African Champion Industries Limited

Report and Financial Statements

2014

Content

Notice of Annual General Meeting

NOTICE is hereby given that the 23nd Annual General Meeting of African Champion Industries Limited will be held at Christ the King Catholic Church Hall, near Flag Staff house, Accra, on Tuesday July 21st 2015, at 10.30am to transact the following business of the Company:

Agenda:

Ordinary Business

1. To receive and consider the audited Financial Statements for the year ended 31st December 2014 and the Reports of the Directors and Auditors thereon.

2. To approve Directors' fees

3. To authorise the Directors to negotiate and determine the remuneration of the Auditors

4 To reelect Messrs Francis Kalitsi and Oyewole Oyeleye as directors of the company.

5. To consider any other business of an Annual General Meeting

Dated this 20th day of April 2015

A Y Boateng

Akwasi Yaw Boateng
For: BOC Company Services Limited
Company Secretary

Directors, Officials and Registered Office

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

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

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

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

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

Directors' Report

The directors present their report and audited financial statements for the year ended 31 December 2014.

A statement of directors responsibilities is provided on page 4.

Principal activities
The main sources of income of the company is royalties on mining concessions. The directors consider the going concern status of the company as appropriate.

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

	GH¢
The company recorded a net loss after taxation of	**(2,501,018)**
To which must be added a deficit brought forward on the income surplus account at 1 January of	**(5,506,011)**
	(8,007,029)
Leaving a deficit to be carried forward on income surplus account at 31 December of	**(8,007,029)**

The directors do not propose dividend for the year ended 31 December 2014.

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

By order of the board

.... Director

.... Director

24th April, 2015

Statement of Directors' Responsibilities

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

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

The Directors are responsible for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enables them to ensure that the financial statements comply with International Financial Reporting Standards and the Companies Act, 1963 (Act 179). They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

Executive Chairman's Address

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

Company Performance
The current business of the company consists of receiving royalty payments from Adamus Resources for the Teleku Bokazo gold mine, these payments totalled **GH¢ 2,559,628** in 2014.

Going Forward
The Company intends to undertake a rights issue in 2015 to complete the process of financial restructuring.

The present value creation strategy of the company is to acquire significant interest in hard-currency generating assets in West Africa, primarily in the natural resource and property sectors.

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

Directors
Mr. Francis Kalitsi was reappointed to the Board.

Ladies and Gentlemen,

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

Elkin Kwesi Safo Pianim
EXECUTIVE CHAIRMAN

Independent Auditor's Report

To the Shareholder of African Champion Industries Limited

We have audited the financial statements of Africa Champion Industries Limited on pages 8 to 29, which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity, and cash flow statement for the year then ended, together with the summary of significant accounting policies and other explanatory notes, and have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRS) and Companies Act, 1963 (Act 179). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

The company's operations were partly funded by short term payables and other borrowings. The applicability of the going concern basis therefore is predicated on the continued availability of such sources of funding.

Opinion

In our opinion, subject to the foregoing, the company has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies Act, 1963 (Act 179). The financial statements give a true and fair view of the financial position of the company as at 31 December 2014, and of its financial performance and cash flow for the year then ended and are drawn up in accordance with the International Financial Reporting Standards.

Independent Auditor's Report, continued

To the Shareholder of African Champion Industries Limited

Report on other legal requirements

The Ghana Companies Act, 1963 (Act 179) requires that in carrying out our audit work we consider and report on the following matters. We confirm that:

i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. in our opinion proper books of accounts have been kept by the company so far as appears from our examination of those books; and

iii. The financial position and income statement of the company are in agreement with the books of accounts.

E. Offei - ICAG/P/1102
BOATENG, OFFEI & CO. [ICAG/F/2015/108]
Chartered Accountants
D3467/1A, Osu-La Road
Ako Adjei, Accra, Ghana

24th April, 2015

Statement of Comprehensive Income

For the year ended 31 December 2014

	Notes	2014 GH¢	2013 GH¢
Revenue		**2,559,628**	455,186
Operating expenses	5.3	**(1,490,452)**	(158,082)
Gross profit		**1,069,176**	297,104
Other income	5.1	**54,150**	-
Redundancy expenses	5.5	**(1,906,424)**	-
Profit/(loss) on disposal property plant & equipment	9	**(34,300)**	-
Operating (loss)/profit		**(817,398)**	297,104
Finance costs	5.4	**(1,007,348)**	(768,920)
(Loss)/profit before tax		**(1,824,746)**	(471,816)
Income tax expense	6	**-**	-
Profit for the year from continuing operations		**(1,824,746)**	(471,816)
Discontinued operations	8		
Profit/(loss) for the year from discontinued operations		**-**	(5,627,137)
Profit/(loss) for the year		**(1,824,746)**	(6,098,953)
Other comprehensive income/loss			
Profit/(loss) on disposal-investment in subsidiary	10	**(676,272)**	-
Total Comprehensive income/loss		**(2,501,018)**	(6,098,953)
Earnings per share	7	**(0.0683)**	(0.1666)

