

**HORDS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

## HORDS LIMITED

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**REPORT OF THE DIRECTORS TO THE MEMBERS OF HORDS LIMITED**  
**GENERAL INFORMATION**

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Board of Directors: Mr. Kwame Ofori Asomaning (Chairman, Appointed 5/05/2015)  
Mr. Papa Wasssa Chiefy Nduom (Appointed 5/05/2015)  
Mr. Fiifi Simpson (Appointed 25/08/2015)  
Mr. Harold Otabil (Managing Director)  
Mr. Kobina Nkum Akwa  
Mr. Micheal Taylor (Resigned 25/08/2015)

Secretary: GN Legal Limited  
H/NO. 5 Mozambique link Road, North Ridge, Accra  
P.O. BOX CT 3998  
Cantonments. Accra

Registered Office: 3 Kanda, Accra  
Kade avenue street

Auditors: CFY Partners  
134 Robinson Crescent, Swanlake Road  
PMB 2  
North Kaneshie  
Accra

Bankers: GN Bank  
Zenith Bank

## **REPORT OF THE DIRECTORS TO THE MEMBERS OF HORDS LIMITED**

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The Directors submit their report and the audited financial statements for the year ended 31 December 2015, which disclose the state of affairs of the company.

### **Directors' responsibility for the financial statements**

The Directors are responsible for the preparation of financial statements for the financial period which give a true and fair view of the financial position of the company and of the statement of comprehensive income, statement of changes in equity and statement of cash flows. In preparing these financial statements, the Directors have selected suitable accounting policies and then applied them consistently, made judgments and estimates that are reasonable and prudent and followed the full International Financial Reporting Standards (IFRS) and complied with the Companies Act, 1963 (Act 179) (as amended) and the Securities & Exchange Commission 2003 (L.I. 1728). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Principal Activities**

The company's business is in areas of manufacturing of food and beverages, food supplements, detergents, laundry products, agricultural consultants and importation and exportation of goods.

### **Financial results**

The results are summarized as follows

Total comprehensive income for the year ended 31 December 2015 after tax is  
to which is added balance on retained earnings account balance brought forward of  
leaving the retained earnings account balance of

GH¢  
37,129  
119,484  
156,613

### **Dividend**

The Directors do not recommend the payment of dividend to the shareholders.

### **Auditors**

In accordance with Section 134(5) of the Companies Act, 1963 (Act 179) (as amended), the auditor, CFY Partners, has expressed willingness, to continue in office.

### **Going Concern**

The financial statements have been prepared on the going concern basis because management has no intention to liquidate or curtail materially the scale of operations nor is management aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Also, management is satisfied that the Company has the necessary resources to continue in business for the foreseeable future.

**Acknowledgment**

The board of directors hereby expresses its sincere appreciation for the support, loyalty, and dedicated service of the staff, management, and all stakeholders of the Company over the past year.

Finally, our sincere thanks to our cherished customers for the steadfast loyalty and confidence in our products and our business.

Signed on behalf of the Board by:

.....  
Director  
Date 6/5/2016

.....  
Director  
Date 6/5/16

## **REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD OF DIRECTORS OF HORDS LIMITED**

### **Report on the financial statements**

We have audited the accompanying financial statements of HORDS Limited which comprise the Statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and the statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory notes.

### **Director's responsibility for the financial statements**

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with full International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1963 (Act 179) and the Securities & Exchange Commission 2003 (L.I. 1728). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence 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 controls 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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Hords Limited as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with full International Financial Reporting Standards and comply with the Ghana Companies Code 1963, (Act 179) and the Securities & Exchange Commission 2003 (L.I. 1728).

**Report on other legal requirements**

*Compliance with the requirements of Companies Code, 1963(Act 179) and the Securities and Exchange Commission Regulations, 2003 (L.I 1728)*

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, and the statements of financial position and comprehensive income are in agreement with the books of account.

The company's transactions were within its powers, and the company complied with the relevant provisions of the Securities and Exchange Commission Regulations, 2003 (L.I 1728) and the Companies Code, 1963 (Act 179).

*CFY Partners*

Signed by: Daniel Quampah(ICAG/P1075)

For and on behalf of:

CFY Partners (ICAG/F/2016/073)

Chartered Accountants

134 Robinson Crescent, Swanlake Rd

PMB 2, North Kaneshie

Accra

*06-05-2016*

**HORDS LIMITED**  
**STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2015**  
*(All amounts are expressed in Ghana Cedis)*

