PRESS RELEASE

PR. No 110/2024

KASAPREKO PLC -

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2023

KASAPREKO has released its Annual Report and Financial Statements for the year ended December 31, 2023, as per the attached.

Issued in Accra, this 30th.
day of April 2024

- END–

att'd.

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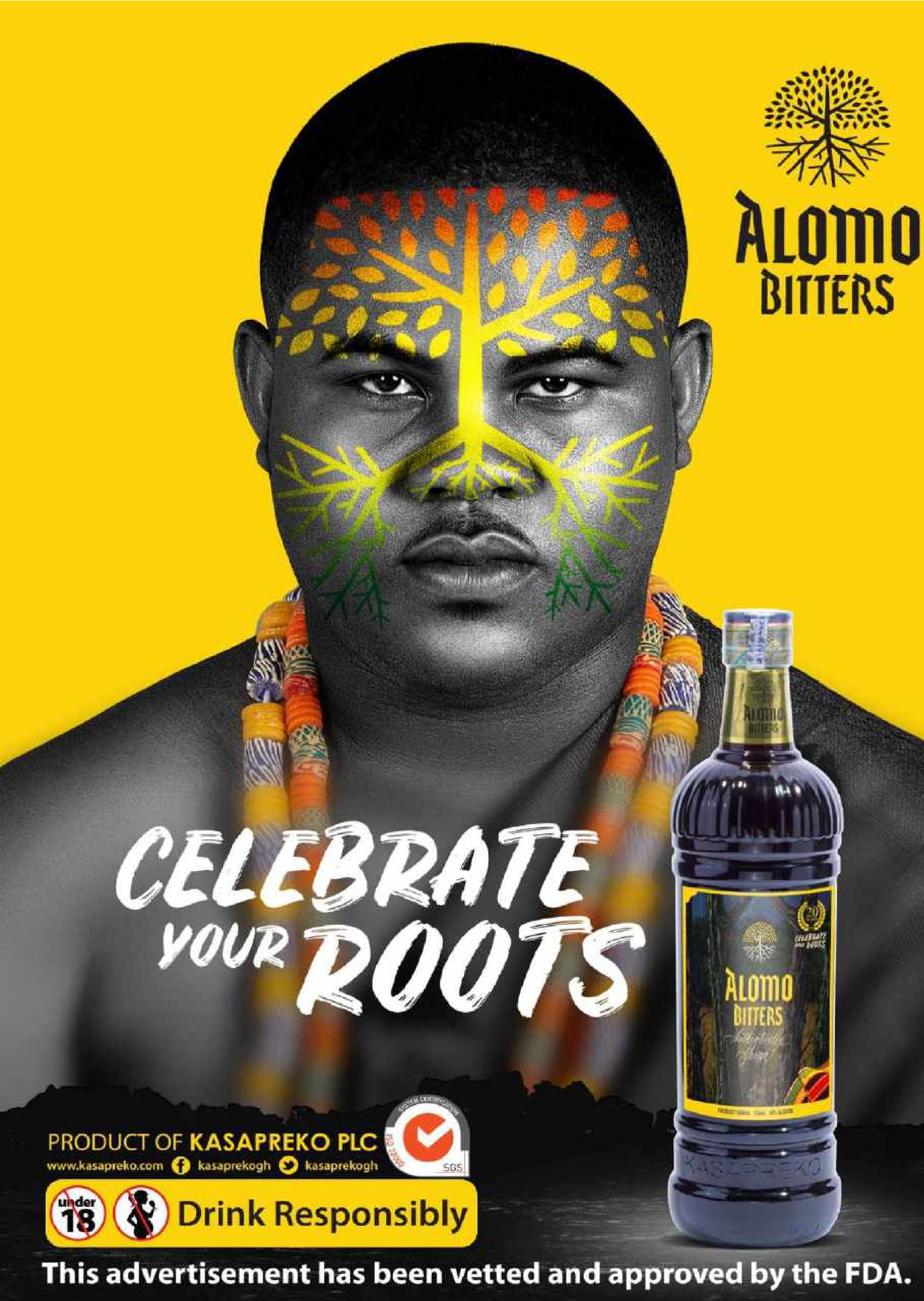
**AA*

KASAPREKO PLC

ANNUAL REPORT
&FINANCIAL STATEMENTS 2023

INDEX **Page(s)**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CORPORATE INFORMATION

DIRECTORS	Mr. Samuel Adetola	-	Chairman
	Mr. Richard Adjei	-	Managing Director
	Mr. Isaac Adjei	-	Executive Director
	Ms. Emelia Adjei	-	Non-Executive Director
	Mrs. Eunice Adjei-Bonsu	-	Non-Executive Director
	Dr. Kwabena Adjei	-	Non-Executive Director
	Mr. Kwabena Agyekum	-	Non-Executive Director
	Mrs. Matilda Asante -Asiedu	-	Non-Executive Director
	Dr. Daniel K. Seddoh	-	Non-Executive Director
	Mr. Steve Nartey	-	Non-Executive Director (Appointed on 3 November 2023)

SECRETARY
Accra Nominees Limited
2nd Floor Cedar House
13 Samora Machel Road
Asylum Down
Accra

SOLICITOR
Naa Djamah Ayikoi-Otoo
Otoo & Associates
P. O. Box CT 1467
Cantonments
Accra

INDEPENDENT AUDITOR
PricewaterhouseCoopers
Chartered Accountants
PwC Tower
A4 Rangoon Lane
Cantonments City
PMB CT 42
Cantonments
Accra

BANKERS
Societe Generale Ghana PLC
Standard Chartered Bank Ghana PLC
Ecobank Ghana PLC
ADB Bank PLC
Consolidated Bank Ghana LTD
Fidelity Bank Ghana LTD
Access Bank Ghana PLC
Guaranty Trust Bank Ghana LTD
United Bank for Africa (Ghana) LTD
Absa Bank Ghana LTD
Ecobank Nigeria Limited
GCB Bank PLC
Stanbic Bank Ghana LTD
Zenith Bank Ghana LTD
First National Bank Ghana LTD
OmniBSIC Bank
First Atlantic Bank Ghana LTD
Republic Bank Ghana LTD
FBN Bank LTD

CHAIRMAN'S STATEMENT

Introduction

On behalf of the Company's Board of Directors and Management, I would like to welcome our Shareholders, Noteholders from the Ghana Fixed Income Market as well as other Stakeholders and express my heartfelt gratitude for their continued support over the years. Kasapreko PLC is now a participant in the Ghana Fixed Income Market. On November 3, 2023 Kasapreko PLC's Note Programme was approved by The Security and Exchange Commission (SEC). Subsequently, on January 29, 2024, the company successfully raised the first tranche of the 3-Year Senior Unsecured Fixed Rate Note valued at GH¢151 million with a coupon rate of 26%. I want to use this opportunity to thank all the Noteholders who participated in the first tranche of the Note Programme.

The Ghanaian Economic & Operating Environment

In the year 2023 the Ghanaian economy experienced rippling negative impacts from the COVID-19 pandemic, global financial tightening, and Russia-Ukraine conflict, which worsened Ghana's fiscal and debt vulnerabilities. This was further worsened by the downgrade of credit rating and loss of international market access by the end of 2022. This, in turn, constrained domestic financing options, forcing the country to rely heavily on the central bank for funding, which remained inadequate. (2023 Mid-Year Budget Review Highlights, KPMG).

The government announced the decision to go to the IMF to secure a US$3 billion 36-month extended credit facility. As expected, this required some conditionalities that involved the removal of selected VAT exemptions, complete removal of discount on benchmark values for specific items, and E-Levy reforms to close loopholes/leakages. There was also the introduction of the Growth and Sustainability Levy (GSL), increasing VAT rate from 12.5% to 15% and revision of excise taxes for selected items.

Business Performance

The impact of the complete removal of discount on benchmark values for specific items as well as the revision of excise taxes for selected items was significant since it led to increasing the prices of our products and this also had an impact on demand and volume. Some of the selected items that were considered for revision of excise taxes were Spirit (increased from 25% to 50% of ex-factory price), Wines (increased from 22.5% to 45% of ex-factory price), Fruit Juices (increased from 0% to 20% of ex-factory price) etc.

At the end of the year 2023, our revenue increased by 45.8% from GH¢1,285.6 million in 2022 to 1,875 million in 2023. The growth is mainly driven by price and volume increases. Net Profit for the year was GH¢20.4 million, an appreciable improvement from the performance of last year which was a Net Loss of GH¢ 20.5 million. By going to the Ghana Fixed Income Market we also sought to improve on our current ratio. The first tranche of GH¢151 million will reduce current liabilities and increase medium term liabilities. This will improve the current ratio to 1:1. It will also improve on our cashflow position and eventually improve our working capital. Overall improvement in our liquidity positions us to take swift advantage of operational opportunities as and when they arise in the coming years.

Sustainability Activities

Kasapreko PLC has ongoing commitment to sustainability, and this reflects our long-term approach to business. For instance, in 2023 we consistently exceled in monthly air quality monitoring, with all results below required levels thanks to our emission control systems and machinery maintenance. This approach keeps our greenhouse gas emissions low.

We've made substantial strides in waste reduction by diligently segregating our solid waste. We have also started using LPG to power some of our machines, reducing our reliance on diesel. Currently We have an installed capacity of 1.4 MW of solar which helps in reducing our carbon footprint.

CHAIRMAN'S STATEMENT (continued)

Board Changes:

The composition of the board is currently going through review with the intention of reducing family representation on the board to two. A new policy on board selection as well as related party transactions are currently being reviewed by the board for approval and implementation. This is to address concerns raised by noteholders.

Mr Steve Nartey, former CEO of Pinnacle Group, the Parent Company of Kasapreko and its Sister Companies, was appointed as a Board member of Kasapreko PLC effective November 3, 2023.

Steve holds B. Com. and a Dip. Ed. from the University of Cape Coast, and an MBA in Banking Management from the University of Exeter, UK. He is a Fellow of the Institute of Chartered Accountants, Ghana and the Institute of Internal Auditors. He has over 35 years of accounting, banking, auditing and financial management advisory experience. Steve worked with PricewaterhouseCoopers as a Senior Manager and then as Chief Audit Executive at the Agricultural Development Bank PLC. He was appointed as the Acting CEO and subsequently confirmed as the Deputy CEO & CFO of the Ghana Infrastructure Investment Fund prior to joining Pinnacle Holding Company Ltd. as the Group CEO.

Acknowledgement

I want to use this opportunity to congratulate the management and staff for the commitment to turning things around and delivering a satisfactory performance despite the economic challenges. I also want to thank our Noteholders who believed in our business and participated in our Note Programme. Finally, I want to express my gratitude to all Board members and Shareholders for their contribution to the growth of this business.

