



# **SAM – WOODE LIMITED**

## **ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**31<sup>ST</sup> DECEMBER 2010**

**SAM –WOODE LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**

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**SAM –WOODE LIMITED****NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of **SAM-WOODE LTD.** will be held at the GNAT Hall, Accra, on **11<sup>th</sup> August 2011 at 10am** prompt in order to transact the ordinary business of an Annual General Meeting of the Company.

**Agenda**

1. To receive the report of the Directors and the Financial Statements of the company for the year ended 31st December 2010 together with the report of the Directors and Auditors thereon.
2. To declare a Dividend for the year ended 31st December, 2010.
3. To re-elect Directors retiring by rotation.
4. To approve Directors Fees.
5. To authorize the Directors to fix the remuneration of the Auditors.

Dated this 30<sup>th</sup>. Day of March, 2011

**BY ORDER OF THE BOARD**

**COLLINS SAM-ACQUAH**  
**COMPANY SECRETARY**

NOTE: A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A form of proxy is attached. All proxy forms should be completed and deposited at the registered Office of the Company not less than 48 hours before the time for holding the meeting.

**SAM –WOODE LIMITED**  
**CORPORATE INFORMATION**

<b>Board Of Directors:</b>	Kwesi Sam-Woode (Chairman) Jacob Kwame Kholi Collins Sam Acquah Pamela Aba Woode Nana Kwesi Ofori Kweku E. Sam-Woode (Appointed 21/7/2010)
<b>Secretary:</b>	Collins Sam Acquah P. O. Box AN 12719 Accra New Town
<b>Registered Office:</b>	Hse No. 1 Adole Abla Link Sahara - Dansoman
<b>Auditors:</b>	Nexia Debrah & Co Chartered Accountants BCB Legacy House Nii Amugi Avenue East Adabraka, Accra P.O.Box CT 1552 Cantonments, Accra
<b>Registrars:</b>	NTHC Limited Martco House Adabraka P. O Box KIA 9563 Accra
<b>Principal Bankers:</b>	Agricultural Development Bank Ltd Ecobank Ghana Ltd UniBank Ghana Ltd International Commercial Bank

## **STATEMENT BY THE CHAIRMAN**

### **INTRODUCTION:**

On behalf of the Board of Directors, I welcome you, distinguished shareholders to the eighth Annual General Meeting of your Company since its listing on the Ghana Stock Exchange in April 2002. I also welcome officials from the Ghana Stock Exchange, the Securities and Exchange Commission, Corporate Supporters, ladies and gentlemen of the press.

### **REVIEW OF OPERATIONS:**

The year 2010 was a challenging year for your Company. Your company strived to add new titles to its stock list. Seventeen (17) titles were added with the aim of increasing our product variety to support our open market sales. There was no order from the Ministry of Education for the 2010 financial year and final payments for books supplied in 2008 and 2009 were received towards the end of 2010 thereby putting severe pressure on the company's cash flows.

### **NEW TITLES:**

#### **Core textbooks:**

- Natural Science for Primary Schools Books 1 – 3
- Integrated Science for Primary Schools textbooks 4 – 6
- Integrated Science for Primary Schools Work books 4 – 6
- Elective Maths for SHS (co-published with AFRAM Publications)

#### **Supplementary textbooks:**

- Handwriting Books 1 – 3 (Revised)
- Science Glossary

#### **Fiction:**

- Some Popular Ananse Stories (revised)

#### **Pre-school books:**

- Nursery Rhymes Books 1 – 2

### **TURNOVER**

Turnover for the full year 2010 totalled GH¢421,022 compared with GH¢2,689,099 for 2009. The 2009 turnover includes an amount of GH¢2,408,352 in respect of a Ghana Government (MOE/GES) order. There was however no such order in 2010. Accordingly, like for like turnover (without government order) is GH¢421,022 for 2010, compared with GH¢280,747 for 2009 representing an increase of 49.65%. This means the open market (non-Government) sales for the year 2010 improved by 49.65% over the previous year.

### **OPERATING RESULTS**

The full year ended 31<sup>st</sup> December 2010 recorded a loss of GHC326,504 compared to a profit of GHC 313,655 for 2009. In addition to the absence of the MOE tender in 2010 the company contracted expensive short term funding to fund its operations and to pay short term liabilities due to delayed receipt of funds from the MOE/GES which had been outstanding for over 2 years. This cumulatively contributed to the loss in the year.

**DIVIDEND 2010:**

Due to the loss recorded in the year and the resultant reduction in the income surplus, the directors did not consider it fit and proper to propose dividend payment. We are however hopeful that should performance improve in 2011, your directors will not hesitate to propose the payment of an interim dividend.

