African Champion Industries Limited

Report and financial statements 2013

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African Champion Industries Limited

Directors, officials and registered office

Directors:	Elkin Pianim	- Executive Chairman
	Moses Arthur-Baidoo	- Managing Director (Appointed: August 2013)
	Jared Barnett	- Ag. Managing Director (Resigned: July 2013)
	Comfort Yamoah	
	Patrick Ata	- Resigned: August 2013
	Francis Kalitsi	- Resigned: August 2013
	Samira Ibrahim Abu	

Registered office: 113 3rd Industrial Link
Heavy Industrial Area
Tema

Secretary BOC Company Services Limited
P O Box SD 25
Stadium, Accra

Auditors: Boateng Offei & Co.
Chartered Accountants
P.O. Box CT 718
Cantonments, Accra
Tel. 0302-779065 /0573233718/9
email-boc@africaonline.com.gh

Bankers: Bank of Africa Ghana Limited
National Investment Bank Limited
Standard Chartered Bank Ghana Limited
Cal Bank Limited
UT Bank Limited
Sahel Sahara Bank (GH) Limited

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2013.
A statement of directors responsibilities is provided on page 4.

Principal activities

The principal activity of the company has been the manufacturing of toilet roll and other related paper products. However, a decision was taken to discontinue this aspect of the corporate business later in the year. In consequence, main sources of income in ensuing years would be derived from other sources including royalties on mining concessions. The directors consider the going concern status of the company as appropriate.

Results and dividend

The financial position has been signed by two directors indicating the board's approval of the financial statements.

	GH¢
The company recorded a net loss after taxation of	**(5,992,325)**
To which must be added a deficit brought forward on the income surplus account at 1 January of	**(6,286,441)**
	(12,278,765)
Release of capital reserves	**7,057,950**
Leaving a deficit to be carried forward on income surplus account at 31 December of	**(5,220,815)**

The directors do not propose dividend for the year ended 31 December 2013.

Auditors

In accordance with section 134(5) of the Companies Act, 1963 (Act 179) the Board of Directors recommend that the auditors, Messrs Boateng,Offei & Co. remain in office as auditors of the company.

By order of the board

……………………………   ………………………
DIRECTOR   **DIRECTOR**

..............................2014

Statement of directors' responsibilities

The directors are responsible for the preparation of the financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether the applicable accounting standards have been followed
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enables them to ensure that the financial statements comply with International Financial Reporting Standards. They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

EXECUTIVE CHAIRMAN'S ADDRESS

On behalf of the Board of Directors and Management of African Champion Industries Limited, I am pleased to present the Annual Report of your Company.

Company Performance

There were significant changes in the year under review:

Sale of Tema Plant

Pursuant to resolutions passed at the Company's 2013 AGM, the Company sold the Tema factory and other tangible assets of the tissue production operations for a total of GHS4.03M, and entered into redundancy negotiations with our Unions.

Sales proceeds went towards a significant reduction of outstanding bank loan GHS2.04M, full settlement of provident fund obligation GHS1.27M and some payments to creditors and statutory bodies.

Directors

Dr. Patrick Ata and Mr. Francis Kalitsi resigned from the Board.

In accordance with the regulations of the company Hajia Samirah Ibrahim Abu and Madam Comfort Yamoah will retire at the upcoming Annual General Meeting.

Adamus Gold Royalty

The Royalty Agreement that the Company has with Adamus Resources has commenced generating revenues to the Company, producing $599,324 in 2013, $300,000 of this amount was received during the 2009 and 2011 financial years

Significant Events After Balance Sheet Date

Kyomatsu Lawsuit – The Company's appeal was upheld, and the case has been dismissed.

Sale of 51% Interest in VRS – The Company sold it's 51% interest in VRS, in accordance with the Shareholders Agreement entered into upon the acquisition of VRS. Total proceeds from the VRS share sale was GHS563,287, and all proceeds were used to reduce Company indebtedness.

Redundancy Payments–Redundancy negotiations with Unions were agreed and paid, and the total amount paid for redundancie amounted to GHS1.83M.

UT Bank Loan – The Company obtained an 18-month facility from UT Bank for GHS2.2M in April 2014, and this facility was used to fund the aforementioned redundancy payments.

Going Forward

The Company intends to undertake a rights issue to complete the process of financial restructuring and reduction of indebtednes and subsequent to that shall seek to invest in natural resource assets and income-generating property assets in West Africa.