Mr. Samuel Leslie Adetola
Board Chairman

MANAGING DIRECTOR'S REPORT

Introduction

Kasapreko PLC became a public limited company (PLC) on August 9, 2023. On November 3, 2023, Kasapreko PLC's Note Programme was also approved by The Security and Exchange Commission (SEC). Subsequently, on January 29, 2024, the company successfully raised the first tranche of the 3-Year Senior Unsecured Fixed Rate Note valued at GH¢151 million with a coupon rate of 26%.

General Business Overview

On the December 5, 2022, the government launched The Debt Exchange Programme to enhance its capacity to service public debts effectively. As a result of the debt exchange programme and the downgrade of credit rating as well as loss of international market access, for the first half of the year 2023, we had a situation where letters of credit issued by our local banks were not accepted by suppliers outside Ghana. First class banks in Europe and America were not ready to add their confirmation to letters of credit issued by banks in Ghana. As a result, our local banks were only issuing cash backed letters of credit. We were not able to utilise our credit lines from the various banks. This had impact on our working capital where credit lines could no longer be utilised and therefore, we had to rely heavily on cash for our operations including long term capital projects.

Even though the above situation improved by the end of the 3rd quarter of 2023, our short-term liabilities increased. To resolve this, management, with the approval of the Board of Directors, decided to source medium term funds from the Ghana Fixed Income Market to pay off the short-term liabilities. The Security and Exchange Commission (SEC) approved Kasapreko PLC's Note Programme on November 3, 2023, with the issue of a GH¢600 million note programme to the Ghana Fixed Income Market (GFIM).

The first tranche of the 3-Year Senior Unsecured Fixed Rate Note valued at GH¢151 million with a coupon rate of 26% will be paid bi-annually for a period of three years. The debt security issued on January 29, 2024, matures on January 29, 2027.The listing of the first tranche (Tranche 01) of the Note Programme on the Ghana Fixed Income Market of the Ghana Stock Exchange (GSE) was announced on February 4, 2024.

Category Performance

In terms of Alcoholic Beverages, we had growth of 26.9% compared with the prior year whiles the Non-Alcoholic Beverages had growth of 56.4% compared to prior year.
All brands witnessed some level of improvement in revenue as compared to the previous year. The revenues from these top brands have contributed to the strong growth in total revenue *due to the* Kumasi line taking off fully *and* intensive marketing from the commercial team. The Kumasi factory has the 81,000-capacity water line and other plants that contribute about 52% of our total revenue. We seek to improve upon the strategy to capture new markets in 2024.
To reduce the cost of ethanol and meet demand, the Ethanol/Alcohol Rectification unit with capacity of producing 150,00 litres per day in Tema was planned to be commissioned in Q2 2023. However, the delay in operationalization of the alcohol rectification plant adversely affected volumes for B2B (alcohol sales) 2023.

Operating And Financial Review

Revenue increased by 45.8% from GH¢1,285.6 million in 2022 to 1,875 million in 2023. The growth is mainly driven by price increases as well as volume increases. In 2023, we turned a loss-making business (2022 loss due to Covid-19 and Russian/Ukraine War) into a profitable one by implementing several cost saving/cutting measures. Our strategic approach and a willingness to make changes led to Net Profit of GH¢20.4 million in 2023, a jump from the performance last year which was a Net Loss of GH¢20.5 million. For the last five years, we have had an impressive revenue growth accompanied by an EBITDA which has also grown significantly and has always been positive and enough to pay all the interest on our bank loans as they fall due. Total Assets have also grown tremendously in the last 5 years. The investments in assets include investments to complete the Kumasi factory. The Asset growth was financed using bank credit facilities which have now been refinanced with the Note Programme.

MANAGING DIRECTOR'S REPORT (continued)

Sustainability activities

In terms of our environmental performance, we consistently excel in monthly air quality monitoring, with all results below requirement levels thanks to our emission control systems and machinery maintenance. This proactive approach keeps our greenhouse gas emissions low.
We've made substantial strides in waste reduction by diligently segregating our solid waste. Our partnerships with recyclers ensure that a significant portion of our plastic and glass waste is recycled efficiently. Furthermore, we are initiating collaboration with an organic liquid waste recycler which marks another positive step towards maximizing our recyclable waste and minimizing environmental impact.
Looking ahead, in subsequent months, we plan to engage more actively in enviro-social activities. This includes tree planting initiatives and public clean-up activities to further promote a green and sustainable image for Kasapreko, strengthening our commitment to environmental stewardship and community engagement.

We have also started using LPG to power some of our machines, reducing our reliability on diesel. We also have installed capacity of 1.4 MW of solar which helps in reducing our carbon footprint.

Corporate Social Responsibility (CSR) and Donations

One For Life Initiative: As part of our Awake's One For Life Initiative, Kasapreko proudly donated money to the National Cardiothoracic Centre. This contribution reflects our unwavering support for critical healthcare services and underscores our commitment to enhancing the well-being of individuals in our communities.

Supporting Cultural Traditions: Recognizing the importance of fostering goodwill and strengthening relationships with the traditions of the land, Kasapreko extended donations to various traditional councils on their festivals. These contributions, both in cash and kind, demonstrate our respect for cultural heritage and our dedication to preserving and celebrating local customs and practices.

Promoting Education Excellence: In the realm of education, Kasapreko continued its Excellence Awards program, aimed at recognizing and rewarding academic achievement of students in Technical Universities. We bestowed cash prizes, plaques, laptops, and National Service opportunities upon the overall best graduating students in engineering from nine schools. Additionally, we supported Senior High School (SHS) students by providing packs of products and materials to aid in sanitation campaigns, thereby promoting hygiene and environmental stewardship among youth.

Sponsorship and Collaboration: Kasapreko extended support to various government and non-governmental institutions through sponsorship and collaboration efforts. These partnerships exemplify our commitment to driving positive change and fostering sustainable development across multiple sectors.

Conclusions

In 2024, we plan to sweat our fixed assets and improve on our 2023 performance significantly. We will work on improving our market share and also introduce more innovations and cost savings measures to improve our bottom line.
I wish to acknowledge the contributions of all our stakeholders especially our distributors, customers, suppliers, employees for their support in 2023.

Richard Adjei
Managing Director

REPORT OF THE DIRECTORS

The Directors submit their annual report together with the audited financial statements of Kasapreko PLC for the year ended 31 December 2023.

Statement of Directors' responsibilities

The Directors are responsible for the preparation of financial statements for each financial year that give a true and fair view of the state of affairs of the Company at the end of the financial year and of the income statement and cash flows for that period. In preparing these financial statements, the Directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS), with the IAS 29 directive issued by the Institute of Chartered Accountants, Ghana (ICAG) and complied with the requirements of the Companies Act, 2019 (Act 992).

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.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern.

Principal activities

The principal activity of the Company is the manufacturing and selling of alcoholic and non- alcoholic beverages.

Financial results

The financial results of the Company for the year ended 31 December 2023 are set out below:

	GH¢
Profit before tax for the year is	**32,431,210**
to which is deducted income tax expense and Growth and Sustainability Levy of	**(11,999,706)**
giving a profit after tax for the year of	**20,431,504**
to which is added balance brought forward on retained earnings of	**138,096,347**
leaving a surplus carried forward on retained earnings of	**158,527,851**

Dividend

The Directors do not recommend the payment of a dividend for the year ended 31 December 2023 (2022: Nil).

Particulars of entries in the Interests Register during the financial year

No Director had any interest in contracts and proposed contracts with the Company during the year under review, hence there were no entries recorded in the Interests Register as required by sections 194(6), 195(1)(a) and 196 of the Companies Act, 2019 (Act 992).

REPORT OF THE DIRECTORS (continued)

Profile of the Board of Directors

Non-executive Directors

Name	**Qualification**	**Board position outside Kasapreko PLC**
Mr. Samuel Adetola (Board Chairman)	• MA, Financial Economics • Graduate Diploma in Business Studies • BSc. Finance and Administration.	• Founder and Chief Executive Officer, The Capital Group
Dr. Kwabena Adjei	• Fellow, Chartered Institute of Administration	• Director, Pinnacle Holding Company LTD • Director, Royal Crown Packaging LTD; • Director, Midland International Ghana LTD
Mr. Kwabena Agyekum	• MBA, Project Management Graduate Diploma in Marketing	• Registrar/CEO of Chartered Institute of Marketing Ghana (CIMG); • Council Member of University of Professional Studies (UPSA), Accra; • Board Member Lapaz Community Hospital; • Board Member Berock Group; • Board Chairman of The Council of Scientific and Industrial Research (CSIR) Plus
Mrs. Matilda Asante-Asiedu	• MBA in Marketing; GIMPA Business School • MA in Journalism Studies; Cardiff University, UK • Diploma in Communications, Ghana Institute of Journalism	• Board Member, InvestCorp Mid Tier Fund • Board Member, InvestCorp, Active Equity Fund
Dr. Daniel K. Seddoh	• Doctor of Business Administration (Bradford) • Master of Business Administration • Fellow, Institute of Chartered Accountants, Ghana (ICAG) • Member, Chartered Institute of Taxation, Ghana (CITG) • Member, Chartered Insurance Institute of Ghana (CIIG)	• Director/Consultant, Riscovery Limited • Board Member, Ghana Deposit Protection Corporation • Board Member, Databank MFund PLC

REPORT OF THE DIRECTORS (continued)

Profile of the Board of Directors (continued)

Non-executive Directors (continued)

Name	Qualification	Board position outside Kasapreko PLC
Mr. Steve Nartey (appointed 3 November 2023)	• MBA – Banking Management; University of Exeter, UK • Fellow, Institute of Chartered Accountants, Ghana (ICAG) • B. Com Degree, University of Cape Coast • Diploma in Education (Dip. Ed), University of Cape Coast	• Chairman, Advisory Board, The OMNI Group • Non Executive Director, Chrisline Financial Services Ltd. • Non Executive Director, Pinnacle Holding Company Ltd. • Non Executive Director, Royal Crown Packaging Ltd. • Non Executive Director, Capemay Properties Limited
Ms. Emelia Adjei	• BSc. Business Administration	• Managing Director, Royal Crown Packaging Limited
Mrs. Eunice Adjei-Bonsu	• Master of Arts in International Development	• Managing Director, Capemay Properties LTD

Executive Directors

Name	Qualification	Board position outside Kasapreko PLC
Mr. Richard Adjei	• MBA, Finance and Global Business • BSc. Management (Entrepreneurial and Liberal Services (Global perspectives)	• Director, Pinnacle Holding Company LTD • Director, Capemay Properties LTD • Director, Royal Crown Packaging LTD; • Director, Midland International Ghana LTD
Mr. Isaac Adjei	Associate of Science in Graphic Design	• Director, Pinnacle Holding Company LTD

Biographical information of Directors

Age category	Number of Directors
Up to – 40 years	3
41 – 60 years	3
Above 60 years	3

REPORT OF THE DIRECTORS (continued)

Directors' capacity building

When Directors are appointed to the Board, they are provided with a full, formal and customised programme of induction, to familiarise them with the Company's business, the risks and strategic challenges the Company faces, and the economic, competitive, legal and regulatory environment in which the Company operates. The Directors have a depth of knowledge and experience in the industry in which the Company operates and are well equipped to exercise their duties as Directors.