Assets	Notes	2015	2014
Property, plant and equipment	6	1,508,160	1,212,711
Intangible Assets	7	<u>532,168</u>	<u>566,851</u>
<b>Total non-current assets</b>		<b><u>2,040,328</u></b>	<b><u>1,779,562</u></b>
Inventories	8	323,462	80,284
Trade and other receivables	9	428,510	517,498
Taxation	16	3,000	-
Financial instruments	10	1,534,700	-
Cash and cash equivalents	11	<u>120,707</u>	<u>26,522</u>
<b>Total current assets</b>		<b><u>2,410,379</u></b>	<b><u>624,304</u></b>
<b>Total assets</b>		<b><u>4,450,707</u></b>	<b><u>2,403,866</u></b>
<b>Equity</b>			
Share capital	12	3,250,000	250,000
Reserves and Surplus	13	(174,425)	-
Retained earnings		<u>156,613</u>	<u>119,484</u>
<b>Total equity</b>		<b><u>3,232,188</u></b>	<b><u>369,484</u></b>
<b>Non - current liabilities</b>			
Borrowings	14	-	<u>1,131,819</u>
<b>Total non-current liabilities</b>		<b>-</b>	<b><u>1,131,819</u></b>
<b>Total current liabilities</b>			
Trade and other payables	17	338,979	590,677
Borrowings	15	748,231	182,210
Deferred tax	16	<u>131,309</u>	<u>129,676</u>
<b>Total current liabilities</b>		<b><u>1,218,519</u></b>	<b><u>902,563</u></b>
<b>Total liabilities</b>		<b><u>1,218,519</u></b>	<b><u>2,034,382</u></b>
<b>Total equity and liabilities</b>		<b><u>4,450,707</u></b>	<b><u>2,403,866</u></b>

The accompanying notes on pages 11 to 38 form part of these financial statements

These financial statements were approved by the Board of Directors on and signed on its behalf by:

Date:

6/5/2016

Date:

6/5/16



**HORDS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER**  
**2015 (All amounts are expressed in Ghana Cedis)**

	Notes	2015	2014
Revenue		2,569,789	2,256,424
Cost of sales	18	<u>(1,755,535)</u>	<u>(1,427,444)</u>
<b>Gross profit</b>		<b>814,254</b>	<b>828,980</b>
Selling and Distribution costs	19	<u>(171,109)</u>	<u>(117,782)</u>
General and Administrative Expenses	20	<u>(792,210)</u>	<u>(542,035)</u>
<b>Operating (loss)/profit</b>		<b>(149,065)</b>	<b>169,163</b>
Finance cost		<u>(6,583)</u>	<u>(5,516)</u>
Other Income	21	<u>194,410</u>	<u>627,807</u>
<b>Profit before tax</b>		<b>38,762</b>	<b>791,455</b>
Income tax expense		<u>(1,633)</u>	<u>(129,676)</u>
<b>Profit after tax</b>		<b><u>37,129</u></b>	<b><u>661,778</u></b>
<b>Other comprehensive income</b>		-	-
<b>Total other comprehensive income</b>		<b><u>37,129</u></b>	<b><u>661,778</u></b>
<b>Earnings per share</b>			
Basic earnings per share		<b>0.003</b>	0.012
Diluted earnings per share		<b><u>0.003</u></b>	<u>0.012</u>

The accompanying notes on pages 11 to 38 form part of these financial statements

**HORDS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015**  
*(All amounts are expressed in Ghana Cedis)*

	Share Capital	Retained Earnings	Total Equity
<b>Year ended December 31, 2015</b>			
Balance at 1 January 2015	250,000	119,484	269,484
Issue of Shares	3,000,000	-	3,000,000
Total comprehensive income	-	<u>37,129</u>	<u>37,129</u>
Balance at 31 December 2015	<u><b>3,250,000</b></u>	<u><b>156,613</b></u>	<u><b>3,406,613</b></u>
<b>Year ended December 31, 2014</b>			
Balance at 1 January 2014	500	(542,295)	(541,795)
Issue of Shares	249,500	-	249,500
Total comprehensive income	-	<u>661,779</u>	<u>661,779</u>
Balance at 31 December 2014	<u>250,000</u>	<u>119,484</u>	<u>369,484</u>

The accompanying notes on pages 11 to 38 form part of these financial statements

**HORDS LIMITED****STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2015***(All amounts are expressed in Ghana Cedis)*

	2015	2014
<b>Cash Flow from Operating Activities</b>		
Profit/ (Loss) before Taxation	38,762	791,455
Adjustments for:		
Depreciation	43,278	26,403
Amortization	58,683	52,528
Interest Expense	6,583	5,516
Interest on mutual fund	(34,700)	-
Loan write-off	<u>(159,710)</u>	<u>(627,808)</u>
Operating Profit before Working Capital Changes	(47,104)	248,094
(Increase)/Decrease in Accounts Receivables	88,987	10,939
(Increase)/Decrease in inventories	(243,178)	321,441
Increase / (Decrease) in Accounts Payable	<u>(251,698)</u>	<u>(567,493)</u>
Cash Generated from operations	(452,993)	12,981
Interest received	34,700	-
Interest Paid	(6,583)	(5,516)
Income Tax Paid	<u>(3,000)</u>	<u>-</u>
<b>Net cash flow from operating activities</b>	<u>(427,876)</u>	<u>7,465</u>
<b>Cash flows from investing activities</b>		
Purchase of Property, Plant and Equipment	(338,726)	(15,120)
Purchase of Intangible Assets	(24,000)	(15,000)
Purchase of Investment	<u>(1,534,700)</u>	<u>-</u>
<b>Net cash flow used in investing activities</b>	<u>(1,897,426)</u>	<u>(30,120)</u>
<b>Cash flows from financing activities</b>		
Issue of shares	3,000,000	-
Issuing cost	(174,425)	-
Short Term Loans	<u>(406,088)</u>	<u>-</u>
<b>Net cash flow from financing activities</b>	<u>2,419,487</u>	<u>-</u>
<b>(Decrease)/ Increase in cash and cash equivalents</b>	94,185	(22,655)
Cash and cash equivalent at 1st January	<u>26,522</u>	<u>49,177</u>
<b>Cash and cash equivalents at 31st Dec.</b>	<u>120,707</u>	<u>26,522</u>