Conclusion

Ladies and Gentlemen,

On behalf of the Board I wish to thank our colleagues at the Company for their loyalty and hard work during the year.

Elkin Kwesi Safo Pianim
EXECUTIVE CHAIRMAN

Independent auditors' report
To the shareholders of African Champion Industries Limited

We have audited the financial statements of Africa Champion Industries Limited on pages 7 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.

E. Offei - ICAG/P/1102

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

D3467/1A, Osu-La Road

Ako Adjei, Accra, Ghana

………...…………...…., 2014

African Champion Industries Limited

Consolidated income statement

For the year ended 31 December 2013

		Company		Group	
Continuing Operation	**Notes**	**2013**	2012	**2013**	2012
		GH¢	GH¢	**GH¢**	GH¢
Revenue		**455,186**	-	**2,243,769**	913,024
Operating cost	5	**-**	-	**(1,102,612)**	(548,496)
Gross profit/(loss)		**455,186**	-	**1,141,157**	364,528
Other income	6.1	**-**	-	**1,403**	1,191
Selling and distribution costs	6.2	**-**	-	**(14,217)**	(3,420)
Administrative expenses	6.3	**(158,082)**	-	**(498,568)**	(221,797)
Profit/(loss) on disposal	10	**-**	**-**	**7,995**	8,541
Operating (loss)/profit		**297,104**	-	**637,770**	149,043
Finance costs	6.4	**(768,920)**	-	**(779,718)**	(15,465)
(Loss)/profit before tax		**(471,816)**	-	**(141,948)**	133,578
Income tax expense	7a	**-**	**-**	**(89,537)**	(94,625)
Profit for the year from continuing operations		**(471,816)**	-	**(231,485)**	38,953
Discontinued operations	9a				
Profit/(loss) for the year from discontinued operations		**(5,627,137)**	(2,983,001)	**(5,627,137)**	(2,983,001)
Profit/(loss) for the year		**(6,098,953)**	(2,983,001)	**(5,858,622)**	(2,944,048)
Profit/(loss) attributable to:					
Owners of the parent		(6,098,953)	(2,983,001)	**(5,992,325)**	(2,963,135)
Minority Interest		-	-	102,447	19,087
		(6,098,953)	**(2,983,001)**	**(5,889,878)**	**(2,944,048)**
Earnings per share	8	**(0.1666)**	(0.0815)	**(0.1637)**	(0.0810)

African Champion Industries Limited

Consolidated statement of financial position

As at 31 December 2013

		Company		Group	
Assets	**Notes**	**2013**	2012	**2013**	2012
		GH¢	GH¢	**GH¢**	GH¢
Non-current assets					
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
		1,124,346	7,324,162	**4,119,453**	8,447,758
Current assets					
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
		190,032	1,281,531	**747,576**	1,539,695
Total assets		**1,314,378**	8,605,693	**4,867,029**	9,987,453
Equity and liabilities					
Equity attributable to equity holders					
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
Total equity		**(4,000,556)**	2,098,397	**(3,209,905)**	2,679,973
Non-current liabilities					
Borrowings	16	**-**	1,194,398	**1,107,986**	1,649,656
Deferred Tax	7b	**-**	-	**178,365**	88,828
		-	1,194,398	**1,286,351**	1,738,484
Current liabilities					
Trade and other payables	17a	**4,980,733**	4,880,881	**5,426,736**	5,029,227
Short term borrowings	16	**258,752**	301,965	**1,363,847**	520,711
Corporate tax	7	**75,449**	130,052	**-**	19,058
		5,314,934	5,312,898	**6,790,583**	5,568,996
Total Liabilities		**5,314,934**	6,507,296	**8,076,934**	7,307,480
Total equity and liabilities		**1,314,378**	8,605,693	**4,867,029**	9,987,453
Approved by the Board on...............................2014		-	-	(0)	(0)

…………………………… DIRECTOR

…………….………… DIRECTOR

The notes on pages 11 to 32 form an integral part of these accounts.