**OUTLOOK FOR 2011:**

The Company continues to increase the range of its book list titles with a view to boosting its open market sales. A number of new titles will be added in course of the year and in time for the book season. The company is also in discussions with potential partners with a view to strengthening its printing capacity. This has the potential of bringing in additional revenue as well as improved margins since the printing of books will be done internally/locally. Your company is also exploring strategic alliances with other local/foreign publishers to co-publish some titles especially in the area of books/titles for the schools. This reduces the burden and cost of new books/titles book development on your company. Though the year 2011 will have its challenges, management remains optimistic about your company's prospects in view of the measures and strategies being adopted.

**NEW BOOK DEVELOPMENT:**

New titles developed for sale in the year 2011 include:

- 12 fiction and non fiction Readers
- 6 Textbooks for Junior High Schools
- 3 pre-school books.
- 1 textbook for Senior High School

In addition to the new titles, manuscripts are also being developed for Senior High School textbooks in line with the current syllabi in preparation for any future procurement of textbooks by MOE.

**RE-APPOINTMENTS:**

In accordance with company's regulations required by the Company's code, 1963 Act 179, the Board recommends to you for reappointment. Ms. Pamela Aba Woode and Kwesi Sam-Woode who retire by rotation and being eligible have expressed their willingness to continue to serve on the Board.

**STAFF:**

On behalf of the shareholders and on my own. I wish to express our appreciation to our staff who have continued to be with the company through these difficult times.

**CONCLUSION**

On behalf of the Board of Directors, I express my gratitude to you our esteemed shareholders for the support and confidence you have placed in us.

Thank you.

**Mr. Kwesi Sam-Woode**  
(Chairman)

## **THE AUDIT SUB-COMMITTEE'S SUMMARY REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> DECEMBER 2010 TO SHAREHOLDERS OF SWL.**

This is the report of the Board Audit Sub-Committee for the period 1<sup>st</sup> January through to 31<sup>st</sup> December 2010.

There was no change in the objects of the Company during the year under review.

The Audit Sub-Committee held six meetings during this period. The meetings reviewed your company's financial performance and other key operational and strategic decisions. The Committee also interacted with the external auditors to ensure that there are appropriate controls in place to safeguard your company's assets.

### **Draft Audited Accounts for 2010**

The draft financial statements for the year ended December 31<sup>st</sup> 2010 were reviewed and discussed in detail and recommendations made to the full Board for consideration.

### **Management Accounts**

The committee during 2010 also reviewed and considered the quarterly management accounts and financial statements – quarter 4 2009; and quarters 1 to 3 2010 – and made recommendations for the consideration and approval of the full Board and also before the accounts were submitted to the regulatory authorities

### **2010 Dividend**

Based on the financial performance of the company for the period ended 31<sup>st</sup> December 2010, the committee recommended for the Board's consideration and subsequent recommendation to shareholders the non-payment of dividend for the 2010 financial year. This is in view of the loss made which significantly eroded the income surplus position of your company.

### **2011 Annual Budget**

The committee reviewed management assumptions underlying its 2011 budget and made appropriate recommendations for consideration by management in implementation.

### **Conclusion**

On behalf of members of the committee and on my on behalf, I would like to thank the board members (who are not represented on the committee) and management for the support and cooperation during our deliberations and solicit their continued support.

**JACOB KHOLI**  
(NON-EXECUTIVE DIRECTOR)  
CHAIRMAN  
31<sup>st</sup> March 2011

**REPORT OF THE DIRECTORS  
TO THE MEMBERS OF  
SAM –WOODE LIMITED**

The Directors of the company have pleasure in submitting their annual report together with the Audited Financial Statements for the year ended December 31, 2010.

**DIRECTORS' RESPONSIBILITY**

As directors of the company, we are responsible under the Companies Code 1963 (Act 179) for preparing in respect of each financial year, financial statements which give a true and fair view of the state of affairs of the company, and of its Profit or Loss and Cash Flows for that year in accordance with Accounting Standards acceptable in Ghana. In preparing these financial statements we are required to select suitable accounting policies and apply them consistently, make judgments and estimates that are reasonable and prudent.

As directors, we are responsible for keeping proper books of accounts which disclose with reasonable accuracy at any time the financial position of the company. We are also responsible for safeguarding the assets of the company and taking reasonable steps for the prevention and detection of fraud and other irregularity.

To enable the board to discharge its responsibilities, management has developed and continues to maintain a system of internal controls. The board has ultimate responsibility for the system of internal controls and reviews its operation on an ongoing basis. The internal controls include a system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Company's policies and procedures.

**NATURE OF BUSINESS AND STANDARDS OF ACCOUNTING**

There was no change in the nature of business of the company during the year under review.

