes variable lease payments when it measures a lease liability arising from a sale and lease back transaction.
- After initial recognition, the seller lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

The Company is yet to assess the potential impact on the financial statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller lessee will need to apply the amendments retrospectively to sale and lease back transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and reexamine sale and lease back transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments

**Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)**

The IASB's amendments apply to supplier finance arrangements that have all of the following characteristics.

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.

- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

The amendments introduce additional disclosure requirements for companies that enter into these arrangements. However, they do not address the classification and presentation of the related liabilities and cash flows.

The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of noncash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

The Company is yet to assess the potential impact on the financial statements.

The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

**Lack of exchangeability (Amendment to IAS 21)**

In August 2023, the International Accounting Standards Board (IASB) amended IAS 21 to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate. A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments contain no specific requirements for estimating a spot rate. Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

New disclosures

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable. The Company is not likely to be impacted by this new standard.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

**Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)**

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting. Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV. In either case, the loss is recognised in full if the underlying assets are impaired.

In response to this conflict and the resulting diversity in practice, on 11 September 2014 the IASB issued Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28). The IASB has decided to defer the effective date for these amendments indefinitely. Adoption is still permitted.

The Company is not likely to be impacted by this new standard.


# Milk Of Magnesia

360ml

120ml

*Use Starwins Milk of Magnesia for treatment of stomach upset, gas, nausea during travel, heat rash, and nappy rash.*

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## 7. REVENUE

(a) Revenue stream

| The Company generates revenue primarily from the sale of pharmaceutical products. | (2023) GHS | (2022) GHS |
|---|---|---|
| Revenue from sale of goods- point in time | 141,003,384 | 95,792,613 |

(b) Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by primary customer profiles and timing of revenue recognition (which is at a point in time).

| Type of customer | (2023) GHS | (2022) GHS |
|---|---|---|
| Open market | 136,934,778 | 91,861,050 |
| Institutions | 4,068,606 | 3,931,563 |
| | 141,003,384 | 95,792,613 |

## 8. COST OF SALES

| | (2023) GHS | (2022) GHS |
|---|---|---|
| Cost of raw material consumed and changes in finished goods and work in progress. | 48,294,843 | 32,360,058 |
| Depreciation of property, plant and equipment | 846,274 | 1,236,427 |
| Staff Cost Note 10(i) | 9,042,108 | 7,475,254 |
| Overheads | 5,362,859 | 3,999,214 |
| | 63,546,084 | 45,070,953 |

## 9. SELLING AND DISTRIBUTION EXPENSES

| | (2023) GHS | (2022) GHS |
|---|---|---|
| Advertising and promotion | 1,159,383 | 1,055,162 |
| Depreciation of property, plant and equipment | 700,154 | 317,669 |
| Other selling and distribution expenses | 4,646,176 | 2,397,640 |
| Hotel Accommodation and allowances | 1,212,631 | 1,172,122 |
| Motor Vehicle Expenses | 2,135,650 | 3,116,288 |
| Staff cost Note 10(i) | 2,745,573 | 2,355,359 |
| Short term leases | 319,601 | 136,876 |
| Rate and insurance | 235,311 | 391,236 |
| Repairs and maintenance | 1,394,547 | 1,022,008 |
| | 14,549,026 | 11,964,360 |

## 10. GENERAL AND ADMINISTRATIVE EXPENSES

| | (2023) GHS | (2022) GHS |
|---|---|---|
| Auditor's remuneration | 400,000 | 344,973 |
| Amortisation | 32,863 | 207,205 |
| Covid 19 expenses | - | 52,659 |
| Communication expenses | 1,143,386 | 902,618 |
| Depreciation | 1,034,364 | 671,527 |
| Directors' remuneration | 11,245,487 | 6,854,865 |
| Donations | 65,807 | 82,706 |
| Exchange difference | 1,431,436 | 9,149,301 |
| Legal and professional expenses | 1,119,551 | 981,197 |
| Other general & admin expenses | 3,682,293 | 1,544,645 |
| Penalties and fines | 1,200 | 693,102 |

**10. GENERAL AND ADMINISTRATIVE EXPENSES (CONT'D)**

| | | |
|---|---|---|
| Repairs and maintenance | 3,019,628 | 2,428,693 |
| Short term leases | 639,202 | 273,752 |
| Rate and insurance | 399,388 | 418,721 |
| Sanitation | 394,746 | 349,776 |
| Security | 794,097 | 706,689 |
| Subscriptions and renewals | 381,564 | 253,677 |
| Staff costs Note 10(i) | 19,318,254 | 12,534,675 |
| Travelling and transport | 1,035,431 | 471,249 |
| Utilities | 423,437 | 280,291 |
| | 46,562,134 | 39,202,321 |

(i)Staff costs under cost of sales, selling and distribution and general and administrative expenses:

| | 2023<br>GHS | 2022<br>GHS |
|---|---|---|
| | 9,042,108 | 7,475,254 |
| Selling and distribution expenses | 2,745,573 | 2,355,359 |
| General and administrative expenses | 19,318,254 | 12,534,675 |
| | 31,105,935 | 22,365,288 |
| This is made up of:<br>Salaries and wages | 26,957,922 | 20,173,429 |
| **Retirement benefit costs– Defined contribution plan:** | | |
| - Tier 3 pension contributions | 1,337,328 | 715,319 |
| - Social Security contributions | 1,504,207 | 1,427,822 |
| **Other long term benefits:**<br>- Other long term benefits See Note: 22 | 1,306,478 | 152,466 |
| | 31,105,935 | 22,469,036 |
| **The average number of employees at the end of the period** | 617 | 634 |

## 11. OTHER OPERATING INCOME

| | | 2022 GHS |
|---|---|---|
| Sundry income | 105,416 | 301,985 |
| Dividend Income | - | 280,050 |
| Profit on disposal of property, plant and equp't | (9,198) | 52,650 |
| | 96,218 | 634,685 |

Included in sundry income is bad debt recovered of GHS 871 (2022: GHS 3,483) and proceeds from scraps of GHS 31,144 (2022: GHS 89,004).

## 12. FINANCE COSTS

| Finance costs | 2023 GHS | 2022 GHS |
|---|---|---|
| Interest on loans and borrowings | 3,155,163 | 4,106,755 |
| Interest expense on leases | 725,848 | 146,978 |
| Bank charges | 822,772 | 771,979 |
| | 4,703,783 | 5,025,712 |

## 13. EARNINGS PER SHARE

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted average number of equity shares outstanding.

| | 2023 GHS | 2022 GHS |
|---|---|---|
| Profit/(loss) attributable to equity holders | 7,553,731 | (3,451,029) |
| Weighted average number of equity shares in issue Note 21(a) | 84,765,899 | 84,765,899 |
| Basic/Diluted earnings/(loss) per share (GHS per share) | 0.0891 | (0.0407) |

At the reporting date, the basic earnings per share was the same as diluted earnings per share as there were no outstanding shares on conversion which could increase the weighted average number of equity shares in issue.

## 14. PROPERTY, PLANT & EQUIPMENT

| 2023 | Leasehold land and Building, Freehold land GHS | Plant and Machinery GHS | Furniture and Equipment GHS | Motor Vehicles GHS | Computer Equipment GHS | Under Construction GHS | Total GHS |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 January 2023 | 18,259,039 | 7,930,515 | 5,559,658 | 7,724,501 | 2,148,900 | 3,293,287 | 44,915,900 |
| Additions | 158,190 | 310,459 | 316,821 | 125,550 | 156,469 | 1,263,378 | 2,330,867 |
| Disposals/write-off | (110,338) | (105,123) | - | (152,233) | (9,500) | (204,642) | (581,836) |
| Balance at 31 December 2023 | 18,306,891 | 8,135,851 | 5,876,479 | 7,697,818 | 2,295,869 | 4,352,023 | 46,664,931 |
| **Accumulated Depreciation** | | | | | | | |
| At 1 January 2023 | 3,135,572 | 7,246,929 | 3,338,410 | 3,850,362 | 1,693,492 | - | 19,264,765 |
| Charge for the year | 482,818 | 119,084 | 602,708 | 1,095,158 | 281,025 | - | 2,580,793 |
| Release on disposals/write off | (81,140) | (105,123) | - | (152,233) | (7,643) | - | (346,139) |
| Balance at 31 December 2023 | 3,537,250 | 7,260,890 | 3,941,118 | 4,793,287 | 1,966,874 | - | 21,499,419 |
| **Carrying Amounts** | | | | | | | |
| At 31 December 2023 | 14,769,641 | 874,961 | 1,935,361 | 2,904,531 | 328,995 | 4,352,023 | 25,165,512 |

There was no indication of impairment of property, plant and equipment held by the Company at the reporting date and 31 December 2022. The Company' s leasehold land and building, plant, equipment and machinery have been used as security for loan and overdraft facility held with EXIM Bank and GCB Bank Limited. Carrying amount of assets used as collateral for the loan is GHS 9,988,824.