African Champion Industries Limited

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	**2,098,397**
Profit/(loss) for the year	-	(6,098,953)	-	**(6,098,953)**
Release of capital reserves	-	7,057,950	(7,057,950)	-
Balance at 31 December 2013	1,505,455	(5,506,011)	-	**(4,000,556)**

	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	**2,679,973**
Profit/(loss) for the year	-	(5,992,325)	-	102,447	**(5,889,878)**
Release of capital reserves	-	7,057,950	(7,057,950)	-	-
Balance at 31 December 2013	1,505,455	(5,220,815)	-	505,455	**(3,209,905)**

	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 cash flow statement

For the year ended 31 December 2013

	Company		Group	
	2013	2012	**2013**	2012
Operating activities	**GH¢**	GH¢	**GH¢**	GH¢
Operating (loss)/profit before tax	**(6,098,953)**	(2,983,001)	**(5,769,085)**	(2,849,423)
Adjustment to reconcile profit before tax to net cash flows				
Depreciation & impairment of property, plant & equip.	**100,852**	161,926	**597,390**	375,581
(Profit)/loss on disposals of property, plant & equip.	**2,095,315**	35,505	**2,087,320**	26,964
Working capital adjustments:				
Decrease/(increase) in trade and other receivables and prepayments	**813,615**	887,579	**592,589**	255,055
Decrease/(increase) in inventories	**274,625**	255,055	**274,625**	898,613
Increase/(decrease) in trade and other payables	**99,852**	1,703,833	**397,509**	1,645,030
		-		
Income tax paid	**(54,603)**	(781)	**(93,503)**	(69,520)
Net cash flows from operating activities	**(2,769,297)**	60,116	**(1,913,155)**	282,300
Investing activities				
Proceeds from sale of property, plant & equipment	**4,026,649**	(41,708)	**4,053,649**	(740,966)
Purchase of property, plant and equipment	**(23,001)**	37,542	**(2,441,309)**	65,115
Net cash flows used in investing activities	**4,003,648**	(4,166)	**1,612,340**	(675,851)
Financing activities				
Bank overdraft	**-**	(200,510)	**-**	(200,538)
Borrowings	**2,424,463**	2,127,650	**5,087,564**	2,931,756
Loan repayment	**(3,662,073)**	(1,948,787)	**(4,786,097)**	(2,304,067)
Additional investment in shares		(27,540)	-	54,000
Additional shares issued	-	-	**-**	(27,540)
Net cash flows used in financing activities	**(1,237,610)**	(49,187)	**301,466**	453,611
Net (decrease)/increase in cash and cash equivalents	**(3,259)**	6,763	**651**	60,060
Cash and cash equivalents at 1 January	**20,959**	14,196	**120,378**	60,318
Cash and cash equivalents at 31 December	**17,700**	20,959	**121,029**	120,378

Notes to the consolidated financial statements

For the year ended 31 December 2013

1. Reporting entity

African Champion Industries Limited is a limited liability company incorporated and domiciled in Ghana whose shares are publicly traded. The registered office is located at 113 3rd Industrial Link, Heavy Industrial Area, Tema.

2.0 Basis of preparation

The financial statements have been prepared on a historical cost basis, except land and buildings, that have been measured at fair value. The financial statements are presented in Ghana Cedis except when otherwise indicated.

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

2.2 Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources.

2.3 Significant accounting policies

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2013:

• Amendments to IFRS 7 Disclosures - Offsetting financial assets and financial liabilities.

• Amendments to IFRS 10 Consolidated financial statements.

• Amendments to IAS 1 Presentative of items of other compehensive income - effective 1 January,2012.

IFRS 7 effective 1 January 2013

The amendments to IFRS 7 requires entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. The amendment has no effect on the financial position and performance of the company.

IFRS 10 Consolidate financial statements
The amendment changes the definition of control such that an investor has control over an entity when:

[a] it has power over the investee

[b] it is exposed, or has right, to variable returns from its involvment with the investee

[c] has the ability to use its power to affect its returns. All three of this criteria must be met for an investor to have control. This new definition did not have an impact on the financial position and performance of the company.

IAS 1 Presentative of items of other Comprehensive income
The amendments introduced new terminology. 'Statement of comprehensive income' is renamed 'statatement of profit or loss and other comprehensive income'. This amendment is not mandatory and does not affect the current year financial statements.

Not mandatory as at 31 December 2013
IFRS 9 financial instruments
Amendments to IAS 32 offsetting financial assets and financial liabilities and
IFRS 10, 12, and IAS 27 investment entities.

2.4 Summary of significant accounting policies

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Non-current assets held for sale and discontinued operations

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated/amortised.

Foreign currency translation

The company's financial statements are presented in Ghana Cedis, which is the company's functional currency. That is the currency of the primary economic environment in which Africa Champion Industries Limited operates. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.4 Summary of significant accounting policies - continued

Financial instruments

Initial recognition
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings. The company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs.

The company's financial liabilities include trade and other payables and bank overdraft.

