



## INDEPENDENT AUDITORS' REPORT

To the shareholders of African Champion Industries Limited

We have audited the financial statements of Africa Champion Industries Limited on pages 8 to 32, which comprise the statement of financial position as at 31 December 2013, and the income statement, statement of changes in equity, and cash flow statement for the year then ended, together with the summary of significant accounting policies and other explanatory notes, and have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.

### **Directors' responsibility for the financial statements**

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRS) and Companies Act, 1963 (Act 179). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' 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 as to 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 control 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 control. 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. "

The company's operations were partly funded by short term payables and other borrowings. The applicability of the going concern basis therefore is predicated on the continued availability of such sources of funding.

### **Opinion**

In our opinion, subject to the foregoing, the company has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies Act, 1963 (Act 179). The financial statements give a true and fair view of the financial position of the company as at 31 December 2013, and of its financial performance and cash flow for the year then ended and are drawn up in accordance with the International Financial Reporting Standards.



## INDEPENDENT AUDITORS' REPORT, Continued

To the shareholders of African Champion Industries Limited

### Report on other legal requirements

The Ghana Companies Act, 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 financial position and income statement of the company are in agreement with the books of accounts.

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BOATENG, OFFEI & CO. [ICAG/F/2014/108]  
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17 September 2014



## CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2013

Continuing Operation	Notes	Company		Group	
		2013 GH¢	2012 GH¢	2013 GH¢	2012 GH¢
<b>Revenue</b>		<b>455,186</b>	-	<b>2,243,769</b>	913,024
Operating cost	5	-	-	<b>(1,102,612)</b>	(548,496)
<b>Gross profit/(loss)</b>		<b>455,186</b>	-	<b>1,141,157</b>	364,528
Other income	6.1	-	-	<b>1,403</b>	1,191
Selling and distribution costs	6.2	-	-	<b>(14,217)</b>	(3,420)
Administrative expenses	6.3	<b>(158,082)</b>	-	<b>(529,824)</b>	(221,797)
Profit/(loss) on disposal	10	-	-	<b>7,995</b>	8,541
<b>Operating (loss)/profit</b>		<b>297,104</b>	-	<b>606,514</b>	149,043
Finance costs	6.4	<b>(768,920)</b>	-	<b>(779,718)</b>	(15,465)
<b>(Loss)/profit before tax</b>		<b>(471,816)</b>	-	<b>(173,204)</b>	133,578
Income tax expense	7a	-	-	<b>(89,537)</b>	(94,625)
<b>Profit for the year from continuing operations</b>		<b>(471,816)</b>	-	<b>(262,741)</b>	38,953
<b>Discontinued operations</b>	9a				
Profit/(loss) for the year from discontinued operations		<b>(5,627,137)</b>	(2,983,001)	<b>(5,627,137)</b>	2,983,001
<b>Profit/(loss) for the year</b>		<b>(6,098,953)</b>	2,983,001	<b>(5,889,878)</b>	(2,944,048)
<b>Profit/(loss) attributable to:</b>					
Owners of the parent		<b>(6,098,953)</b>	2,983,001	<b>(5,992,325)</b>	2,963,135
Minority Interest		-	-	<b>102,447</b>	19,087
		<b>(6,098,953)</b>	<b>(2,983,001)</b>	<b>(5,889,878)</b>	<b>2,944,048)</b>
<b>Earnings per share</b>	8	<b>(0.1666)</b>	(0.0815)	<b>(0.1637)</b>	(0.0810)



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

Assets	Notes	Company		Group	
		2013 GH¢	2012 GH¢	2013 GH¢	2012 GH¢
<b>Non-current assets</b>					
Property, plant and equipment	10	55,990	6,255,806	3,042,192	7,339,241
Investment in subsidiary	11	1,068,356	1,068,356	-	-
Other Investment		-	-	249,796	281,052
Goodwill		-	-	827,465	827,465
		<b>1,124,346</b>	7,324,162	<b>4,119,453</b>	8,447,758
<b>Current assets</b>					
Inventories	12	-	274,625	-	274,625
Trade and other receivables	13	172,332	985,947	552,103	1,144,692
Corporate tax	7	-	-	74,444	-
Cash and short-term deposits	14	17,700	20,959	121,029	120,378
		<b>190,032</b>	1,281,531	<b>747,576</b>	1,539,695
<b>Total assets</b>		<b>1,314,378</b>	8,605,693	<b>4,867,029</b>	9,987,453
<b>Equity and liabilities</b>					
<b>Equity attributable to equity holders</b>					
Stated capital	15a	1,505,455	1,505,455	1,505,455	1,505,455
Other capital reserves	15b	-	7,057,950	-	7,057,950
Income surplus		(5,506,011)	(6,465,008)	(5,220,815)	(6,286,441)
Minority interest		-	-	505,455	403,008
<b>Total equity</b>		<b>(4,000,556)</b>	2,098,397	<b>(3,209,905)</b>	2,679,973
<b>Non-current liabilities</b>					
Borrowings	16	-	1,194,398	1,107,986	1,649,656
Deferred Tax	7b	-	-	178,365	88,828
		-	1,194,398	<b>1,286,351</b>	1,738,484
<b>Current liabilities</b>					



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013, Continued

Trade and other payables	17a	<b>4,980,733</b>	4,880,881	<b>5,426,736</b>	5,029,227
Short term borrowings	16	<b>258,752</b>	301,965	<b>1,363,847</b>	520,711
Corporate tax	7	<b>75,449</b>	130,052	-	19,058
		<b>5,314,934</b>	5,312,898	<b>6,790,583</b>	5,568,996
Total Liabilities		<b>5,314,934</b>	6,507,296	<b>8,076,934</b>	7,307,480
<b>Total equity and liabilities</b>		<b>1,314,378</b>	8,605,693	<b>4,867,029</b>	9,987,453

The notes on pages 13 to 32 form an integral part of these accounts.