Finance and Audit Committee

The Board Finance and Audit Committee comprise of five Directors and is headed by an independent, Non- Executive Director. In selecting the members of the Committee, the Board pays particular attention to their financial and accounting qualifications and experience. The principal responsibilities of the Committee include reviewing financial reports, internal audit reports, management letters and other information it requests to be tabled. The Committee holds at least four formal meetings each year, which are also attended by the Managing Director, Advisor to the Board and external auditors. The Committee at its request may meet with the Managing Director, perform inspections and interview managers of the Company at any time it deems appropriate. The members are: Dr. Daniel K. Seddoh – Chairman, Matilda Asante Asiedu - Member, Kwabena Agyekum – Member, Steve Nartey – Member, and James Sagoe – Advisor.

Change of name

The Company changed its name from Kasapreko Company Limited to Kasapreko PLC on 7 March 2024 in line with its listing on the Ghana Fixed Income Market of the Ghana Stock Exchange (GSE) as a Public Limited Company (PLC) during the year.

Corporate social responsibility (CSR)

The Company's corporate social responsibility contributions were effected through donations and sponsorships of the Ghana Heart Foundation – Korle-Bu Teaching Hospital through the Awake Charity Fund. Donation for DOVVSU One Stop Centre at Headquarters, Support for medical surgery, Contribution towards T.W.M.A - Road intersection improvement, support for the affected communities from the Volta River Dam spillage, Kasapreko PLC Excellence Awards for Technical Universities, support for Bengeo Empire-Poly Tank Towers for boreholes at Ayensuanu Constituency. The total amount spent on corporate social responsibility/donations for the year was GH¢993,270.

Other developments

Kasapreko PLC's Note Programme was approved by The Security and Exchange Commission (SEC) on 3 November 2023 with the issue of a GH¢600 million note programme to the Ghana Fixed Income Market (GFIM). Kasapreko PLC announced the listing of the first tranche (Tranche 01) of its GH¢600 million Note Programme on the Ghana Fixed Income Market of the Ghana Stock Exchange (GSE) on 4 February 2024. The first tranche of the 3-Year Senior Unsecured Fixed Rate Note listed by Kasapreko PLC is valued at GH¢151 million with a coupon rate of 26% to be paid bi-annually for a period of three years. The debt security issued on 29 January 2024, matures on 29 January 2027.

Professional development and training

When Directors are appointed to the Board, they are provided with a full, formal and customised programme of induction, to familiarise them with the Company's business, the risks and strategic challenges the Company faces, and the economic, competitive, legal and regulatory environment in which the Company operates. The Directors have a depth of knowledge and experience in the industry in which the Company operates and are well equipped to exercise their duties as Directors. The Human Resources Committee of the Board regularly conducts a comprehensive review of the Board's skills matrix to ensure alignment with the Company's strategic priorities.

REPORT OF THE DIRECTORS (continued)

Internal control systems

Kasapreko PLC has a system of assessing the effectiveness of internal control systems to safeguard Company assets, ensure accurate financial reporting, and prevent fraud. Throughout the fiscal year 2023, the Finance and Audit Committee conducted a comprehensive review of the Company's financial operations, risk management processes, and internal controls and did not identify any material weaknesses in the internal control systems, and we found the financial statements to present a true and fair view of the Company's financial performance.

Audit fees

The audit fees for the year ended 31 December 2023 was GH¢400,000.

Auditor

The Company's auditor, PricewaterhouseCoopers, has expressed willingness to continue in office in accordance with Section 139(5) of the Companies Act, 2019 (Act 992).

Approval of the report of the Directors

The report of the Directors was approved by the Board of Directors on 29 APRIL 2024 and signed on their behalf by:

RICHARD ADJEI
MANAGING DIRECTOR

SAMUEL ADETOLA
BOARD CHAIRMAN


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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Kasapreko PLC (the "Company") as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards with the IAS 29 directive issued by the Institute of Chartered Accountants, Ghana (ICAG) and in the manner required by the Companies Act, 2019 (Act 992).

What we have audited

We have audited the financial statements of Kasapreko PLC for the year ended 31 December 2023.

The financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising a summary of material accounting policy information and other explanatory information.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants and the independence requirements of section 143 of the Companies Act, 2019 (Act 992) that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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 Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables – GH¢14.93 million Gross trade receivables as at 31 December 2023 amounted to GH¢125.97 million for which an impairment loss allowance of GH¢14.93 million has been recognised. Allowance for impairment on trade receivables is a key area of focus due to the judgement management exercises in determining the appropriate amount of allowance for impairment. Management applied a simplified approach to measure allowance for impairment on trade receivables using lifetime expected credit loss (ECL). Management exercised the following judgements in determining the allowance for impairment: • grouping trade receivables on the basis of similar risk profile and the days past due; • determining historical loss rates based on the payment profile of customer sales; and • adjusting historical loss rates to reflect current and forward looking information incorporating economic variables likely to impact customers' ability to honour their debt obligations. The determination of the expected credit loss is therefore considered as a key audit matter for the Company based on the level of complexity and significant management judgement involved. Notes 2.8, 2.10(iii) and 3.1 set out the accounting policies and the judgement management exercised in the determination of allowance for impairment respectively, while note 27.1 sets out an analysis of credit quality of trade receivables at the reporting date. The gross trade receivables and related impairment provisions are disclosed in note 8 and 27.1 to these financial statements.	We evaluated the design and tested the operating effectiveness of management's controls over the trade receivables process including recording of sales and approval of credit limits. We examined the ageing analysis of trade receivables to assess the appropriateness of classification of trade receivable balances in different aged brackets with similar risk characteristics. We assessed the appropriateness of assumptions used and judgements made by management around the definition of default, the nature of forward-looking information, the weights assumed in adjusting loss ratio with forward-looking information and the period used in assessing the historical loss rate. The forward-looking information used in the ECL calculation was agreed to external macroeconomic data. We recomputed the impairment loss allowance based on the verified inputs and assumptions used by management and assessed the adequacy of the amount recognised as allowance for impairment. We tested the subsequent receipts from selected debtors to assess the recoverability of receivables at the end of the year. We checked the appropriateness of disclosures made in the financial statements for impairment loss allowances.

Other information

The Directors are responsible for the other information. The other information comprises Corporate Information, Chairman's Statement, Managing Director's Report, Report of the Directors, Shareholders' Information and Five Year Financial Summary but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards with the IAS 29 directive issued by the Institute of Chartered Accountants, Ghana (ICAG) and in the manner required by the Companies Act, 2019 (Act 992), 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.

The Directors 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

Auditor’s responsibilities for the audit of the financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of the Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act, 2019 (Act 992) 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;

ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and

iii) the Company’s statement of financial position and the Company’s statement of comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor’s report is Richard Ansong (ICAG/P/1539).

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2024/028)
Chartered Accountants
Accra, Ghana
29 April 2024

STATEMENT OF FINANCIAL POSITION
(All amounts are in Ghana Cedis)

	Note	At 31 December 2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	**723,278,618**	617,774,986
Right-of-use assets	5	**20,491,867**	22,025,442
Other assets	6	**31,641,520**	38,247,345
		775,412,005	678,047,773
Current assets			
Inventories	7	**312,539,144**	364,209,890
Trade and other receivables	8	**218,349,492**	84,060,312
Loan due from related companies	9	**44,259,783**	32,542,238
Current tax assets	10	**7,299,371**	7,987,676
Cash and bank balances	11	**79,665,853**	27,227,021
		662,113,643	516,027,137
Total assets		**1,437,525,648**	1,194,074,910
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	12	**50,000,000**	50,000,000
Retained earnings	13	**158,527,851**	138,096,347
Total equity		**208,527,851**	188,096,347
LIABILITIES			
Non-current liabilities			
Borrowings (excluding related party loans)	14	**292,415,384**	317,498,666
Deferred tax liabilities	15	**15,250,347**	8,790,531
		307,665,731	326,289,197
Current liabilities			
Trade and other payables	16	**350,107,358**	260,484,380
Borrowings (excluding related party loans)	14	**467,691,043**	311,853,294
Loans due to related parties	14	**103,533,665**	107,351,692
		921,332,066	679,689,366
Total liabilities		**1,228,997,797**	1,005,978,563
Total equity and liabilities		**1,437,525,648**	1,194,074,910

The notes on pages 19 to 54 are an integral part of these financial statements.

The financial statements on pages 15 to 54 were approved by the Board of Directors on ..29 APRIL 2024.... and were signed on their behalf by:

Signature: **Signature:**

Name of Director: **Name of Director:**

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in Ghana Cedis)

		Year ended 31 December	
	Note	**2023**	2022
Revenue	17 21	**1,875,037,487**	1,285,602,976
Cost of sales	18	**(1,372,445,905)**	(1,008,597,624)
Gross profit		**502,591,582**	277,005,352
General, selling and administrative expenses	19	**(305,787,721)**	(212,274,515)
Other operating income	20	**8,534,251**	15,134,991
Operating profit		**205,338,112**	79,865,828
Finance costs	21	**(172,906,902)**	(94,519,622)
Profit/(loss) before income tax and Growth and Sustainability Levy		**32,431,210**	(14,653,794)
Income tax expense	22	**(11,208,640)**	(5,807,962)
Growth and Sustainability Levy	10	**(791,066)**	-
Profit/(loss) for the year		**20,431,504**	(20,461,756)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**20,431,504**	(20,461,756)

The notes on pages 19 to 54 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
(All amounts are in Ghana Cedis)

	Stated capital	**Retained earnings**	**Total equity**
Year ended 31 December 2023			
Balance at 1 January 2023	50,000,000	138,096,347	**188,096,347**
Profit for the year	-	20,431,504	**20,431,504**
Other comprehensive income	-	-	-
Total comprehensive income	**-**	**20,431,504**	**20,431,504**
Balance at 31 December 2023	**50,000,000**	**158,527,851**	**208,527,851**
Year ended 31 December 2022			
Balance at 1 January 2022	50,000,000	158,558,103	208,558,103
Loss for the year	-	(20,461,756)	(20,461,756)
Other comprehensive income	-	-	-
Total comprehensive income – (loss)	-	(20,461,756)	(20,461,756)
Balance at 31 December 2022	50,000,000	138,096,347	188,096,347

