



SAMBA FOODS LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2017

Contents	Pages
Corporate Information	2
Report of the Directors	3
Report of the Independent Auditor	4 - 5
Statement of Comprehensive Income and Retained Earnings	6
Statement of Financial Position	7
Statement of Cash Flows	8
Statement of Changes in Equity	9
Notes	10 - 36

CORPORATE INFORMATION

Directors: Charles Darko (Chairman)
Leticia Osafo – Addo (Managing Director)
Kwame Osafo - Addo
Awo Dede Osafo - Addo
Fuseini Issah
Kwado Opoku Okoh
Tutu Kwachie

Company Secretary Charles Atuahene

Registered office: West Coast Dyeing Company
Heavy Industrial Area
Tema
P. O. Box B186
C2, Tema

Auditors: IAKO Consult
P. O. Box 617
Teshie - Nungua Estates
Accra

Bankers: Zenith Bank Ghana Limited
Unibank Ghana Limited
Agricultural Development Bank

REPORT OF THE DIRECTORS

In accordance with the requirements of section 132 of the Companies Act, 1963, (Act 179), the Directors have the pleasure in presenting the report of the Company for the year ended 31 December, 2017.

Statement of Directors' Responsibilities

The Directors are responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of affairs of the company and of the profit or loss and cash flows for that period. In preparing these financial statements, the Directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS) and the requirements of the Companies Code, 1963 (Act 179).

The Directors are responsible for ensuring that the Company keeps proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal Activities

The principal activity of the company include the following:

- I. Food Processing
- II. Producers of Spices
- III. Farming
- IV. Exporters of Processed Foods

Financial results

The results of the Company are set out on pages 6 to 33. The Company recorded a net loss after tax of GH¢250,299 as against a net loss of GH¢396,432 in 2016. The decrease in Loss was as a result of reduction in interest income in the year under consideration.

Dividend

The Directors do not recommend the payment of dividend for the period ended 31 December, 2017.

Auditors

In accordance with section 134(5) of the Companies Code, 1963, Iako Consult will continue in office as Auditors of the company.

By Order of the Board

Name: CHARLES TETTEH DARKO

Name: LETICA OSAFO-ADDO

Signed: 

Signed: 



REPORT OF THE INDEPENDENT AUDITOR TO MEMBERS OF SAMBA FOODS LIMITED

Opinion

We have audited the consolidated financial statements of **SAMBA FOODS LIMITED (the Company)**, which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present a *true and fair view* of the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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)* together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expenses Approval

Deficient expense payment procedure (Some payment vouchers had not been signed by the approver)

Best practice requires that payment vouchers are prepared for all expenses with the signatures of the voucher preparer, the authorizing officer and or the approving officer appended as well as that of the recipient.

The audit team also observed that some payment vouchers were not signed by the recipient whilst others were not signed by the approving officer.

Again, some few payment vouchers without receipts and invoices were also sighted

Withholding Taxes

Taxes not being withheld on goods and services



In accordance with section 116 (2) of the Income Tax Act 2015 act 896 as amended, A resident person, other than an individual, shall withhold tax on the gross amount of the payment at the rate specified in the First

Schedule when the person makes a payment to another resident person who does not fall within subsection (1) or section 114 for

- (a) the supply or use of goods,**
- (b) the supply of any works, or**
- (c) the supply of services,**

in respect of a contract between the payee and the resident person.

Our audit revealed that taxes were not withheld on some payments made during the year.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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 decisions of users taken on the basis of these financial statements.

Report on Other Legal and Regulatory Requirements

The Companies Code, 1963 (Act 179) requires that in carrying out our audit 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; and
- ii) in our opinion, proper books of account have been kept by the Company, so far as it appears from our examination of those books.