Impairment of financial assets
The company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.4 Summary of significant accounting policies - continued

Property, plant and equipment
Plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is credited to the assets revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Depreciation is calculated using reducing balance method:
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Depreciation is calculated using reducing balance method:

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

The details are as follows:

Building	2%
Plant & machinery	5%
Furniture, fittings & equipment	10%
Computers	50%
Motor vehicles	20%

2.4 Summary of significant accounting policies - continued

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 January 2010, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Company as a lessee

Finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The company capitalises borrowing costs for all eligible assets where construction was commenced on or after 1 January 2011. The company continues to expense borrowing costs relating to construction projects that commenced prior to 1 January 2011.

Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand.

2.4 Summary of significant accounting policies - continued

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials - purchase cost on a first in, first out basis.

Finished goods and work in progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Cost of inventories include the transfer from equity of gains and losses on qualifying cash flow hedges in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or company's of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

2.4 Summary of significant accounting policies - continued

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

3. Significant accounting judgements, estimates and assumptions

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. Segment information

For management purposes, the company is organised into business units based on their products and services, for reporting purposes however, this is not relevant.

		Company		Group	
	Continuing Operation				
5.	**Cost of sales**	**2013**	2012	**2013**	2012
	This includes:	**GH¢**	GH¢	**GH¢**	GH¢
	Purchases	**-**	**-**	**-**	-
	Salaries & Wages	**-**	**-**	**163,301**	127,338
	Other production expenses	**-**	**-**	**446,891**	210,228
	Depreciation	**-**	**-**	**492,420**	210,930
	Movement in stock	**-**	**-**	**-**	-
		-	-	**1,102,612**	548,496

Discontinued operations				
Cost of sales	**2013**	2012	**2013**	2012
This includes:	**GH¢**	GH¢	**GH¢**	GH¢
Purchases	**279,138**	696,362	**279,138**	696,362
Salaries & Wages	**615,262**	956,977	**615,262**	956,977
Other production expenses	**853,785**	1,009,197	**853,785**	1,009,197
Depreciation	**90,431**	144,756	**90,431**	144,756
Movement in stock	**105,464**	219,189	105,464	219,189
	1,944,080	3,026,481	**1,944,080**	3,026,481

6. Other income and expenses

	Continuing operation	**2013**	2012	**2013**	2012
6.1	**Other income**	**GH¢**	GH¢	**GH¢**	GH¢
	Insurance claims	**-**	**-**	**1,403**	1,191
	Sale of by-products	-	-	-	-
		-	-	**1,403**	1,191

Discontinued operation				
Other income	**GH¢**	GH¢	**GH¢**	GH¢
Insurance claims	-	-	**-**	-
Sale of by-products	**12,949**	283,767	**12,949**	283,767
	12,949	283,767	**12,949**	283,767

Notes to the consolidated financial statements

For the year ended 31 December 2013

Continuing operation

6.2 Selling and distribution costs

This includes:	**2013**	2012	**2013**	2012
Advertising	**GH¢**	GH¢	**GH¢**	GH¢
Selling expenses	**-**	-	**14,217**	3,420
	-	-	**-**	-
	-	-	**14,217**	3,420

Discontinued operation

Selling and distribution costs	**2013**	2012	**2013**	2012
This includes:	**GH¢**	GH¢	**GH¢**	GH¢
Advertising	**1,467**	900	**1,467**	900
Selling expenses	**24,354**	72,509	**24,354**	**72,509**
	25,821	73,409	**25,821**	73,409

Continuing operation

6.3 Administrative expenses	**2013**	2012	**2013**	2012
This includes:	**GH¢**	GH¢	**GH¢**	GH¢
Directors' emoluments - Executive	**-**	-	**61,282**	61,351
Salaries and wages	**-**	-	**106,007**	29,379
Audit fees	**-**	-	**5,000**	3,500
Consultancy services	**-**	-	**3,500**	368
Bad debt expense	**-**	-	**-**	-
Depreciation	**-**	-	**4,117**	2,724
Travelling & Transport	**-**	-	**1,578**	4,044
Motor Running expenses	**-**	-	**-**	3,630