Right-of-use assets are included in leasehold land and building, freehold land and motor vehicle with carrying amounts of GHS 9,514,198 and GHS 2,182,195 respectively.

| 2022 | Leasehold land and Building, Freehold land GHS | Plant and Machinery GHS | Furniture and Equipment GHS | Motor Vehicles GHS | Computer Equipment GHS | Under Construction GHS | Total GHS |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 January 2022 | 17,835,281 | 7,724,774 | 3,706,361 | 4,283,019 | 1,816,033 | 3,053,874 | 38,419,342 |
| Additions | 423,758 | 222,007 | 1,853,297 | 3,536,169 | 332,867 | 239,413 | 6,607,511 |
| Disposals/Write-off | - | (16,266) | - | (94,687) | - | - | (110,953) |
| Balance at 31 December 2022 | 18,259,039 | 7,930,515 | 5,559,658 | 7,724,501 | 2,148,900 | 3,293,287 | 44,915,900 |
| **Accumulated Depreciation** | | | | | | | |
| At 1 January 2022 | 2,585,027 | 6,865,395 | 2,851,640 | 3,410,022 | 1,438,012 | - | 17,150,096 |
| Charge for the year | 550,545 | 397,800 | 486,770 | 535,027 | 255,480 | - | 2,225,622 |
| Release on disposals/Write-off | - | (16,266) | - | (94,687) | - | - | (110,953) |
| Balance at 31 December 2022 | 3,135,572 | 7,246,929 | 3,338,410 | 3,850,362 | 1,693,492 | - | 19,264,765 |
| **Carrying Amounts** | | | | | | | |
| At 31 December 2022 | 15,123,467 | 683,586 | 2,221,248 | 3,874,139 | 455,408 | 3,293,287 | 25,651,135 |

## 14. PROPERTY, PLANT & EQUIPMENT (CONT'D)

### (a) Depreciation

Depreciation has been charged in the financial statements as follows:

| | 2023 GHS | 2022 GHS |
|---|---|---|
| Cost of sales | 846,274 | 1,236,427 |
| Selling and distribution expenses | 700,154 | 317,669 |
| General and administrative expenses | 1,034,364 | 671,527 |
| | 2,580,792 | 2,225,623 |

### (b) Disposal Of Property, Plant And Equipment

| | 2023 GHS | 2022 GHS |
|---|---|---|
| Cost | 581,836 | 110,953 |
| Accumulated depreciation | (346,139) | (110,953) |
| Carrying amount | 235,697 | - |
| Proceeds of sale | (226,499) | (52,650) |
| Loss/(Profit) on disposal of property, plant and equipment | 9,198 | (52,650) |

### (c) Leases

(i) Leases as a lessee

The Company leases land and buildings and motor vehicles. The land leases typically run for a period of 50 to 91 years and buildings for a period of 1 to 2 years. For lease of buildings that run for a period of 1 year, the Company has elected not to recognise right of use and lease liabilities for these leases because they are short term leases. In 2022, the Company entered into new lease agreements to acquire new motor vehicles for a period of 5 years.

## 14. PROPERTY, PLANT & EQUIPMENT (CONT'D)

(ii) Right-of-use assets
Right of use assets are presented as part of property, plant and equipment.

| Cost | Land & Buildings GHS | Motor Vehicles GHS | Total GHS |
|---|---|---|---|
| Balance at 1 January 2023 | 10,731,100 | 3,018,598 | 13,749,698 |
| Additions | 44,960 | - | 44,960 |
| Reversals | (110,338) | - | (110,338) |
| Balance at 31 December 2023 | 10,665,722 | 3,018,598 | 13,684,320 |
| | | | |
| Balance at 1 January 2022 | 10,365,219 | - | 10,365,219 |
| Additions | 365,881 | 3,018,598 | 3,384,479 |
| Balance at 31 December 2022 | 10,731,100 | 3,018,598 | 13,749,698 |
| | | | |
| **Accumulated depreciation** | | | |
| Balance at 1 January 2023 | 964,794 | 71,272 | 1,036,066 |
| Charge for the year | 267,870 | 765,131 | 1,033,001 |
| Reversals | (81,140) | - | (81,140) |
| Balance at 31 December 2023 | 1,151,524 | 836,403 | 1,987,927 |
| Balance at 1 January 2022 | 628,512 | - | 628,512 |
| Charge for the year | 336,282 | 71,272 | 407,554 |
| Balance at 31 December 2022 | 964,794 | 71,272 | 1,036,066 |
| | | | |
| **Carrying amount** | | | |
| **At 31 December 2023** | **9,514,198** | **2,182,195** | **11,696,393** |
| **At31 December 2022** | **9,766,306** | **2,947,326** | **12,713,632** |

| | 2023 GHS | 2022 GHS |
|---|---|---|
| ***(iii)*** **Amount recognised in the statement of profit or loss** | | |
| Interest on lease liabilities | 745,324 | 146,978 |
| Expenses relating to short-term leases | 958,803 | 410,628 |
| ***(iv)*** **Amounts recognised in the statement of cash flows** | | |
| Total cash outflow for leases* | 966,172 | 198,285 |

| *(v)* Lease liabilities included in the statement of financial position at 31 December | 2023 GHS | 2022 GHS |
|---|---|---|
| Balance at beginning | 2,373,386 | 140,466 |
| Interest on lease liabilities | 745,324 | 146,978 |
| Additional lease | - | 2,284,227 |
| Principal payments | (220,848) | (51,307) |
| Interest payments | (745,324) | (146,978) |
| Balance at 31 December | 2,152,538 | 2,373,386 |
| Less than one year | 974,944 | 1,033,061 |
| More than one year | 1,177,594 | 1,340,325 |
| | 2,152,538 | 2,373,386 |

**Short term lease and interest on lease payments are classified as operating activities*

Extension options

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

The Company has assessed that all contractual extension options will be exercised and have therefore included all potential future lease payments in the calculation of the lease liability.

## 15. INTANGIBLE ASSETS

| | Software | Trademark | Total |
|---|---|---|---|
| **Cost** | GHS | GHS | GHS |
| Balance at 1 January 2023 | 1,022,851 | 304,677 | 1,327,528 |
| Additions | - | - | - |
| Balance at 31 December 2023 | 1,022,851 | 304,677 | 1,327,528 |
| Balance at 1 January 2022 | 925,602 | 304,677 | 1,230,279 |
| Additions | 97,249 | - | 97,249 |
| Balance at 31 December 2022 | 1,022,851 | 304,677 | 1,327,528 |
| **Accumulated amortisation** | | | |
| Balance at 1 January 2023 | 932,360 | 304,677 | 1,237,037 |
| Charge for the year | 32,863 | - | 32,863 |
| Balance at 31 December 2023 | 965,223 | 304,677 | 1,269,900 |
| Balance at 1 January 2022 | 725,156 | 304,677 | 1,029,833 |
| Charge for the year | 207,204 | - | 207,204 |
| Balance at 31 December 2022 | 932,360 | 304,677 | 1,237,037 |
| **Carrying amount** | | | |
| At 31 December 2023 | 57,628 | - | 57,628 |
| At31 December 2022 | 90,491 | - | 90,491 |

## 16. EQUITY INVESTMENTS AT FVOCI

| | 2023 GHS | 2022 GHS |
|---|---|---|
| Balance at beginning | 2,416,650 | 2,416,650 |
| Net change in fair value | 773,350 | - |
| Balance at 31 December | 3,190,000 | 2,416,650 |

This relates to the value of 374,955 equity shares (0.169% of shareholding) in Stanbic Bank Ghana Limited. The Company designated these investments at FVOCI because these equity securities represent investments that the Company had intended to hold for long term strategic purposes prior to 2023.