**FINANCIAL RESULTS AND DIVIDEND**

The results for the year are as set out in the attached detailed Financial Statements on pages 11 to 14 and summarized below:

	<b>2010</b>	<b>2009</b>
	<b>GH¢</b>	<b>GH¢</b>
Profit ( Loss) before tax for the year	(326,504)	420,372
From which is deducted a tax charge of	-	(106,717)
	-----	-----
Resulting in a Profit after tax of	(326,504)	313,655
To which must be added the balance brought forward on the Income Surplus Account at the beginning of the year of	568,322	368,807
	-----	-----
Leaving a balance From which the following transfers were made:	241,818	682,462
• Transfer to Research Fund	-	(5,000)
• 2009 Dividends at GH¢0.0060 per Share(2008:Gh¢0.0050)	(130,968)	(109,140)
	-----	-----
Leaving a balance on the Income Surplus Account To be Carried Forward of	<b>110,850</b>	<b>568,322</b>
	=====	=====

The directors do not recommend the payment of dividend for the year (**2009**: GH¢0.0060 per share).

**SAM –WOODE LIMITED**

**REPORT OF THE DIRECTORS CONT'D**

**DIRECTORS**

In accordance with Section 298 of the Companies Code 1963 (Act 179), the following Directors retire by rotation and being eligible offer themselves for re-election. They are

- 1. Kwesi Sam-Woode
- 2. Pamela Aba Woode

**EXTERNAL AUDITORS**

Your external Auditors, Messrs Nexia Debrah & Co have indicated their willingness to continue in office as External Auditors of the Company and in accordance with section 134(5) of the Companies Code, 1963 (Act 179), we recommend their continued appointment.

.....)  
 )  
 ) DIRECTORS  
 .....)  
 ACCRA.

**March 31, 2011.**



## **REPORT OF THE AUDITORS TO THE MEMBERS OF SAM WOODE LIMITED**

We have audited the financial statements on pages 11 to 24. These financial statements comprise the Balance Sheet as at 31<sup>st</sup> December 2010, the Profit and Loss Account, the Statement of Changes in Equity and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory notes set out on pages 16 to 25. We report in terms of the provisions of the Companies Code 1963 (Act 179).

Our report is made solely to the company's members, as a body, in accordance with section 133 of the Companies Code 1963 (Act 179). The purpose of our audit is to enable us to make a statement to the members of the company on those matters specifically required by law to be mentioned in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its members as a body for our audit work, our report, or the opinions we have expressed herein.

### **DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

As stated on page 7, the directors are responsible for the preparation and fair presentation of these financial statements in accordance with Accounting Standards acceptable in Ghana and the requirements of the Ghana Companies Code, 1963 (Act 179). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **AUDITORS' RESPONSIBILITY AND BASIS OF OPINION**

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's processes of preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose for expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**AUDITORS' REPORT CONT'D****OPINION**

In our opinion, the financial statements give a true and fair view of the financial position of Sam Woode Limited at 31 December 2010, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) of Ghana.

**Report On Other Legal Requirements**

- (a) Under the Companies Code 1963 (Act 179) we are required, when carrying out our audit, to consider and report on the following matters.
- 1) 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;
  - 2) in our opinion proper books of account have been kept by the Company, as far as appears from our examination of those books; and
  - 3) the Company's balance sheet and profit and loss account are in agreement with the books of account.

---

Nexia Debrah & Co  
(Chartered Accountants)  
BCB Legacy House  
Nii Amugi Avenue  
East Adabraka, Accra

**March 31, 2011.**  
**ACCRA**

**SAM-WOODE LIMITED**  
**TRADING, PROFIT AND LOSS ACCOUNTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2010**

	NOTES	2010 GH¢	2009 GH¢
TURNOVER	2	421,022	2,689,099
Cost of Sales	9	(244,880)	(1,632,910)
Gross Profit		----- 176,142	----- 1,056,189
Selling, Administrative and General Expenses (Schedule I)		(414,326)	(459,312)
		----- (238,184)	----- 596,877
Other Operating Income	4	30,285	71,216
		----- (207,899)	----- 668,093
Interest Expense		(118,605)	(247,721)
		-----	-----
Profit before Taxation	3	(326,504)	420,372
Tax Charge	6	-	(106,717)
		-----	-----
Profit After Tax Transferred to Income Surplus Account		<b>(326,504)</b>	<b>313,655</b>
		=====	=====

**INCOME SURPLUS ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010 GH¢	2009 GH¢
Balance at 1 <sup>st</sup> January	568,322	368,807
Profit After Tax Transferred From Profit and Loss Account	(326,504)	313,655
Transferred to Research Fund	-	(5,000)
2009 Dividends at GH¢0.0060 per Share (2008:Gh¢0.0050)	(130,968)	(109,140)
	-----	-----
Balance at 31 <sup>st</sup> December	<b>110,850</b>	<b>568,322</b>
	=====	=====