Discontinued operation

Administrative expenses	**2013**	2012	**2013**	2012
This includes:	**GH¢**	GH¢	**GH¢**	GH¢
Directors' emoluments - Executive	**64,600**	55,935	**64,600**	55,935
Salaries and wages	**516,377**	603,854	**516,377**	603,854
Audit fees	**15,000**	15,000	**15,000**	15,000
Consultancy services	**203,499**	247,093	**203,499**	247,093
Bad debt expense	**697,650**	690,530	**697,650**	690,530
Depreciation	**10,422**	17,171	**10,422**	17,171
Travelling & Transport	**149,840**	260,910	**149,840**	260,910
Motor Running expenses	**52,915**	92,409	**52,915**	92,409

Notes to the consolidated financial statements
For the year ended 31 December 2013

		Company		Group	
	Continuing operation				
6.4	**Finance cost**	**2013**	2012	**2013**	2012
		GH¢	GH¢	**GH¢**	GH¢
	Bank interest and charges	**768,920**	-	**779,718**	15,465

	Company		Group	
Discontinued operation				
Finance cost	**2013**	2012	**2013**	2012
	GH¢	GH¢	**GH¢**	GH¢
Bank interest and charges	**798,195**	675,957	**798,195**	675,957

Taxation - Company

		At 1 Jan.	Payment dur. the year	Charge for the year	At 31 Dec.
7.	**Corporate tax**	**GH¢**	**GH¢**	**GH¢**	**GH¢**
	Corporate tax				
	2003 - 2004	109	-	-	**109**
	2006	(999)	-	-	**(999)**
	2007	(1,093)	-	-	**(1,093)**
	2008	(1,966)	-	-	**(1,966)**
	2009	129	-	-	**129**
	2010	(787)	-	-	**(787)**
	2011	40,463	-	-	**40,463**
	Capital gain tax	93,422			**93,422**
	2012	(781)	-		**(781)**
	2013	-	(54,603)	-	**(54,603)**
		128,497	(54,603)	-	**73,894**
	National reconstruction levy				
	2004	1,555	-	-	**1,555**
		130,052	(54,603)	-	**75,449**

Notes to the consolidated financial statements

For the year ended 31 December 2013

	Taxation - Group		**Payment**		
7.	**Corporate tax**	**At 1 Jan.**	**during the year**	**Charge for the year**	**At 31 Dec.**
		GH¢	**GH¢**	**GH¢**	**GH¢**
	Corporate tax				
	2003 - 2004	109			**109**
	2006	(999)			**(999)**
	2007	(23,973)			**(23,973)**
	2008	(15,694)			**(15,694)**
	2009	17,849			**17,849**
	2010	(19,204)			**(19,204)**
	2011	29,716			**29,716**
	Capital Gain Tax	93,422			**93,422**
	2012	(63,723)			**(63,723)**
	2013	-	(93,502)	-	**(93,502)**
		17,503	(93,502)	-	**(75,999)**
	National reconstruction levy				
	2004	1,555	-	-	**1,555**
		19,058	(93,502)	-	**(74,444)**

		Company		**Group**	
7a.	**Income tax expense**	**2013**	2012	**2013**	2012
		GH¢	GH¢	**GH¢**	GH¢
	Deferred Tax	-	-	**89,537**	88,828
	Current Tax	-	-	**-**	5,797
		-	-	**89,537**	94,625

		2013	2012	**2013**	2012
7b.	**Deferred tax**	**GH¢**	GH¢	**GH¢**	GH¢
	At 1 January	-	-	**88,828**	-
	Charge to profit & loss for the year	-	-	**89,537**	-
	At 31 December	-	-	**178,365**	-

Notes to the consolidated financial statements
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8. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders by the average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations:

	Company		Group	
	2013	2012	**2013**	2012
	GH¢	GH¢	**GH¢**	GH¢
Net profit attributable to equity holders	**(6,098,953)**	(2,983,001)	**(5,992,325)**	(2,963,135)
Number of ordinary shares for basic earnings per share	**36,603,000**	36,603,000	**36,603,000**	36,603,000
Earnings per share	**(0.1666)**	(0.0815)	**(0.1637)**	(0.0810)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

9a. Disposal of manufacturing operations

On the 6th September 2013, the directors of the company closed down its toilet roll manufacturing operation due to consistent losses over the years. The assets were subsequetly disposed off. Profit/(loss) on disposal is disclosed as note 10.