A. O. O.

Signed by: Arnold Tetteh Okai (ICAG/P/1077)

For and on Behalf of:
IAKO CONSULT (ICAG/F/2018/003)
CHARTERED ACCOUNTANTS
32 Samora Machel Road, Asylum Down
P. O. Box TN 617
Accra

Date *27/03/18*

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 GH¢	2016 GH¢
Income	4	444,044	207,121
Direct Expenses	5	(323,652)	(325,136)
Gross Profit/(Loss)		120,392	(118,015)
Other Income	8	88,990	179,140
Administrative Expenses	6	(300,638)	(233,521)
Depreciation and Amortization	10	(158,947)	(158,947)
Finance Charges	7	(3,562)	(240)
Net Profit/(Loss) Before Taxation		(253,765)	(331,583)
Tax Expense	11a	1,466	(64,849)
Net Profit/(Loss) After Taxation		<u>(252,299)</u>	<u>(396,432)</u>

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

ASSETS	Notes	2017 GH¢	2016 GH¢
Non-Current Assets			
Plant, Properties & Equipment	10	3,476,448	3,612,022
Intangible Assets	9	70,118	93,492
		<u>3,546,566</u>	<u>3,705,514</u>
Current Assets			
Inventories	12	285,344	98,123
Loans and Receivables	13	355,536	132,402
Taxation	11	27,395	27,395
Cash & Bank	14	21,678	457,057
		<u>689,953</u>	<u>714,977</u>
Total Assets		<u>4,236,519</u>	<u>4,420,491</u>
EQUITY AND LIABILITIES			
Equity			
Stated Capital	15	2,750,498	2,750,498
Income Surplus		(1,795,987)	(1,543,688)
Revaluation Surplus		2,222,559	2,222,559
		<u>3,177,070</u>	<u>3,429,369</u>
Current Liabilities			
Accounts Payable	16	3,760	7,888
Other Payables	17	213,408	99,487
		<u>217,168</u>	<u>107,375</u>
Non-Current Liabilities			
Deferred Tax Liabilities	11	690,528	691,994
Term Loan	18	151,753	191,753
Total Equity and Liabilities		<u>4,236,519</u>	<u>4,420,491</u>

The Board of Directors approved these financial statements on 26/03/18



DIRECTOR



DIRECTOR

The accompanying notes on pages 13 to 33 from part of these financial statements and should be read in conjunction therewith.

STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2017

	Notes	2017 GH¢	2016 GH¢
Operating activities			
Loss from operations		(252,299)	(396,432)
Adjustments for:			
Depreciation and Amortization		158,948	158,947
Decrease / (Increase) in Inventories		(187,221)	18,237
Decrease / (increase) in receivables		(223,134)	699,730
(Decrease) / increase in payables		109,793	69,116
Deferred Tax		(1,466)	64,849
Net cash generated from operating activities		(395,379)	614,447
Taxation			
Tax Paid		-	(4,390)
Cash flow included in investing activities:			
Purchase of PPE		-	(987,271)
Intangible Assets		-	(104,510)
Net cash from investing activities		-	(1,091,781)
Cash flows from financing activities			
Increase in Stated Capital		-	-
Medium Term Loans		(40,000)	(106,750)
Shareholders Advance		-	-
Net cash used in financing activities		(40,000)	(106,750)
Net increase/ (decrease) in cash and cash equivalents		(435,379)	1,040,775
Cash and cash equivalents at beginning of year		457,057	4,757
Cash and cash equivalents at end of year		21,678	457,057

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2016

	Stated Capital	Income Surplus	Revaluation Surplus	Total
At the beginning of the year	2,750,498	(1,543,688)	2,222,559	3,429,369
Increased Stated Capital	-	-	-	-
Profit/(Loss) for the period	-	(252,299)	-	(252,299)
Year Ended 31 December 2017	2,750,498	(1,795,987)	2,222,559	3,177,070
At the beginning of the year	2,750,498	(1,147,256)	2,222,559	3,825,801
Increased Stated Capital	-	-	-	-
Profit/(Loss) for the period	-	(396,432)	-	(396,432)
Year Ended 31 December 2016	2,750,498	(1,543,688)	2,222,559	3,429,369