The notes on pages 19 to 54 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(All amounts are in Ghana Cedis)

	Note	**2023**	2022
		Year ended 31 December	
Cash flows from operating activities			
Cash generated from operations	24	**290,844,842**	74,618,007
Interest paid	21	**(190,157,158)**	(128,532,741)
Corporate income tax paid	10	**(4,157,491)**	(1,062,543)
Growth and Sustainability Levy paid	10	**(694,094)**	-
Net cash generated from/(used in) operating activities		**95,836,099**	(54,977,277)
Cash flows from investing activities			
Purchases of property, plant and equipment	4	**(145,962,275)**	(243,021,935)
Net cash used in investing activities		**(145,962,275)**	(243,021,935)
Cash flows from financing activities			
Proceeds from borrowings (excluding loans to related parties) by the Company	14	**656,098,380**	703,628,065
Repayment of loans (excluding loans to related parties) contracted by the Company	14	**(550,298,783)**	(383,219,412)
Proceeds from loans from related parties		**690,000**	36,484,351
Repayment of loans contracted from related parties		**(4,508,027)**	(1,823,577)
Disbursement of loans to related company	9	**(8,002,931)**	(24,852,807)
Repayment of loans by related company	9	**3,952,260**	341,798
Net cash flow generated from financing activities		**97,930,899**	330,558,418
Net increase in cash and cash equivalents		**47,804,723**	32,559,206
Cash and cash equivalents at the start of the year		**(53,636,935)**	(86,196,141)
Cash and cash equivalents at the end of the year	11	**(5,832,212)**	(53,636,935)
Non-cash financing and investing activities	24		

The notes on pages 19 to 54 are an integral part of these financial statements.

NOTES

1. Corporate information

Kasapreko PLC, ("the Company") formerly Kasapreko Company Limited is a limited liability Company incorporated in Ghana. The address of its registered office is DTD # 64, Off Spintex Road, Baatsonaa. The Company's principal activity includes the manufacturing and selling of a wide range of alcoholic and non-alcoholic beverages within and outside Ghana.

2. Summary of material accounting policies

A summary of the material accounting policies adopted by the Company in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(i) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) with the IAS 29 directive issued by the Institute of Chartered Accountants, Ghana (ICAG) and in the manner required manner required by the Companies Act, 2019 (Act 992).

The ICAG issued a directive in November 2023 to accountants in business and accountants in practice, together with an update in January 2024 on the application of IAS 29 in Ghana. The ICAG asserts in the directive that based on its analysis of the quantitative and qualitative indicators referred to in IAS 29, Ghana was not a hyperinflationary economy as of December 2023, therefore, IAS 29 will not be applicable for December 2023 financial reporting period. In compliance with the directive, the financial statements of the Company, including the comparative figures, have not been stated in terms of the measuring unit current at the end of the reporting period.

(ii) Historical cost convention

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

(iii) New and amended standards adopted by the Company

The Company applied the following standards for the first time for the reporting period commencing on 1 January 2023.

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The adoption of the amendments above did not have any impact on the amounts recognised in prior and current periods and are not expected to significantly affect the future periods.

NOTES (continued)

2. Summary of material accounting policies (continued)

2.1 Basis of preparation (continued)

(iv) New standards and interpretations not yet adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Company. Those that are likely to have an impact on the Company's financial statements when the standards become effective are set out below:

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

The amendment is mandatory for financial years commencing on or after 1 January 2024.

Supplier finance arrangements – Amendments to IAS 7 and IFRS 7

The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs. The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following:

The terms and conditions of SFAs.

1. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.

2. The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers.

3. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.

4. Non-cash changes in the carrying amounts of financial liabilities in(b).

5. Access to SFA facilities and concentration of liquidity risk with finance providers.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

The amendment is mandatory for financial years commencing on or after 1 January 2024.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(iv) New standards and interpretations not yet adopted by the Company (continued)

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

The amendment is mandatory for financial years commencing on or after 1 January 2024.

There are no other IFRSs or IFRIC interpretations that are not effective that would be expected to have a material impact on the Company in the current or future operating periods and on foreseeable future transactions.

2.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates ("functional currency"). The financial statements are presented in Ghana Cedis, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

NOTES (continued)

2. Summary of material accounting policies (continued)

2.2 Foreign currency translation (continued)

(ii) Transactions and balances (continued)

Foreign exchange gains and losses are presented in profit or loss within 'other operating income' or 'other operating expenses'.

2.3 Revenue recognition

Revenue from the sales of the Company's products are recognised when control of the products has transferred, being when the products are delivered to the customer, the Company has full discretion over the channel and price to use or sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products

Delivery occurs when the products have been dispatched from the Company's premises, the risks of obsolescence and loss have been transferred to the customers, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Financing components

The Company does not expect to have any contracts where the period between the transfer of the products to the customer and payment by the customer exceeds one year. Sales are made with a credit term of less than 3 months. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

2.4 Finance costs

Finance costs comprise interest expense on borrowings. Borrowings costs on non capital items are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2.5 Property, plant and equipment

The Company's property, plant and equipment are stated at historical cost less accumulated depreciation and impairments losses. Historical cost includes the expenditure that is directly attributable to the acquisition of these items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Assets in the course of construction are carried at cost less any recognised impairment loss. Cost includes professional fees and other costs directly attributable to the completion of the assets. Depreciation commences when the assets are ready for their intended use.

NOTES (continued)

2. Summary of material accounting policies (continued)

2.5 Property, plant and equipment (continued)

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Leasehold land	-	Over the lease period
Buildings	-	5%
Plant and machinery	-	10%
Motor vehicles	-	25%
Furniture and office equipment	-	15%
Laboratory equipment	-	15%
Computers	-	15%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income/expenses in profit or loss.

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

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

2.6 Leases

The Company's leases relate to leasehold land. Rental contracts are typically made for fixed periods varying between 5 to 10 years but may have extension options.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

NOTES (continued)

2. Summary of material accounting policies (continued)

2.6 Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2.7 Impairment of non-financial assets

At the end of each reporting date, the Company reviews the carrying amounts of its tangible 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). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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 (CGU) to which the asset belongs.

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 the current market assessment 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 CGU) is estimated to be less than the carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

2.8 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are classified as current assets in the statement of financial position, if collection is expected within one year or less.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less impairment.

Prepayments are advance payments for services to be provided over a contractual period. Prepayments are amortised on a straight line over the contractual service period.

2.9 Inventories

Inventories comprise raw materials, work-in-progress, finished goods and spares. Raw materials, work-in-progress, finished goods and spares are stated at the lower of cost and net realisable value. Cost of finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overheads expenditure, the latter being allocated on the basis of normal operating capacity.

Borrowing costs are excluded from the cost of inventories. Costs are assigned to individual items of inventory on the basis of the weighted average cost. Cost of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

NOTES (continued)

2. Summary of material accounting policies (continued)

2.10 Financial assets

(i) Classification

The Company's financial assets are classified in the measurement category of financial assets at amortised cost. These include trade and other receivables (excluding prepayments) and bank and cash balances. The Company classifies its financial assets at amortised cost only if both of the following criteria are met;

- the asset is held within a business model whose objective is to collect contractual cashflows; and
- the contractual terms give rise to cash flows that are solely payments of principal (for non-interest bearing financial assets) or solely of principal and interest (for interest bearing financial assets).

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets at amortised cost

Financial assets at amortised cost are those assets which are held only for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in profit or loss. Trade and other receivables, and cash and bank balances are classified as financial assets at amortised cost.

(iii) Impairment

The Company assesses on a forward-looking basis, the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

2.11 Financial liabilities

The Company's financial liabilities represents mainly trade and other payables, borrowings and provisions. These financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expired.

NOTES (continued)

2. Summary of material accounting policies (continued)

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.14 Stated capital

Ordinary shares are issued at no par value and are classified as "stated capital" in equity.

2.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current in the statement of financial position unless payment is not due within 12 months after the reporting period. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Provisions

Provisions are recognised when; the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in any class of obligations may be small.

Provisions are measured at the present value of the expenditure required to settle the obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

NOTES (continued)

2. Summary of material accounting policies (continued)

2.17 Borrowings (continued)

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings 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 end of the reporting period.

2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.19 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Post-employment benefit obligation

The Company contributes to Tier 1 and Tier 2 pensions schemes for its employees.

Defined contribution scheme

A defined contribution scheme is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(iii) Bonus

The Company recognises a liability and an expense for bonuses taking into consideration the profit attributable to the Company's shareholders. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

NOTES (continued)

2. Summary of material accounting policies (continued)

2.19 Employee benefits (continued)

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

2.20 Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director. Segment results that are reported to the Managing Director, include items directly attributed to a segment as well as those that can be allocated on a reasonable basis. The Managing Director, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker (CODM).

2.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.22 Income tax

The income tax expense for the period comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority on taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The tax rate and tax laws used to compute the amount are those enacted or substantively enacted by the reporting date.

(ii) Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

NOTES (continued)

2. Summary of material accounting policies (continued)

2.22 Income tax (continued)

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES (continued)

3. Critical accounting estimates and judgements

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

3.1 Critical accounting estimates and assumptions

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

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

Useful lives of property, plant and equipment

The Company determines the estimated useful lives and related depreciation for its property, plant and equipment. This estimate is based on historical assessments of the useful life obtained from similar assets. It could change significantly as a result of technological innovations and competitor action in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will write-off or write-down assets where the useful life of the asset is considered to have expired.

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 anticipated tax audit issues 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 tax provisions in the period in which such determination is made.

Impairment of trade receivables

The loss allowances for trade receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

To measure expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on payment profile of customers and the corresponding historical credit losses experienced within the period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic indicators affecting the ability of customers to settle outstanding receivables.

Critical judgements are made by management in determining the recoverable amount of impaired receivables as set out in note 27.1.