9b. Analysis of profit/(loss) for the year from discontinued operations

		Company		Group	
		2013	2012	**2013**	2012
	Note	**GH¢**	GH¢	**GH¢**	GH¢
Sale of goods		**1,343,711**	2,957,728	**1,343,711**	2,957,728
Revenue		**1,343,711**	2,957,728	**1,343,711**	2,957,728
Cost of sales	5	**(1,944,080)**	(3,026,481)	**(1,944,080)**	(3,026,481)
Gross profit/(loss)		**(600,369)**	(68,753)	**(600,369)**	(68,753)
Other income	6.1	**12,949**	283,767	**12,949**	283,767
Selling and distribution costs	6.2	**(25,821)**	(73,409)	**(25,821)**	(73,409)
Administrative expenses	6.3	**(1,422,736)**	(1,722,615)	**(1,422,736)**	(1,722,615)
Bad Debt expense		**(697,650)**	(690,530)	**(697,650)**	(690,530)
Profit/(loss) on disposal	10	**(2,095,315)**	(35,505)	**(2,095,315)**	(35,505)
Operating (loss)/profit		**(4,828,942)**	(2,307,044)	**(4,828,942)**	(2,307,044)
Finance costs	6.4	**(798,195)**	(675,957)	**(798,195)**	(675,957)
(Loss)/profit before tax		**(5,627,137)**	(2,983,001)	**(5,627,137)**	(2,983,001)
Income tax expense	7a	**-**	-	**-**	-
(Loss)/profit for the year		**(5,627,137)**	(2,983,001)	**(5,627,137)**	(2,983,001)

Notes to the consolidated financial statements

For the year ended 31 December 2013

10. Property, plant & equipment - company

Cost/valuation	At 1 Jan GH¢	Additions/ revaluation GH¢	Disposal/ Transfers GH¢	At 31 Dec GH¢
Buildings	5,041,682		(5,041,682)	-
Leasehold land	433,500	-	(433,500)	-
Plant and equipment	1,501,453		(1,501,453)	-
Office furniture & equipment	65,032		(65,032)	-
Computer and accessories	115,674	23,001	(138,675)	-
Motor vehicles	86,092		(67,629)	**18,463**
Work in progress	98,597	-	(55,847)	**42,750**
	7,342,030	23,001	(7,303,818)	**61,213**

Depreciation	At 1 Jan GH¢	Charge for the year GH¢	Disposal/ Transfer GH¢	At 31 Dec GH¢
Buildings	483,015	57,426	(540,441)	-
Plant and equipment	467,847	33,004	(500,851)	-
Office furniture and equipment	30,412	2,283	(32,695)	-
Computer and accessories	68,380	1,876	(70,256)	-
Motor vehicles	36,570	6,263	(37,610)	**5,223**
	1,086,224	100,852	(1,181,853)	**5,223**
Net book value				
At 31 December 2013	6,255,806			**55,990**

Disposals	Cost GH¢	Accu. Depn. GH¢	NBV GH¢	Proceeds GH¢	(Profit)/loss GH¢
Land & Building	5,531,028	(540,441)	4,990,587	3,703,768	**1,286,819**
Plant & equipment	1,501,453	(500,851)	1,000,602	299,731	**700,871**
Motor Vehicle	67,629	(37,610)	30,019	22,050	**7,969**
Office furniture & equipment	65,032	(32,695)	32,337	900	**31,437**
Computer and accessories	138,675	(70,256)	68,419	200	**68,219**
	7,303,818	(1,181,853)	6,121,965	4,026,649	**2,095,315**

Impairment of property, plant and equipment

There was no material impairment loss.

10. Property, plant & equipment - Group

	At 1 Jan GH¢	Additions/ revaluation GH¢	Disposal/ Transfers GH¢	At 31 Dec GH¢
Cost/valuation				
Buildings	5,041,682	-	(5,041,682)	-
Leasehold land	433,500	-	(433,500)	-
Plant and equipment	1,501,453	-	(1,501,453)	-
Office furniture & equip.	73,929	4,062	(65,032)	**12,959**
Computer and accessories	115,674	23,001	(138,675)	-
Motor vehicles	1,550,624	2,414,246	(121,273)	**3,843,597**
Work in progress	98,597	-	(55,847)	**42,750**
	8,815,459	2,441,309	(7,357,462)	**3,899,306**

Depreciation	At 1 Jan GH¢	Charge for the year GH¢	Disposal/ Transfer GH¢	At 31 Dec GH¢
Buildings	483,015	57,426	(540,441)	-
Plant and equipment	467,847	33,005	(500,851)	-
Office furniture and equip.	38,470	6,400	(32,694)	**12,176**
Computer and accessories	68,380	1,876	(70,256)	-
Motor vehicles	418,505	498,683	(72,249)	**844,938**
	1,476,217	597,390	(1,216,492)	**857,114**
Net book value				
At 31 December 2013	**7,339,242**			**3,042,192**

