



**Report and Financial Statements
2015**



African Champion Industries Limited

Report and Financial Statements 2015

Content	Page
Notice of annual general meeting	2
Directors, officials and registered office	3
Directors' report	4
Statement of Directors' responsibilities	5
Executive Chairman's Address	6
Independent auditors' report	7-8
Statement of Profit or Loss	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash flows	12
Notes to the Financial Statements	13-29

Notice of annual general meeting

NOTICE is hereby given that the 24th Annual General Meeting of African Champion Industries Limited will be held at The Holy Spirit Cathedral Hall, near Accra Psychiatric Hospital Accra, on Friday December 29th 2017, at 9.00am to transact following business of the Company:

Ordinary Business

1. To receive and consider the audited Financial Statements for the year ended 31st December 2015 and the Reports of the Directors and Auditors thereon.
2. To approve Directors' fees
3. To re appointment of Messrs Boateng Offei & Co as Auditors of ACI
4. To authorise the Directors to negotiate and determine the remuneration of the Auditors
- 5 To consider any other business

Dated this 28th day of November, 2017

BY ORDER OF THE BOARD

A Y Boateng
Akwasii Yaw Boateng
For: BOC Company Services Limited
Company Secretary
BOC CO. SERVICES LTD.
Company Secretary
P. O. BOX 125
STADIUM ACCRA

African Champion Industries Limited

Directors, officials and registered office

Directors:	Elkin Pianim	Executive Chairman
	Oyewole Oyeleye	Appointed (March 2014)
	Francis Kalitsi	Appointed (March 2014)

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
Correspondent firm; Grant Thornton International
9 Bissau Avenue, East Legon, Accra
P.O. Box CT 718, Accra
Tel. 0302-509039/40 /0573233718/9
email-boc@boatengoffei.com

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

African Champion Industries Limited

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2015.

A statement of directors responsibilities is provided on page 5.

Principal activities

The main sources of income of the company is 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.

The company recorded a net loss after taxation of	GH¢ (717,122)
To which must be added a deficit brought forward on the income surplus account at 1 January of	<u>(8,007,029)</u> (8,724,151)
Leaving a deficit to be carried forward on income surplus account at 31 December of	<u><u>(8,724,151)</u></u>

The directors do not propose dividend for the year ended 31 December 2015

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

October 26, 2017

African Champion Industries Limited

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 and the Companies Act, 1963 (Act 179). 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.



.....
DIRECTOR



.....
DIRECTOR

October 26, 2017

EXECUTIVE CHAIRMAN'S ADDRESS FOR 2015

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

The business of the company consists of receiving royalty payments from Adamus Resources for the Teleku Bokazo gold mine (these payments totaled GHS 1.6 Million in 2015), and as stated in our 2014 Annual Report in acquiring significant interests in hard currency generating assets in West Africa, primarily in the natural resource and property sectors

In 2015, ACI acquired for investment purposes, a 2% equity in Miro Forestry Developments Limited, a forest plantation company with assets in Ghana and Sierra Leone

Going Forward

The Company intended to undertake a rights issue in 2015 to complete the process of financial restructuring but deferred the contemplated rights issue due to unfavorable market conditions

Conclusion

On behalf of the Board, I wish to thank our colleagues at the Company for their loyalty and hardwork during the year



Elkin Kwasi Safo Pianim
Executive Chairman

Independent auditors' report

To the shareholders of African Champion Industries Limited

Opinion

We have audited the financial statements of African Champion Industries Limited which comprise the statement of financial position as at 31 December, 2015 and the Statement of Profit or Loss and other Comprehensive Income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes as set out on pages 13 to 29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December, 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) in a manner required by the Companies Code 1963 (Act 179) .

Emphasis of Matters

In forming our opinion on the financial statements we have considered the adequacy of the disclosures made in Note 9 regarding royalties receivable from the company's gold concession being operated by a third party.