**SAM-WOODE LIMITED**  
**BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 2010**

	NOTES	GH¢	2010 GH¢	2009 GH¢
Property, Plant & Equip't	10		60,228	84,285
Long Term Investment	7		10,000	10,000
Text Book Development Cost	11		61,965	56,254
			-----	-----
			132,193	150,539
 <b>CURRENT ASSETS</b>				
Inventories	5	403,456		283,185
Trade & Other Receivables	8	153,191		1,591,317
Short Term Investment		224,925		28,400
Cash & Bank Balances		29,294		6,391
Taxation	6	10,528		-
			-----	-----
		<b>821,394</b>		<b>1,909,293</b>
 <b>CURRENT LIABILITIES</b>				
Bank Overdraft	15	-		94,402
Trade & Other Payables	14	155,229		440,316
Short Term Loans	16	194,019		209,539
Dividend Payable	12	142,246		181,121
Obligation under finance lease		-		7,878
Taxation	6	-		64,569
			-----	-----
		<b>491,494</b>		<b>997,825</b>
 <b>Net Current Assets</b>			 329,900	 911,468
			-----	-----
<b>Net Assets before Non-Current Liabilities</b>			<b>462,093</b>	<b>1,062,007</b>
 <b>NON-CURRENT LIABILITIES</b>				
Research Fund	13		(23,109)	(23,109)
Medium Term Loans	16		(107,145)	(249,586)
			-----	-----
			<b>331,839</b>	<b>789,312</b>
			=====	=====
 <b>FINANCED BY:</b>				
Stated Capital	17		220,990	220,990
Income Surplus			110,850	568,322
			-----	-----
<b>SHAREHOLDERS' FUND</b>			<b>331,840</b>	<b>789,312</b>
			=====	=====

.....)  
 )  
 ) **Directors**  
 .....)

ACCRA.

**March 31, 2011**

**SAM-WOODE LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2010**

	<b>2010</b>	<b>2009</b>
	<b>GH¢</b>	<b>GH¢</b>
Profit (Before Interest and Taxes)	(218,572)	659,532
<b>Add/(Less)</b>		
Depreciation	44,542	49,544
Book Development Cost Amortised	14,064	16,940
Profit on Disposal	(15,000)	(2,276)
Interest Received	10,675	302
Dividend Received	-	8,260
Dividend Paid	(169,843)	(11,000)
Interest Paid	(118,605)	(247,721)
Tax Paid	(75,098)	(73,378)
	-----	-----
<b>Net Cash Inflow from Trading Activities Before Changes in Working Capital</b>	<b>(527,837)</b>	<b>46,643</b>
<b>Working Capital Changes</b>		
(Increase) /Decrease in Inventories	(120,271)	93,725
Decrease/(Increase) in Receivables	1,438,126	(433,794)
(Decrease)/ in Trade & Other Payables	(285,087)	(13,491)
	-----	-----
<b>Net Cash Inflow From Operating Activities</b>	<b>504,931</b>	<b>46,641</b>
<b>Investing Activities:</b>		
Purchase of Fixed Assets	(20,487)	(29,349)
Text Book Development Costs	(19,755)	(70,682)
Proceeds from Sale of Fixed Asset	15,000	2,276
	-----	-----
Net Cash Outflow From Investing Activities	(25,262)	(97,755)
	-----	-----
	<b>479,669</b>	<b>(51,114)</b>
<b>Financing:</b>		
Finance Lease Rentals Paid	(7,878)	(9,454)
Short Term Loan Received	194,019	16,492
Short Term Loan Re-paid	(209,539)	-
Medium Term Loan Received	(142,441)	40,311
	-----	-----
Net Cash Inflow From Financing	(165,839)	47,349
	-----	-----
Net (Decrease) / Increase in Cash and Cash Equivalents	313,830	(3,765)
Cash and Cash Equivalents at 1 <sup>st</sup> January	(59,611)	(55,846)
	-----	-----
Cash and Cash Equivalents at 31 <sup>st</sup> December	<b>254,219</b>	<b>(59,611)</b>
	=====	=====
<b>Analysis Of Cash And Cash Equivalent As shown in the Balance Sheet</b>		
Cash & Bank Balance	29,294	6,391
Bank Overdraft	-	(94,402)
Short Term Investments	224,925	28,400
	-----	-----
	<b>254,219</b>	<b>(59,611)</b>
	=====	=====

**SAM-WOODE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2010**

	<b>Stated Capital</b>	<b>Income Surplus</b>	<b>Total</b>
	<b>GH ¢</b>	<b>GH ¢</b>	<b>GH ¢</b>
Balance At 1 <sup>st</sup> January, 2009	220,990	368,807	589,797
Transfer to research Fund (2009)	-	(5,000)	(5,000)
Net Profit For The Year (2009)	-	313,655	313,655
Dividends Declared in respect of Previous Year	-	(109,140)	(109,140)
	-----	-----	-----
Balance At 1 <sup>st</sup> January, 2010	220,990	568,322	789,312
Transfer to Research Fund	-	-	-
Net Profit For The Year (2010)	-	(326,504)	(326,504)
Dividends Declared in respect of Previous Year		(130,968)	(130,968)
	-----	-----	-----
<b>Balance At 31<sup>st</sup> December, 2010</b>	<b>220,990</b>	<b>110,850</b>	<b>331,840</b>
	=====	=====	=====