Continuing operation

Disposal	Cost GH¢	Accu. Depn. GH¢	NBV GH¢	Proceeds GH¢	(Profit)/loss GH¢
Motor Vehicle	53,644	(34,639)	19,005	27,000	**(7,995)**
	53,644	(34,639)	19,005	27,000	**(7,995)**

Discontinued operation

Disposal	Cost GH¢	Accu. Depn. GH¢	NBV GH¢	Proceeds GH¢	(Profit)/loss GH¢
Land & Building	5,531,028	(540,441)	4,990,587	3,703,768	**1,286,819**
Plant & equipment	1,501,453	(500,851)	1,000,602	299,731	**700,871**
Motor Vehicle	67,629	(37,610)	30,019	22,050	**7,969**
Office furniture & equip.	65,032	(32,695)	32,337	900	**31,437**
Computer and accessories	138,675	(70,256)	68,419	200	**68,219**
	7,303,818	(1,181,853)	6,121,965	4,026,649	**2,095,315**
Total	**7,357,462**	**(1,216,492)**	**6,140,970**	**4,053,649**	**2,087,320**

11. Investment in subsidiary

This represents fifty-one percent (51%) of the equity stake in Voltacars Rental Services (VRS) in share -for-share exchange deal in the year 2011. The company acquired 1,353 new shares of VRS in exchange for 4,163,265 African Champion Industries new shares at a price of GH¢0.25 per share.

In year 2012, the company increased its investment in VRS by acquiring 28 new shares for GHS 27,540. However, this did not change the company's shareholding structure in VRS.

12. Inventories

	2013	2012	**2013**	2012
	GH¢	GH¢		GH¢
Raw materials (at cost)	-	94,985	-	94,985
Finished goods (at cost or net realisable value)	-	10,480	-	10,480
Spare parts & fuel (at cost or net realisable value)	-	160,476	-	160,476
Stationery (at cost or net realisable value)	-	8,684	-	8,684
Total inventories at the lower of cost and net realisable value	-	274,625	-	274,625

13. Trade & other receivables

	2013	2012	**2013**	2012
	GH¢	GH¢	**GH¢**	**GH¢**
Trade receivables	**19,270**	777,433	**285,342**	859,838
Other receivables	**102,600**	113,943	**147,426**	135,776
Prepayments	-	2,880	**58,211**	51,757
Related parties	**50,462**	91,691	**61,124**	97,321
	172,332	985,947	**552,103**	1,144,692
	172,332	**985,947**	**552,103**	**1,144,692**

14. Cash and short-term deposits

	Company		Group	
	2013	2012	**2013**	2012
	GH¢	GH¢	**GH¢**	GH¢
Cash at banks and on hand	**17,700**	20,959	**121,029**	120,378
	17,700	20,959	**121,029**	120,378

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

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15. Issued capital and other capital reserves.

15a. Issued capital	**2013 000**	2012 000
Number of shares:		
Authorised shares : Ordinary shares of no par value	**100,000**	100,000
Issued ordinary shares:		
Issue for cash and fully paid	**18,070**	18,070
Issue for consideration other than cash	**14,370**	14,370
Issue for consideration other than cash	**4,163**	4,163
	36,603	36,603

	2013 GH¢	2012 GH¢
Ordinary shares issued and fully paid		
Issue for cash and fully paid	**438,613**	438,613
Issue for consideration other than cash	**26,026**	26,026
Issue for consideration other than cash	**1,040,816**	1,040,816
	1,505,455	1,505,455

15b. Other capital reserves

The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

Notes to the consolidated financial statements

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16. Borrowings

In May 2013, the existing UT Bank loan facility was rescheduled and an additional loan facility of Five Hundred Thousand Ghana Cedis (GHS500,000) advanced to the company for working capital purposes. A substantial part of the entire loan facility was paid off with the proceeds from the sale of the company's land and buildings.