The financial statements does not includes possible adjustment that would result if the company is unable to realise those royalties.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with IFRS and in the manner required by the Companies Code 1963 (Act 179) and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also;

Independent auditors' report - continued

To the shareholders of African Champion Industries Limited

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The 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 balance sheet and profit and loss account of the company are in agreement with the books of accounts.

The engagement Partner on the audit resulting in this independent auditor's report is
Emmanuel Offei – ICAG/P/1102

for: **Boateng, Offei & Co. – [ICAG/F/2017/108]**

Chartered Accountants

Correspondent firm; Grant Thornton International

9 Bissau Avenue, East Legon

Accra - Ghana

October 26, 2017

African Champion Industries Limited

Statement of Profit or Loss

For the year ended 31 December 2015

	Notes	2015 GH¢	2014 GH¢
Revenue		1,613,945	2,559,628
Operating expenses	5.3	<u>(547,102)</u>	<u>(1,490,452)</u>
Gross profit		1,066,842	1,069,176
Other income	5.1	-	54,150
Redundancy expenses	5.5	(125,624)	(1,906,424)
Profit/(loss) on disposal property plant & equipment	9	-	(34,300)
Profit/(loss) on disposal-investment in subsidiary	10	-	(676,272)
Exchange gain /(Loss)		<u>(609,797)</u>	<u>-</u>
Operating (loss)/profit		331,421	(1,493,670)
Finance costs	5.4	<u>(1,048,543)</u>	<u>(1,007,348)</u>
(Loss)/profit before tax		(717,122)	(2,501,018)
Income tax expense	6	<u>-</u>	<u>-</u>
Profit (Loss) for the year		<u>(717,122)</u>	<u>(2,501,018)</u>
Earnings per share	7	(0.0197)	(0.0687)

Statement of Financial Position

As at 31 December 2015

Assets	Notes	2015 GH¢	2014 GH¢
Non-current assets			
Property, plant and equipment	8	7,254	12,127
Investments	9	<u>6,173,087</u>	<u>-</u>
		<u>6,180,340</u>	<u>12,127</u>
Current assets			
Corporate tax	6	119,814	36,769
Trade and other receivables	10	158,443	249,998
Cash and cash equivalents	11	<u>111,980</u>	<u>24,144</u>
		<u>390,236</u>	<u>310,911</u>
Total assets		<u>6,570,576</u>	<u>323,038</u>
Equity and liabilities			
Equity attributable to equity holders			
Stated capital	12a	1,505,455	1,505,455
Retained earnings		(9,177,349)	(8,007,029)
Capital Surplus	13	<u>6,018,087</u>	<u>-</u>
Total equity		<u>(1,653,808)</u>	<u>(6,501,574)</u>
Current liabilities			
Trade and other payables	15	3,398,876	2,569,501
Short term borrowings	14	<u>4,825,508</u>	<u>4,255,111</u>
		<u>8,224,384</u>	<u>6,824,612</u>
Total Liabilities		<u>8,224,384</u>	<u>6,824,612</u>
Total equity and liabilities		<u>6,570,576</u>	<u>323,038</u>

Approved by the Board on October 26, 2017

.....
DIRECTOR

.....
DIRECTOR

The notes on pages 13 to 29 form an integral part of these accounts.

African Champion Industries Limited

Statement of Changes in Equity

For the year ended 31 December 2015

Company

	Share capital GH¢	Retained earnings GH¢	Capital Surplus GH¢
Balance at 1 January 2015	1,505,455	(8,007,029)	-
*Prior year adjustment		(453,198)	
Total comprehensive income/(loss)	-	(717,122)	-
Revaluation Gain/(Loss)	-	-	6,018,087
Balance at 31 December 2015	<u>1,505,455</u>	<u>(9,177,349)</u>	<u>6,018,087</u>

	Share capital GH¢	Retained earnings GH¢	Capital Surplus GH¢
Balance at 1 January 2014	1,505,455	(5,506,011)	
Total comprehensive income/(loss)	-	(2,501,018)	-
Balance at 31 December 2014	<u>1,505,455</u>	<u>(8,007,029)</u>	<u>-</u>

* This relates to excess of amount owed to SSNIT as at June 2013. Differences primarily stems from penalties for delayed/non payment of SSNIT Contributions over several years.