Statement of Financial Position

As at 31 December 2014

Assets	Notes	2014	2013
		GH¢	GH¢
Non-current assets			
Property, plant and equipment	9	**12,127**	55,990
Investment in subsidiary	10	**-**	1,068,356
		12,127	1,124,346
Current assets			
Corporate tax	6	**36,769**	-
Trade and other receivables	11	**249,998**	172,332
Cash and cash equivalents	12	**24,144**	17,700
		310,911	190,032
Total assets		**323,038**	1,314,378
Equity and liabilities			
Equity attributable to equity holders			
Stated capital	13a	**1,505,455**	1,505,455
Retained earnings		**(8,007,029)**	(5,506,011)
Total equity		**(6,501,574)**	(4,000,556)
Current liabilities			
Trade and other payables	16a	**2,569,501**	3,627,717
Short term borrowings	15	**4,255,111**	1,611,768
Corporate tax	6	**-**	75,449
		6,824,612	5,314,934
Total Liabilities		**6,824,612**	5,314,934
Total equity and liabilities		**323,038**	1,314,378

Approved by the Board on 24th April, 2015

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DIRECTOR DIRECTOR

The notes on pages 12 to 29 form an integral part of these accounts.

Statement of Changes in Equity

For the year ended 31 December 2014

Company

	Share capital GH¢	Retained earnings GH¢	Other capital reserves GH¢	Total equity GH¢
Balance at 1 January 2014	1,505,455	(5,506,011)	-	**(4,000,556)**
Total comprehensive income/(loss)	-	(2,501,018)	-	**(2,501,018)**
Balance at 31 December 2014	1,505,455	(8,007,029)	-	**(6,501,574)**

	Share capital GH¢	Retained earnings GH¢	Other capital reserves GH¢	Total equity GH¢
Balance at 1 January 2013	1,505,455	(6,465,008)	7,057,950	**2,098,397**
Total comprehensive income/(loss)	-	(6,098,953)	-	**(6,098,953)**
capital surplus transferred	-	7,057,950	(7,057,950)	**-**
Balance at 31 December 2013	1,505,455	(5,506,011)	-	**(4,000,556)**

Statement of Cash Flows

For the year ended 31 December 2014

	Company	
	2014	**2013**
Operating activities	**GH¢**	**GH¢**
Operating (loss)/profit before tax	**(2,501,018)**	(6,098,953)
Adjustment to reconcile profit before tax to net cash flows		
Depreciation & impairment of property, plant & equip.	**2,773**	100,852
Interest on Loan Accrued	**865,099**	1,145,363
Exchange Loss	**677,106**	105,786
Interest on Loan paid	**(752,873)**	(700,627)
(Profit)/loss on disposals of property, plant & equip.	**34,300**	2,095,315
(Profit)/loss on disposals of invesment insubsidiary	**676,272**	-
Working capital adjustments:		
Decrease/(increase) in trade and other receivables	**(77,666)**	813,615
Decrease in inventories	**-**	274,625
(Decrease)Increase in trade and other payables	**(1,058,215)**	(450,669)
Income tax paid	**(112,218)**	(54,603)
Net cash flows from operating activities	**(2,246,440)**	(2,769,296)
Investing activities		
Proceeds from sale of property, plant & equipment	**8,450**	4,026,649
Purchase of property, plant and equipment	**(1,660)**	(23,001)
Proceeds from sale of investment in subsidiary	**392,084**	-
Net cash flows used in investing activities	**398,874**	4,003,648
Financing activities		
Short term Borrowings	**2,248,245**	2,424,462
Loan repayment	**(394,235)**	(3,662,073)
Net cash flows used in financing activities	**1,854,011**	(1,237,611)
Net (decrease)/increase in cash and cash equivalents	**6,444**	(3,259)
Cash and cash equivalents at 1 January	**17,700**	20,959
Cash and cash equivalents at 31 December	**24,144**	17,700

Notes to the Financial Statements

For the year ended 31 December 2014

1. Reporting entity

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

2.0 Basis of preparation

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

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) and the Companies Act, 1963 (Act 179).

