

**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 2011, 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 13 to 40.

***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 2011, 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¢1,394,993 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)**

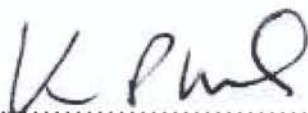
As stated in note 29, the financial statements have been prepared on a going concern basis because the holding company has confirmed that it will continue to support the company until the company is able to meet its obligations from its resources and will provide such financial support as is necessary 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.

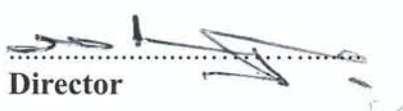


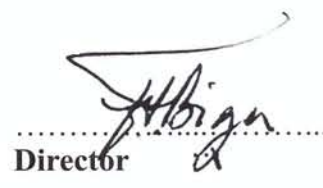
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**Chartered Accountants  
13 Yiyiwa Drive, Abelenkpe  
P.O. Box GP 242  
Accra**

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*6 September*, 2012

**Pioneer Kitchenware Limited**  
**Statement of Financial Position**  
**At 31 December 2011**

	Note	2011 GH¢	2010 GH¢
<b>Assets</b>			
Property, plant and equipment	6	1,269,263	1,375,797
Long term investments	9	720	720
<b>Total non-current assets</b>		<u>1,269,983</u>	<u>1,376,517</u>
Inventories	10	178,158	295,175
Other assets	11	7,927	3,385
Income tax asset	7	6,370	4,899
Cash and cash equivalents	12	120,430	23,865
<b>Total current assets</b>		<u>312,885</u>	<u>327,324</u>
<b>Total assets</b>		<u><u>1,582,868</u></u>	<u><u>1,703,841</u></u>
<b>Equity</b>			
Share capital	15	866,201	866,201
Retained earnings		(1,000,280)	(502,466)
<b>Total equity</b>		<u>(134,079)</u>	<u>363,735</u>
<b>Liabilities</b>			
Deferred tax liabilities	8	9,069	12,892
<b>Total Non-current liabilities</b>		<u>9,069</u>	<u>12,892</u>
<b>Current liabilities</b>			
Bank overdraft	13	411,044	302,637
Trade and other payables	16	1,108,882	914,577
Short-term loan	14	187,952	110,000
<b>Total current liabilities</b>		<u>1,707,878</u>	<u>1,327,214</u>
<b>Total liabilities and equity</b>		<u><u>1,582,868</u></u>	<u><u>1,703,841</u></u>

  
 Director

  
 Director

The notes on pages 17 to 40 are an integral part of these financial statements.



**Pioneer Kitchenware Limited**  
**Statement of Comprehensive Income**  
**For the Year Ended 31 December 2011**

	Note	GH¢	GH¢
Revenue	18	2,201,037	1,720,985
Cost of sales	19	(1,767,150)	(1,696,991)
<b>Gross profit /(loss)</b>		<u>433,887</u>	<u>23,994</u>
Distribution Costs	20	(127,512)	(87,324)
Administrative Expenses	22	(677,907)	(460,040)
Other income	21	-	1,585
<b>Operating loss</b>		<u>(371,532)</u>	<u>(521,785)</u>
Finance Income		1,265	1,496
Finance Cost	23	(131,370)	(109,859)
<b>Loss before income taxation</b>		<u>(501,637)</u>	<u>(630,148)</u>
Income tax recovery	7	3,823	1,062
<b>Loss for the year</b>		<u>(497,814)</u>	<u>(629,086)</u>
<b>Other comprehensive income</b>			
Available for sale financial instruments		-	-
Tax thereon @ 0%		-	-
<b>Other comprehensive income, net of tax</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>(497,814)</u>	<u>(629,086)</u>
Basic earnings per share	17	(0.00136)	(0.0172)
Diluted earnings per share	17	(0.00136)	(0.0172)

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**Pioneer Kitchenware Limited**  
**Statement of Changes In Equity**  
**For the Year Ended 31 December 2011**

<b>2010</b>	<b>Stated Capital GH¢</b>	<b>Retained Earnings GH¢</b>	<b>Total GH¢</b>
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>
	=====	=====	=====
<b>2011</b>	<b>Stated Capital GH¢</b>	<b>Retained Earnings GH¢</b>	<b>Total GH¢</b>
Balance at 1 January 2011	866,201	(502,466)	363,735
Loss for year	-	(497,814)	(497,814)
	-----	-----	-----
Balance at 31 December 2011	<u>866,201</u>	<u>(1,000,280)</u>	<u>(134,079)</u>
	=====	=====	=====

**The notes on pages 17 to 40 are an integral part of these financial statements**

**Pioneer Kitchenware Limited**  
**Statement of Cash Flows**  
**For the Year Ended 31 December 2011**

	<b>2011</b>	<b>2010</b>
	<b>GH¢</b>	<b>GH¢</b>
<b>Cash flows from operating activities</b>		
Loss before taxation	(501,637)	(630,148)
<i>Adjustments for:</i>		
Depreciation	109,774	110,745
Interest expense	131,370	109,859
	-----	-----
	(260,493)	(409,544)
Change in inventories	117,017	291,166
Change in trade receivables	-	7,080
Change in other assets	(4,542)	5,425
Change in trade and other payables	194,305	159,075
	-----	-----
Cash generated from operations	46,287	53,202
Income taxes paid	(1,471)	-
	-----	-----
Net cash flow from operating activities	44,816	53,202
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<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,240)	(3,227)
	-----	-----
Net cash flow used in investing activities	(3,240)	(3,227)
	-----	-----
<b>Cash flows from financing activities</b>		
Loan Proceeds	77,952	60,000
Loan Repaid	-	(105,000)
Interest paid	(131,370)	(109,859)
	-----	-----
Net cash flow (used)/ in financing activities	(53,418)	(154,859)
	-----	-----
<b>Net decrease in cash and cash equivalents</b>	(11,842)	(104,884)
	=====	=====
<b>Analysis of changes in cash and cash equivalents during the year</b>		
Balance at 1 January	(278,772)	(173,888)
Net cash flow	(11,842)	(104,884)
	-----	-----
Balance at 31 December	(290,614)	(278,772)
	=====	=====
<b>Analysis of balances of cash and cash equivalents as shown in the balance sheet</b>		
Cash and bank balances	120,430	23,865
Bank overdraft	(411,044)	(302,637)
	-----	-----
	(290,614)	(278,772)
	=====	=====

The notes on pages 17 to 40 are an integral part of these financial statements.