NOTES TO THE FINANCIAL STATEMENTS

1.0 CORPORATE INFORMATION

NATURE OF COMPANY

Samba Foods is a limited liability company incorporated in Ghana under the Companies Code 1963, Act 179. The company is domiciled in Ghana with its registered office at **West Coast Dyeing Company, Heavy Industrial Area, Tema.**

The company is authorized and licensed by the Ghana Stock Exchange to trade on the stock exchange. The Registrar of Companies also accords the company the legal and regulatory mandate to undertake the following:

- I. Food Processing
- II. Producers of Spices
- III. Farming
- IV. Exporters of Processed Foods

Authorization for Publication

The financial statements of the company for the year ended 31 December 2017 were authorized for issue in accordance with a resolution of the directors on 26th March, 2018.

Judgments and Estimates

The presentation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affects the application of policies and reported amounts of assets and 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the note 3

Going concern

The company's management has made an assessment of the company's ability to continue as a going concern and is satisfied that the company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

New Standards and Interpretations not yet adopted

	Amendments/Improvements	Effective Date
IFRS 9	<p>Financial Instruments</p> <p>IFRS 9 Introduce new requirements for classifying and measuring financial assets and financial liabilities</p> <p>Finalized version, incorporating requirements for classification and measurement, impairment, general hedge accounting and Derecognition</p>	<p>Effective for annual periods beginning on or after 1 January 2018</p> <p>Note: IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before 1 February 2015.</p>
IFRS 15	<p>Revenue from Contracts with Customers</p> <p>The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.</p>	<p>Effective for annual periods beginning on or after 1 January 2018</p> <p>Note: IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations.</p>
IFRS 16	<p>Leases</p> <p>It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability</p>	<p>IFRS 16 is effective from periods beginning on or after 1 January 2019</p> <p>Note: IFRS 16 will replace IAS 17 and three related Interpretations.</p>

IFRS 9

IFRS 9 *Financial Instruments* issued on 24 July 2014 is the IASB's replacement of IAS 39 *Financial Instruments: Recognition and Measurement*. The Standard includes requirements for recognition and measurement, impairment and general hedge accounting. The IASB completed its project to replace IAS 39 in phases, adding to the standard as it completed each phase.

The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted (subject to local endorsement requirements). For a limited period, previous versions of IFRS 9 may be adopted early if not already done so provided the relevant date of initial application is before 1 February 2015.

IFRS 9 does not replace the requirements for portfolio fair value hedge accounting for interest rate risk (often referred to as the 'macro hedge accounting' requirements) since this phase of the project was separated from the IFRS 9 project due to the longer term nature of the macro hedging project which is currently at the discussion paper phase of the due process.

IFRS 15

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. [IFRS 15:1] Application of the standard is mandatory for annual reporting periods starting from 1 January 2018 onwards. Earlier application is permitted.

IFRS 15 *Revenue from Contracts with Customers* applies to all contracts with customers except for: leases within the scope of IAS 17 *Leases*; financial instruments and other contractual rights or obligations within the scope of IFRS 9 *Financial Instruments*, IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*; insurance contracts within the scope of IFRS 4 *Insurance Contracts*; and non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers. [IFRS 15:5]

A contract with a customer may be partially within the scope of IFRS 15 and partially within the scope of another standard. In that scenario: [IFRS 15:7]

- (i) if other standards specify how to separate and/or initially measure one or more parts of the contract, then those separation and measurement requirements are applied first. The transaction price is then reduced by the amounts that are initially measured under other standards;
- (ii) if no other standard provides guidance on how to separate and/or initially measure one or more parts of the contract, then IFRS 15 will be applied.

IFRS 16

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019.