Approved by the Board on 16 September, 2014



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

### Company

	Issued capital GH¢	Income surplus GH¢	Other capital reserves GH¢	Total GH¢
Balance at 1 January 2013	1,505,455	(6,465,008)	7,057,950	<b>2,098,397</b>
Profit/(loss) for the year	-	(6,098,953)	-	<b>(6,098,953)</b>
Release of capital reserves	-	7,057,950	(7,057,950)	-
Balance at 31 December 2013	1,505,455	(5,506,011)	-	<b>(4,000,556)</b>

	Issued capital GH¢	Income surplus GH¢	Other capital reserves GH¢	Total GH¢
Balance at 1 January 2012	1,505,455	(3,482,007)	7,057,950	5,081,398
Profit/(loss) for the year	-	(2,983,001)	-	(2,983,001)
Balance at 31 December 2012	1,505,455	(6,465,008)	7,057,950	2,098,397

### Group

	Issued capital GH¢	Income surplus GH¢	Other capital reserves GH¢	Minority Interest GH¢	Total GH¢
Balance at 1 January 2013	1,505,455	(6,286,441)	7,057,950	403,008	<b>2,679,973</b>
Profit/(loss) for the year	-	(5,992,325)	-	102,447	<b>(5,889,878)</b>
Release of capital reserves	-	7,057,950	(7,057,950)	-	-
Balance at 31 December 2013	1,505,455	(5,220,815)	-	505,455	<b>(3,209,905)</b>

	Issued capital GH¢	Income surplus GH¢	Other capital reserves GH¢	Minority Interest GH¢	Total GH¢
Balance at 1 January 2012	1,505,455	(3,487,876)	7,057,950	219,636	5,295,165
Prior-year adjustment	-	21,234	-	110	21,344
Share of change in Net Assets	-	143,337	-	137,715	281,052
Share of change in Stated Capital	-	-	-	26,460	26,460
Profit/(loss) for the year	-	(2,963,135)	-	19,087	(2,944,048)
Balance at 31 December 2012	1,505,455	(6,286,441)	7,057,950	403,008	2,679,973



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Company		Group	
	2013	2012	2013	2012
	GHC	GHC	GHC	GHC
<b>Operating activities</b>				
Operating (loss)/profit before tax	<b>(6,098,953)</b>	(2,983,001)	<b>(5,800,341)</b>	(2,849,423)
<b>Adjustment to reconcile profit before tax to net cash flows</b>				
Depreciation & impairment of property, plant & equip.	<b>100,852</b>	161,926	<b>597,390</b>	375,581
(Profit)/loss on disposals of property, plant & equip.	<b>2,095,315</b>	35,505	<b>2,087,320</b>	26,964
Movement in revaluation of other investment	-	-	<b>31,256</b>	-
<b>Working capital adjustments:</b>				
Decrease/(increase) in trade and other receivables and prepayments	<b>813,615</b>	887,579	<b>592,589</b>	255,055
Decrease/(increase) in inventories	<b>274,625</b>	255,055	<b>274,625</b>	898,613
Increase/(decrease) in trade and other payables	<b>99,852</b>	1,703,833	<b>397,509</b>	1,645,030
Income tax paid	<b>(54,603)</b>	(781)	<b>(93,503)</b>	(69,520)
<b>Net cash flows from operating activities</b>	<b>(2,769,297)</b>	60,116	<b>(1,913,155)</b>	282,300
<b>Investing activities</b>				
Proceeds from sale of property, plant & equipment	<b>4,026,649</b>	(41,708)	<b>4,053,649</b>	(740,966)
Purchase of property, plant and equipment	<b>(23,001)</b>	37,542	<b>(2,441,309)</b>	65,115
<b>Net cash flows used in investing activities</b>	<b>4,003,648</b>	(4,166)	<b>1,612,340</b>	(675,851)
<b>Financing activities</b>				
Bank overdraft	-	(200,510)	-	(200,538)
Borrowings	<b>2,424,463</b>	2,127,650	<b>5,087,564</b>	2,931,756
Loan repayment	<b>(3,662,073)</b>	(1,948,787)	<b>(4,786,097)</b>	(2,304,067)
Additional investment in shares		(27,540)	-	54,000
Additional shares issued	-	-	-	(27,540)
<b>Net cash flows used in financing activities</b>	<b>(1,237,610)</b>	(49,187)	<b>301,466</b>	453,611
Net (decrease)/increase in cash and cash equivalents	<b>(3,259)</b>	6,763	<b>651</b>	60,060
Cash and cash equivalents at 1 January	<b>20,959</b>	14,196	<b>120,378</b>	60,318
<b>Cash and cash equivalents at 31 December</b>	<b>17,700</b>	20,959	<b>121,029</b>	120,378