The accompanying notes on pages 11 to 38 form part of these financial statements

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER**  
**2015(CONTINUED) (All amounts are expressed in Ghana Cedis)**

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**1. GENERAL INFORMATION**

HORDS Limited is a wholly own Ghanaian indigenous company, registered in 1999 as a limited liability company to research, develop and produce Cereals, detergents and other food supplements in Ghana.

The company adds value to raw material such as cocoa, cassava, soya, and herbs to produce food supplements, breakfast cereals detergents and disinfectants and laundry starch. In the last 12 years, HORDS has focused on researching its products and has launched Brown Gold, Soyabetix, Cocobetix, and Spray Starch as flagship brands to the market.

**2. BASIS OF PREPARATION**

The company adopted international financial reporting standards (IFRS) with effect from 1 January 2015 which is the date of transition to IFRS. The company's opening financial position on 1 January 2015 and information have been restated in accordance with IFRS 1 First –time Adoption of International Financial Reporting Standards.

The financial statements are prepared on the historical cost basis, in accordance with International Financial Reporting Standards (IFRS) and comply with the requirement of the companies Act 1963 (Act 179).

The financial statements of the company up to 31 December 2014 have been prepared in accordance with the Ghana National Accounting Standards (GNAS). When preparing the opening statement of financial position as at 1 January 2015, management has amended certain accounting and valuation methods applied in the GNAS financial statements to comply with IFRS. The comparative figures in respect of 2014 financial statements were restated to reflect the adjustments.

The opening statement of financial position, reconciliation and description of the effect of the transition from GNAS to IFRS on the equity and net income of the company are given in the note 22 on pages 29 to 32.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note...

**2.1. Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

**2.2. Functional and Presentational Currency**

The financial statements are presented in Ghana Cedis (GH¢) which is the functional and presentation currency.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all transactions in the year presented, unless otherwise stated.

#### **Employee Benefits**

##### *i. Short term obligations*

Wages and salaries paid to employees are recognized as an expense in the statement of comprehensive income during the period when the expense is incurred. Also, the expected cost of outstanding leave as at the statement of financial position date is also recognized as an additional amount. Liabilities for wages, salaries, and outstanding or unused annual leave expected to be settled within 12 months of the reporting date are recognized in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

##### *ii. Pensions obligations*

The Company contributes towards the defined contribution plans in compliance with The National Pensions Act (Act 766). The Company is required to make a monthly contribution of 13% of employees' basic salaries, whilst the employee makes a contribution of 5.5%, making a total of 18.5% of workers basic salaries. The Act seeks to implement a three-tier pension scheme which is regulated by the National Pension Regulatory Authority (NPRA):

##### *Tier 1 & 2- Basic National Social Security Scheme & Occupational pension scheme*

Employees and employers contribute 5.5% and 13% respectively of employees' basic salaries, making a total of 18.5%, towards the Tier 1 & 2 pension schemes. The first-tier is a basic national social security scheme and is mandatory for all employees. Out of the total 18.5%, 13.5% is paid to Social Security and National Insurance Trust who manages 11% of the amount, and remit the rest (2.5%) to the National Health Insurance Scheme. However, the second-tier is also mandatory and it is 5% of basic salaries of employees. The second-tier provides a lump sum payment upon retirement or death and can also be used by employees to secure mortgages. Retirement can result from either or attainment of retirement age, due to medical reasons, becoming self-employed or unemployed at the age of fifty or a result of permanent disability.

##### *a) Tier 3 – Provident Fund Scheme*

The Company is yet to establish a provident fund scheme for its employees.

##### *Foreign currency translation*

The company's financial statements are presented in Ghana cedis (GH¢) which is also the company's functional currency. Items included in the financial statements of the company are measured using that functional currency.

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**  
**(CONTINUED) (All amounts are expressed in Ghana Cedis)**

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***Transactions and balances***

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 rate of exchange ruling at the reporting 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 rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined

***Revenue recognition***

i. Sale of goods

Revenue from sales of goods is recognized when the goods are delivered and title has passed. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes collected on behalf of the Government

ii. Investment income

Investment income for all financial instruments, including financial instruments measured at fair value through income statement is recognized within 'investment income' in the statement of comprehensive income using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

***Financial instrument***

Assets and liabilities in this category are classified as current assets and current liabilities if they are expected to be realized within 12 months of the balance sheet date. Those not expected to be realized within 12 months of the balance sheet date are classified as non-current.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or has transferred substantially all risks and rewards of ownership.