African Champion Industries Limited

Statement of Cash Flows

For the year ended 31 December 2015

	Company	
	2015	2014
	GH¢	GH¢
Operating activities		
Operating (loss)/profit before tax	(717,122)	(2,501,018)
		-
Adjustment to reconcile profit before tax to net cash flows		-
Depreciation & impairment of property, plant & equip.	4,874	2,773
Exchange Gain/ (Loss)	285,332	677,106
Interest accrued	1,031,354	865,099
Profit/(Loss) on disposal of property plant and equipment	-	34,300
Profit/(Loss) on disposal of Investment	-	676,272
Prior year adjustment	(453,198)	-
Working capital adjustments:		-
Decrease/(increase) in trade and other receivables	91,555	(77,666)
(Decrease)Increase in trade and other payables	829,375	(1,058,215)
Income tax paid	(83,045)	(112,218)
Net cash flows from operating activities	<u>989,124</u>	<u>(1,493,567)</u>
Investing activities		
Proceeds from sale of property, plant & equipment	-	8,450
Purchase of property, plant and equipment	-	(1,660)
Proceeds from sale of investment in subsidiary	-	392,084
Purchase of shares	(155,000)	-
Net cash flows used in investing activities	<u>(155,000)</u>	<u>398,874</u>
Financing activities		
Short term Borrowings	-	2,248,245
Interest capitalised	-	-
Loan Repayment	(746,288)	(1,147,108)
Net cash flows used in financing activities	<u>(746,288)</u>	<u>1,101,137</u>
Net (decrease)/increase in cash and cash equivalents	87,836	6,444
Cash and cash equivalents at 1 January	<u>24,144</u>	<u>17,700</u>
Cash and cash equivalents at 31 December	<u>111,980</u>	<u>24,144</u>

African Champion Industries Limited

Notes to the financial statements

For the year ended 31 December 2015

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) and the Companies Act, 1963 (Act 179).

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.

African Champion Industries Limited

Notes to the financial statements

For the year ended 31 December 2015

2.3 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.

African Champion Industries Limited

Notes to the Financial Statements

For the year ended 31 December 2015

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.

African Champion Industries Limited

Notes to the financial statements

For the year ended 31 December 2015

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:

Computers	50%
Motor vehicles	20%

African Champion Industries Limited

Notes to the financial statements

For the year ended 31 December 2015

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.

African Champion Industries Limited

Notes to the financial statements

For the year ended 31 December 2015

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.

African Champion Industries Limited

Notes to the financial statements

For the year ended 31 December 2014

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.

African Champion Industries Limited

Notes to the financial statements

For the year ended 31 December 2015

5. Other income and expenses

	2015	2014
	GH¢	GH¢
5.1 Other income		
Discount from renegotiated settlement with vendo	<u>-</u>	<u>54,150</u>

	2015	2014
5.3 Operating expenses	GH¢	GH¢
This includes:		
Audit fees	12,000	10,000
Management services fees	426,625	463,957
Bad debt expense	-	17,500
Directors Remuneration	-	-
Depreciation	4,874	2,773
Travelling & Transport	1,952	19,433
Exchange loss	<u>609,797</u>	<u>851,934</u>

	2015	2014
	GH¢	GH¢
5.4 Finance cost		
Interest on borrowings	1,048,543	1,007,348
Bank interest and charges	<u>15,007</u>	<u>-</u>
	<u>1,063,550</u>	<u>1,007,348</u>
5.5 Redundancy	<u>125,624</u>	<u>1,906,424</u>

Severance payment included two (2) judgement payments made to ex workers who subsequent to redundancy payments had court cases ruled in their favor.