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

4. Property, plant and equipment

Year ended 31 December 2023	Leasehold land and Buildings	Plant and machinery	Motor vehicles	Furniture and office equipment	Laboratory equipment	Computers	Capital work-in-progress	Total
Cost								
At 1 January 2023	89,595,952	349,730,109	58,648,512	14,143,030	766,304	771,903	308,673,700	**822,329,510**
Additions	-	11,166,054	13,458,025	239,655	610,673	-	120,487,868	**145,962,275**
Transfers from CWIP	-	88,120,742	15,639,882	-	-	-	(103,760,624)	**-**
Interest expense capitalised on qualifying assets (Note 14(i))	-	-	-	-	-	-	24,643,151	**24,643,151**
At 31 December 2023	**89,595,952**	**449,016,905**	**87,746,419**	**14,382,685**	**1,376,977**	**771,903**	**350,044,095**	**992,934,936**
Accumulated depreciation								
At 1 January 2023	19,638,440	146,750,870	30,968,409	6,316,828	446,229	433,748	-	**204,554,524**
Charge for the year	4,619,159	40,612,990	17,944,858	1,705,819	151,971	66,997	-	**65,101,794**
At 31 December 2023	**24,257,599**	**187,363,860**	**48,913,267**	**8,022,647**	**598,200**	**500,745**	**-**	**269,656,318**
Net book amount								
At 31 December 2023	**65,338,353**	**261,653,045**	**38,833,152**	**6,360,038**	**778,777**	**271,158**	**350,044,095**	**723,278,618**

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

4. Property, plant and equipment (continued)

Year ended 31 December 2022	Leasehold land and Buildings	Plant and machinery	Motor vehicles	Furniture and office equipment	Laboratory equipment	Computers	Capital work-in-progress	Total
Cost								
At 1 January 2022	78,967,962	282,570,813	30,805,540	7,370,507	398,555	349,128	82,705,296	483,167,801
Additions	-	1,739,513	6,545,987	6,349,716	367,749	422,775	227,596,195	243,021,935
Transfers from CWIP	3,223,090	10,698,028	21,296,985	422,807	-	-	(35,640,910)	-
Interest expense capitalised on qualifying assets (Note 14(i))	-	-	-	-	-	-	34,013,119	34,013,119
Transfer from related company	7,473,305	54,721,755	-	-	-	-	-	62,195,060
Reclassification of leasehold land	(68,405)	-	-	-	-	-	-	(68,405)
At 31 December 2022	89,595,952	349,730,109	58,648,512	14,143,030	766,304	771,903	308,673,700	822,329,510
Accumulated depreciation								
At 1 January 2022	15,190,253	115,981,612	20,340,667	4,118,057	380,275	333,353	-	156,344,217
Charge for the year	4,448,187	30,769,258	10,627,742	2,198,771	65,954	100,395	-	48,210,307
At 31 December 2022	19,638,440	146,750,870	30,968,409	6,316,828	446,229	433,748	-	204,554,524
Net book amount								
At 31 December 2022	69,957,512	202,979,239	27,680,103	7,826,202	320,075	338,155	308,673,700	617,774,986

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

4. Property, plant and equipment (continued)

Depreciation on property, plant and equipment has been charged to profit or loss as follows:

	2023	2022
Cost of sales	**41,917,490**	32,506,128
Selling, general and administrative expenses	**23,184,304**	15,704,179
	65,101,794	48,210,307

5. Leases

Right-of-use assets

Cost

At 1 January	**25,606,452**	2,047,435
Transfer from related company	**-**	23,559,017
At 31 December	**25,606,452**	25,606,452
Accumulated depreciation		
At 1 January	**3,581,010**	2,047,435
Charge for the year	**1,533,575**	1,533,575
At 31 December	**5,114,585**	3,581,010
Net book amount at 31 December	**20,491,867**	22,025,442

Right-of-use assets represent the Company's use of leasehold land. There are no liabilities associated with this asset because full consideration has been paid for the tenor of the lease.

Amounts recognised in the statement of comprehensive income

	2023	2022
Depreciation charge on Right-of-use asset	**1,533,575**	1,533,575

6. Other assets

Capemay Properties LTD	**31,641,520**	38,247,345

The amount represents the outstanding balance of a loan contracted by the Company from a financial institution on behalf of its Capemay Properties LTD, a related company. The payment terms between the company and its related entity mirror those of the loan contracted with the financial institutions. Reimbursement to the Company occurs quarterly, coinciding with the Company's settlement of the amount due to the financial institution under the loan agreement. The corresponding liability is included in the borrowings in Note 14.

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

7. Inventories

	2023	2022
Raw materials	**206,399,345**	266,965,691
Work-in-progress	**6,143,562**	4,658,992
Finished goods	**48,256,871**	60,990,016
Spare parts and consumables	**51,739,366**	31,595,191
	312,539,144	364,209,890

The cost of inventories recognised as cost of sales in profit or loss amounted to GH¢1.10 billion (2022: GH¢0.79 billion).

8. Trade and other receivables

	2023	2022
Trade receivables – Third party customers	**125,966,796**	89,225,677
Allowance for expected credit losses	**(14,928,029)**	(11,975,190)
Trade receivables - net	**111,038,767**	77,250,487
Amounts due from related parties (Note 25)	**3,756,471**	3,756,471
Staff receivables	**655,906**	781,239
Prepayments	**2,827,603**	2,272,115
Advances to suppliers	**98,502,167**	-
Other receivables	**1,568,578**	-
	218,349,492	84,060,312

The maximum amount of staff indebtedness to the Company during the year did not exceed GH¢0.787 million (2022: GH¢0.937 million). The fair values of trade and other receivables (excluding non-financial assets) approximate their carrying values.

The movement in allowance for impairment on trade receivables is as follows:

	2023	2022
At 1 January	**11,975,190**	5,404,394
Charged to profit or loss	**2,952,839**	6,570,796
At 31 December	**14,928,029**	11,975,190

9. Loan due from related company

	2023	2022
Caltech Limited	**10,921,696**	10,576,106
Capemay Properties LTD	**33,338,087**	21,966,132
	44,259,783	32,542,238

The loans due from Caltech Limited and Capemay Properties LTD are payable on demand.

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

9. Loans due from related companies (continued)

Movement in loans due from related companies is set out below:

	Caltech Limited	Capemay Properties Limited	Total
Year ended 31 December 2023			
At 1 January	10,576,106	21,966,132	**32,542,238**
Drawdowns	345,590	7,657,341	**8,002,931**
Exchange gains	-	7,666,874	**7,666,874**
Principal repayments	-	(3,952,260)	**(3,952,260)**
At 31 December	**10,921,696**	**33,338,087**	**44,259,783**
Year ended 31 December 2022			
At 1 January	6,374,562	1,656,667	8,031,229
Drawdowns	4,201,544	20,651,263	24,852,807
Exchange gains	-	-	-
Principal repayments	-	(341,798)	(341,798)
At 31 December	10,576,106	21,966,132	32,542,238

10. Current tax assets

Movement in current tax assets is set out below:

	At 1 January	Charge for the year	Payments during the year	At 31 December
Year ended 31 December 2023				
(a) Corporate income tax				
Year of assessment:				
Up to 2022	(7,987,676)	-	-	**(7,987,676)**
2023	-	4,748,824	(4,157,491)	**591,333**
	(7,987,676)	**4,748,824**	**(4,157,491)**	**(7,396,343)**
(b) Growth and Sustainability Levy				
2023	-	**791,066**	**(694,094)**	**96,972**
Total tax assets	**(7,987,676)**			**(7,299,371)**

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

10. Current tax assets (continued)

	At 1 January	Charge for the year	Payments during the year	At 31 December
Year ended 31 December 2022				
Corporate income tax				
Year of assessment:				
Up to 2021	(13,878,463)	-	-	(13,878,463)
2022	-	6,953,330	(1,062,543)	5,890,787
	(13,878,463)	6,953,330	(1,062,543)	(7,987,676)

All tax liabilities are subject to the agreement of the Ghana Revenue Authority.

The Growth and Sustainability Levy (GSL) was enacted during the year and was effective on 1 May 2023. The GSL is applicable to profits before tax or production for the 2023 to 2025 years of assessment. The GSL applicable rate for the Company is 2.5% on accounting profit before tax.

11. Cash and bank balances

	2023	2022
Cash at bank	**79,580,908**	27,137,655
Cash on hand	**84,945**	89,366
	79,665,853	27,227,021

Cash and cash equivalents include the following for the purposes of cashflow:

	2023	2022
Cash and bank balances (Note 11)	**79,665,853**	27,227,021
Bank overdrafts (Note 14)	**(85,498,065)**	(80,863,956)
	(5,832,212)	(53,636,935)

12. Stated capital

The authorised shares of the Company is 10,000,000,000 ordinary shares of no par value out of which 3,550,000,000 have been issued as follows:

Proceeds	No. of Shares **2023**	2022	Amount **2023**	2022
Authorised				
Ordinary shares of no-par value	**10,000,000,000**	10,000,000,000		
Issued				
For cash	**3,550,000,000**	3,550,000,000	50,000,000	50,000,000

There was no change in the stated capital during the year. There is no unpaid liability on any share and there are no calls or instalments unpaid. There are no treasury shares.

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

13. Retained earnings

Retained earnings represent cumulative earnings of the Company which is available for distribution to members of the Company subject to the requirements of the Companies Act, 2029 (Act 992). The movement in retained earnings is shown as part of the statement of changes in equity on page 12 of these financial statements.

14. Borrowings

(i) Borrowings (excluding loans to related parties)

	2023	2022
Bank loans	**674,608,362**	548,488,004
Bank overdrafts	**85,498,065**	80,863,956
	760,106,427	629,351,960

Current and non-current components of borrowings (excluding loans to related parties):

	2023	2022
Current	**467,691,043**	311,853,294
Non-current	**292,415,384**	317,498,666
	760,106,427	629,351,960

(a) Bank loans

Movement in bank loans during the year is as follows:

	2023	2022
At 1 January	**548,488,004**	194,688,674
Drawdowns	**656,098,380**	703,628,065
Interest charged	**167,940,357**	78,768,460
Interest paid	**(160,547,463)**	(78,768,460)
Exchange losses	**12,927,866**	33,390,677
Principal repayments	**(550,298,783)**	(383,219,412)
At 31 December	**674,608,362**	548,488,004

GH¢143,297,206 (2022: GH¢44,755,341) of the total interest expense during the year ended 31 December 2023 was charged to the statement of comprehensive income, while GH¢24,643,151 (2022: GH¢34,013,119) relating qualified assets was capitalised as part of property, plant, and equipment.

Summary of credit facilities from banks

GCB Bank PLC loan facility
The Company obtained a secured loan facility of GH¢21 million on 14 April 2021 to support the establishment of deferred letters of credit for the importation of raw materials as well other machines and equipment incidental to its core operations. The loan has a tenor of sixty (60) months with an average interest rate of 36.7% per annum as at the date the loan was taken.

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

14. Borrowings (continued)

(i) Borrowings (excluding loans to related parties) (continued)

(a) Bank loans (continued)

Summary of credit facilities from banks (continued)

Ecobank Ghana PLC loan facility
The Company secured a medium-term loan of GH¢171.70 million from Ecobank Ghana Plc in 31 August 2022 to finance the construction of the Alcohol Rectification Plant at Tema Harbor payable over a period of sixty (60) months, maturing on 31 July 2027. The interest rate applicable on this facility is 36.41% per annum as at the initial date the loan was taken. The facility is secured by a legal mortgage over an undeveloped 1.43-acre parcel of land numbered as 10 Indian Ocean Street situated in South Legon, and a legal mortgage over commercial bare plot of land of 2.189 acres at Spintex Road. In 2023, additional loans amounting to GH¢196 million was secured mainly to finance the construction of the Alcohol Rectification Plant at Tema Harbor and to finance operational bills with an average tenure of 6 months.