No strategic investments were disposed of during 2023. The Company has indicated its intention to dispose off this investment and currently actively searching for a buyer.

No amount (2022: GHS 280,050) was received as dividend during the year.

## 17. INCOME TAXES

### (a) Amounts recognised in profit or loss

| | 2023 GHS | 2022 GHS |
|---|---|---|
| Corporate tax expense | 263,882 | - |
| Growth and sustainability levy | 183,138 | - |
| Total current tax expense | 447,020 | - |
| Deferred tax | 2,987,464 | (1,335,300) |
| | 183,138 | - |
| Total income tax expense | 3,434,484 | (1,335,300) |

## 17. INCOME TAXES (CONT'D)

### (b) Current tax assets and liabilities

| 2023 | Balance at 1 Jan GHS | Charge for the year GHS | Payments/tax credits during the year GHS | Balance at 31 Dec GHS |
|---|---|---|---|---|
| *Income tax* | | | | |
| Up to2020 | (630,897) | - | - | (630,897) |
| 2021 | (218,464) | - | - | (218,464) |
| 2022 | (33,262) | - | - | (33,262) |
| 2023 | - | 263,882 | (35,162) | 228,720 |
| | (882,623) | 263,882 | (35,162) | (653,903) |
| Growth and sustainability levy | - | 183,138 | (205,983) | (22,845) |
| | (882,623) | 447,020 | (241,145) | (676,748) |

| 2022 | Balance at 1 Jan GHS | Charge for the year GHS | Payments/tax credits during the year GHS | Balance at 31 Dec GHS |
|---|---|---|---|---|
| *Income tax* | | | | |
| Up to 2020 | (630,897) | - | - | (630,897) |
| 2021 | (187,463) | - | (31,001) | (218,464) |
| 2022 | - | - | (33,262) | (33,262) |
| Total | (818,360) | - | (64,263) | (882,623) |

Taxes paid comprise of utilisation of tax credits amounting to GHS 35,162 (2022: GHS 36,102) and payments amounting GHS 205,983 (2022: GHS 28,161).
Tax positions up to the 2020 year of assessment have been agreed with the tax authorities. The remaining tax position is subject to agreement with the tax authorities

### (c) Reconciliation of effective tax rate

| | 2023 % | 2023 GHS | 2022 % | 2022 GHS |
|---|---|---|---|---|
| Profit/(loss) before tax | | 10,988,215 | | (4,786,329) |
| Income tax using domestic tax rate | (25.00) | 2,747,054 | 25.00 | (1,196,582) |
| Expenses not deductible for tax purposes | 13.71 | 1,507,022 | (62.24) | 2,978,855 |
| Recognition of previously unrecognised deductible temporary differences | 5.78 | 634,664 | - | - |
| Tax at different rate | 1.67 | 183,137 | - | - |
| Tax exempt income | (14.90) | (1,637,393) | 65.13 | (3,117,304) |
| Tax expenses | 31.26 | 3,434,484 | 27.89 | (1,335,031) |

## 17. INCOME TAXES (CONT'D)

### (d) Recognised deferred tax assets and liabilities

| | Assets GHS | Liabilities GHS | 2023 Total GHS | Assets GHS | Liabilities GHS | 2022 Total GHS |
|---|---|---|---|---|---|---|
| Property, plant and equipment | - | (1,633,210) | (1,633,210) | - | (1,746,671) | (1,746,671) |
| Employee benefit obligations | 1,173,507 | - | 1,173,507 | 931,844 | - | 931,844 |
| Equity investment | - | (797,500) | (797,500) | - | (604,163) | (604,163) |
| Tax losses | - | - | - | 1,344,714 | - | 1,344,714 |
| Inventories | 15,188 | - | 15,188 | 128,335 | - | 128,335 |
| Finance costs | - | - | - | 2,068,651 | - | 2,068,651 |
| Trade receivables | 618,317 | - | 618,317 | 434,393 | - | 434,393 |
| | 1,807,012 | (2,430,710) | (623,698) | 4,907,937 | (2,350,834) | 2,557,103 |

### (i) Movements in temporary differences during the year

| For the year ended 31 December 2023 | Balance at 1 January GHS | Recogn'd in profit or loss GHS | Recogn'd in OCI GHS | Balance at 31 December GHS |
|---|---|---|---|---|
| Property, plant and equipment | (1,746,671) | 113,461 | - | (1,633,210) |
| Employee benefit obligations | 931,844 | 241,663 | - | 1,173,507 |
| Equity investment | (604,163) | - | (193,337) | (797,500) |
| Tax losses | 1,344,714 | (1,344,714) | - | - |
| Inventories | 128,335 | (113,147) | - | 15,188 |
| Finance costs | 2,068,651 | (2,068,651) | - | - |
| Trade receivables | 434,393 | 183,924 | - | 618,317 |
| | 2,557,103 | (2,987,464) | (193,337) | (623,698) |

| For the year ended 31 December 2022 | Balance at 1 January GHS | Recogn'd in profit or loss GHS | Recogn'd in OCI GHS | Balance at 31 December GHS |
|---|---|---|---|---|
| Property, plant and equipment | (2,051,377) | 304,706 | - | (1,746,671) |
| Employee benefit obligations | 891,451 | 40,393 | - | 931,844 |
| Equity investment | (604,163) | - | - | (604,163) |
| Tax losses | 1,988,418 | (643,704) | - | 1,344,714 |
| Inventories | - | 128,335 | - | 128,335 |
| Finance costs | 550,921 | 1,517,730 | - | 2,068,651 |
| Trade receivables | 446,553 | (12,160) | - | 434,393 |
| | 1,221,803 | 1,335,300 | - | 2,557,103 |

## 18. INVENTORIES

| *See accounting policy in Note 6.6* | 2023 GHS | 2022 GHS |
|---|---|---|
| Raw and packaging materials | 18,112,875 | 16,173,418 |
| Work-in-progress | 106,784 | 192,762 |
| Consumable spares | 1,397,490 | 1,013,433 |
| Finished goods | 7,693,646 | 7,762,340 |
| | 27,310,795 | 25,141,953 |

The value of raw and packaging materials was determined after writing down the inventory cost due to obsolescence of GHS 60,751 (2022: GHS 513,341). The write-downs and reversals are included in cost of sales.There was a reversal of GHS 452,590 in the current year. Inventory recognised in cost of sales is GHS 63,546,084 (2022:GHS 45,070,953).

## 19. TRADE AND OTHER RECEIVABLES

| | 2023 GHS | 2022 GHS |
|---|---|---|
| Trade receivables | 14,038,862 | 14,609,803 |
| Impairment allowance Note 27 | (2,473,270) | (1,737,571) |
| Trade receivables, net | 11,565,592 | 12,872,232 |
| Staff receivables | 615,861 | 367,214 |
| Other receivables | - | 234,135 |
| | 12,181,453 | 13,473,581 |

The maximum amount due from employees of the Company during the year amounted to approximately GHS 615,861 (2022: GHS 367,214).

Included in the staff receivables is an amount of GHS 87,083 (2022: GHS 80,622) relating to advances and accountable imprest to management staff.

During the year, an amount of GHS 735,699 was recognized as impairment loss. (2022: GHS (49,719)).

