

**Independent Auditor's Report
to the Members of
Pioneer Kitchenware Limited**

Report on the financial statements

We have audited the accompanying financial statements of Pioneer Kitchenware Limited, which comprise the statement of financial position at 31 December 2010, statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies as set out on pages 10 to 37.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Pioneer Kitchenware Limited at 31 December 2010, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) of Ghana.

Going Concern Assumption

The company's financial position shows a net current liability of GH¢999,890 at the year end. This position indicates a material uncertainty which cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

**Independent Auditor's Report
to the Members of
Pioneer Kitchenware Limited (cont'd)**

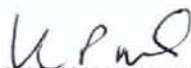
As stated in note 30, the financial statements have been prepared on a going concern basis because the holding company has confirmed that it will continue to support the company until the company is able to meet its obligations from its resources and will provide such financial support as is necessary without prejudicing its ability to continue operations.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Code, 1963 (Act 179) of Ghana

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, and the statement of financial position, statement of comprehensive income and retained earnings are in agreement with the books of account.



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**Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P.O. Box GP 242
Accra**

6 September, 2012

Pioneer Kitchenware Limited
Statement of Financial Position
At 31 December 2010

	Note	2010 GH¢	2009 GH¢
Assets			
Property, plant and equipment	6	1,375,797	1,483,315
Long term investments	9	720	720
		-----	-----
Total non-current assets		1,376,517	1,484,035
		-----	-----
Inventories	10	295,175	586,341
Trade receivables	11	-	7,080
Other assets	12	3,385	8,810
Income tax asset	7	4,899	4,899
Cash and bank	13	23,865	16,903
		-----	-----
Total current assets		327,324	624,033
		-----	-----
Total assets		1,703,841	2,108,068
		=====	=====
Equity			
Share capital	16	866,201	866,201
Retained earnings		(502,466)	126,620
		-----	-----
Total equity		363,735	992,821
		-----	-----
Liabilities			
Deferred tax liabilities	8	12,892	13,954
		-----	-----
Total non-current liabilities		12,892	13,954
		-----	-----
Bank overdraft	14	302,637	190,791
Trade and other payables	17	914,577	755,502
Short-term loan	15	110,000	155,000
		-----	-----
Total current liabilities		1,327,214	1,101,293
		-----	-----
Total liabilities and equity		1,703,841	2,108,068
		=====	=====



Director



Director

The notes on page 14 to 37 are an integral part of these financial statements.

Pioneer Kitchenware Limited
Statement of Comprehensive Income
For The Year Ended 31 December 2010

	Note	2010 GH¢	2009 GH¢
Revenue	19	1,720,985	2,165,058
Cost of sales	20	(1,696,991)	(1,982,210)
Gross profit		23,994	182,848
Distribution costs	21	(87,324)	(98,184)
Administrative expenses	22	(460,040)	(365,092)
Other income	23	1,585	2,087
Operating loss		(521,785)	(278,341)
Net finance expense	24	(108,363)	(46,629)
Loss before income taxation		(630,148)	(324,970)
Income tax recovery	7	1,062	353
Loss for the year		(629,086)	(324,617)
Other comprehensive income			
Available for sale financial instruments		-	(288)
Tax thereon @ 0%		-	-
Other comprehensive income, net of tax		-	(288)
Total comprehensive income for the year		(629,086)	(324,905)
Basic earnings per share	18	(0.0172)	(0.0089)
Diluted earnings per share	18	(0.0172)	(0.0089)

The notes on page 14 to 37 are an integral part of these financial statements

Pioneer Kitchenware Limited
Statement of Changes in Equity
For The Year Ended 31 December 2010

2009	Stated Capital GH¢	Retained Earnings GH¢	Total Equity GH¢
Balance at 1 January 2009	866,201	451,525	1,317,726
Loss for year	-	(324,905)	(324,905)
	-----	-----	-----
Balance at 31 December 2009	<u>866,201</u>	<u>126,620</u>	<u>992,821</u>
	-----	-----	-----
2010	Stated Capital GH¢	Retained Earnings GH¢	Total GH¢
Balance at 1 January 2010	866,201	126,620	992,821
Loss for year	-	(629,086)	(629,086)
	-----	-----	-----
Balance at 31 December 2010	<u>866,201</u>	<u>(502,466)</u>	<u>363,735</u>
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Pioneer Kitchenware Limited
Statement of Cash Flows
For The Year Ended 31 December 2010

	2010	2009
	GH¢	GH¢
Cash flows from operating activities		
Loss before taxation	(630,148)	(324,970)
<i>Adjustments for:</i>		
Depreciation	110,745	109,670
Interest expense	109,859	46,905
	-----	-----
	(409,544)	(168,395)
Change in inventories	291,166	106,073
Change in trade receivables	7,080	(9,738)
Change in other assets	5,425	(408)
Change in trade and other payables	159,075	124,080
	-----	-----
Cash generated from operations	53,202	51,612
Income taxes paid	-	(20,605)
	-----	-----
Net cash flow from operating activities	53,202	31,007
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Cash flows from investing activities		
Purchase of property, plant and equipment	(3,227)	(1,552)
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Net cash flow used in investing activities	(3,227)	(1,552)
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Cash flows from financing activities		
Loan Proceeds	60,000	155,000
Loan Repaid	(105,000)	-
Interest paid	(109,859)	(46,905)
	-----	-----
Net cash flow (used)/from financing activities	(154,859)	108,095
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Net (decrease)/increase in cash and cash equivalents	(104,884)	137,550
	=====	=====
Analysis of changes in cash and cash equivalents during the year		
Balance at 1 January	(173,888)	(311,438)
Net cash flow	(104,884)	137,550
	-----	-----
Balance at 31 December	(278,772)	(173,888)
	=====	=====
Analysis of balances of cash and cash equivalents as shown in the balance sheet		
Cash and bank balances	23,865	16,903
Bank overdraft	(302,637)	(190,791)
	-----	-----
	(278,772)	(173,888)
	=====	=====

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