African Champion Industries Limited

Notes to the financial statements

For the year ended 31 December 2015

Taxation - Company

6. Corporate tax	At 1 Jan. GH¢	Payment GH¢	Charge for the year GH¢	At 31 Dec. GH¢
Corporate tax				
2003 - 2008	(3,949)	-	-	(3,949)
2009	129	-	-	129
2010	(787)	-	-	(787)
2011	40,463	-	-	40,463
2012	(781)	-	-	(781)
2013	(54,603)	-	-	(54,603)
2014	(112,218)	-	-	(112,218)
2015		(83,045)	-	(83,045)
	<u>(131,746)</u>	<u>(83,045)</u>	<u>-</u>	<u>(214,791)</u>
2004				
National reconstruction levy	1,555	-	-	1,555
2011				
Capital gain tax	93,422	-	-	93,422
	<u>(36,769)</u>	<u>(83,045)</u>	<u>-</u>	<u>(119,814)</u>

7. 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	
	2015	2014
	GH¢	GH¢
Net profit attributable to equity holders	(717,122)	(2,501,018)
Number of ordinary shares for basic	36,395,164	36,395,164
Earnings per share	<u>(0.0197)</u>	<u>(0.0687)</u>

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.

African Champion Industries Limited

Notes to the financial statements

For the year ended 31 December 2015

8. Property, plant & equipment - company 2015

	At 1 Jan	Additions/ revaluation	Disposal/ Transfers	At 31 Dec
Cost/valuation	GH¢	GH¢	GH¢	GH¢
Computer	20,123		-	20,123
Motor vehicles	-	-	-	-
	<u>20,123</u>	<u>-</u>	<u>-</u>	<u>20,123</u>

Depreciation	At 1 Jan	Charge for the year	Disposal/ Transfer	At 31 Dec
	GH¢	GH¢	GH¢	GH¢
Computer and accessories	-	1,181		1,181
Motor vehicles	7,517	3,693	-	11,209
	<u>7,517</u>	<u>4,874</u>	<u>-</u>	<u>12,390</u>

Net book value

At 31 December 2015	<u>12,606</u>			<u>7,733</u>
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African Champion Industries Limited

Notes to the financial statements

For the year ended 31 December 2013

8b. Property, plant & equipment

2014	At 1 Jan GH¢	Additions/ revaluation GH¢	Disposal/ Transfers GH¢	At 31 Dec GH¢
Cost/Valuation				
Computer and accessories	-	1,660	-	1,660
Motor Vehicles	18,463	-	-	18,463
Work in progress	42,750	-	(42,750)	-
	<u>61,213</u>	<u>1,660</u>	<u>(42,750)</u>	<u>20,123</u>
Depreciation	At 1 Jan GH¢	Charge for the year GH¢	Disposal/ Transfer GH¢	At 31 Dec GH¢
Computer and accessories	-	479	-	479
Motor vehicles	5,223	2,294	-	7,517
	<u>5,223</u>	<u>2,773</u>	<u>-</u>	<u>7,996</u>
Net book value				
At 31 December 2014	<u>55,989</u>			<u>12,127</u>

Impairment of property, plant and equipment

There was no material impairment loss.

9. Investments

This represents 2% equity holding in Miro Forestry and Company's interest in a gold mining concession

	Cost GH¢	Addition/ Valuation GH¢	Carrying Amount GH¢
Miro Forestry	155,000	-	155,000
Gold Concession	-	6,018,087	6,018,087
	<u>155,000</u>	<u>6,018,087</u>	<u>6,173,087</u>

The concession was valued by Omega Capital, a Financial Advisory Firm at Y31A, Agostinho Nato Rd, Airport Accra as at 31 December, 2015.

The valuation method used is discounted cash flow (DCF), of gold royalties received over the life of the concession.

A DCF is carried out by estimating the total value of all future cash flows (both Inflows and Outflows), and then discounting them (usuallly using Weighted Average Cost of Capital - WACC) to find a present value of that cash.

African Champion Industries Limited

Notes to the financial statements

For the year ended 31 December 2015

Trade & other receivables		2015	2014
		GH¢	GH¢
10.	Trade receivables	154,809	249,998
	Other receivables	3,634	-
		<u>158,443</u>	<u>249,998</u>

Cash and cash equivalents		2015	2014
		GH¢	GH¢
11.	Cash at banks and on hand	<u>111,980</u>	<u>24,144</u>

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.