*Credit and market risks, and impairment losses*

Information about the Company's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 27.

| 20. **CASH AND CASH EQUIVALENTS AND BANK OVERDRAFT** | 2023 GHS | 2022 GHS |
|---|---|---|
| Bank balances | 4,881,176 | 373,862 |
| Cash balances | 67,459 | 89,021 |
| *Cash and cash equivalents in the statement of financial position* | 4,948,635 | 462,883 |
| Bank overdrafts * | (12,623,335) | (10,866,198) |
| **Cash and cash equivalents in the statement of cash flows** | (7,674,700) | (10,403,315) |

*Included in bank overdrafts are:

a) credit facilities of GHS 8,000,000 which includes an additional credit facility of GHS2,000,000 obtained from GCB Bank Limited in 2023 at the rate of 32.18%.(2022: GHS 6,000,000 at the rate of 10%) that are used to finance working capital.

b) import finance facilities (IFF) of GHS8,000,000 which includes an additional facility of GHS2,000,000 also obtained from GCB Bank Limited in 2023 at the rate of 32.18%. (2022: GHS 6,000,000 at the rate of 10%) that is used to finance importation of raw materials.

These facilities are payable on demand and expire 12 months from the date of disbursement. The facilities will expire on 8 August 2024.

At the reporting date, the Company recorded a bank ledger balance of GHS (6,324,090) (2022: GHS 10,350,471) in its statement of financial position as compared to the bank statements balance of GHS (5,429,698) (2022: GHS 9,504,877). The transactions making up the difference between the bank ledger balance and the bank statements balance amounting to GHS (894,392) (2022: GHS 987,459), which includes various reconciling items such as unpresented cheques, uncredited lodgements and unresolved debit and credit items on the bank statements.

Subsequent to the year end, reconciling items amounting to GHS (1,953,698) (2022: 665,245) were resolved and reflected in the financial statement as appropriate.

## 21. STATED CAPITAL AND RESERVES

### (a) Stated capital

| *See accounting policy in Note 6.9* | No. of Shares | | Proceeds | |
|---|---|---|---|---|
| **Authorized** | **2023** | **2022** | **2023 GHS** | **2022 GHS** |
| Equity shares of no par value | 500,000,000 | 500,000,000 | | |
| **Issued** | | | | |
| For cash | 84,765,899 | 84,765,899 | 33,058,701 | 33,058,701 |

There is no share in treasury and no call or instalment unpaid on any share. Additionally, there are no called- up shares.

Holders of these shares are entitled to dividend as declared from time to time and are entitled to one vote per share of general meetings of the Company.

### (b) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of equity securities designated at FVOCI.

### (c) Retained earnings

From the inception of the Company, retained earnings comprise the net amount after the equity share exchange as part of the merger arrangement between Dannex Limited, Ayrton Drug Manufacturing Limited and Starwin Products Limited. Subsequently, it represents the accumulation of profit or losses and gain from the remeasurement of employee benefit obligations.

## 22. EMPLOYEE BENEFITS OBLIGATION

*(a) Other long-term benefits*

Long service award is an unfunded scheme to reward staff for their continuous and dedicated service to the Company. Staff who serve for ten years and above are awarded with cash donations. The plan is not funded. The awards vary depending on the number of years served by employees who meet the qualifying criteria.

For the other long-term benefits, a full and independent actuarial valuation was carried out at the end of the period using the Projected Unit Credit Method in accordance with IAS 19 Employee Benefits.

## 22. EMPLOYEE BENEFITS OBLIGATION (CONT'D)

| | Long service award |
|---|---|
| | GHS |
| Balance at 1 January 2023 | 3,977,281 |
| **Included in profit or loss** | |
| Current service cost | 451,943 |
| Past service cost/(credit) | - |
| Interest cost | 714,564 |
| Actuarial loss arising from financial assumptions | 139,971 |
| Actuarial loss/(gain) arising from other sources | - |
| | 5,283,759 |
| Benefits paid | (589,849) |
| Balance at 31 December 2023 | 4,693,910 |

| | |
|---|---|
| Balance at 1 January 2022 | 3,565,802 |
| **Included in profit or loss** | |
| Current service cost | 402,371 |
| Past service cost/(credit) | |
| Interest cost | 531,075 |
| Actuarial loss arising from financial assumptions | 15,310 |
| Actuarial gain arising from other sources | (265,216) |
| | 4,249,342 |
| Benefits paid | (272,061) |
| Balance at 31 December 2022 | 3,977,281 |

| | 2023 | 2022 |
|---|---|---|
| | GHS | GHS |
| Less than one year | 622,655 | 622,655 |
| More than one year | 4,071,255 | 3,354,626 |
| | 4,693,910 | 3,977,281 |

## 22. EMPLOYEE BENEFITS OBLIGATION (CONT"D)

The actuarial assumptions at the period-end were as follows:

| | 2023 | 2022 |
|---|---|---|
| Discount rate | 19.00% | 19.00% |
| General inflation | 16.00% | 16.00% |
| Salary inflation | 16.00% | 16.00%. |

| **Withdrawal rates (See table below): 2023 and 2022** | Males | Females |
|---|---|---|
| Age | | |
| Less than 30 | 5% | 5% |
| Age 30 to 39 | 4% | 4% |
| Age 40 to 49 | 3% | 3% |
| Age 50 to 60 | 2% | 2% |
| Greater than 60 | -% | -% |

*Sensitivity analysis*

Reasonable changes at the reporting date to the relevant actuarial assumptions, holding other assumptions constant, would have affected the employee benefit obligations by the amounts shown below. Although the analysis does not take account of the full distribution of cash flow expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

| | 2023 GHS Increase | 2023 GHS Decrease |
|---|---|---|
| | Long service awards | |
| Discount rate (1% movement) | 4,450,537 | 4,962,721 |
| Withdrawal rate (10% movement) | 4,605,623 | - |
| Salary rate (1% movement) | 4,969,600 | 4,440,707 |
| Mortality (1% movement) | 4,403,073 | - |

| | 2022 GHS Increase | 2022 GHS Decrease |
|---|---|---|
| | Long service awards | |
| Discount rate (1% movement) | 3,769,757 | 4,206,804 |
| Withdrawal rate (10% movement) | 3,901,477 | - |
| Salary rate (1% movement) | 4,213,005 | 3,761,058 |
| Mortality (1% movement) | 3,729,327 | - |

## 23. LOANS AND BORROWINGS

**The Company has the following secured facilities with local banks at the reporting date:**

| | 2023<br>GHS | 2022<br>GHS |
|---|---|---|
| Ghana Exim Bank Loan (Restructured) (Note 1 below) | 8,907,053 | 10,943,475 |
| GCB Bank PLC(Note 2 below) | 8,209,989 | 12,057,555 |
| Total | 17,117,042 | 23,001,030 |
| Current | 6,572,716 | 5,824,272 |
| Non- Current | 10,544,326 | 17,176,758 |

### Note 1

This is a GHS 33,750,000 loan facility obtained from Ghana Exim Bank in January 2018 by the legacy Company Dannex Limited. The purpose of the loan is to augment working capital and to refinance existing loans at a nominal rate of 8%. In May 2020, the interest rate of 8% was revised to 13.5% for the undisbursed amount of GHS 8,500,000. The loan facility was restructured in August 2022 and matures in 2027. The loan was secured by a mortgage over landed commercial properties previously owned by erstwhile Ayrton Drug Manufacturing Limited.

### Note 2

This is a GHS 20,689,397 (2022: GHS 20,689,397) loan facility obtained from GCB Bank Plc in July 2020 at a nominal interest rate of 10% and matures in 2025 under the Ministry of Trade and Industries' Industrial Revitalisation Programme (Stimulus Package thereby qualifying for an interest subsidy of 50% on the applicable interest of 20%. The purpose of the loan is to refinance outstanding loans with GCB Bank PLC, Zenith Bank Ghana Limited and Ecobank Ghana PLC and financing of some capital expenditures.