Investment income from financial assets at fair value through profit or loss is recognized in the statement of comprehensive income within investment income when the right to receive payments is established. Investment income is recognized in the statement of comprehensive income.

***Financial Instruments Disclosure***

Hords limited discloses information about the right to set-off and related party transaction.

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**  
**(CONTINUED) (All amounts are expressed in Ghana Cedis)**

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*Impairment of financial assets*

The company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset or 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 group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group 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 reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as change in arrears or economic conditions that correlate with defaults.

*Derecognition of financial assets*

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the company has transferred substantially all risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under the "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognized to the extent of the company's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**  
**(CONTINUED)** *(All amounts are expressed in Ghana Cedis)*

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***Impairment of non-financial assets***

The carrying values of property, plant and equipment are reviewed for indications of impairment annually, or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units to which the asset belongs are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For 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. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets 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 revalue amount, in which case the reversal is treated as a revaluation increase.

***Taxation***

**(a) Income tax**

Income tax is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly in shareholders' equity or other comprehensive income, in which case it is recognized in shareholders' equity or other comprehensive income.

Current 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 reporting date. Current tax assets and liabilities are offset when the Company intends to settle on net basis and the legal right to set-off exists.

**(b) Deferred income tax**

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

when the deferred income tax liability arises from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



## HORDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(CONTINUED) *(All amounts are expressed in Ghana Cedis)*

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Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- when the deferred income tax assets relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.
- The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

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

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

#### ***Property, plant and equipment***

The company recognizes an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it and the cost can be reliably measured by the company.

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on the depreciable amount of each asset on a straight-line basis over the anticipated useful life of the asset. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset.

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**  
**(CONTINUED) (All amounts are expressed in Ghana Cedis)**

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The residual value is the estimated amount, net of disposal costs that the company would currently obtain from the disposal of an asset in similar age and condition as expected at the end of the useful life of the asset.

When significant parts of property, plant and equipment are required to be replaced in intervals, the company recognizes such parts as individual assets with specific useful lives and depreciation respectively. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The current annual depreciation rates for each class of property, plant and equipment are as follows:

Computer and Accessories	33.33%
Office Equipment	20%
Motor Vehicle	20%
Plant and Machinery	10%
Furniture and Fittings	20%

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 item) is included in the statement of comprehensive income in the year the item is derecognized.

Residual values, useful lives and methods of depreciation for property and equipment are reviewed, and adjusted if appropriate, at each financial year end.

***Intangible Assets***

***Development Cost***

Cost associated with developing the company's products are capitalized where;

- The technical and commercial feasibility associated with the product is established.
- The products have been fully developed and can be offered for sale.
- It is probable that future economic benefits associated with the products will flow to the entity
- The company is able to reliably measured the cost associated with developing the products

These costs are amortized over their estimated useful life (15 years)

Where the above criteria are not met the expenditures incurred are written off in the profit or loss account.

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**  
**(CONTINUED) (All amounts are expressed in Ghana Cedis)**

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***Computer Software***

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding five years).

***Inventory***

Inventories are stated at the lower of cost and selling price less cost to complete and sell. Cost is calculated using the first in first out (FIFO) method.

***Trade and other Receivables***

Most sales are made on the basis of credit terms. At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized in the statement of comprehensive income.

***Trade payable and accruals***

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. If not, they are presented as non-current liabilities. Liabilities are recognized for amount to be paid in the future for goods or services received whether billed by the supplier or not.

***Cash and cash equivalents***

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. Cash on hand and at the bank and short-term deposits, which are held to maturity are carried at cost. For the purpose for the statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposit in bank and highly liquid investments.

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**  
**(CONTINUED) (All amounts are expressed in Ghana Cedis)**

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***Borrowing cost***

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortized cost. Any difference in the proceeds (net transaction costs) and the redemption value is recognized as borrowing cost.

Borrowing are classified as current liability unless the company has unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs are accounted for in line with IAS 23 allowed for alternative treatment. Borrowing costs are directly attributable to the construction or acquisition of specified assets are capitalized as part of the asset. All other borrowing costs are expensed in profit and loss in the period they were incurred.

***Leases***

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset.

***i. Operating lease***

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

***ii. Finance lease***

Asset acquired under the finance leases are capitalized at the inception of the lease at the lower of their fair value and the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligation, net of finance charges, are included in non-current liability. The interest element of the finance charge is charge to the statement of comprehensive income over the lease period.

***IFRS 9 Financial Instruments***

IFRS 9 published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

## HORDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED) *(All amounts are expressed in Ghana Cedis)*

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The company is assessing the potential impact on its financial statements resulting from the application of IFRS 9. Given the nature of the company's operations, this standard is expected to have a pervasive impact on the company's financial statements. In particular, calculation of impairment of financial instruments on an expected credit loss basis is expected to result in an increase in the overall level of impairment allowances.

#### *IFRS 15 Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and recognise the revenue as each performance obligation is satisfied.

Key changes to current practice are:

Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.

Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) – minimum amounts must be recognised if they are not at significant risk of reversal.