**SAM-WOODE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010.**

**1. ACCOUNTING POLICIES**

**Reporting Entity**

Sam - Woode Limited is incorporated in Ghana under the Companies Code 1963 (Act 179), and is domiciled in Ghana. The company is an educational publisher, printing and selling educational books and material.

**a. Basis of Accounting**

The financial statements have been prepared in accordance with International Financial Reporting Standards (and its interpretations adopted by the International Accounting Standards Board (IASB)) under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements under IFRS requires the use of certain critical accounting estimates, and also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 1m below.

**b. Property, Plant and Equipment**

*Owned assets*

Items of property, plant and equipment are stated at historical cost (as modified by the revaluation of certain fixed assets) less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

*Leased assets*

Leases in terms of which the company assumes in substance all the risks and rewards of ownership are classified as finance lease. The property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Finance lease is in respect of the acquisition of one Motor Vehicle in 2007.

*Depreciation*

Depreciation is calculated on a straight – line basis to write off the cost of each asset, or its revalued amounts, to their residual values over their estimated useful lives as follows:

Plant and Machinery	10%
Furniture and Fittings	20%
Motor Vehicle	25%
Literary Property Copyright	10%
Office Equipment	20%

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Library Books	50%
Loose Tools	50%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in other income.

### *Subsequent costs*

The company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when incurred, if it is probable that the future economic benefits expected from the item will flow to the company and the cost of the item can be measured reliably. All other costs when incurred are recognised in the income statement as an expense.

### **c. Inventories**

Raw materials are valued at the lower of cost and net realisable value on the weighted average basis, and include costs incurred in acquiring the inventories and bringing them to their existing location and condition.

Work-in-progress comprises materials in the process of being converted from raw materials to finished goods. Work-in-progress is valued at the lower of cost and net realisable value on the weighted average basis. Cost includes all production overheads and the attributable proportion of indirect overhead expenses.

Finished Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of bringing the inventories to their saleable condition.

### **d. Trade and Other Receivables**

Trade and other receivables are recognised and recorded at cost less any provision for impairment. A provision for impairment is made on a case by case basis when there is any evidence that the amount due will not be fully recovered at the original terms.

### **e. Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and call deposits and other short-term highly liquid investments. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

### **f. Foreign Currencies**

The Company uses the Ghana Cedi (GH¢) both as a functional currency and the presentational currency. Transactions denominated in foreign currencies are translated into Ghana Cedis (GH¢) at the exchange rates ruling at the dates of transaction. Monetary Assets and Liabilities denominated in foreign currencies at the Balance Sheet date are translated into Ghana Cedis (GH¢) at the exchange rates ruling at that date.

## SAM-WOODE LIMITED

### **g Trade and Other Payables**

Trade and other payables are stated at cost.

### **h Income Tax**

Income tax comprises current tax and is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

### **i Provisions**

A provision is recognised in the balance sheet when a legal or constructive obligation as a result of a past transaction or event exist at the balance sheet date and the amount of the obligation can be reliably estimated and also probable that an outflow of economic resource will be required to settle the obligation. If the effect 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.

### **j Short-term Employee Benefits**

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service. The provisions for employee entitlements to wages, salaries, annual and sick leave represent the amount which the company has a present obligation to pay as a result of employees' services provided to the balance sheet date.

The Company contributes 13.5% of qualifying employee costs to the Social Security and National Insurance Trust (SSNIT) and the contribution is charged to the Profit and Loss Account as part of total Employee Benefit. The Trust is a creation of law and managed by the Government of Ghana.

### **k Revenue Recognition**

Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer excluding Value Added Tax where applicable. Revenue is recognised upon dispatch of the products and acceptance by the customer.

No revenue is recognised if there are significant uncertainties regarding, (1) the recovery of the consideration due, (2) associated costs, (3) the possible return of goods or (4) the continuing management involvement with goods.

Other revenues earned by the Company are recognised on the following bases:

- Copyright Sales – on an accrual basis
- Investment income – when the Company's right to receive payment is established

### **l Interest-Bearing Borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs.

## SAM-WOODE LIMITED

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

### m Critical Accounting Estimates and Judgements

Estimates and judgement are continually made and evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Property, Plant and Equipment

Critical estimates are made by the Directors in determining depreciation rates for property, plant and equipment. The rates used are set out in note 1b.