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. [IFRS 16:1]

IFRS 16 *Leases* applies to all leases, including subleases, except for: [IFRS 16:3]

- (i) leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources;
- (ii) leases of biological assets held by a lessee (see IAS 41 *Agriculture*);
- (iii) service concession arrangements (see IFRIC 12 *Service Concession Arrangements*);
- (iv) licences of intellectual property granted by a lessor (see IFRS 15 *Revenue from Contracts with Customers*); and
- (v) rights held by a lessee under licensing agreements for items such as films, videos, plays, manuscripts, patents and copyrights within the scope of IAS 38 *Intangible Assets*

A lessee can elect to apply IFRS 16 to leases of intangible assets, other than those items listed above. [IFRS 16:4]

2.0 ACCOUNTING POLICIES

BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for sale financial assets and financial assets and financial liabilities (including derivatives instruments) at fair value through profit or loss.

Significant Accounting Estimates, Assumptions & Judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policy. Key areas in which judgment is applied include:

Statement of Compliance

These financial statements of Samba Foods Limited have been prepared in accordance with International Financial reporting Standards (IFRS) IFRS 1, First – Time Adoption of International Financial Reporting Standards, has been applied in preparing these financial statements. This is in conformity with the directives of the Institute of Chartered Accountants (ICAG) in collaboration with other regulatory bodies like Ghana Stock Exchange.

Segmental Reporting

The Company is only operating business in Ghana and therefore subject to only one geographical and economic condition. It therefore has no reporting segment and not necessary to prepare additional segment information as per IAS 14. The Company is not yet organized to support segment reporting as per IFRS 8 which has not been earlier adopted.

Functional and Presentation Currency

The financial statements are presented in Ghana Cedis, which is the Company's functional and presentation currency.

Foreign currencies

Foreign currency transactions are recorded in the functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated into the functional currency at rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the restatement of monetary assets and liabilities denominated in foreign currencies at year end are recognized in the income statement under the heading "other operating income or "other operating expenses".

The effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency is reported in the cash flow statements as part of the reconciliation of cash and cash equivalent at the beginning and end of the period. This amount is presented separately from cash flows from operating, investing and financing activities

and includes the differences, if any, had those cash flows been reported at end of period exchange rates.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on the depreciable amount of each component on a straight-line basis over the anticipated useful life of the asset. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the Company would currently obtain from the disposal of an asset in similar age and condition as expected at the end of the useful life of the asset. The current annual depreciation rates for each class of property, plant and equipment are as follows:

	%
Land	60 years lease
Computers	30
Factory Equipment	20
Motor vehicles	20
Office Equipment, Furniture & Fittings	15

Costs associated with routine servicing and maintenance of assets are expensed as incurred. Subsequent expenditure is only capitalized if it is probable that future economic benefits associated with the item will flow to the Company.

The carrying values of property and equipment are reviewed for indications of impairment annually, or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Residual values, useful lives and methods of depreciation for property and equipment are reviewed, and adjusted if appropriate, at each financial year end.

Intangible assets

Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over 2 years.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain the expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingent liabilities and contingent assets are not recognized in the financial statements but are disclosed.

Employee benefits - Social security & Provident Funds

The Company contributes to the national pension fund (defined contribution) governed by the Social Security & National Insurance Trust Fund law on behalf of employees. All employer contributions are charged to the income statement as incurred and are included under staff costs.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria are met before revenue is recognized.

{a}. Interest income

Interest income and expense are recognized in the income statement for all interest-bearing financial instruments, as interest accrues using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or interest expense. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

The effective interest rate is calculated on initial recognition of the financial asset or liability, estimating the future cash flows after considering all the contractual terms of the instrument but not future credit losses. The calculation includes all amounts for processing and commitment fees paid or received by the Company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument.

Where a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

{b} Commissions and fees

Commissions and fees revenues and expenses that are integral part of financial instruments and are included in the measurement of the effective interest rate are spread over the period of the financial instruments. Commission and fees in respect of services are recognized in the income statement when the related services are performed.

{c} Dividends

Revenue is recognized when the Company's right to receive the dividend is established.