Standard Chartered Bank PLC loan facility
The Company obtained an unsecured short-term loan of GH¢24.28 on 3 October 2023 to support the establishment of deferred letters of credit for the importation of raw materials as well as other machines and equipment incidental to the core operations of the business. The tenor for this facility is 120 days. The average interest rate was 35.31% per annum.

First Atlantic Bank Ghana LTD loan facilities
The Company obtained a long-term facility of GH¢7.50 million from the First Atlantic Bank Ghana Ltd on 10 July 2021 to support working capital. The tenor of this facility is thirty (30) months with an average annual Interest rate of 38.53% per annum. The Company also secured a short-term facility of GH¢113.12 million for the importation of raw materials repayable in 4months with an average interest rate of 37.61%. The two facilities are secured by a legal mortgage over a commercial property (Amenfie Plaza) at Spintex, and Pari-Passu legal mortgage over a building located at Park Ridge Estates located at Spintex.

Societe Generale Ghana PLC loan facility
The Company, in 2023 obtained a medium-term facility of GH¢34.43 to finance the importation of various equipment to expand existing production capacity in the manufacturing of water and other alcoholic drinks. The tenor of this facility is sixty (60) months with an average annual interest rate of 33.28%. The loan is secured by a legal mortgage over a commercial property (Factory building & equipment, office complex and residential property) at Nungua, Accra. Pari-Passu legal mortgage over building located at Park Ridge Estates located at Spintex.

First Bank of Nigeria LTD loan facility
The Company secured a medium-term loan of GH¢24.66 million from First Bank of Nigeria on 22 August 2023 to finance the construction of the Alcohol Rectification Plant at Tema Harbor payable over a period of 12 months. The average interest rate applicable on this facility is 34.16% per annum.

First National Bank LTD Loan facility
The Company obtained a secured loan facility of GH¢16.40 million on 29 December 2023 to support the importation of raw materials as well other machines and equipment incidental to the core operations of the entity. The loan has a tenor of 12 months with an average interest rate of 35.61% per annum.

Stanbic Ghana LTD Loan facility
The Company obtained a secured loan facility of GH¢10 million on 7 December 2023 to support the importation of raw materials as well as other machines and equipment incidental to the core operations of the entity. The loan has a tenor of 4 months with an average interest rate of 36.05% per annum.

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

14. Borrowings (continued)

(i) Borrowings (excluding loans to related parties) (continued)

(a) Bank loans (continued)

Summary of credit facilities from banks (continued)

Consolidated Bank Ghana LTD loan facility
On 26 July 2023 and 11 December 2023, the Company secured short-term revolving facilities of GH¢11 million and GH¢25 million respectively for the importation of raw materials from foreign suppliers for the production of Alcohol and non-alcoholic beverages and blending of spirit. The facility has a tenor of 180 days with an interest rate of Ghana Reference Rate (GRR) plus 3.53%. The facility is secured by the assignment of receivables and sale proceeds to the bank supported by a cash collection agreement and hypothecation/charge over stock.

KBC Bank NV, Belgium loan facility
This is an asset financing facility of US$ 3,382,345 obtained on 23 June 2022 for the purchase of a Preform Moulding Machine from Husky Injection Moulding System. The loan has a tenor of five (5) years with an average interest rate of 8% per annum.

KBC Bank NV, Belgium Export Credit Agreement facility
This is an Export Credit Agreement (ECA) of EUR 5.34 million obtained on 24 November 2023 to finance the purchase of an Alcohol Rectification Machine from De Smit SA -Engineers and Contractors payable over seven (7) years with an average interest rate of 8% per annum.

Landesbank Baden- Wuerttemberg (LBBW), Germany Export Credit Agreement facility
This is an Export Credit Agreement (ECA) of EUR 5.74 million obtained on 18 November 2022 to finance the purchase of Water and CSD bottling line in Kumasi from Krone AG, Germany, payable over seven (7) years with an average interest rate of 8% per annum.

(b) Bank overdrafts

	2023	2022
Bank overdrafts	**85,498,065**	80,863,956

At 31 December 2023, the Company had the following balances on drawn overdraft facilities with GCB LTD, Ecobank Ghana PLC, Societe General Ghana PLC, First National Bank Ghana LTD, First Atlantic Bank Ghana LTD, Stanbic Bank Ghana Ltd, ABSA Bank Ghana LTD and Standard Chartered Bank LTD. The facilities were taken to finance operational activities. A list of the bank overdraft is set out in the table below.

	2023	2022
GCB Bank PLC	**24,447,609**	16,137,081
Ecobank Ghana PLC	**21,336,792**	16,686,924
Societe Generale Ghana PLC	**21,324,944**	12,956,665
First National Bank Ghana LTD	-	13,000,590
First Atlantic Bank Ghana LTD	**6,644,396**	14,179,288
Stanbic Bank Ghana LTD	**8,005,320**	2,824,759
ABSA Bank Ghana LTD	-	4,247,387
Standard Chartered Bank LTD	-	834,263
Access Bank Ghana LTD	**3,739,004**	-
	85,498,065	80,666,957

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

14. Borrowings (continued)

(ii) Loans to related parties

	2023	2022
Loans due to related parties	**103,533,665**	107,351,692

Movement in related party loans during the year is as follows:

	2023	2022
At 1 January	**107,351,692**	72,690,918
Drawdowns	**690,000**	36,484,351
Principal repayments	**(4,508,027)**	(1,823,577)
At 31 December	**103,533,665**	107,351,692

Loans to related parties comprises GH¢5.7 million short term loan facilities obtained in 2022 from Pinnacle Holding Company LTD and Directors' loans and advances amounting of GH¢97,847,986. These are payable on demand.

15. Deferred tax liabilities

Deferred tax is calculated under the liability method on temporary differences using the enacted income tax rate. The movement in deferred tax (assets)/liabilities during the year is as follows:

	2023	2022
At 1 January	**8,790,531**	9,935,899
Charge/(credit) to profit or loss	**6,459,816**	(1,145,368)
At 31 December	**15,250,347**	8,790,531

Year ended 31 December 2023	**At 1 January**	**Charged/ (credited) to profit or loss**	**At 31 December**
Accelerated tax depreciation	9,147,367	6,722,041	**15,869,408**
Other provisions	(356,836)	(262,225)	**(619,061)**
Net deferred tax liabilities	**8,790,531**	**6,459,816**	**15,250,347**

Year ended 31 December 2022			
Accelerated tax depreciation	10,180,409	(1,033,042)	9,147,367
Other provisions	(244,510)	(112,326)	(356,836)
Net deferred tax liabilities	9,935,899	(1,145,368)	8,790,531

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

16. Trade and other payables

	2023	2022
Trade payables	**155,835,488**	144,729,559
Amounts due from related parties (Note 25)	**41,929,505**	39,122,436
Accrued expenses	**65,185,895**	41,010,988
Advances received	**27,784,013**	19,367,883
Other payables	**59,372,457**	16,253,514
	350,107,358	260,484,380

The fair values of trade and other payables approximate their carrying amounts.

17. Revenue

	2023	2022
Revenue from external customers recognised at a point in time:		
Revenue from sale of goods	**1,875,037,487**	1,285,602,976

18. Cost of sales

	2023	2022
Direct materials costs	**1,094,318,838**	785,205,809
Staff costs (Note 23)	**78,888,948**	51,739,257
Depreciation (Note 4)	**41,917,490**	32,506,128
Overhead costs	**52,543,609**	33,883,316
Repairs and maintenance	**30,132,755**	23,941,804
Production losses (breakages and leakages)	**8,541,237**	12,009,039
Other factory costs	**66,103,028**	69,312,271
	1,372,445,905	1,008,597,624

19. Selling, General and Administrative expenses

	2023	2022
Staff costs (Note 23)	**56,368,871**	36,481,477
Directors' remuneration	**768,000**	909,250
Depreciation (Note 4)	**23,184,304**	15,704,179
Depreciation of right-of-use asset (Note 5)	**1,533,575**	1,533,575
Impairment charge – accounts receivable	**2,952,839**	6,570,796
Marketing and public relations	**26,733,921**	23,869,244
Donations	**269,565**	209,000
Auditor's remuneration	**400,000**	300,000
Repairs and maintenance	**9,850,495**	7,944,397
Motor vehicle running costs	**19,884,812**	11,896,474
Shared service costs	**12,859,437**	9,232,822
Other expenses	**150,981,902**	97,623,301
	305,787,721	212,274,515

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

20. Other operating income

	2023	2022
Interest received	**491,483**	275,648
Bottling contract/Co2 Sales	**7,757,804**	12,741,882
Rent income	**8,710**	-
Sundry income	**276,254**	2,117,461
	8,534,251	15,134,991

21. Finance costs

Interest on borrowings (Note 14 (i))	**143,297,206**	44,755,341
Interest on overdraft facilities	**29,609,696**	49,764,281
	172,906,902	94,519,622

For statement of cash flows purposes, interest paid during the year amounted to GH¢190,157,158 (2022: GH¢128,532,741). The interest paid includes capitalised borrowing costs of GH¢24,643,151 (2022: GH¢34,013,119) as disclosed in note 14.

22. Income tax expense

	2023	2022
Current tax charge (Note 10)	**4,748,824**	6,953,330
Deferred tax charge/(credit) (Note 15)	**6,459,816**	(1,145,368)
	11,208,640	5,807,962

The tax on the Company's profit (2022: loss) before tax differs from the theoretical amount that would arise using the statutory income tax rate applicable to profits as follows:

	2023	2022
Profit/(loss) before income tax	**32,431,210**	(14,653,794)
Tax charged at applicable rate of 25% (2022: 25%)	**8,107,803**	3,663,449
Expenses not deductible for tax purposes	**3,131,753**	2,174,133
Items taxed at a different rate	**(30,916)**	(29,620)
	11,208,640	5,807,962

23. Staff costs

Salaries and other short-term employee benefits	**130,884,161**	85,199,721
Employer's social security contributions	**4,373,658**	3,021,013
	135,257,819	88,220,734

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

23. Staff costs (continued)

Staff costs are charged to cost of sales, selling, general and administrative expenses as shown below:

	2023	2022
Cost of sales	**78,888,948**	51,739,257
Selling, General and Administrative expenses	**56,368,871**	36,481,477
	135,257,819	88,220,734

The total number of persons employed by the Company at 31 December 2023 was 926 (2022: 840).