	Company		Group	
	2013	2012	**2013**	2012
	GH¢	GH¢	**GH¢**	GH¢
Balance at 1 January	**1,496,363**	1,317,500	**2,170,367**	1,542,678
Additions during the year	**2,424,462**	2,127,650	**5,087,564**	2,931,756
	3,920,825	3,445,150	**7,257,931**	4,474,434
Less: Repayment	**(3,662,073)**	**(1,948,787)**	**(4,786,097)**	**(2,304,067)**
Balance at 31 December	**258,752**	1,496,363	**2,471,833**	2,170,367
Due within one year	**258,752**	301,965	**1,363,847**	520,711
Due after one year	**-**	1,194,398	**1,107,986**	1,649,656

17a. Trade and other payables

	Company		Group	
	2013	2012	**2013**	2012
	GH¢	GH¢	**GH¢**	GH¢
Trade payables	**3,125,626**	2,565,423	**3,167,894**	2,646,033
Advance payment from Clients	-	-	**298,574**	-
Statutory deductions	**1,551,421**	1,314,118	**1,551,421**	1,314,118
Accruals	**15,000**	15,000	**71,415**	68,340
Other payables	**278,069**	915,432	**326,815**	929,828
Related parties	**10,617**	70,908	**10,617**	70,908
	4,980,733	4,880,881	**5,426,736**	5,029,227

17b. Related party disclosures

The related party balance is due to officers of the company.

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2013, the company has not recorded any impairment of receivables relating to amounts owed by related parties (2012: GH¢Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

18. Other financial assets and financial liabilities

Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the company's financial instruments, IFRS 7.26 that are carried in the financial statements.

Company	**Carrying amount**		**Fair value**	
	2013	2012	**2013**	2012
	GH¢	GH¢	**GH¢**	GH¢
Financial assets				
Cash and short-term deposits	**17,700**	20,959	**17,700**	20,959
Trade and other receivables	**172,332**	985,947	**172,332**	985,947
Financial liabilities				
Trade and other payables	**4,980,733**	4,880,881	**4,980,733**	4,880,881

Group	**Carrying amount**		**Fair value**	
	2013	2012	**2013**	2012
	GH¢	GH¢	**GH¢**	GH¢
Financial assets				
Cash and short-term deposits	**121,029**	120,378	**121,029**	120,378
Trade and other receivables	**552,103**	1,144,692	**552,103**	1,144,692
Financial liabilities				
Trade and other payables	**5,426,736**	5,029,227	**5,426,736**	5,029,227

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

19. Commitments and contingencies

Capital commitments

At 31 December 2013 the company had commitments of GH¢Nil (2012: GH¢Nil).

20. Financial risk management objectives and policies

The company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the company's operations. The company has trade and other receivables, and cash and short-term deposits that result directly from its operations.

The company is exposed to market risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks. Management ensures that the company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company policies and company risk appetite.

The management reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is not exposed to interest rate risk as it has no long-term debt obligations. Other financial liabilities are interest free.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities (when revenue or expense are denominated in a different currency from the company's functional currency).

Liquidity risk

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

21. Financial risk management objectives and policies - continued

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities primarily for trade receivables and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk related to financial instruments and cash deposits: credit risk from balances with banks and financial institutions is managed by management in accordance with the company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by management with the approval of the company's Board of Directors and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

Capital management

Capital includes equity attributable to the equity holders.

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012.

22. Events after the balance sheet date

The directors are not aware of any event since the end of the financial year, not otherwise dealt with in the financial statement, that would affect the operations of the Company or the results of those operations.

Notes to the consolidated financial statements

For the year ended 31 December 2013

23. Details of the 20 largest shareholders as at 31 December 2013

	Name of shareholder	Holdings	% Holding
1	Voltacar Rental Services Limited	4,163,264	11.37
2	Mr & Mrs Abu Kareem & Samirah Abu	3,996,759	10.92
3	Jide Zietlin	3,875,916	10.59
4	Griffin Financial Services Limited	3,323,600	9.08
5	Comfort Yamoah	2,548,383	6.96
6	Michael De Anda	1,504,920	4.11
7	Liberty capital Ghana Limited	1,443,300	3.94
8	Strategic Initiatives Ltd	1,294,405	3.54
9	Atlantic International	2,324,069	6.35
10	Harex Asset Management	1,241,401	3.39
11	Pianim Elkin ITF Cornelia	1,117,932	3.05
12	Serengeti Capital	1,106,600	3.02
13	Z. J. Jide	991,728	2.71
14	Noel F. Hayes	830,155	2.27
15	SCB/Barclays Mauritius Re: Oridun	577,612	1.58
16	Nicholas . K. Pianim	388,471	1.06
17	Mr & Mrs Abu Kareem & Samirah Abu	309,235	0.84
18	Duke Essiam	289,452	0.79
19	Owusu Baah	285,141	0.78
20	Miss L Shere-Mi	282,668	0.77
	Reported total	31,895,011	87
	Not reported	4,708,253	13
		36,603,264	100