#### Income Taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the course of business. The company recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

	<b>2010</b>	<b>2009</b>
	<b>GH¢</b>	<b>GH¢</b>
<b>2. TURNOVER</b>		
Sales	421,022	2,689,099
	=====	=====
<b>3. PROFIT BEFORE TAX</b> is stated after charging:		
Directors Remuneration	76,454	64,467
Audit Fees	16,200	12,000
Depreciation	44,542	61,602
Interest & Finance Cost	118,605	214,168
Royalties	16,520	119,267
	=====	=====
<b>4. OTHER OPERATING INCOME</b>		
Interest Income	10,675	302
Profit on Disposal of Fixed Assets	15,000	2,276
Dividend Received (Net of Dividend Tax)	-	8,260
Sundry Income	4,610	26,751
Copyright Sales	-	33,627
	-----	-----
	<b>30,285</b>	<b>71,216</b>
	=====	=====

## SAM-WOODE LIMITED

	2010 GH¢	2009 GH¢
<b>5. INVENTORIES</b>		
Finished Goods	403,456	283,185
	-----	-----
	<b>403,456</b>	<b>283,185</b>
	=====	=====

**6. TAXATION**

	Balance at 1/1/2010 GH¢	Charge to P/L (other taxes) GH¢	Payments during the year GH¢	Tax Credits GH¢	Balance at 31/12/10 GH¢
<b>Corporate Tax</b>					
2002	8,512	-	-	-	8,512
2003	(12,328)	-	-	-	(12,328)
2004	(4,500)	-	-	-	(4,500)
2005	3,288	-	-	-	3,288
2006	(55,184)	-	-	-	(55,184)
2007	31,015	-	-	-	31,015
2008	56,857	-	-	-	56,857
2009	33,339	-	-	(12,808)	20,531
2010	-	-	-	(62,289)	(62,289)
	-----	-----	-----	-----	-----
	60,999	-	-	(75,097)	(14,098)
<b>NRL</b>	3,264	-	-	-	3,264
<b>IFRS – Adj.</b>	306	-	-	-	306
	-----	-----	-----	-----	-----
	64,569	-	-	(75,097)	(10,528)
	=====	=====	=====	=====	=====

Corporate tax is charged at 25% of chargeable income (2009:25%). All tax issues and liabilities are subject to the agreement of the Internal Revenue Service.

**7. LONG TERM INVESTMENTS**

At Cost	10,000	10,000
	=====	=====

Long Term Investments represent the **Cost** of 1,380,000 ordinary shares in Afram Publications Limited and constitute 20% of the Equity of that Company. On the basis of the 2009 Audited Accounts of Afram Publications Limited, the book value of the investment is **GH¢ 181,826 (2009: GH¢ 160,356)**.

## SAM-WOODE LIMITED

	<b>2010</b>	<b>2009</b>
	<b>GH¢</b>	<b>GH¢</b>
<b>8. TRADE AND OTHER RECEIVABLES</b>		
Academy Press Limited	85	85
SWL Nigeria Incorporation	1,176	1,176
Sundry Debtors	9,414	3,066
Staff Debtors	5,159	1,986
Security Deposit	-	3,496
Computerization Project	-	4,800
Royalty Advances	17,573	17,561
Prepayment	33,541	20,539
WAPB	17,057	21,215
Trade Debtors	69,186	1,517,393
	-----	-----
	<b>153,191</b>	<b>1,591,317</b>
	=====	=====

Trade Debtors include the GHC equivalent of US\$ Nil (**2009**: US\$1,131,085) receivable from the Ministry of Education of Ghana.

	<b>2010</b>	<b>2009</b>
	<b>GH¢</b>	<b>GH¢</b>
<b>9. COST OF SALES</b>		
Stock of Raw Materials at 1 <sup>st</sup> January	-	-
Raw Materials Purchased	22,585	25,885
Handling Charges	8,717	30
	-----	-----
<b>Materials Consumed</b>	<b>31,302</b>	<b>25,915</b>
Royalties	16,520	119,267
Direct Production Expenses	43,588	41,386
	-----	-----
	<b>91,410</b>	<b>186,568</b>
Stock of Finished Goods 1 January	283,185	376,910
Purchase of Finished Products	256,709	1,325,793
	-----	-----
<b>Cost of Goods Produced</b>	<b>631,304</b>	<b>1,889,271</b>
Stock of Finished Goods-31December	(403,456)	(283,185)
	-----	-----
	227,848	1,606,086
Text Book Development Costs.	14,064	16,940
Depreciation – Machine and Tools	2,968	9,884
	-----	-----
	<b>244,880</b>	<b>1,632,910</b>
	=====	=====