**Reconciliation of movements of liabilities to cash flows arising from financing activities**

| | Opening balance GHS | Additions GHS | Capital repayments GHS | Interest costs GHS | Interest paid GHS | Closing balance GHS |
|---|---|---|---|---|---|---|
| **31 December 2023** | | | | | | |
| Ghana Exim Bank Loan (restructured) | 10,943,475 | - | (2,036,422) | 1,237,373 | (1,237,373) | 8,907,053 |
| Lease facility | 2,373,386 | - | (220,848) | 745,324 | (745,324) | 2,152,538 |
| GCB Bank PLC | 12,057,555 | - | (3,847,566) | 1,016,721 | (1,016,721) | 8,209,989 |
| Shareholder Loan | - | 1,212,500 | - | - | - | 1,212,500 |
| | 25,374,416 | 1,212,500 | (6,104,836) | 2,999,418 | (2,999,418) | 20,482,080 |
| **31 December 2022** | | | | | | |
| Ghana Exim Bank Loan (restructured) | 9,186,903 | 4,722,222 | (2,965,654) | 1,480,188 | (1,480,184) | 10,943,475 |
| Lease facility | 140,466 | 2,284,227 | (51,307) | 146,978 | (146,978) | 2,373,386 |
| GCB Bank PLC | 12,650,390 | 2,140,483 | (2,880,442) | 1,215,791 | (1,068,667) | 12,057,555 |
| | 21,977,759 | 9,146,932 | (5,897,403) | 2,842,957 | (2,695,829) | 25,374,416 |

## 24. TRADE AND OTHER PAYABLES

*See accounting policy in Note 6.9*

| | 2023 GHS | 2022 GHS |
|---|---|---|
| Trade payables | 12,146,910 | 15,076,725 |
| Other payables | 4,967,562 | 5,178,043 |
| Accrued expenses** | 4,494,460 | 4,110,493 |
| | 21,608,932 | 24,365,261 |

** Included in balance is GHS 679,426 (2022: GHS 791,645) relating to accrued unpaid leave as at period end.

Information about the Company's exposure to currency and liquidity risks is included in Note 27.

## 25. RELATED PARTY TRANSACTIONS

Dannex Ayrton Starwin Plc (DAS Plc) is 60.04% owned by Equatorial Cross Acquisitions Limited (ECA), which is ultimately owned by Nik Amarteifio, 17.14% owned by Social Security and National Insurance Trust (SSNIT). The remaining are owned by a number of individual shareholders. Shareholding information disclosed at Note 32.

In the course of the year, the following transactions took place with related parties.

| | 2023 GHS | 2022 GHS |
|---|---|---|
| **(i) Amounts due to related parties** | | |
| Nik Amarteifio* | 1,241,061 | - |

*The shareholder has approved a loan of GHS 2 million. The Company has drawndown GHS 1,212,500 as at the end of the year. The shareholder loan was obtained from Nik Amarteifio in March 2023 at a rate of 10% per annum for a period of 48 months. The loan or any portion of it advanced shall remain interest free for Twelve (12) months from the drawdown and no payment of principal or interest or any component of either shall be due for a period of twelve months from the date of drawdown.

### (ii) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly including any Director (whether executive or otherwise) of the Company

## 25. RELATED PARTY TRANSACTIONS (CONT'D)

| *(a) Key management personnel compensation included the following:* | 2023 | 2022 |
|---|---|---|
| *Short-term employee benefits* | GHS | GHS |
| Executive Directors | 10,524,977 | 6,339,722 |
| Non-Executive Directors | 720,510 | 515,143 |
| Other key management personnel | 2,032,641 | 5,791,257 |
| | 13,278,128 | 12,646,122 |

*(b)* There is a personal guarantee by Nik Amarteifio, the Board Chairman of the Company as collateral for obtaining the GCB Bank PLC loan facility.

*(c)* The Company guarantees loan taken by management staff under an approved staff loan scheme with Ecobank Ghana. An amount of GHS 3,120,330 (2022 : GHS 1,503,922) has been drawn down.

**(iv) Other related party transactions.**

1. Alex Bonney, a member of the Board, provides HR consultancy services for the Company, an amount of GHS 67,026 (2022: GHS 64,846) was paid to him during the period as consultancy fees. An amount of GHS 13,000 was outstanding at the reporting period.
2. Benjamin Agyeman, a member of the Board, provides Financial consultancy services for the Company, an amount of GHS 155,416 (2022: GHS 115,297) was paid to him during the period as consultancy fees. An amount of GHS 12,020 was outstanding at the reporting period.

**(v) Directors' shareholding**

The Directors named below held the following number of shares in the company as at the reporting date and at 31 December 2022:

| Name of Director | No. of shares | % of issued capital |
|---|---|---|
| Nik Amarteifio (ECA) * | 50,891,061 | 60.0 |
| Amarteokor Amarteifio | 3,207,604 | 3.8 |
| | 54,098,665 | 63.8 |

*Shares held through Equatorial Cross Acquisitions.

## 26. SEGMENT REPORTING

Operating segments reflect the Company's management structure and the way financial information is regularly reviewed by the Chief Executive Officer. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer.

The Company operates as a single business unit that manufactures Syrups, Tablets, Creams, Suspension, Disinfectant, Lozenges, Powders, Capsules and Emulsion.

Revenue by Product

| | 2023<br>GHS | 2022<br>GHS |
|---|---:|---:|
| Syrups | 77,142,511 | 53,943,969 |
| Tablets | 31,443,600 | 21,426,217 |
| Creams/ointments | 11,059,864 | 6,870,962 |
| Suspensions | 4,998,022 | 4,151,622 |
| Disinfectants | - | 1,466 |
| Powders | 14,561,487 | 8,481,409 |
| Capsules | 847,199 | 466,998 |
| Emulsions | 950,701 | 449,970 |
| | 141,003,384 | 95,792,613 |

All sales are made in Ghana. Segment revenue is based on the geographical location of customers, whilst segment asset is based on the geographical location of the assets.

The Company's non-current assets amounting to GHS 27,030,152 (2022: GHS 33,066,213 ) are in Ghana.

**Major Customer**

There was no revenue for transactions with a single external customer amounting to 10% of the Company's total revenue during the period.

## 27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

### a. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company regularly reviews significant unobservable inputs and valuation adjustments.

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

## 27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONT'D)

Carrying amount

| 31 December 2023 | Note | FVOCI GHS | Financial assets at amortised cost GHS | Other financial liabilities GHS | Total GHS |
|---|---|---|---|---|---|
| **Financial assets measured at fair value** | | | | | |
| Equity Investment at FVOCI | 16 | 3,190,000 | - | - | 3,190,000 |
| **Financial assets not measured at fair value** | | | | | |
| Trade and other receivables* | 19 | - | 12,181,453 | - | 12,181,453 |
| Cash and cash equivalents | 20 | - | 4,881,176 | - | 4,881,176 |
| **Total assets** | | - | 21,943,805 | - | 21,943,805 |
| **Financial liabilities not measured at fair value** | | | | | |
| Bank overdraft | 20 | - | - | 12,623,335 | 12,623,335 |
| Loans and borrowings | 23 | - | - | 17,117,042 | 17,117,042 |
| Trade and other payables** | 24 | - | - | 19,171,154 | 19,171,154 |
| Due to related party | 25 | - | - | 1,241,061 | 1,241,061 |
| **Total liabilities** | | - | - | 50,152,592 | 50,152,592 |

Carrying amount

| 31 December 2022 | Note | FVOCI GHS | Financial assets at amortised cost GHS | Other financial liabilities GHS | Total GHS |
|---|---|---|---|---|---|
| **Financial assets measured at fair value** | | | | | |
| Equity Investment at FVOCI | 16 | 2,416,650 | - | - | 2,416,650 |
| **Bank overdraft** | | | | | |
| Trade and other receivables* | 19 | - | 13,473,581 | - | 13,473,581 |
| Cash and cash equivalents | 20 | - | 373,862 | - | 373,862 |
| **Total assets** | | - | 13,847,443 | - | 13,847,443 |
| **Financial liabilities not measured at fair value** | | | | | |
| Bank overdraft | 20 | - | - | 10,866,198 | 10,866,198 |
| Loans and borrowings | 23 | - | - | 23,001,030 | 23,001,030 |
| Trade and other payables** | 24 | - | - | 21,825,531 | 21,825,531 |
| **Total liabilities** | | - | - | 55,692,759 | 55,692,759 |

** Trade and other payables are less all statutory payables such as PAYE, withholding taxes, and social security.

## 27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONT'D)

### b. Measurement of fair values

#### i. Fair value hierarchy

Financial assets measured at fair value

| | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| 31 December 2023 | GHS | GHS | GHS |
| Equity Investment at FVOCI | - | 3,190,000 | - |
| | Level 1 | Level 2 | Level 3 |
| 31 December 2022 | GHS | GHS | GHS |
| Equity Investment at FVOCI | - | 2,416,650 | - |

#### ii. *Valuation techniques and significant unobservable inputs*

The following tables show the valuation techniques used in measuring financial instruments.