24. Cash generated from operations

	2023	2022
Profit/(loss) before income tax	**32,431,210**	(14,653,794)
Adjustments for:		
Depreciation of property, plant and equipment (Note 4)	**65,101,794**	48,210,307
Depreciation of right-of-use assets (Note 5)	**1,533,575**	1,533,575
Finance costs (Note 21)	**172,906,902**	94,519,622
Exchange losses on loans (Note 14)	**12,927,866**	33,390,677
Exchange gains on intercompany loan receivable (Note 14)	**(7,666,874)**	-
Impairment charge on trade receivables (Note 8)	**2,952,839**	6,570,796
Working capital changes:		
Decrease/(increase) in inventories	**51,670,746**	(170,529,615)
Increase in trade and other receivables	**(137,242,019)**	(35,446,174)
Increase in trade and other payables	**89,622,978**	19,925,829
Decrease in other assets	**6,605,825**	91,096,784
Cash generated from operations	**290,844,842**	74,618,007

Non-cash investing and financing activities

In 2022, the Company received certain property, plant and equipment (Note 4) and right-of-use assets (Note 5) from its related company as settlement of amount due from the related Company. The total value of the assets received from the related Company was GH¢85.7 million.

25. Related party transactions

Entities related to Kasapreko PLC through common shareholding with whom the Company transacted with during the year were Capemay Midland International Limited, Herbal Farms Research Limited, Royal Crown Packaging Limited and Amerigan Resources Limited.

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

25. Related party transactions

(a) Transactions with related parties

The Company entered into the following transactions with its related parties during the year:

Loans payable to related parties

Pinnacle Holding Company Ltd. and Directors' loans and advances.

The Company made drawdowns and repayments on its loan facilities with Pinnacle Holding Company Ltd. during the year. Further details of these facilities are disclosed in note 14.

	2023	2022
Purchases of goods and services from related parties:		
Midland International Limited	**4,238,596**	1,310,217
Herbal Farms Research Limited	**8,828,797**	10,582,555
Royal Crown Packaging Limited	**28,264,808**	21,656,457

	2023	2022
Transfer of PPE and right-of-use assets:		
Pinnacle Holding Company Ltd.	-	85,685,672
Services provided to related parties:		
Pinnacle Holdings Co. Limited	-	80,000,000
Advances to related parties:		
Kasapreko Nigeria Limited	-	3,756,471
Loans receivable from related parties:		
Caltech Limited	**345,590**	450,000
Capemay Properties Limited	**7,657,341**	20,651,263
Loans payable to related parties:		
Pinnacle Holding Company Ltd.	-	5,685,673
Director loans and advances	**102,356,012**	23,700,000

(b) Year end balances arising from related party transactions are as follows:

	2023	2022
Amounts due to related parties		
Midland International Limited	**5,604,917**	9,159,608
Herbal Farms Research Limited	**21,577,206**	19,943,745
Amerigan Resources Limited	**8,781,828**	8,236,348
Royal Crown Packaging Limited	**5,965,554**	1,782,735
	41,929,505	39,122,436

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

25. Related party transactions

(b) Year end balances arising from related party transactions are as follows (continued):

	2023	2022
Amounts due from related parties		
Kasapreko Nigeria Limited	**3,756,471**	3,756,471
Loans due to related parties		
Pinnacle Holding Company Ltd.	**5,685,673**	5,685,673
Director loans and advances	**97,847,986**	101,666,019
	103,533,659	107,351,692
Loans due from related parties:		
Other assets (non-current)		
Capemay Properties Limited	**31,641,520**	38,247,345
Loans (current asset)		
Caltech Limited	**10,921,696**	10,576,106
Capemay Properties Limited	**33,338,087**	21,966,132
	44,259,783	32,542,238

(c) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly including any director (whether executive or otherwise) of the Company.

Remuneration of key management personnel of the Company are as follows:

	2023	2022
Salaries and other short-term emoluments	**4,260,809**	3,381,594
Pension costs	**512,062**	406,398
	4,772,871	3,787,992

26. Segment reporting

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (CODM). These reports are used to make strategic decisions.

The Company considers the business from a product perspective which are similar in nature and are structured and distributed in a fairly uniform manner across customers. The reportable operating segments derive their revenue mainly from the sales of alcoholic and non-alcoholic beverages.

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

26. Segment reporting (continued)

Year ended 31 December 2023

	Alcoholic Beverages	Non-alcoholic Beverages	Total
Revenue from customers within Ghana	583,880,658	947,382,150	**1,531,262,808**
Revenue from customers outside Ghana	210,327,899	133,446,780	**343,774,679**
Total Revenue	**749,208,557**	**1,080,828,930**	**1,875,037,487**
Cost of sales	(621,419,826)	(751,026,079)	**(1,372,445,905)**
Gross profit	**172,788,731**	**329,802,851**	**502,591,582**
Operating costs	(128,345,076)	(177,442,645)	**(305,787,721)**
Other income	-	-	**8,534,251**
Operating profit	-	-	**205,338,112**
Finance costs	-	-	**(172,906,902)**
Profit before income tax & GSL	-	-	**32,431,210**
Income tax expense	-	-	**(11,208,640)**
Growth and Sustainability Levy	-	-	**(791,066)**
Profit for the year	-	-	**20,431,504**

Year ended 31 December 2022

	Alcoholic Beverages	Non-alcoholic Beverages	Total
Revenue from customers within Ghana	460,098,921	605,910,147	1,066,009,068
Revenue from customers outside Ghana	131,354,804	88,239,104	219,593,908
Total Revenue	591,453,725	694,149,251	1,285,602,976
Cost of sales	(476,262,115)	(532,335,509)	(1,008,597,624)
Gross profit	115,191,610	161,813,742	277,005,352
Operating costs	(108,910,230)	(103,364,285)	(212,274,515)
Other income	-	-	15,134,991
Operating profit	-	-	79,865,828
Finance costs	-	-	(94,519,622)
Loss before income tax & GSL	-	-	(14,653,794)
Income tax expense	-	-	(5,807,962)
Growth and Sustainability Levy	-	-	-
Loss for the year	-	-	(20,461,756)

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

27. Financial risk management

The Company's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk (including foreign exchange risk, interest rate risk and price risk).

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's management team is responsible for developing and monitoring the Company's risk management policies. The management team and the Board of Directors meet at quarterly board meetings to review the performance of the Company and discuss risks faced by the Company.

The Company's risk management policies are established to identify and analyse the risks 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 conditions and services offered.

27.1 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Management is responsible for managing and analysing credit risk for each new client before standard payment and delivery terms are offered. Credit risk arises from cash at bank and short-term deposits with banks, as well as trade and other receivables. The Company does not have any significant concentrations of credit risk. The Company manages credit risk relating to cash at bank by diversification of bank deposits with different financial institutions licensed by the Bank of Ghana.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The expected credit losses also incorporate forward looking information.

The table below shows the maximum exposure to credit risk by class of financial instruments.

	2023	2022
Cash at bank	**79,580,908**	27,137,655
Trade receivables – Third party customers (gross)	**125,966,796**	89,225,677
Other receivables (excluding prepayments)	**2,224,484**	781,240
	207,772,188	117,144,572

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit control team has established a credit policy under which a new customer is analysed individually for credit worthiness before the Company's standard payment terms and conditions are offered. The Company generally trade with pre-defined and selected customers. Credit exposure on trade receivable is covered by customers issuing post-dated cheques to cover amount owed, as well the use of customer's security deposits.

Analysis by credit quality of trade receivables is as follows:

The Company uses the simplified approach to measure the ECLs of trade receivables from customers. Loss rates are calculated using a 'historical loss rate' method based on actual credit loss experience over the past two years adjusted to reflect current and forward-looking information on macroeconomic factors. The Company has identified inflation rates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in this factor.

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

27. Financial risk management (continued)

27.1 Credit risk (continued)

Trade receivables (continued)

On the basis of the policy in Note 2.8 and 3.1, the loss allowance as at 31 December 2023 was determined as follows for trade receivables:

At 31 December 2023	**Current**	**31- 45 days**	**46 – 90 days**	**91- 180 days**	**Over 180 days**	**Total**
Gross trade receivables	68,223,033	19,436,009	18,204,297	4,075,709	16,027,748	**125,966,796**
Expected loss rate	1.77%	10.76%	1.69%	21.40%	65.19%	
Loss allowance	(1,208,662)	(2,092,274)	(306,898)	(872,365)	(10,447,830)	**(14,928,029)**
Net carrying amount	**67,014,371**	**17,343,735**	**17,897,399**	**3,203,344**	**5,579,918**	**111,038,767**
At 31 December 2022						
Gross trade receivables	49,586,187	4,649,104	898,172	11,145,931	22,946,283	89,225,677
Expected loss rate	1.32%	14.62%	15.20%	15.21%	38.40%	
Loss allowance	(653,013)	(679,699)	(136,538)	(1,695,683)	(8,810,257)	(11,975,190)
Net carrying amount	48,933,174	3,969,405	761,634	9,450,248	14,136,026	77,250,487

Movements in the allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2023	2022
Balance at 1 January	**11,975,190**	5,404,394
Impairment loss recognised in profit or loss	**2,952,839**	6,570,796
Balance at 31 December	**14,928,029**	11,975,190

The allowance account for trade receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at which point the amounts considered irrecoverable are written off.

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

27. Financial risk management (continued)

27.1 Credit risk (continued)

Staff receivables

Staff receivables are recovered through the monthly payroll deductions in accordance with a payment plan.

Cash at bank

The Company manages credit risk relating to bank balances by having banking relationships with only reputable well-established financial institutions licensed by the Bank of Ghana.

Other receivables

The Company's exposure to credit risk in respect of other receivables is minimal. The Company has transacted business with these non-trade customers over the years. There are no history of default. No forward-looking information have been identified by the Directors that could materially impact the payment profile of these non-trade customers.

27.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations when due. The Company maintains a strong liquidity position and manages the liquidity profile of its assets, liabilities and commitments so that cash flows are appropriately balanced, and all funding obligations are met when due.

Prudent liquidity risk management implies that sufficient cash is maintained, and that sufficient funding is available through an adequate amount of committed credit facilities.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed below are the contractual undiscounted cash flows.