## SAM-WOODE LIMITED

## 10. PROPERTY, PLANT &amp; EQUIPMENT

	Freehold Land GH ¢	Plant & Machinery GH ¢	Furniture & Equipment GH ¢	Literary Property Copyright GH ¢	Library Books GH ¢	Motor Vehicle GH ¢	Loose Tools GH ¢	Total GH ¢
<b>Cost</b>								
At /01/01/10	16,200	29,413	97,415	21,382	2,470	107,140	17,105	291,125
Additions	3,496	270	14,580	-	133	1,150	858	20,487
Disposal	-	-	-	-	-	(39,559)	-	(39,559)
<b>At 31/12/10</b>	<b>19,696</b>	<b>29,683</b>	<b>111,995</b>	<b>21,382</b>	<b>2,603</b>	<b>68,731</b>	<b>17,963</b>	<b>272,053</b>
<b>Depreciation</b>								
At 01/01/10	-	14,787	69,492	21,382	2,353	88,235	10,592	206,841
Charge	-	2,968	22,399	-	182	12,051	6,942	44,542
Disposal	-	-	-	-	-	(39,559)	-	(39,559)
<b>At 31/12/10</b>	<b>-</b>	<b>17,755</b>	<b>91,891</b>	<b>21,382</b>	<b>2,535</b>	<b>60,726</b>	<b>17,534</b>	<b>211,823</b>
<b>Net Book Value</b>								
<b>At 31/12/10</b>	<b>19,696</b>	<b>11,928</b>	<b>20,104</b>	<b>-</b>	<b>68</b>	<b>8,005</b>	<b>429</b>	<b>60,230</b>
<b>At 31/12/09</b>	<b>16,200</b>	<b>14,626</b>	<b>27,923</b>	<b>-</b>	<b>117</b>	<b>18,906</b>	<b>6,513</b>	<b>84,285</b>

Depreciation has been apportioned in the financial statements as follows:

	2010 GH¢	2009 GH¢
Cost of Sales	2,968	9,884
Selling, Administrative and General Expenses	41,574	39,659
	<b>44,542</b>	<b>49,543</b>

## 11. TEXT BOOK DEVELOPMENT COST

Balance 1 <sup>st</sup> January 2009	56,254	2,512
Additional Cost	19,775	70,682
	76,029	73,194
Write-Offs	(14,064)	(16,940)
	<b>61,965</b>	<b>56,254</b>

## SAM-WOODE LIMITED

Text Book Development Costs are incurred in the process of developing new books and concepts. The amount is amortised on the basis of first 20,000 copies sold out or four (4) years whichever occurs earlier.

### 12. DIVIDENDS PAYABLE

	<b>2010</b>	<b>2009</b>
	<b>GH¢</b>	<b>GH¢</b>
Balance At 1 <sup>st</sup> January	181,121	82,981
Dividends declared during the year	130,968	109,140
	-----	-----
	312,089	192,121
Dividends paid during the Year	(169,843)	(11,000)
	-----	-----
	<b>142,246</b>	<b>181,121</b>
	=====	=====

### 13. RESEARCH FUND

At January 1 <sup>st</sup>	23,109	18,109
Transferred from Income Surplus Account	-	5,000
	-----	-----
At December 31 <sup>st</sup>	<b>23,109</b>	<b>23,109</b>
	=====	=====

The Company has a policy of making appropriations from Retained Earnings in the sum of GH¢5,000 per year to support its research agenda

### 14. TRADE & OTHER PAYABLES

Staff Welfare Payable	-	85
Clients' Deposit	7,339	7,339
Trade Creditors	1,730	48,356
Accruals	36,088	67,736
Sundry Creditors	47,936	59,229
Directors' Current Account	8,303	12,039
Royalty Payable	53,833	245,532
	-----	-----
	<b>155,229</b>	<b>440,316</b>
	=====	=====

### 15. BANK OVERDRAFT

The Company has an overdraft Facility of GH¢120,000 with its Bankers. The facility is secured by a legal mortgage over the company's office premises situated at #1 Adole Abla Link, Sahara Dansoman as well as Property #5 Lavender Close, East Legon together with joint and several guarantees of the Board of Directors.

**SAM-WOODE LIMITED**

**16. SHORT AND MEDIUM TERM LOANS**

The Company has obtained loan facilities from its bankers and the Enterprise VC Fund Limited in various sums for various purposes as shown below.