**Financial instruments not measured at fair value**

| Type | Valuation technique |
|---|---|
| Other financial liabilities | The valuation model considers the present value of future cashflows, discounted at the market rates of interest at the reporting date. |
| Financial assets measured at FV | This is determined by the comparable companies approach. |

### c. Financial risk management

This Company has exposure to the following risks arising from financial instruments:

| | Page |
|---|---|
| • *Credit risk* (See Note c.ii) | 83 |
| • *Liquidity risk* (See Note c.iii) | 85 |
| • *Market risk* (See Note c.iv) | 87 |

## 27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONT'D)

### Risk management framework

The Company has developed a comprehensive risk management process to facilitate control and monitoring of these risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company' s risk management framework. Management of financial risk is centralized at the Company' s corporate group level, where financial risk is managed in accordance with the policies and procedures established at the Group level, in order to protect profit and cash flows.

### ii. 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 the Company' s receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure.

*Trade and other receivables*

The Company' s exposure to risk is influenced mainly by the individual characteristics of each customer, the industry and country in which the customers operate. In monitoring customer credit risk, customers are grouped according to their credit characteristics; including whether they are open market customers (wholesalers, retailers) or institutional customers.

The Company has credit control policies which cover procedures for accepting new customers, setting credit limits, dealing with overdue amounts and delinquent payers. Credit exposure on trade receivable is covered by customers issuing post-dated cheques to cover amount owed. The Company does not require collateral in respect of trade and other receivables.

The maximum exposure to credit risk for accounts receivable at the reporting date by type was:

| | 2023<br>GHS | 2022<br>GHS |
|---|---|---|
| Trade receivables | 11,565,592 | 12,872,232 |
| Due from related companies | - | 4,881,176 |
| Staff receivables | 615,861 | 367,214 |
| Other receivables | - | 234,135 |
| | 12,181,453 | 18,354,757 |

## 27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONT'D)

*Impairment*

The aging of accounts receivable at the reporting date was:

### Open market customers

| | 2023 Weighted loss rate | 2023 Carrying amount GHS | 2023 Impairment GHS | 2023 Credit impaired | 2022 Weighted loss rate | 2022 Carrying amount GHS | 2022 Impairment GHS | 2022 Credit impaired |
|---|---|---|---|---|---|---|---|---|
| Current (not past due) | 5.93 | 8,051,927 | (477,794) | No | 1.33 | 7,440,457 | (99,024) | No |
| 1- 60 days past due | 4.42 | 912,193 | (40,298) | No | 3.27 | 2,802,077 | (91,508) | No |
| 61- 120 days past due | 7.50 | 315,483 | (23,648) | No | 7.22 | 863,551 | (62,315) | No |
| 121- 182 days past due | 16.80 | 268,755 | (45,163) | No | 17.78 | 293,093 | (52,108) | No |
| More than 183 days due | 65.89 | 361,356 | (238,114) | Yes | 66.95 | 906,260 | (606,697) | Yes |
| | | 9,909,714 | (825,017) | | | 12,305,438 | (911,652) | |

### Institutional customers - NHIA Accredited Institutions

| | 2023 Weighted loss rate | 2023 Carrying amount GHS | 2023 Impairment GHS | 2023 Credit impaired | 2022 Weighted loss rate | 2022 Carrying amount GHS | 2022 Impairment GHS | 2022 Credit impaired |
|---|---|---|---|---|---|---|---|---|
| Current (not past due) | 13.30 | 746,521 | (99,296) | No | 14.04 | 400,157 | (56, 200) | No |
| 1- 60 days past due | 13.44 | 302,682 | (40,673) | No | 19.32 | 410,952 | (79,402) | No |
| 61- 120 days past due | 16.18 | 307,141 | (49,696) | No | 24.64 | 147,729 | (36,403) | No |
| 121- 182 days past due | 22.85 | 124,174 | (28,369) | No | 30.59 | 170,435 | (52,134) | No |
| 183 - 243 days past due | 35.94 | 68,617 | (24,658) | No | 38.83 | 55,320 | (21,483) | No |
| 244 - 305 days past due | 46.77 | 22,034 | (10,304) | No | 48.13 | 34,462 | (16,588) | No |
| 306 - 365 days past due | 69.73 | 11,770 | (8,206) | No | 68.18 | 13,365 | (9,112) | No |
| More than 365 days due | 100.00 | 227,892 | (227,892) | Yes | 100.00 | 505,516 | (505,516) | Yes |
| | | 1,810,831 | (489,094) | | | 1,737,936 | (776,838) | |
| **Regional Medical Stores** | | | | | | | | |
| Current (not past due) | 50.00 | 2,318,317 | (1,159,159) | | 10.00 | 490,806 | (49,081) | |
| Total | | 14,038,862 | (2,473,270) | | | 14,534,180 | (1,737,571) | |

## 27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONT'D)

The company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.
Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency of write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics. These rates are multiplied by scalar factors to reflect current conditions. Scalar factors are based on actual and forecasted GDP growth and inflation rates which are as follows: Actuals- GDP growth rate of 1.16% and inflation rate of 31.30%; Forecasts- GDP growth rate of 2.69% and inflation of 15.0%.

Impairment losses on financial assets recognised in profit or loss were as follows:

| | 2023<br>GHS | 2022<br>GHS |
|---|---|---|
| Opening balance | 1,737,571 | 1,787,290 |
| Impairment expense/(reversal) on trade receivables | 735,699 | (49,719) |
| Closing balance | 2,473,270 | 1,737,571 |

Impairment expense comprises:

| | 2023<br>GHS | 2022<br>GHS |
|---|---|---|
| Trade receivables written-off | 14,661 | - |
| Impairment expense (reversal) on trade receivables | 735,699 | (49,719) |
| Impairment expense | 750,360 | (49,719) |

*Cash and cash equivalents*

The Company held cash and cash equivalents of GHS 4,948,635 (2022: GHS 462,883) at the reporting date. The cash and cash equivalents are held with reputable banks and other financial institutions regulated by the Bank of Ghana and available on demand or upon maturity for short-term investments.

### iii. Liquidity risk

Liquidity risk is the risk that the Company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due or can access them only at excessive cost. The Company' s approach to managing liquidity is to ensure that it will maintain adequate liquidity to meet its liabilities when due. Financial assets the entity uses to manage its liquidity are its cash and cash equivalents and trade receivables.

## 27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONT'D)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

| | Carrying Amount | Contractual cash flows | | | |
|---|---|---|---|---|---|
| | | Total | 6 mths or less | 6 - 12 mths | More than 12 mths |
| **31 December 2023** | GHS | GHS | GHS | GHS | GHS |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables | 19,171,154 | 19,171,154 | 19,171,154 | - | - |
| Due to related party | 1,241,061 | 1,241,061 | - | - | 1,241,061 |
| Lease liabilities | 2,152,538 | 3,699,762 | 487,858 | 487,858 | 2,724,046 |
| Bank overdraft | 12,623,335 | 12,623,335 | 12,623,335 | - | - |
| Loans and borrowings | 17,117,042 | 19,988,189 | 4,087,044 | 4,087,044 | 11,814,101 |
| Balance at 31 December 2023 | 52,305,130 | 56,723,501 | 36,369,391 | 4,574,902 | 15,779,208 |
| **Non-derivative financial assets** | | | | | |
| Cash and Cash Equivalents | 4,948,635 | 4,948,635 | 4,948,635 | - | - |
| Trade and other receivables | 12,181,453 | 12,181,453 | 12,181,453 | - | - |
| Balance at 31 December 2023 | 17,130,088 | 17,130,088 | 17,130,088 | - | - |
| **31 December 2022** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables | - | - | - | - | - |
| Due to related party | 50,152,592 | 50,152,592 | 50,152,592 | - | - |
| Lease liabilities | 2,373,386 | 4,755,802 | 552,579 | 552,579 | 3,650,644 |
| Bank overdraft | 17,117,042 | 17,117,042 | 10,866,198 | - | - |
| Loans and borrowings | 19,171,154 | 30,394,057 | 5,349,446 | 5,349,446 | 19,695,165 |
| Balance at 31 December 2022 | 88,814,174 | 102,419,493 | 66,920,815 | 5,902,025 | 23,345,809 |
| **Non-derivative financial assets** | | | | | |
| Cash and Cash Equivalents | 462,883 | 462,883 | 462,883 | - | - |
| Trade and other receivables | 4,881,176 | 4,881,176 | 4,881,176 | - | - |
| Balance at 31 December 2022 | 5,344,059 | 5,344,059 | 5,344,059 | - | - |