The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.

There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.

As with any new standard, there are also increased disclosures.

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**  
**(CONTINUED) (All amounts are expressed in Ghana Cedis)**

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***Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38***

The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate.

This amendment is effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted.

The IASB has amended IAS 16 Property, Plant and Equipment to clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment.

IAS 38 Intangible Assets now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either:

- The intangible asset is expressed as a measure of revenue (ie where a measure of revenue is the limiting factor on the value that can be derived from the asset), or
- It can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

***Amendments to IAS 12***

The amendments clarify that a temporary difference is calculated by comparing the carrying amount of an asset against its tax base at the end of the reporting period. When an entity determines whether or not a temporary difference exists, it should not consider the expected manner of recovery of the related assets (for example, by sale or by use); or whether it is probable that any deferred tax asset arising from a deductible temporary difference will be recoverable. How is future taxable profit estimate?

The IASB clarified that: determining the existence and amount of temporary differences; and estimating future taxable profit against which deferred tax assets can be utilised are two separate steps.

Estimating future taxable profit inherently includes the expectation that an entity will recover more than the carrying amount of an asset. Therefore, if an entity considers it is probable that it can realise more than the carrying amount of an asset at the end of a reporting period, it should incorporate this assumption into its estimate of future taxable profit.

***4. Critical accounting estimates and judgements.***

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

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**  
**(CONTINUED) (All amounts are expressed in Ghana Cedis)**

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*i. Critical accounting estimates and assumption*

*Income taxes*

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculation for which the ultimate tax determination is uncertain during the course of business. The company recognizes 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 income tax provisions in the period in which such determination is made.

*Property, plant and equipment*

The company's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on management understanding of the operations of the company and could change based on actual usage. Management will increase or decrease the depreciation charge where the useful lives differ from previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

*Receivables*

Critical estimates are made by the directors in determining the recoverable amount of impaired receivables.

*ii. Critical judgments in applying the company's accounting policies*

In the process of applying the company's accounting policies, management has made judgement in determining

- The classification of non current assets
- Whether assets are impaired, and
- Provisions and contingent liabilities.

**5. Transition from Ghana National Accounting standards (GNAS) to IFRS reporting**

Hords limited previous financial statement were based on Ghana National Accounting Standards. The company adopted International Financial Reporting Standards for the 31 December 2015 financial statements. The transition date to the International Financial Reporting Standards (IFRS) was 1 January 2014. The company has applied IFRS 1 in the transition to IFRS, which requires that the same accounting policies to be used in the opening IFRS statement of financial position and throughout all years presented in the first financial statements. The note to the reconciliation below describe the differences resulting from the adoption of IFRS.

**HORDS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015****(CONTINUED) (All amounts are expressed in Ghana Cedis)**

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**Reconciliation of profit under GNAS to IFRS for the year ended 31 December 2014**

	2014 GNAS	Effect of transition to IFRS	2014 IFRS
Revenue	2,256,424	-	2,256,424
Cost of sales	<u>(1,427,444)</u>	-	<u>(1,427,444)</u>
<b>Gross profit</b>	828,980	-	828,980
Administrative expense	(542,035)	-	(542,035)
Selling and distribution expense	<u>(117,782)</u>	-	<u>(117,782)</u>
Operating profit	169,163	-	169,163
Other income	627,807	-	627,807
Finance cost	(5,516)	-	(5,516)
<b>Profit before tax</b>	791,454	-	791,454
Tax	-	<u>(129,676)</u>	<u>(129,676)</u>
<b>Profit</b>	<u>791,454</u>	-	<u>661,778</u>

There were no material difference between the statement of financial position presented under GNAS and the statement of financial position presented under IFRS.



**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**  
**(CONTINUED) (All amounts are expressed in Ghana Cedis)**

**Reconciliation of equity as at 31 December 2014**

	2014 GNAS	Effect of transition to IFRS	2014 IFRS
<b>Non-Current assets</b>			
Property, plant & equipment	1,212,711	-	1,212,711
Intangible asset	<u>566,851</u>	-	<u>566,851</u>
<b>Total non-current asset</b>	<u>1,779,562</u>	-	<u>1,779,562</u>
<b>Current assets</b>			
Inventory	80,284	-	80,284
Trade and Other Receivables	267,998	-	267,998
Due from shareholders	249,500	-	249,500
Cash and cash equivalent	<u>26,522</u>	-	<u>26,522</u>
<b>Total current asset</b>	<u>624,304</u>	-	<u>624,304</u>
<b>Total Assets</b>	<u>2,403,866</u>	-	<u>2,403,866</u>
<b>Equity</b>			
Stated capital	250,000	-	250,000
Retained earnings	<u>249,160</u>	(129,676)	<u>119,484</u>
<b>Total Equity</b>	499,160	(129,676)	369,484
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	590,677	-	590,677
Loan	182,210	-	182,210
Deferred tax	-	129,676	<u>129,676</u>
<b>Total current liability</b>	<u>772,887</u>	-	<u>902,563</u>
<b>Non-current liability</b>			
Loan	<u>1,131,819</u>	-	<u>1,131,819</u>
<b>Total non-current liability</b>	<u>1,131,819</u>	-	<u>1,131,819</u>
<b>Total liability</b>	<u>1,904,706</u>	<u>129,676</u>	<u>2,034,382</u>
<b>Total equity and liabilities</b>	<u>2,403,866</u>	-	<u>2,403,866</u>

There were no material difference between the statement of financial position presented under GNAS and the statement of financial position presented under IFRS.