Share capital and other capital reserves.

12.	Share capital	2015	2014
		000	000
12a.	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	<u>4,163</u>	<u>4,163</u>
		<u>36,603</u>	<u>36,603</u>
		2015	2014
		GH¢	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	<u>1,040,816</u>	<u>1,040,816</u>
		<u>1,505,455</u>	<u>1,505,455</u>

African Champion Industries Limited

Notes to the financial statements

For the year ended 31 December 2015

13 Capital Surplus

The capital surplus account records revaluation movements in accounts balances for the company's stake in gold mining concession and other assets

14. Borrowings

	2015 GH¢	2014 GH¢
Balance at 1 January	4,255,110	1,611,768
Additions during the year		2,248,245
Interest on Loan during the year	1,031,354	865,099
Exchange Loss/ (Gain) during the year	<u>285,331</u>	<u>677,106</u>
	5,571,795	5,402,218
Less: Loan Repayment	<u>(746,288)</u>	<u>(1,147,108)</u>
Balance at 31 December	<u>4,825,506</u>	<u>4,255,110</u>
Due within one year	1,608,502	1,418,370
Due after one year	<u>3,217,004</u>	<u>2,836,740</u>

	2015 GH¢	2014 GH¢
Trade and other payables		
15 Trade payables	1,644,940	834,220
Other payables	<u>1,753,936</u>	<u>1,735,282</u>
	<u>3,398,876</u>	<u>2,569,501</u>

African Champion Industries Limited

Notes to the Financial Statements

For the year ended 31 December 2015

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

16. Related party disclosures

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured 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 2015, the company has not recorded any impairment of receivables relating to amounts owed by related parties (2014: 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.

Other financial assets and financial liabilities

17. Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the company's

Company	Carrying amount		Fair value	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Financial assets				
Cash and cash equivalents	111,980	24,144	111,980	24,144
Trade and other receivables	158,443	249,998	158,443	249,998
Financial liabilities				
Trade and other payables	3,398,876	2,569,501	3,398,876	2,569,501

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.

African Champion Industries Limited

Notes to the financial statements

For Commitments and contingencies

18. Capital commitments

There were no commitments at 31 December 2015 (2014: GH¢Nil).

19. 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.

African Champion Industries Limited

Notes to the financial statements

For Financial risk management objectives and policies - continued

20. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or

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 2015 and 31 December 2014.

21. 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.

African Champion Industries Limited

Notes to the financial statements

For Details of the 20 largest shareholders as at 31 December 2015

22. Name of shareholder	Holdings	% Holding
1 Serengeti Capital	6,724,773	18.48%
2 Mr & Mrs Abu Kareem & Samirah Abu	3,996,759	10.98%
3 Jide Zietlin	3,875,916	10.6%
4 Griffin Financial Services Limited	3,323,600	9.1%
5 Atlantic International	2,324,069	6.4%
6 Michael De Anda	1,504,920	4.1%
7 Liberty Capital Ghana Limited	1,443,300	4.0%
8 International Interest Company Ltd	1,313,330	3.6%
9 Strategic Initiatives Ltd	1,294,405	3.6%
10 Harex Asset Management	1,241,401	3.4%
11 Pianim Elkin ITF Cornelia	1,117,932	3.1%
12 Z. J. Jide	991,728	2.7%
13 Noel F. Hayes	830,155	2.3%
14 SCB/Barclays Mauritius Re: Oridun	577,612	1.6%
15 Nicholas . K. Pianim	388,471	1.1%
16 Mr & Mrs Abu Kareem & Samirah Abu	309,235	0.8%
17 Duke Essiam	289,452	0.8%
18 Owusu Baah	285,141	0.8%
19 Miss L Shere-Mi	282,668	0.8%
20 F Andoh	254,168	0.7%
Reported total	32,369,035	88.9%
Not reported	4,026,129	11.1%
	<u>36,395,164</u>	<u>100%</u>