	Carrying amounts	Less than 1 year	More than 1 year	Contractual cashflows
At 31 December 2023				
Financial liabilities				
Trade payables	155,835,488	155,835,488	-	**155,835,488**
Amounts due to related parties	41,929,505	41,929,505	-	**41,929,505**
Accrued expenses and other payables (excluding non-financial liabilities)	124,558,352	124,558,352	-	**124,558,352**
Bank Overdrafts	85,498,065	85,498,065	-	**85,498,065**
Borrowings – related parties	103,533,665	103,533,665	-	**103,533,665**
Borrowings – secured loans	674,608,361	382,192,978	488,935,346	**871,128,323**
	1,185,963,436	**893,548,053**	**488,935,346**	**1,382,483,390**

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

27. Financial risk management (continued)

27.2 Liquidity risk (continued)

	Carrying amounts	Less than 1 year	More than 1 year	Contractual cashflows
At 31 December 2022				
Financial liabilities				
Trade payables	144,729,559	144,729,559	-	144,729,559
Amounts due to related parties	39,122,436	39,122,436	-	39,122,436
Accrued expenses and other payables (excluding non-financial liabilities)	75,240,524	75,240,524	-	75,240,524
Bank overdrafts	80,863,956	87,364,994	-	87,364,994
Borrowings – related parties	107,351,692	107,351,692	-	107,351,692
Borrowings – secured loans	548,488,004	392,411,367	437,893,401	830,304,768
	995,796,171	839,719,534	437,893,401	1,284,113,973

27.3 Market risk

Market risk is the risk that adverse movements in foreign exchange rates, interest rates and commodity prices will reduce the Company's income.

(i) Foreign currency risk

31 December 2023

	USD	EUR	GBP	NGN
Trade and other receivables	7,136,788	837,804	-	211,505,124
Trade and other payables	(4,871,744)	(3,060,718)	-	
Amounts due from related parties	1,691,290	-	-	
Bank overdrafts	(712,985)	-	-	
Borrowings	2,367,642	9,842,913	-	
Cash and cash equivalents	355,583	103,527	1,803	733,333,729
Gross exposure	**5,966,574**	**7,723,526**	**1,803**	**944,838,853**

31 December 2022

	USD	EUR	GBP	NGN
Trade and other receivables	5,236,137	1,837,804	-	101,205,607
Trade and other payables	(1,871,744)	(3,060,718)	-	-
Amounts due from related parties	-	-	-	-
Bank overdrafts	(712,985)	-	-	-
Borrowings	1,567,894	9,842,913	-	-
Cash and cash equivalents	243,657	103,527	1,670	645,573,456
Gross exposure	4,462,960	8,723,526	1,670	746,779,063

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

27. Financial risk management (continued)

27.3 Market risk (continued)

(i) Foreign currency risk (continued)

The following exchange rates applied during the year:

	Average Rate		Reporting Rate	
	2023	**2022**	**2023**	**2022**
Ghana Cedi:				
USD	11.9521	10.0973	11.9650	10.0973
EUR	13.1291	10.7788	13.2070	10.7788
GBP	15.215	12.1756	15.2340	12.12756
NGN	0.01332	0.0225	0.1300	0.02252

The Company imports raw materials and finished products from its suppliers overseas and is therefore exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Euro, Pound Sterling and Naira. The Company also sells to various customers overseas which increases its exposure to foreign currency risk. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. Management is responsible for minimising the effect of the currency exposure by holding bank accounts in foreign currencies and also paying foreign denominated liabilities as soon as possible as per the agreed terms of payment.

At 31 December 2023, if the Ghana cedi had weakened or strengthened by 5% against the US Dollar with all other variables held constant, post-tax profit for the year and equity would have been GH¢2,673,771 lower or higher (2022: post tax loss would have been GH¢3,158,000 higher or lower), mainly as a result of Euro denominated trade receivables, trade payables, intercompany receivables and cash and cash equivalents.

At 31 December 2023, if the Ghana cedi had weakened or strengthened by 5% against the Euro with all other variables held constant, post-tax profit for the year and equity would have been GH¢4,028,784 higher or lower (2022: post tax-loss would have been GH¢4,365,080 lower or higher), mainly as a result of US Dollar denominated trade receivables, trade payables, borrowings, intercompany receivables, intercompany payables and cash and cash equivalents.

At 31 December 2023, if the Ghana cedi had weakened or strengthened by 5% against the Pound Sterling with all other variables held constant, post-tax profit for the year and equity would have been GH¢1,029 lower or higher (2022: post tax loss would have been GH¢988 higher or lower), mainly as a result of British Pound denominated cash and cash equivalents.

At 31 December 2023, if the Ghana cedi had weakened or strengthened by 5% against the Nigerian Naira with all other variables held constant, post-tax profit for the year and equity would have been GH¢629,263 higher or lower (2022: post tax loss would have been GH¢443,276 higher or lower), mainly as a result of West African CFA franc denominated trade receivables, intercompany receivables and cash and cash equivalents.

(ii) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with a floating interest rate. To manage this risk, the Company's policy is to contract for best interest rate in borrowing from banks. The Company regularly monitors financing options available to ensure optimum and attractive interest rates are obtained.

The sensitivity analysis for interest rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date.

The Company used sensitivity analysis techniques to measure the estimated impact in the profit or loss from an instantaneous increase or decrease of 1% (100 basis points) in interest rates.

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

27. Financial risk management (continued)

27.3 Market risk (continued)

(ii) Interest rate risk (continued)

The Company calculates the impact on profit or loss of a defined interest rate shift. A change of a 100 basis point in the interest rate at the reporting rate would have impacted equity and profit or loss by the amounts shown below:

	2023 Increase	**2023 Decrease**	2022 Increase	2022 Decrease
Interest expense impact	**(1,296,802)**	**1,296,802**	(708,897)	708,897

(iii) Price risk

The Company does not hold any financial assets or liabilities subject to price risk.

27.4 Capital management

The Company's objectives when managing capital are to:

- safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may limit the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. There are no externally imposed capital requirements. For this purpose, adjusted net debt is defined as total liabilities, comprising interest bearing loans and borrowings less cash and cash equivalents. Equity comprises of all components of equity.

The Company's adjusted net debt to equity at the reporting date was as follows:

	2023	2022
Total liabilities	**1,228,997,797**	1,005,978,563
Less: Cash and bank	**79,665,853**	27,227,021
Net debt	**1,149,331,944**	978,751,542
Total equity	**208,527,851**	138,096,347
	5.51	7.09

28. Fair value of financial assets and liabilities

Fair values have been determined for measurement and/or disclosure purposes based on the following financial instruments included within current assets and current liabilities (excluding borrowings) are generally short term in nature and accordingly their fair values approximate to their carrying values.

Borrowings are mainly floating rated instruments. The estimated fair values approximate their carrying amounts.

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

28. Fair value of financial assets and liabilities (continued)

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The carrying values of trade and other receivables, cash and cash equivalents and trade and other payables approximate their fair values, due to their short-term nature. These are classified as level 3 in the fair value hierarchy, because the inputs used for fair value measurement are unobservable. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

29. Earnings per share

The Company presents basic and diluted earnings per share (EPS) for outstanding ordinary shares. The Company calculates basic earnings per share by dividing profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. On the other hand, dilutive EPS shall be calculated by adjusting profit or loss attributable to ordinary shares outstanding for effects of all dilutive potential ordinary shares.

	2023	2022
Profit/(loss) attributable to shareholders	**20,431,504**	(20,461,756)
Weighted average number of shares at 31 December	**3,550,000,000**	3,550,000,000
Basic earnings per share	**0.0058**	(0.0058)
Diluted earnings per share	**0.0058**	(0.0058)

At the reporting date, basic and diluted earnings per share were the same. There were no outstanding shares with potential dilutive effect on the weighted average number of ordinary shares issued.

30. Comparatives

The comparative amounts have been presented to conform with the current years' presentation format.

31. Contingencies

Litigations / Claims

The Company is involved in lawsuits that arose in the normal course of business. Management's assessment is that the claims against the Company cannot be reasonably estimated or determined and the probable outcome of the legal cases are uncertain. No provision has been made as no material liabilities are expected to arise from these contingent liabilities.

Letters of credit

The Company had established Letters of Credit (LC's) with some commercial banks in Ghana.

Name of Bank	**Maturity**	**USD**	**GH¢**
Societe Generale Ghana Ltd	29 February 2024	8,000,000	-
Stanbic Bank Ghana Ltd	-	-	80,000,000

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

32. Commitments

There were no capital commitments as of 31 December 2023 (2022: Nil).

33. Events after the reporting date

The Company announced the listing of the first tranche (Tranche 01) of its GH¢600 million Bond Programme on the Ghana Fixed Income Market of the Ghana Stock Exchange (GSE) on 4 February 2024.

The Directors are not aware of any other material events that have occurred between the date of the statement of financial position and the date of approval of the financial statements by the Directors that may require adjustment of, or disclosure in the financial statements.

APPENDIX I: SHAREHOLDERS' INFORMATION

1. Details of shareholders

The shareholders in the Company and the respective number of shares held at 31 December 2023 are as follows:

Names	Number of shares	% Shareholding
Mr. Richard Adjei	1,775,000,000	50.00
Mr. Isaac Adjei	1,065,000,000	30.00
Ms. Emelia Adjei	710,000,000	20.00
Reported totals	3,550,000,000	100.00

2. Number of shareholders

The number and distribution of ordinary shareholders with equal voting rights as at 31 December 2023 was as shown below:

	No. of holders	Total holding	% Holdings
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 and above	3	3,550,000,000	100.00
	3	3,550,000,000	100.00

APPENDIX II: FIVE YEAR FINANCIAL SUMMARY

	2023	2022	2021	2020	2019
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Statement of comprehensive income					
Revenue	**1,875,037**	1,285,603	944,997	659,731	523,284
Profit/(loss) before income tax and GSL	**33,956**	(14,654)	37,382	36,293	8,162
Profit/(loss) after income tax and GSL	**20,432**	(20,462)	29,762	31,082	4,162
Total comprehensive income	**20,432**	(20,462)	29,762	31,082	4,162
No. of shares in thousands	3,550,000	3,550,000	3,550,000	3,550,000	3,550,000
Earnings/(loss) per share	**0.0058**	(0.0058)	0.0084	0.0088	0.0012
Statement of financial position					
Assets					
Non-current assets					
Property, plant and equipment	**723,279**	617,775	326,824	280,065	255,017
Right-of-use assets	**20,492**	22,025	-	-	-
Other assets	**42,563**	48,824	135,718	135,030	134,661
Total non-current assets	**786,334**	688,624	462,542	415,095	389,678
Current assets	**651,192**	505,451	379,684	254,176	227,956
Total assets	**1,437,526**	1,194,075	842,226	669,271	617,634
Liabilities					
Non-current liabilities	**307,666**	331,975	103,263	113,900	95,241
Current liabilities	**921,332**	674,004	530,405	376,375	374,479
Total liabilities	**1,228,998**	1,005,979	633,668	490,275	469,720
Net assets	**208,528**	188,096	208,558	178,996	147,914
Equity					
Stated capital	**50,000**	50,000	50,000	10,000	10,000
Retained earnings	**158,528**	138,096	158,558	168,996	137,914
Total equity	**208,528**	188,096	208,558	178,996	147,914
Net assets per share	**0.0587**	0.0530	0.0587	0.0504	0.0417


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