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**  
**(CONTINUED)** *(All amounts are expressed in Ghana Cedis)*

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**Reconciliation of income surplus at 31 December 2014**

	<b>2014 GNAS</b>	<b>Effect of transition to IFRS</b>	<b>2014 IFRS</b>
Balance at 1 January	(542,295)	-	(542,295)
Profit for the year	<u>791,455</u>	<u>(129,676)</u>	<u>661,779</u>
<b>Balance at 31 December</b>	<u>249,160</u>	<u>(129,676)</u>	<u>119,484</u>

There were no material difference between the statement of financial position presented under GNAS and the statement of financial position presented under IFRS.

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**  
**(CONTINUED) (All amounts are expressed in Ghana Cedis)**

**Reconciliation of cash flow for the year ended 31 December 2014**

	2014 GNAS	Effect of transition to IFRS	2014 IFRS
<b>Operating activities</b>			
Net Profit/loss before tax	791,455	-	791,455
Depreciation	26,403	-	26,403
Amortization	52,528	-	52,528
Interest expense	5,516	-	5,516
Loan write off	<u>(627,808)</u>	-	<u>(627,808)</u>
<b>Operating Cash Flow before working capital</b>	284,094	-	284,094
<b>Changes in working capital</b>			
Decrease /(Increase) in receivables	10,939	-	10,939
(Increase)/Decrease in inventories	321,441	-	321,441
Decrease /increase in payables	<u>(567,493)</u>	-	<u>(567,493)</u>
<b>cash from operating activities</b>	12,981	-	12,981
Interest paid	<u>(5,516)</u>	-	<u>(5,516)</u>
<b>net cash from operating activities</b>	7,465	-	7,465
<b>Investing activities</b>			
Purchase of property, plant and equipment	(15,120)	-	(15,120)
Purchase of intangible assets	<u>(15,000)</u>	-	<u>(15,000)</u>
Net cash flow from investing activities	(30,120)	-	(30,120)
<b>Financing activities</b>			
Loan paid	-	-	-
Net cash inflow from financing activities	-	-	-
<b>Decrease/increase in cash and cash equivalent</b>	<u>(22,655)</u>	-	<u>(22,655)</u>
Cash and cash equivalent at 1 Jan	<u>49,177</u>	-	<u>49,177</u>
<b>Cash and cash equivalent 31 Dec</b>	<u>26,522</u>	-	<u>26,522</u>

There were no material difference between the statement of financial position presented under GNAS and the statement of financial position presented under IFRS.

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)** (All amounts are  
*expressed in Ghana Cedis*)

**6. Property, plant and equipment**

2015 Cost	Land and building	Motor Vehicle	Plant and machinery	Office equipment	Furniture and fittings	Computer and accessories	Total
As at 1 January	1,251,997	-	54,135	13,585	5,162	-	1,324,879
Additions for the	-	322,700	-	2,501	8,420	5,106	338,727
As at 31	<u>1,251,997</u>	<u>322,700</u>	<u>54,135</u>	<u>16,086</u>	<u>13,582</u>	<u>5,106</u>	<u>1,663,606</u>
Accumulated							
As at 1 January	82,921	-	19,091	4,994	5,162	-	112,168
Charge for the	20,320	14,370	5,414	2,606	284	284	43,278
As at 31	<u>103,241</u>	<u>14,370</u>	<u>24,505</u>	<u>7,600</u>	<u>5,446</u>	<u>284</u>	<u>155,446</u>
<b>Net Book Value</b>	<u>1,148,756</u>	<u>308,330</u>	<u>29,630</u>	<u>8,486</u>	<u>8,136</u>	<u>4,822</u>	<u>1,508,160</u>

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)** (All amounts are  
expressed in Ghana Cedis)

2014	Land and building	Motor Vehicle	Plant and machinery	Office equipment	Furniture and fittings	Computer and accessories	Total
Cost valuation							
As at 1 January	1,251,997	-	49,135	3,648	4980	-	1,309,760
Additions for the year	-	-	5,000	9,938	182	-	15,120
As at 31 December	<u>1,251,997</u>	-	<u>54,135</u>	<u>13,586</u>	<u>5,162</u>	-	<u>1,324,880</u>
Accumulated							
As at 1 January	62,601	-	14,536	3,648	4980	-	85,765
Charge for the year	20,320	-	4,555	1,346	182	-	26,403
As at 31 December	<u>82,921</u>	-	<u>19,091</u>	<u>4,994</u>	<u>5,162</u>	-	<u>112,168</u>
Net Book Value	<u>1,169,076</u>	-	<u>35,044</u>	<u>8,592</u>	-	-	<u>1,212,712</u>

