

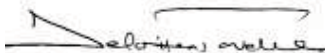
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## INDEPENDENT AUDITORS' REPORT-continued TO THE SHAREHOLDERS OF AFRICAN CHAMPION INDUSTRIES (ACI) LIMITED

### Report on other legal requirements

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

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. in our opinion proper books of accounts have been kept by the company so far as appears from our examination of those books; and
- iii. the balance sheet and income statement of the company are in agreement with the books of accounts.



Chartered Accountants  
Accra, Ghana  
31<sup>st</sup> March 2011

**INCOME STATEMENT**

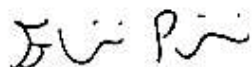
For the year ended 31 December 2010

	Notes	2010 GH¢	2009 GH¢
Sale of goods		4,465,663	3,948,012
Revenue		4,465,663	3,948,012
Cost of sales	5	3,058,535	3,105,554
Gross profit		1,407,128	842,458
Other income	6.1	21,989	19,844
Selling and distribution costs	6.2	(71,331)	(105,769)
Administrative expenses	6.3	(1,266,979)	(988,938)
Loss on disposal		(5,300)	-
Operating (loss)/profit		85,507	(232,405)
Finance costs	6.4	(367,186)	(224,849)
(Loss)/profit before tax		(281,679)	(457,254)
Income tax expense	7	(1,510)	(1,104)
(Loss)/profit for the year		(283,189)	(458,358)
Earning per share	8	-	-

## BALANCE SHEET

As at 31 December 2010

Assets	Notes	2010 GH¢	2009 GH¢
<b>Non-current assets</b>			
Property, plant and equipment	9	6,923,192	6,974,408
		<u>6,923,192</u>	<u>6,974,408</u>
<b>Current assets</b>			
Inventories	10	236,603	328,773
Trade and other receivables	11	1,880,060	1,475,271
Income tax asset	7	3,052	2,265
Cash and short-term deposits	12	41,440	7,088
		<u>2,161,155</u>	<u>1,813,397</u>
<b>Total assets</b>		<b>9,084,347</b>	<b>8,787,805</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders</b>			
Stated capital	13a	464,639	464,639
Other capital reserves	13b	7,057,950	7,057,950
Income surplus		(2,286,506)	(2,009,456)
<b>Total equity</b>		<b>5,236,083</b>	<b>5,513,133</b>
<b>Current liabilities</b>			
Trade and other payables	14a	2,761,712	2,934,377
Bank overdraft	15	1,086,552	340,295
<b>Total Liabilities</b>		<b>3,848,264</b>	<b>3,274,672</b>
<b>Total equity and liabilities</b>		<b>9,084,347</b>	<b>8,787,805</b>



Director



Director

The notes on pages 16 to 40 form an integral part of these accounts.

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Issued capital (Note 13a) GH¢	Income surplus GH¢	Other capital reserves GH¢	Total GH¢
Balance at 1 January 2010	464,639	(2,009,456)	7,057,950	5,513,133
Total recognised income and expense	-	(283,189)	-	(283,189)
Revaluation surplus	-	-	-	-
Release of staff leave taken	-	6,139	-	6,139
Balance at 31 December 2010	<u>464,639</u>	<u>(2,286,506)</u>	<u>7,057,950</u>	<u>5,236,083</u>

## CASH FLOW STATEMENT

For the year ended 31 December 2010

	2010 GH¢	2009 GH¢
Operating activities		
Operating (loss)/profit before tax	(281,679)	(457,254)
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and impairment of property, plant and equipment	184,293	175,776
Working capital adjustments:		
Decrease/(increase) in trade and other receivables and prepayments	(404,789)	(457,659)
Decrease (increase) in inventories	92,170	305
Increase/(decrease) in trade and other payables	(172,665)	723,599
Income tax paid	(2,297)	(975)
Loss on disposals	5,300	-
Net cash flows from operating activities	(579,667)	(16,208)
Investing activities		
Proceeds from sale of asset	10,250	-
Purchase of property, plant and equipment	(148,627)	(46,004)
Net cash flows used in investing activities	(138,377)	(46,004)
Financing activities		
Bank overdraft	746,257	7,314
Release of leave taken to income surplus	6,139	-
Net cash flows used in financing activities	752,396	7,314
Net (decrease)/increase in cash and cash equivalents	34,352	(54,898)
Cash and cash equivalents at 1 January	7,088	61,986
Cash and cash equivalents at 31 December	41,440	7,088