2.2 Use of estimates and judgement

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

2.3 Summary of significant accounting policies

Revenue recognition

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

Sale of goods

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

Current income tax

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

Non-current assets held for sale and discontinued operations

"Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This

Notes to the Financial Statements

For the year ended 31 December 2014, continued

2.3 Summary of significant accounting policies conitnued

condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated/amortised."

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

2.4 Summary of significant accounting policies

Financial instruments

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2014, continued

2.4 Summary of significant accounting policies conitnued

Financial liabilities

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

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

Property, plant and equipment

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

Depreciation is calculated using reducing balance method:

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

Depreciation is calculated using reducing balance method:

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

The details are as follows:

Computers	50%
Motor vehicles	20%

Leases

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

Notes to the Financial Statements

For the year ended 31 December 2014, continued

2.4 Summary of significant accounting policies - continued

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2014, continued

2.4 Summary of significant accounting policies - continued

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

Impairment of non-financial assets

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

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

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

3. Significant accounting judgements, estimates and assumptions

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

Notes to the Financial Statements

For the year ended 31 December 2014, continued

3. Significant accounting judgements, estimates and assumptions - continued

Estimates and assumptions

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

Fair value of financial instruments

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

4. Segment information

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

Discontinued operations

Cost of sales	**2014**	**2013**
This includes:	**GH¢**	**GH¢**
Purchases	-	279,138
Salaries & Wages	-	615,262
Other production expenses	-	853,785
Depreciation	-	90,431
Movement in stock	-	105,464
	-	1,944,080

Notes to the Financial Statements
For the year ended 31 December 2014, continued

5. Other income and expenses

		2014	2013
	Continuing operation		
5.1	**Other income**	**GH¢**	**GH¢**
	Discount from renegotiated settlement with vendors	**54,150**	-

	2014	2013
Discontinued operation		
Other income	**GH¢**	**GH¢**
Sale of by-products	-	12,949
	-	12,949

	2014	2013
Discontinued operation		
Selling and distribution costs	**2014**	**2013**
This includes:	**GH¢**	**GH¢**
Advertising	-	1,467
Selling expenses	-	24,354
	-	25,821

		2014	2013
	Continuing operation		
5.3	**Operating expenses**	**2014**	**2013**
	This includes:	**GH¢**	**GH¢**
	Audit fees	**10,000**	-
	Management services fees	**463,957**	-
	Bad debt expense	**17,500**	-
	Depreciation	**2,773**	-
	Travelling & Transport	**19,433**	-
	Exchange loss	**851,934**	-

	Company	
Discontinued operation		
Operating expenses	**2014**	**2013**
This includes:	**GH¢**	**GH¢**
Directors' emoluments - Executive	-	64,600
Salaries and wages	-	516,377
Audit fees	-	15,000
Consultancy services	-	203,499
Bad debt expense	-	697,650
Depreciation	-	10,422
Travelling & Transport	-	149,840
Motor Running expenses	-	52,915

Notes to the Financial Statements

For the year ended 31 December 2014, continued

	Continuing operation	2014	2013
5.4	**Finance cost**	**GH¢**	**GH¢**
	Bank interest and charges	**1,007,348**	**768,920**
5.5	**Redundancy**	**1,906,424**	**-**

As mentioned in the Executive Chairman's report in 2013, redundancy negotiations were agreed with the unions. As a result, a loan of GHS 2.2 million was contracted from UT Bank to facilitate the redundancy payments. The GHS 1.9M represent benefits paid to all the employees who were laid off. Rest of loan amount was used to reduce the company's debt.

Taxation - Company

6. Corporate tax

	At 1 Jan. GH¢	Payment GH¢	Charge for the year GH¢	At 31 Dec. GH¢
Corporate tax				
2003 - 2008	(3,949)	-	-	(3,949)
2009	129	-	-	129
2010	(787)	-	-	(787)
2011	40,463	-	-	40,463
2012	(781)	-	-	(781)
2013	(54,603)		-	(54,603)
2014	-	(112,218)	-	(112,218)
	(19,528)	(112,218)	-	(131,746)
2004				
National reconstruction levy	1,555	-	-	1,555
2011				
Capital gain tax	93,422	-	-	93,422
	75,449	(112,218)	-	(36,769)