## 27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONT'D)

### iv. Market risk

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

*Foreign currency risk*

The Company is exposed to currency risk on purchases and borrowings that are denominated in currencies other than the functional currency. The currencies in which these transactions primarily are denominated are US dollars (USD), Great British Pound (GBP) and Euro (EUR).

| | 31 December 2023 | | | 31 December 2022 | | |
|---|---|---|---|---|---|---|
| **Balances shown in GHS equivalents** | **EUR** | **USD** | **GBP** | **EUR** | **USD** | **GBP** |
| Cash and cash equivalents | 270 | 1,431 | - | 270 | 6,190 | - |
| Trade and other payables | (37,614) | (741,169) | - | (1,054) | (813,710) | (7,226) |
| **Net statement of financial position exposure** | (37,344) | (739,738) | - | (784) | (807,520) | (7,226) |

The following significant exchange rates are applied during the year:

| | Average Rate | | Reporting Date | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| GBP 1 | 14.8850 | 11.4023 | 15.3700 | 13.2968 |
| EUR 1 | 12.9512 | 9.7485 | 13.3410 | 11.7645 |
| USD 1 | 11.9308 | 9.4208 | 12.0200 | 11.0000 |

**Sensitivity analysis**

A 10% weakening of the cedi against the following currencies at 31 December 2023 would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2022.

| *Effect in GHS* | Effect on profit or loss/equity | |
|---|---|---|
| | 2023 GHS | 2022 GHS |
| GBP | - | (9,608) |
| EUR | (49,821) | (922) |
| USD | (889,165) | (888,272) |
| | (938,986) | (898,802) |

**27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONT'D)**

A 10% strengthening of the cedi against the above currencies would have exact opposite effect on equity and profit or loss by the same amount shown above.

The Company' s exposure to exchange rate risk is in respect of amount due to foreign suppliers for imports of various international transactions. The Company manages foreign exchange risk by estimating forward looking rates in its Annual Planning process based on projected depreciation of the Cedi against the major trading currencies. The system is set up with trigger points for review of the rates to aid in the management of the risk.

*Equity price risk*
*Sensitivity analysis*

For investments classified as fair value through other comprehensive income, a 3% increase in the equity prices at the reporting date would have increased equity by the amounts shown below. An equal change in the opposite direction would also decrease equity by the amounts shown below.

| | Effect on profit or loss/equity | |
|---|---|---|
| | 2023 | 2022 |
| | GHS | GHS |
| Equity | 95,700 | - |

*Interest rate risk*

At the reporting date the interest rate profile of the company' s interest-bearing financial instruments was:

| | Carrying amounts | |
|---|---|---|
| **Fixed rate instruments** | 2023 | 2022 |
| | GHS | GHS |
| Bank overdraft | (12,623,33[illegible] | (10,866,198) |
| Loans and borrowings | (17,117,042) | (19,171,154) |
| Shareholder loan | (1,212,500) | - |
| | 30,952,877 | 30,037,352 |

The Company does not account for any fixed-rate financial assets or financial liabilities, at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

*Sensitivity analysis*

A change of 100 basis points in interest rate at the reporting date would have an increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables in particular foreign currency rates remain constant.

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONT'D)

The analysis is performed on the same basis for 2022:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | 100BP Increase | 100BP Decrease | 100BP Increase | 100BP Decrease |
| Cash flow sensitivity (GHS) | (309,529) | 309,529 | (300,374) | 300,374 |

## 28. CAPITAL COMMITMENTS

The Company had no commitments for capital expenditure at the reporting date and at December 31 2022.

## 29. CONTINGENT LIABILITIES

A labour suit filed by two plaintiffs contesting their summary dismissal and termination of appointment respectively by the Defendant ("Starwin"- now DAS Plc). The case of the plaintiffs is that their dismissal and termination of appointment by DAS Plc was wrongful.

Apart from damages and cost, the second plaintiff is praying the Court to order DAS Plc to pay the sum of GHS 21,069.

The suit is at the trial stage where the Plaintiffs have closed their case and the Defendant is yet to open its defence. The suit has been adjourned to 26th, 27th and 28th February, 2024 for the Defendant to open its defence.
If the Court delivers judgment in favour of the Plaintiffs, DAS may be ordered by the Court to pay a maximum of two years' salary to each of the Plaintiffs as damages; implying that the 2nd Plaintiff may be awarded a total of the sums of money mentioned earlier and a maximum of two years' salary

## 30. SUBSEQUENT EVENTS

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate directly to the financial statements and the effect is material. There were no events after 31 December 2023 that require disclosure in the financial statements.

## 31. CAPITAL MANAGEMENT

The Company' s policy is to develop a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company monitors capital using a ratio of adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total liabilities less cash and cash equivalents. Adjusted equity comprises all components of equity as shown in the statement of financial position.

Management reviews its capital management approach on an ongoing basis and believes this approach given the size of the Company is reasonable.

The adjusted net debt to equity ratio for the Company at 31 December is as follows:

| | 2023 GHS | 2022 GHS |
|---|---|---|
| Total liabilities | 61,867,528 | 66,933,990 |
| Cash and bank balances | (4,948,635) | (462,883) |
| Net | 56,918,893 | 66,471,107 |
| Total equity | 16,350,026 | 8,216,282 |
| Gearing | 3.48 | 8.09 |

## 32. SHAREHOLDING INFORMATION

### (i) Number of Shares in issue

Earnings per share are based on 84,765,899 weighted average number of equity shares in issue during the year.

### (ii) Number of Shareholders

The Company had 84,765,899 equity shares at the reporting date and at 31 December 2022 distributed as follows:

| Holding | No. of Holders | Total Holding | % Holding |
|---|---|---|---|
| 1-1000 | 7,730 | 1,895,725 | 2.24 |
| 1001-5000 | 670 | 1,345,336 | 1.59 |
| 5001-10000 | 64 | 462,996 | 0.55 |
| 10001 and over | 85 | 81,061,842 | 95.63 |
| | 8,549 | 84,765,899 | 100.00 |

## 32. SHAREHOLDING INFORMATION (CONT'D)

(iii) List of twenty shareholders as at the reporting date and 31 December 2022

| Shareholders | No. of shares | % of issued capital |
|---|---|---|
| Equatorial Cross Acquisitions (ECA) | 50,891,061 | 60.04 |
| Social Security and National Insurance Trust | 14,525,554 | 17.14 |
| Yaw Opare-Asamoah | 6,546,034 | 7.72 |
| Amarteorkor Amarteifio | 3,207,604 | 3.78 |
| Mirfield Properties | 1,621,318 | 1.91 |
| Jacob Amekor Blukoo-Allotey | 394,485 | 0.47 |
| Worldwide Securities Limited | 233,362 | 0.28 |
| Starwin Products Limited | 202,490 | 0.24 |
| E.H. Boohene Foundation | 198,041 | 0.23 |
| International Central Gospel Church – Christ Temple | 166,400 | 0.20 |
| Teachers Fund | 142,852 | 0.17 |
| Sylvia Stella Amissah | 113,298 | 0.13 |
| Comfort Asiedu | 106,811 | 0.13 |
| Godfried Ampofo | 106,811 | 0.13 |
| Albert Gyang Boohene | 100,385 | 0.12 |
| Estate of Bernard Forson | 98,043 | 0.12 |
| Estate of P.I.A Quaye | 87,672 | 0.10 |
| Worldwide Securities Ltd Trust A/C | 87,636 | 0.10 |
| Starwin Trust Fund | 86,782 | 0.10 |
| Estate of Patrick Okai | 77,386 | 0.09 |
| Reported Totals | 78,994,025 | 93.20 |
| Not reported | 5,771,874 | 6.80 |
| Reported Totals | 84,765,899 | 100.00 |

(iv) Directors' shareholding

The Directors named below held the following number of shares in the Company as at the reporting date and at 31 December 2022:

| Name of Director | No. of shares | % of issued capital |
|---|---|---|
| Nik Amarteifio | 50,891,061 | 60.04 |
| Amarteorkor Amarteifio | 3,207,604 | 3.78 |
| | 54,098,665 | 63.82 |

*Shares held through Equatorial Cross Acquisitions.