Income tax

{a} Current income tax

Current income tax assets and liabilities for the current and prior period 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 recognized directly in equity is recognized in equity and not in the income statement.

{b} Deferred income tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Revenues, expenses and assets are recognized net of the amount of value added tax except.

- where the value added tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(c) Value Added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT except:

- (i) where the value added tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) Receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the Ghana Revenue Authority is included as part of receivables or payables in the statement of financial position.

Financial instruments – Initial recognition and subsequent measurement

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Available for Sale Assets

Available for sale financial assets are measured at fair value on the balance sheet, with gains and losses arising from changes in the fair value of investments recognized directly in equity, until the financial asset is either sold, becomes impaired or matures, at which

time the cumulative gain or loss previously recognized in equity is recognized in the income statement. Interest calculated using the effective interest method is recognized in the income statement; dividends on available-for-sale equity instruments are recognized in the income statement when the Company's right to receive payment is established. Purchases and sales of securities and other financial assets are recognized on trade date, being the date that the Company is committed to purchase or sell an asset. If an available for sale instrument is determined to be impaired, the respective cumulative unrealized losses previously recognized in equity are included in the income statement in the period in which the impairment is identified. Impairment losses on available for sale equity instruments are reversed equity.

Held-to-Maturity Assets

Held-to-maturity assets are non-derivative financial instruments with fixed or determinable payments and maturity dates. Financial assets including Government of Ghana Index linked bonds are securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity and are measured at amortized cost using the effective interest method, less impairment losses.

Loans and Receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Financial Liabilities

Financial liabilities are classified as non-trading, held for trading or designated as held at fair value through profit and loss. Non-trading liabilities are recorded at amortized cost applying the effective interest method. Held for trading liabilities or liabilities designated as held at fair value through profit and loss, are accounted for as indicated above.

Determination of Fair Value of Financial Instruments

The fair value of a financial instrument traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations without any deduction of transaction costs. Where market prices are not available the Company establishes a fair value by using valuation techniques. These include the use of recent arm's-length

transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants. For private equity investments that are not publicly traded, management uses comparisons to similar companies, relevant third party arm's length transactions and other information specific to the investment.

Derecognition of Financial Assets and Liabilities

A financial asset or a portion thereof, is derecognized when the Company's rights to cash flows has expired; or when the Company has transferred its rights to cash flows relating to the financial assets, including the transfer of substantially all the risk and rewards associated with the financial assets or when control over the financial assets has passed.

A financial liability is derecognized when the obligation is discharged, cancelled or expired.

Impairment of Financial Assets

{a} Framework for impairing financial assets

At each balance sheet date the Company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets has become impaired. Evidence of impairment may include indications that the borrower or group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, or the fact that the debt is being restructured to reduce the burden on the borrower.

{b} Loans and Advances

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognized within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

{c} Available-for-Sale Financial Assets

For available-for-sale financial investments, the Company assesses at each balance sheet date whether there is objective evidence that an investment or group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement) is removed from equity and

recognized in income statement. Impairment losses on equity investments are not reversed through the same income statement. Increases in fair value after impairment are recognized directly in equity.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of 'Interest and similar income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement.

Issued debt and equity financial instruments

Financial instruments issued by the Company are classified as liabilities if they contain an obligation to transfer economic benefits. Financial instruments issued by the Company are classified as equity where they confer on the holder a residual interest in the Company.

Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including: cash and non-restricted balances with bank, treasury bills and other eligible bills, loans and advances, amounts due from other companies and short-term government securities.

Dividend

Dividend declared is treated as an appropriation of profit in the year of approval while dividend proposed is disclosed as a note to the financial statements.