Notes to the Financial Statements

For the year ended 31 December 2014, continued

7. Earnings per share

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

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

	Company	
	2014	**2013**
	GH¢	**GH¢**
Net profit attributable to equity holders	**(2,501,018)**	(6,098,953)
Number of ordinary shares for basic	**36,603,264**	36,603,264
Earnings per share	**(0.0683)**	(0.1666)

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

8 Analysis of profit/(loss) for the year from discontinued operations

		Company	
		2014	**2013**
	Note	**GH¢**	**GH¢**
Sale of goods		-	1,343,711
Revenue			1,343,711
Cost of sales		-	(1,944,080)
Gross profit/(loss)		-	(600,369)
Other income	5.1	-	12,949
Selling and distribution costs		-	(25,821)
Administrative expenses	5.3	-	(1,422,736)
Bad Debt expense		-	(697,650)
Profit/(loss) on disposal	9	-	(2,095,315)
Operating (loss)/profit		-	(4,828,942)
Finance costs	5.4		(798,195)
(Loss)/profit before tax		-	(5,627,137)
Income tax expense	6	-	-
(Loss)/profit for the year		-	(5,627,137)

Notes to the Financial Statements

For the year ended 31 December 2014, continued

9. Property, plant & equipment - company

2014	At	Additions/	Disposal/	At
	1 Jan	revaluation	Transfers	31 Dec
Cost/valuation	GH¢	GH¢	GH¢	GH¢
Computer	-	1,660	-	**1,660**
Motor vehicles	18,463	-	-	**18,463**
Work in progress	42,750	-	(42,750)	**-**
	61,213	1,660	(42,750)	**20,123**

	At	Charge for	Disposal/	At
Depreciation	1 Jan	the year	Transfer	31 Dec
	GH¢	GH¢	GH¢	GH¢
Computer and accessories	-	479		**479**
Motor vehicles	5,223	2,294	-	**7,517**
	5,223	2,773	-	**7,996**
Net book value				
At 31 December 2014	55,990			**12,127**

9. Property, plant & equipment - company -2013

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

Notes to the Financial Statements

For the year ended 31 December 2014, continued

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

	Disposals	Cost GH¢	Accu. Depn. GH¢	Carrying Amount GH¢	Proceeds GH¢	Profit/ (Loss) GH¢
9	**WIP - Plant & Machinery**	42,750	-	42,750	8,450	34,300

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

Impairment of property, plant and equipment

There was no material impairment loss.

Notes to the Financial Statements

For the year ended 31 December 2014, continued

9. Property, plant & equipment - Group

2013	**At 1 Jan GH¢**	**Additions/ revaluation GH¢**	**Disposal/ Transfers GH¢**	**At 31 Dec GH¢**
Cost/valuation				
Buildings	5,041,682	-	(5,041,682)	**-**
Leasehold land	433,500	-	(433,500)	**-**
Plant and equipment	1,501,453	-	(1,501,453)	**-**
Office furniture & equip.	73,929	4,062	(65,032)	**12,959**
Computer and accessories	115,674	23,001	(138,675)	**-**
Motor vehicles	1,550,624	2,414,246	(121,273)	**3,843,597**
Work in progress	98,597	-	(55,847)	**42,750**
	8,815,459	2,441,309	(7,357,462)	**3,899,306**

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2014, continued

10. Investment in subsidiary

The Company sold its 51% interest in VRS in accordance with shareholders agreement and the proceeds used to reduce its indebtedness.

	Cost	Accu. Depn.	Carrying Amount	Proceeds	(Profit)/loss
	GH¢	GH¢	GH¢	GH¢	GH¢
Investment In subsidiary	1,068,356	-	1,068,356	392,084.00	676,272

11. Trade & other receivables

	Company 2014	2013
	GH¢	GH¢
Trade receivables	**249,998**	19,270
Other receivables	**-**	102,600
Related parties	**-**	50,462
	249,998	172,332

12. Cash and cash equivalents

	2014	2013
	GH¢	GH¢
Cash at banks and on hand	**24,144**	17,700
	24,144	17,700

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

13. Share capital and other capital reserves.

13a. Share capital	2014 000	2013 000
Number of shares:		
Authorised shares : Ordinary shares of no par value	**100,000**	100,000
Issued ordinary shares:		
Issue for cash and fully paid	**18,070**	18,070
Issue for consideration other than cash	**14,370**	14,370
Issue for consideration other than cash	**4,163**	4,163
	36,603	36,603

Notes to the Financial Statements

For the year ended 31 December 2014, continued

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

14 Other capital reserves

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

15. Borrowings

The Company obtained an 18-month facility from UT Bank for GHS2,200,000 in April 2014, and a Loan of GHS 48,245.11 from Serengeti Capital.These were used to fund redundancy payments and other statutory obligations.