## Appendix 1

## EXTRACT OF DANNEX AYRTON STARWIN PLC CODE OF ETHICS

### 1. Purpose

To ensure staff have detailed understanding of company' s minimum standards of operation and the expectations of customers and stakeholders at all times.

### 2. Standards of Practice

### 2.1 Bribery and Corruption

- Any payments or gifts other than business expenses which intends to induce or influence someone or public official in the performance of his legitimate duty is prohibited by the company.
- Guidance should be sought from CEO and CHRO in contrary to this directive.

### 2.2 Records Keeping

Detailed records of all gifts received must be logged unto the NAV or be kept in in written form by authorized employees and the HR Department notified. Records dealings should be prepared with strict accuracy.

### 2.3 Treatment of Customers

All employees are entreated to know the obligations of the business towards customers and to understand and meet their expectations. Open and clear communication is to vital to this.

### 2.4 Suppliers

Suppliers are to be treated fairly in accordance with agreed terms of trade.

### 2.5 Competition

- DAS Plc will compete fairly with competitors and their parties. Employees should be confidential and not divulge or share trade secrets with its competitors.

### 3. Corporate Governance

DAS Plc complies with legal and regulatory requirements to protect shareholder interest and the business.

### 3.1 Compliance with Law

All managers are to be aware of laws and regulations affecting their area of operations and ensure to take legal advice where appropriate.

### 3.2 Accounting Standards and Records

All accounts documentation must be in conformity with regulatory requirements.

### 3.3 External Reporting

- All statements or reports to regulators, govt. agencies or stakeholders should always be correct timely and not misleading.
- Only authorized persons are permitted to represent DAS Plc on all external matters.

### 3.4 Policies Procedures

Management are to ensure to the compliance and management of risks policy and procedures by staff and as well manage risk associated with these policies.

## 4. Our Commitment to our employees

DAS Plc is committed to achieve a work environment in which team spirit, goals and values, fairness dignity and respect are maintained by all employees.

### 4.1 Labour Act

- DAS Plc will always act in compliance with the Labour Act 65.

### 4.2 Harassment

- All unwanted behavior will be not be countenanced under any circumstances. CHRO should be notified of such behavior.

### 4.3 Equal Opportunity

- All employees will be given equal opportunities for advancement based on their performance ability and aptitude.

### 4.4 Health and Safety

- DAS Plc provides the highest priority on Health and Safety of all employees. Methods of operations will constantly be reviewed to protect workers. Leaders should be role models in ensuring high standards of Health and Safety.

### 4.5 Pre employment screening and selection

DAS Plc will apply rigorous pre-employment screening and selection to protect interest of employees and customers

## 5. Good Corporate Citizen

- DAS Plc is committed to being a good corporate citizen by taking account of the socio economic environment of the business.

### 5.1 Environment

- Will conduct business with respect to the environmental requirements. Activities that will have a negative impact on the environment will be avoided.

### 5.2 Corporate Social Responsibility

- DAS Plc is fully committed in supporting and assisting charitable activities which have positive impact in communities and society.

6. Employee Commitment

Employees must be committed and promote the interest of the business at all times.

6.1 Confidential Information

- Confidential information except information required by law must not be used for personal gain but for advancement of the business. Disclosure of confidential information is not permitted unless otherwise authorized for legitimate business.

6.2 Conflict of Interest

- Any activity that conflicts with the interest of the company must be avoided.

6.3 Social Networking

- Employees who engages in social networking on behalf to the business must conduct themselves in accordance with DAS Plc values and policies.

## PROXY FORM

**For use by Dannex Ayrton Starwin PLCshareholders at the Annual General Meeting to be held at the Eben-Ezer Presbyterian Church Hall, Osu, Accra, on Thursday, 4th July, 2024 at 10:00am GMT**

I/We, (Note 1)________________________________ of ________________________ being the holder(s) of Dannex Ayrton Starwin PLCShares, hereby appoint the Chairman of the meeting (Note 2) ________________________________ as my/our proxy to act for me/us at the Annual General Meeting (the "AGM") to be held at the Osu Ebenezer Presbyterian Church Hall on July 4, 2024 at 10:00am (GMT) for the purpose of considering and, if thought fit, approving the proposed resolutions referred to in the notice convening such meeting. At the AGM (and every adjournment thereof), the proxy is to vote for me/us on my behalf for or against the resolutions to be proposed at the AGM (and at any adjournment thereof) as indicated below.

**IMPORTANT: Please indicate with an "X" in the appropriate box opposite the resolution how you wish your vote to be cast.**

| | RESOLUTION | FOR | AGAINST |
|---|---|---|---|
| 1. | To receive and adopt the Reports of the Directors, the Auditors and the Financial Statements for the year ended 31 December 2023 | | |
| 2. | To authorise the Directors to fix the remuneration of the Auditors | | |

Dated ______________________________2024 (Signature) ___________________________ .

To facilitate arrangements for AGM, please tick here (without commitment on your part) if you propose to attend the AGM
(having not appointed a proxy above) or if your proxy is to attend the meeting on your behalf.

This form of proxy should be read in conjunction with the accompanying Circular which contain important information regarding Dannex Ayrton Starwin PLC.

## Notes:

1. Full name(s) and address(s) to be inserted in BLOCK CAPITALS.

2. If any person other than the Chairman is to be appointed as proxy, strike out the words "the Chairman of the Meeting", add the name and address of the proxy preferred in the blank space provided and initial the alteration. The person to whom this proxy is given need not be a shareholder of Dannex Ayrton Starwin Plc but must attend the said meeting in person to represent you. Appointment of a proxy will not prevent a shareholder from attending and voting at the Meeting (or any adjournment thereof) in person.

3. In the case of joint shareholders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint shareholders. For this purpose, seniority is determined by the order in which the names stand in the Dannex Ayrton Starwin Plc Register in respect of the joint holding. In the case of a corporation, this proxy must be given under its common seal or be signed on its behalf by an attorney or officer duly authorized.

4. In order to be valid, this form of proxy and the power of attorney or other authority (if any) under which it is signed, or a copy of such authority certified notarially or in some other way approved by the directors of Dannex Ayrton Starwin Plc must be duly executed and deposited at the offices of NTHC Registrars, 18 Gamel Nasser Avenue, Ringway Estates, P. O. Box KIA 9563, Airport, Accra, Ghana not later than 3.00 pm (GMT) on 2nd July, 2024. FAILURE TO DEPOSIT THE FORM OF PROXY AS REQUIRED WILL RESULT IN YOUR PROXY APPOINTMENT BEING INVALID.

5. Any alterations made to this form of proxy should be initiated by the person who signs it.

6. Please indicate with an "X" how you wish to vote cast. Unless instructed, the proxy will vote, or abstain from voting, at his or her discretion. On any motion to amend the above resolutions, to propose a new resolution, to adjourn the AGM, or any other motion put to the AGM (other than to approve the above resolutions), the proxy will act at his/her/their discretion.

SPECIAL NOTE: YOU ARE REQUESTED TO SIGN AND DATE THE ABOVE PROXY FORM.

# SAMALIN

**For symptomatic relief from Cough with excessive mucus Chronic bronchitis Asthma & COPD**