**HORDS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015***(All amounts are expressed in Ghana Cedis)***7 Intangible Assets**

2015	Development Cost	Computer Software	Total
Cost			
As at 1 January	821,364	-	821,364
Additions for the year	<u>-</u>	<u>24,000</u>	<u>24,000</u>
As at 31 December	<u>821,364</u>	<u>24,000</u>	<u>845,364</u>
Accumulated Depreciation			
As at 1 January	254,513	-	254,513
Charge for the year	<u>56,685</u>	<u>1,998</u>	<u>58,683</u>
As at 31 December	<u>311,198</u>	<u>1,998</u>	<u>313,196</u>
Net Book Value	<u>510,166</u>	<u>22,002</u>	<u>532,168</u>
2014	Development Cost	Computer Software	Total
Cost			
As at 1 January	821,364	-	821,364
Additions for the year	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December	<u>821,364</u>	<u>-</u>	<u>821,364</u>
Accumulated Depreciation			
As at 1 January	201,985	-	62,601
Charge for the year	<u>52,528</u>	<u>-</u>	<u>20,320</u>
As at 31 December	<u>254,513</u>	<u>-</u>	<u>82,921</u>
Net Book Value	<u>566,851</u>	<u>-</u>	<u>566,851</u>

**8 Inventories**

	2015	2014
Finished Goods	99,560	10,887
Raw Materials	159,913	50,137
Packaging Materials	<u>63,989</u>	<u>19,260</u>
	<u>323,462</u>	<u>80,284</u>

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**  
*(All amounts are expressed in Ghana Cedis)*

**14. Borrowings - Long term**

	2015	2014
Barclays	-	25,000
Fidelity	-	125,683
IFS	-	400,000
Protégé	-	430,750
Prudential Bank	-	48,351
Tradex	-	60,000
UT Bank	-	224,245
	<u>-</u>	<u>1,314,029</u>

**15 Borrowings - Short term**

	2015	2014
Ghana Growth Fund Limited (22)	748,231	-
Other Financial Institutions	-	182,210
	<u>748,231</u>	<u>182,210</u>

**16. Taxation**

**(a) Income Tax Expense**

	2015	2014
Current income tax	-	-
Deferred tax	131,309	129,676
	<u>131,309</u>	<u>129,676</u>

**b) Deferred Tax**

Deferred tax is calculated, in full on all temporary differences under the liability method using a principal tax rate of 25% (2014: 25%). The movement on the deferred income tax account is as follows:

	2015	2014
At start of year	129,676	-
Income statement charge	1,633	129,676
<b>At end of year</b>	<u>131,309</u>	<u>129,676</u>

The income statement charge for the year is made up of tax effect from temporary differences arising from Property, Plant and Equipment of GH¢1,633

**HORDS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015***(All amounts are expressed in Ghana Cedis)***(c) Income tax expense**

Year of Assessment	At 01-01-15	Paid during year	Charge for the year	At 31-12-2015
2014	-	-	-	-
2015	-	3,000	-	3,000
	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>

**17. Trade and Other Payables**

	2015	2014
Trade payables	49,647	140,715
Other Payables	<u>289,332</u>	<u>449,962</u>
	<u>338,979</u>	<u>590,677</u>

**18. Cost of sales**

	2015	2014
This comprise of raw materials, packaging material and production costs as follows		
Raw/Packaging Materials Consumed	1,706,213	1,389,000
Production overhead	<u>49,322</u>	<u>38,444</u>
	<u>1,755,535</u>	<u>1,427,444</u>

**19. Selling and Distribution Expenses**

	2015	2014
Fuel and Lubricants	13,258	9,126
Transport and Travel	57,322	39,457
Marketing Expenses	<u>100,529</u>	<u>69,199</u>
	<u>171,109</u>	<u>117,782</u>



**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**  
*(All amounts are expressed in Ghana Cedis)*

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**20. Administrative and General Expenses**

	2015	2014
Depreciation Expense	101,961	78,931
Bank Charges	3,078	2,119
Cleaning And Sanitation	6,949	4,783
Consultancy	25,847	17,792
Directors' Fees	46,167	31,779
Insurance	1,641	1,130
IT Services	5,815	4,003
Legal Expense	30,100	20,719
Audit fee	15,000	
Medicals	7,905	5,441
Penalties	2,470	-
Printing & Stationery	20,856	14,356
Registration And Licensing	25,363	17,458
Staff Cost	420,846	289,687
Staff Welfare Expenses	18,148	12,492
Telecommunication	9,622	6,623
Travel And Transport	6,369	4,384
Water Expenses	5,631	3,876
Repairs And Maintenance	25,902	17,830
Electricity Expenses	12,155	8,367
Safety Expenses	<u>385</u>	<u>265</u>
	<u>792,210</u>	<u>542,035</u>

**21. Other Income**

	2015	2014
Loan write off	159,710	627,807
Interest on Mutual Fund Investment	<u>34,700</u>	-
	<u>194,410</u>	<u>627,807</u>

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**  
*(All amounts are expressed in Ghana Cedis)*