	Company	
	2014	2013
	GH¢	GH¢
Balance at 1 January	**1,611,768**	2,298,858
Additions during the year	**2,248,245**	2,424,462
Interest on Loan during the year	**865,099**	1,145,363
Exchange Loss during the year	**677,106**	105,786
Less: Repayment : Interest	**5,402,219**	5,974,469
: Principal	**(752,873)**	(700,627)
Balance at 31 December	**(394,235)**	(3,662,073)
	4,255,111	1,611,768
Due within one year		
	4,255,111	1,611,768
Due after one year		
	-	-

Notes to the Financial Statements

For the year ended 31 December 2014, continued

16a. Trade and other payables

	2014 GH¢	2013 GH¢
Trade payables	**834,220**	1,772,610
Advance payment from Clients	**-**	-
Statutory deductions	**1,437,430**	1,551,421
Accruals	**7,619**	15,000
Other payables	**290,233**	288,686
	2,569,501	3,627,717

16b Other payables

Included in other payables is the amount of GHS 279,616 due to related party.

17. Related party disclosures

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

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2014, the company has not recorded any impairment of receivables relating to amounts owed by related parties (2013: GH¢Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

18. Other financial assets and financial liabilities

Fair values

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

Company	**Carrying amount**		**Fair value**	
	2014 GH¢	**2013 GH¢**	**2014 GH¢**	**2013 GH¢**
Financial assets				
Cash and cash equivalents	**24,144**	17,700	**24,144**	17,700
Trade and other receivables	**249,998**	172,332	**249,998**	172,332
Financial liabilities				
Trade and other payables	**2,569,501**	3,627,717	**2,569,501**	3,627,717

Notes to the Financial Statements

For the year ended 31 December 2014, continued

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

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

19. Commitments and contingencies

Capital commitments
There were no commitments at 31 December 2014 (2013: GH¢Nil).

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

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

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

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

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

21. Financial risk management objectives and policies - continued

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

Notes to the Financial Statements

For the year ended 31 December 2014, continued

21. Financial risk management objectives and policies - continued

Liquidity risk

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

Credit risk

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

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

Capital management

"Capital includes equity attributable to the equity holders."

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

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

No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

22. Events after the balance sheet date

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

Notes to the Financial Statements
For the year ended 31 December 2014, continued

23. Details of the 20 largest shareholders as at 31 December 2014

	Name of shareholder	Holdings	% Holding
1	Serengeti Capital	8,019,003	21.9%
2	Mr & Mrs Abu Kareem & Samirah Abu	3,996,759	10.9%
3	Jide Zietlin	3,875,916	10.6%
4	Griffin Financial Services Limited	3,323,600	9.1%
5	Atlantic International	2,324,069	6.3%
6	Michael De Anda	1,504,920	4.1%
7	Liberty capital Ghana Limited	1,443,300	3.9%
8	Strategic Initiatives Ltd	1,294,405	3.5%
9	Harex Asset Management	1,241,401	3.4%
10	Pianim Elkin ITF Cornelia	1,117,932	3.1%
11	Z. J. Jide	991,728	2.7%
12	Noel F. Hayes	830,155	2.3%
13	SCB/Barclays Mauritius Re: Oridun	577,612	1.6%
14	Nicholas . K. Pianim	388,471	1.1%
15	Mr & Mrs Abu Kareem & Samirah Abu	309,235	0.8%
16	Duke Essiam	289,452	0.8%
17	Owusu Baah	285,141	0.8%
18	Miss L Shere-Mi	282,668	0.8%
19	F Andoh	254,168	0.7%
20	Miss H -Li-Feni	227,200	0.6%
	Reported total	32,577,135	89.0%
	Not reported	4,026,129	11.0%
		36,603,264	100%

AFRICAN CHAMPION INDUSTRIES LIMITED (ACI) Proxy Form, 2015 AGM

I, ____, being a member of ACI and holding

____ shares, hereby appoint or, failing that as my proxy to vote for me at the Annual General Meeting of the Company to be held on 21st July , 2015 and at any adjournment thereof.

Name: __________________________________ Signature:______________________ Date:___________

Ordinary Resolution Number	For	Against
1.	☐	☐

Please indicate an 'X' in the appropriate square how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.