	<b>Short Term GH¢</b>	<b>Medium Term GH¢</b>	<b>2010 Total GH¢</b>	<b>2009 Total GH¢</b>
From Company's Bankers	194,019	-	194,019	-
From Related Parties	-	-	-	209,539
From Enterprise VC Fund	-	107,145	107,145	249,586
	-----	-----	-----	-----
	<b>194,019</b>	<b>107,145</b>	<b>301,164</b>	<b>459,125</b>
	=====	=====	=====	=====

In respect of the Enterprise VC Fund Loan, the facility is secured by a share pledge from the Executive chairman of the Company

**17. RELATED PARTY TRANSACTIONS**

	<b>Officers/ Directors GH¢</b>	<b>Other Party GH¢</b>	<b>2010 Total GH¢</b>	<b>2009 Total GH¢</b>
Principal Amount Received	-	-	-	189,760
Accrued Interest	-	-	-	19,779
	-----	-----	-----	-----
	-	-	-	<b>209,539</b>
	=====	=====	=====	=====

**18. STATED CAPITAL**

	<b>2010</b>		<b>2009</b>	
	<b>No. of Shares '000</b>	<b>Proceeds GH¢</b>	<b>No. of Shares '000</b>	<b>Proceeds GH¢</b>
<b>Authorised:</b>				
Ordinary Shares of no par value	100,000	-	100,000	-
Preference Shares	50,000	-	50,000	-
	-----	-----	-----	-----
	<b>150,000</b>	<b>-</b>	<b>150,000</b>	<b>-</b>
	=====	=====	=====	=====
<b>Issued:</b>				
<b>Ordinary Shares</b> issued as follows:				
Cash Consideration	21,823,035	220,990	21,823,035	220,990
	-----	-----	-----	-----
	<b>21,828,035</b>	<b>220,990</b>	<b>21,828,035</b>	<b>220,990</b>
	=====	=====	=====	=====

There is no unpaid liability on any shares. There are no calls or instalments unpaid, and there are no treasury shares held. No Preference Shares have been issued.

**SAM-WOODE LIMITED****19. CAPITAL COMMITMENTS**

There were no capital commitments not provided for in the financial statement at the Balance Sheet date and at 31/12/09.

**20. EXCHANGE CONTROL**

All remittances from Ghana are subject to the agreement of the Exchange Control Authorities.

**SAM-WOODE LIMITED**

**TWENTY LARGEST SHAREHOLDERS  
AS AT 31<sup>ST</sup> DECEMBER 2010**

	<b>No. of Shares</b>	<b>% Holding</b>
1. Sam – Woode Kwesi	6,400,000	29.32
2. Enterprise Fund	3,544,400	16.24
3. Teachers’ Fund	3,274,205	15.00
4. NTHC/ Ghana Cocoa Coffee and Sheanuts Farmers	2,000,000	9.16
5. NTHC Limited	1,591,807	7.29
6. Woode Pamela Aba	936,926	4.29
7. Acheampong Yaw Gyamfi	425,324	1.95
8. Oguaah Richard K.	299,920	1.37
9. Woode Ekua Esaawa	253,024	1.16
10. Sam – Woode Kweku Esaah	224,000	1.03
11. Abban Elizabeth	169,620	0.78
12. Carson Naomi Hendrick	113,800	0.52
13. Esuman – Gwira Wilhelmina (Mrs)	100,000	0.46
14. Okine Robert Garshong A.	100,000	0.46
15. Ofori Daniel	64,612	0.30
16. NTHC Clients A/C	63,965	0.29
17. Appiah Samuel	62,546	0.29
18. Sam-Woode Nana Anaku	58,326	0.27
19. Sam-Woode Kojo Essamuah	57,326	0.26
20. Abban – Sackey Kofi	50,660	0.23
	-----	-----
	<b>19,790,461</b>	<b>90.68</b>
Others	2,034,574	9.32
	-----	-----
	<b>21,825,035</b>	<b>100</b>
	=====	=====

**SAM-WOODE LIMITED**  
**SHAREHOLDING DISTRIBUTION**

<b>Category of Holdings</b>	<b>No. of Shareholders</b>	<b>Total Holding</b>	<b>% Holding</b>
Less than 1,000	468	183,042	0.84
1,000 to 5,000	108	297,106	1.36
5,001 to 10,000	23	195,462	0.90
Over 10,000	78	21,149,425	96.9
	----- <b>677</b> =====	----- <b>21,828,035</b> =====	----- <b>100.00</b> =====

**DIRECTORS HOLDINGS AS AT 31<sup>ST</sup> DECEMBER 2010**

1. Kwesi Sam – Woode	6,400,000
2. Ms. Pamela Aba Woode	936,926
3. Kweku Sam-Woode	224,000
	----- <b>7,560,926</b> =====

**PROXY AUTHORISATION**

I /We \_\_\_\_\_ of \_\_\_\_\_

being a member (s) of Sam-Woode Limited hereby appoint

\_\_\_\_\_ of \_\_\_\_\_ or failing him/her the

Chairman of the meeting to be my/our proxy to vote on my/our behalf at the Annual General meeting

of the Company to be held on the 11<sup>th</sup> day of August 2011 and at any adjournment thereof.

Signed the \_\_\_\_\_ day of \_\_\_\_\_ 2011

Signature of Shareholder(s) \_\_\_\_\_