**22. Related party transactions**

During the year, the following were the related party balances;

	2015	2014
Ghana Growth Fund Limited	748,231	-
Due from Shareholder	-	249,500
Staff loan	<u>9,000</u>	<u>8,170</u>
	<u>757,231</u>	<u>257,670</u>

The company owes GH¢ 748,231 to Ghana Growth fund Limited being short term borrowings to finance working capital at the rate of 15%. The amount is made up of principal GH¢ 741,648 and interest GH¢ 6,583

**23. Financial risk management**

**Financial Instrument – Fair Values and Risk Management**

**(a) Accounting classification and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

2015	Carry amount of receivables	Fair value - other Financial Liabilities	Total
<b>Financial assets at fair value</b>			
Trade and other receivables	428,510	-	428,510
Cash and bank balances	120,707	-	120,707
Trade and Other payables	-	338,979	338,979
Borrowings	-	<u>748,231</u>	<u>748,231</u>
	<u>549,217</u>	<u>1,087,210</u>	<u>1,636,427</u>

**HORDS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015***(All amounts are expressed in Ghana Cedis)***(a) Accounting classification and fair values (continued)**

2014	Carry amount of receivables	Fair value - other Financial liabilities	Total
<b>Financial assets not measured at fair value</b>			
Trade and other receivables	517,498	-	517,498
Cash and bank balances	26,511	-	26,511
Trade and Other payables	-	590,677	590,677
Borrowings	-	182,210	182,210
	<u>544,009</u>	<u>772,887</u>	<u>1,316,896</u>

**(b) Risk management**

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

- i. credit risk
- ii. liquidity risk
- iii. market risk

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

***Risk management framework***

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee is responsible for monitoring compliance with the Company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Company.

The Audit Committee gains assurances on the effectiveness of internal control and risk management from: summary information relating to the management of identified risks; detailed reviews of the effectiveness of management of selected key risks; results of management's self assessment processes over internal control which provide the audit committee and management with results of procedures carried out on key risks including extent of compliance with standards set on governance and assurances over the quality of the Company's internal control.

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The Company also has a control, compliance and ethics function in place, which monitors compliance with internal procedures and processes and assesses the effectiveness of internal controls.

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

**i. Credit risk**

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

*Trade receivables*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit control committee has established a credit policy under which new customers are assessed individually for credit worthiness before the Company's standard payment terms and conditions are offered.

**ii. Liquidity risk**

Liquidity risk is the risk that the Company would either not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The Company's approach to managing liquidity is to ensure that it maintains adequate liquidity to meet its liabilities as and when they fall due. The Company assesses its debt position every month. The Company also monitors the level of expected cash inflows on trade and other receivables on a daily basis.

The following are contractual maturities of financial liabilities:

2015	Carry amount	Less than 6 months	6 – 12 months	More than one year
<b>Non derivative financial instrument</b>				
Trade and Other payables	338,979	338,979	338,979	-
Borrowings	<u>748,231</u>	<u>748,231</u>	<u>748,231</u>	-
	<b><u>1,087,210</u></b>	<b><u>1,087,210</u></b>	<b><u>1,087,210</u></b>	<b><u>=</u></b>

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**Liquidity risk (continued)**

	Carry amount	Less than 6 months	6 – 12 months	More than one year
<b>2014</b>				
<b>Non derivative financial Instrument</b>				
Trade and Other payables	590,677	590,677	-	-
Borrowings	<u>182,210</u>	<u>182,210</u>	-	-
	<u><b>772,887</b></u>	<u><b>772,887</b></u>	<u>-</u>	<u>-</u>

**iii. Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**a. Currency risk**

Currency risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange risk. The company's principal transactions are carried out in Ghana cedis and hence do not have any significant exposure to foreign exchange risk.

**b. Interest rate risk**

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instrument expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk. The company's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of mixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. The company does not currently have any policy in place to manage gap between fixed and variable rate instruments and their maturities.

**c. Operational risks**

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the duties access controls, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the company's strategic planning and budgeting process.

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**23. Event after the reporting period**

There has been no significant event after the Statement of financial position date that materially changed the company's financial statements.

**25. Contingent liabilities**

There were no commitments for contingent liabilities at the reporting date.

**26. Going concern considerations**

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

**26. Comparatives Information**

Comparatives figures for the year ended 2014 is based on accountants report in the prospectus for the Initial Public Offer (IPO).

**27. Shareholdings**

Below are the details of shareholdings as at 31 December 2015.

<b>Name of Shareholder</b>	<b>Shares held</b>	<b>%</b>
GN Investments Limited	56,491,100	50
Mr. Harold Ekow Egyir Otabil	26,747,561	24
African Tiger Holding Limited	10,000,000	9
GNI/GGFC-Prime Equity	8,514,300	8
Nduom Foundation	3,000,000	3
Wienco Ghana Limited	2,000,000	2
Cocoa Abrabopa Association	2,000,000	2
Groupe Nduom	1,000,000	1
Others	<u>5,194,600</u>	<u>3</u>
<b>Total</b>	<b><u>114,947,561</u></b>	<b><u>100</u></b>