Trade payables

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

Leasing

The company as a lessee

Operating leases relate to leases of building with lease terms of between 3 and 5 years. All operating lease contracts over 5 years contain clauses for 5-yearly market rental reviews. The company does not have an option to purchase the leased land at the expiry of the lease periods.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized

as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Placement

Placements are recognized initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Placements are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

Placements are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

4. Income	2017	2016
	GH¢	GH¢
Sales	444,044	207,121
	444,044	207,121
5. Direct Cost	2017	2016
	GH¢	GH¢
Opening Stock – Raw material	90,465	23,560
Purchases	373,603	292,945
Factory Wages	53,344	20,334
Overheads	83,926	82,320
Cost of Goods Produced	601,338	419,159
Add: Finished Goods b/f	7,658	4,100
Less: Raw Materials c/d	(272,564)	(90,465)
Less: Finished Goods c/d	(12,780)	(7,658)
	323,652	325,136
6. Administrative Expenses	2017	2016
	GH¢	GH¢
Audit Fees	17,000	15,000
Salaries	176,903	87,546
Communication	5,461	4,272
Marketing Expenses	6,271	4,891
Travelling & Transport	21,706	19,118
Printing & Stationery	6,486	8,642
Medicals	140	0
Vehicle Running Expenses	20,192	19,001
Rent	5,980	20,754
Electricity & Water	6,300	3,809
Security	165	280
Cleaning & Sanitation	1,078	2,527
Meetings	4,519	10,998
Insurance	871	3,500
Listing Expenses	20,000	22,689
Rates	0	0
Rep. & Mtce - Office Equipment	4,266	1,157
Registration & Licensing	3,300	9,337
	300,638	233,521

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

7. Financial Charges	2017	2016
	GH¢	GH¢
Interest Charges	-	-
Bank Charges	3,562	240
	<u>3,562</u>	<u>240</u>
8. Other Income	2017	2016
	GH¢	GH¢
Interest income	88,990	179,140
Vehicle Donation	-	-
	<u>88,990</u>	<u>179,140</u>
9. Intangible Assets	2017	2016
	GH¢	GH¢
Balance Brought Forward	116,864	12,354
Addition	-	104,510
	<u>116,864</u>	<u>116,864</u>
Amortization	23,373	-
Current Charge	23,373	23,373
	<u>46,746</u>	<u>23,373</u>
	<u>70,118</u>	<u>93,491</u>

This relates to expenses incurred to put rented factory premises in Shape. The balance carried forward and any additions during the year is written off over the remaining live of the lease.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. Property Plant and equipment

Cost	Leasehold Premises GH¢	Motor Vehicles GH¢	Office Equip & Furniture GH¢	Computers GH¢	Factory Equipment GH¢	Total GH¢
Cost 1/1/17	2,494,767	169,000	160,115	19,100	1,478,859	4,321,841
Revaluation Additions	-	-	-	-	-	-
Bal 31/12/17	2,494,767	169,000	160,115	19,100	1,478,859	4,321,841
Depreciation						
Cost 1/1/17	244,234	88,060	51,477	11,265	314,783	709,819
Charge for the Yr.	54,609	26,980	23,222	1,215	29,548	135,574
Bal 31/12/17	298,843	115,040	74,699	12,480	344,331	845,393
NBV 17	2,195,924	53,960	85,416	6,620	1,134,528	3,476,448

Property Plant and equipment

Cost	Leasehold Premises GH¢	Motor Vehicles GH¢	Office Equip & Furniture GH¢	Computers GH¢	Factory Equipment GH¢	Total GH¢
Cost 1/1/16	2,494,767	169,000	158,225	10,050	502,528	3,334,570
Revaluation	0	0	1,890	9,050	0	987,271
Additions	0	0	1,890	9,050	976,331	987,271
Bal 31/12/16	2,494,767	169,000	160,115	19,100	1,478,859	4,321,841
Depreciation						
Cost 1/1/16	189,625	61,080	28,255	10,050	285,235	574,245
Charge for the Yr.	54,609	26,980	23,222	1,215	29,548	135,574
Bal 31/12/16	244,234	88,060	51,477	11,265	314,783	709,819
NBV 16	2,250,533	80,940	108,638	7,835	1,164,076	3,612,022

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

11a. INCOME TAX EXPENSE	2017	2016
	GH¢	GH¢
Current Income Tax	-	-
Deferred Tax	1,466	(64,849)
	<u>1,466</u>	<u>(64,849)</u>

Deferred Tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 25% (2016: 25%). The movement on the deferred income tax account is as follows:

11b. DEFERRED TAX Asset/(Liability)	2017	2016
	GH¢	GH¢
At start of year	(691,994)	(627,145)
Income statement credit/(charge)	1,466	(64,849)
Balance at December 31	<u>690,528</u>	<u>(691,994)</u>

11c. Corporate Tax

Year of Assessment	Balance B/Fwd	Tax Charged / Adjustments	Tax Paid	Tax Outstanding
	GH¢	GH¢	GH¢	GH¢
2013	5,842	-	(17,595)	(11,753)
2014	(11,753)	8,183	(3,925)	(7,495)
2015	(7,495)	-	(15,510)	(23,005)
2016	(23,005)	-	(4,390)	(27,395)
2017	(27,395)	-	-	(27,395)

12. Inventories	2017	2016
	GH¢	GH ¢
Raw Materials	8,914	2,008
Packaging Materials	263,650	88,457
Trading	12,780	7,658
	<u>285,344</u>	<u>98,123</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

13. Loan and Receivables		2017	2016
		GH¢	GH ¢
Trade Debtors		97,425	51,859
Deposit for Equipment		258,111	80,543
Prepayment - Rent		-	-
		<u>355,536</u>	<u>132,402</u>
14. Cash and Bank		2016	2015
		GH¢	GH¢
Unibank		3,375	44,571
Zenith Bank GHC		2,271	10,955
Zenith Bank USD		8,931	137
Zenith Fixed Deposit		6,300	400,000
Cash on Hand		801	1,394
		<u>21,678</u>	<u>457,057</u>
15. Stated Capital			
Authorized Shares		2017	2016
1,000,000,000 Ordinary Shares			
Issued Shares	No. of shares	GH¢	GH¢
Equity Contribution	5,975,453	2,750,498	2,750,498
Total	<u>5,975,453</u>	<u>2,750,498</u>	<u>2,750,498</u>
16. Accounts Payables		2016	2015
		GH¢	GH¢
Creditors		3,760	7,232
Statutory		-	656
		<u>3,760</u>	<u>7,888</u>
17. Other Payables		2016	2015
		GH¢	GH¢
Audit Fees		17,000	15,000
Salaries		164,848	77,606
Rent		30,000	2,881
System Consult		1,560	2,000
Others		0	2,000
		<u>213,408</u>	<u>99,487</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

18. Medium Term Loans

Lender	Balance as at Jan 1 2017 GH¢	Addition / Adjustment GH¢	Payments GH¢	Balance as at 31 Dec 2017 GH¢
Venture Capital	91,753	-	-	91,753
MOFA / ADB Loan	100,000	-	(40,000)	60,000
	191,753	-	(40,000)	151,753

MOFA relates to the cost of importing factory equipment.

19. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both.

The Company's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Company. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Company.

Key management compensation

The compensation paid or payable to key management for employee services is shown below:

	2017 GH¢	2016 GH¢
Total key management compensation	69,381	69,381

20. Financial Risk Management

The company has exposure to the following risks from its use of financial instruments:

Credit risk
 Liquidity risk
 Market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

Risk Management Framework

The Board of Directors has overall for the establishment and oversight of the company's risk management framework. The Board has established the Audit and Finance committee, which are responsible for developing and monitoring the company's risk management policies in their specified areas. The team includes selected members of executive management and report regularly to the Board of Directors on their activities.

The company's risk management policies are established to identify and analyze the risk faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market in conditions, products and services offered. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The company's Audit and Finance Committee is responsible for monitoring compliance with the company's risk management policies and procedures, and for reviewing the adequacy of risky management framework in relation to the risks faced by the company. This committee is assisted in these functions by a risk management structure in all the units of the company which ensures a consistent assessment of risk management control and procedures.

Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

Allowances for Impairment

The company establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of risk and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for homogenous assets in respect of losses that have been incurred but not yet been identified. The collective loss allowance is determined based on historical data of payment for similar assets.

Liquidity Risk

Liquidity risk is the risk that the company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The company's approach to managing liquidity is to ensure that it will maintain adequate liquidity to meet its liabilities when due.

Market Risks

Market risk is the risk that changes in the money and capital market such as interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control. Market risk exposures within acceptable parameters, while optimising the return on investments.

Foreign Currency Risk

The company is not exposed to currency risk as there are no transaction and balances denominated in currencies other than the functional currency

Operational Risk

Operational risk is the exposure to financial or other damage arising through unforeseen events or failure in operational processes and systems. Examples include inadequate controls and procedures, human error, deliberate malicious acts including fraud and business interruption. These risks are controlled and monitored through system controls, segregation of duties, exception and exposure reporting, business continuity planning, reconciliations, and timely and reliable management reporting.

21. Fair Values

Fair values versus carrying amounts

The fair values of financial assets and liabilities together with carrying amount shown in the balance sheet are as follows

	31 December 2017		31 December 2016	
	Carrying Amount GH¢	Fair Value GH¢	Carrying Amount GH¢	Fair Value GH¢
Assets				
Inventories	285,344	285,344	98,123	98,123
Loans and Receivables	355,536	355,536	132,402	132,402
Cash & Bank	21,678	21,678	457,057	457,057
	662,558	662,558	687,582	687,582
Liabilities				
Account Payables	3,760	3,760	7,888	7,888
Other Payables	213,408	213,408	99,487	99,487
Term Loan	151,753	151,753	191,753	191,753
	368,921	368,921	373,128	373,128

22. Event after the reporting period

No significant event occurred after the end of the reporting date which is likely to affect these financial statements.

23. Commitments

There were no commitments capital expenditure at the balance sheet date as at 31 December 2016

Financial Transparency and Information Disclosure

1. Objectives of the Company :

To resolve Post Harvest losses and Food Securities Issues in the country.

2. Board's responsibilities regarding financial communications:

The Board recognizes the importance of two-way communication with the Company's shareholders. The Chair, and the CEO, meet regularly with major shareholders and report the views of such shareholders to the Board. As well as the Company giving a balanced report of financial results and progress at each AGM, all shareholders have an opportunity to ask questions in person.

3. The decision making process for approving transactions with related parties.

There is no decision making process for approving transactions with related parties

Auditing

4. Internal control systems.

The Board is responsible for maintaining a sound system of risk management and internal control, and for regularly reviewing its effectiveness. It has delegated authority to the Audit Committee to assist it in fulfilling its responsibilities in relation to internal control and financial reporting

The Board confirms that there is a robust process for identifying, evaluating and managing the principal risks to the achievement of Samba Food's objectives. This has been in place throughout 2016 and up to the date of this Report and is regularly reviewed by the Board and accords with the Internal Control

5. Process for appointment of external auditors

The procedure for the selection and appointment of external auditor is based on the following framework:

- (i) The Board is responsible for appointing the external auditor, subject to shareholder approval;
- (ii) If the role of external auditor becomes vacant, or if the Audit and Risk Committee otherwise considers it appropriate to do so, the Audit and Risk Committee will conduct a formal selective tendering process. Tenders will be evaluated in accordance with established criteria as appropriate at the time;
- (iii) The Committee shall ensure that prospective auditors are provided with sufficient information about the Company to develop an appropriate proposal and fee estimate;
- (iv) Once the review process has taken place the Audit and Risk Committee provides the Board with information concerning the process adopted in undertaking the review, the recommended external auditor and the reasons for the recommendation;

6. Process for interaction with external auditors.