

**HORDS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

***HORDS LIMITED***  
***FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018***

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***HORDS LIMITED***  
***FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018***

**GENERAL INFORMATION**

Board of Directors: Mr. Kwame Ofori Asomaning (Chairman.)  
Mr. Papa Wasssa Chiefy Nduom  
Mr. Fiifi Simpson  
Mr. Harold Otabil (Managing Director)  
Mr. Kobina Nkum Akwa

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

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

The Directors submit their report and the audited financial statements for the year ended 31 December 2018, 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 2018 after tax is	GH¢ 281,594
to which is added balance on retained earnings account balance brought forward of	<u>796,589</u>
leaving the retained earnings account balance of	<u>1,078,183</u>

### 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 28-3-2019

.....  
Director  
Date 28/3/19

## **INDEPENDENT AUDITORS REPORT TO HORDS LIMITED**

### **Opinion**

We have audited the financial statements of HORDS Limited which comprise the statement of financial position as at 31 December 2018, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of HORDS Limited as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and the directors' report, as required by the companies Act 1963 (Act 179), but does not include the financial statements and our auditors' report thereon.

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

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

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

### **Responsibilities of Board of Directors for the financial statements.**

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

In preparing the financial statements, the Board of directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the company's financial reporting process.

## **Auditor's responsibilities for the Audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

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

**Report on other legal requirements**

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

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books ; and
- iii. the company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

*CFY Partners*  
.....

Signed by: Nii Akwei Tetteh (ICAG/P/1381)

For and on behalf of:

CFY Partners (ICAG/F/2019/073)

Chartered Accountants

134 Robinson Crescent, Swanlake Rd

PMB 2, North- Kaneshie

Accra, Ghana.

*29-03-*.....2019.



**HORDS LIMITED**  
**STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2018**  
*(All amounts are expressed in Ghana Cedis)*

Assets	Notes	2018	2017
<b>Non-current assets</b>			
PPE	6	1,211,838	1,324,375
Intangible Assets	7	<u>340,111</u>	<u>402,814</u>
<b>Total non-current asset</b>		<u><b>1,551,949</b></u>	<u><b>1,727,189</b></u>
<b>Current assets</b>			
Inventory	8	1,019,755	638,056
Receivables	9	556,854	346,166
current taxation	15	3,000	3,000
deferred tax	15	212,179	218,590
Financial instrument	10	1,666,910	1,404,544
Cash and cash equivalent	11	<u>21,403</u>	<u>134,157</u>
<b>Total current assets</b>		<u><b>3,480,101</b></u>	<u><b>2,744,513</b></u>
<b>Total assets</b>		<u><b>5,032,050</b></u>	<u><b>4,471,702</b></u>
<b>Equity</b>			
Stated capital	12	3,250,000	3,250,000
Reserve and surplus	13	(174,425)	(174,425)
Retained Earnings		<u>1,078,183</u>	<u>796,589</u>
<b>Total equity</b>		<u><b>4,153,758</b></u>	<u><b>3,872,164</b></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	16	843,987	567,183
Borrowings	14	<u>34,305</u>	<u>32,355</u>
<b>Total current liabilities</b>		<u><b>878,292</b></u>	<u><b>599,538</b></u>
<b>Total liabilities and equity</b>		<u><b>5,032,050</b></u>	<u><b>4,471,702</b></u>

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: 28-3-2019

.....  
 Date: 28/3/19

**HORDS LIMITED****STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018***(All amounts are expressed in Ghana Cedis)*

	Notes	2018	2017
Revenue			
Cost of sales	17	3,427,267 <u>(2,467,859)</u>	3,161,253 <u>(2,284,665)</u>
<b>Gross profit</b>		<b>959,408</b>	<b>876,588</b>
Selling and distribution expense	18	(81,235)	(120,731)
Administrative expenses	19	<u>(874,803)</u>	<u>(830,303)</u>
<b>operating profit</b>		<b>3,370</b>	<b>(74,446)</b>
finance cost		(1,950)	(1,950)
other income	20	286,585	239,846
<b>Profit before tax</b>		<b>288,005</b>	<b>163,450</b>
Income tax recovery	15	<u>(6,411)</u>	<u>19,101</u>
<b>Profit after tax</b>		<b><u>281,594</u></b>	<b><u>182,551</u></b>
<b>other comprehensive income</b>			
<b>Total comprehensive income for the year</b>		<b><u>281,594</u></b>	<b><u>182,551</u></b>

**HORDS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018**  
*(All amounts are expressed in Ghana Cedis)*

	Share Capital	Retained Earnings	Total Equity
<b>Year ended December 31, 2018</b>			
Balance at 1 January 2018	3,250,000	796,589	4,046,589
Total comprehensive income	-	<u>281,594</u>	<u>281,594</u>
Balance at 31 December 2018	<u><b>3,250,000</b></u>	<u><b>1,078,183</b></u>	<u><b>4,328,183</b></u>
<b>Year ended December 31, 2017</b>			
Balance at 1 January 2017	3,250,000	614,038	3,864,038
Total comprehensive income	-	<u>182,551</u>	<u>182,551</u>
Balance at 31 December 2017	<u><b>3,250,000</b></u>	<u><b>796,589</b></u>	<u><b>4,046,589</b></u>

**HORDS LIMITED****STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2018***(All amounts are expressed in Ghana Cedis)*

	2018	2017
<b>Cash Flow from Operating Activities</b>		
Profit before tax	288,005	163,450
Adjustments for:		
Depreciation	87,136	97,457
Amortisation	62,703	64,677
Interest Income	(262,366)	(239,846)
Gain on disposal of motor vehicle	<u>(24,219)</u>	<u>-</u>
Operating Cash Flow before working capital	151,259	85,738
Changes in working capital		
(Increase)/Decrease in Accounts Receivables	(210,688)	25,027
(Increase) in inventories	(381,699)	(51,645)
Increase/(decrease) in payables	<u>278,754</u>	<u>(35,479)</u>
<b>Net cash from operating activities</b>	<u>(162,374)</u>	<u>23,641</u>
<b>Cash flows from investing activities</b>		
Purchase of Property, Plant and Equipment	(4,200)	(8,141)
Disposal of asset	<u>53,820</u>	<u>-</u>
<b>Net cash inflow from investing activities</b>	<u>49,620</u>	<u>(8,141)</u>
<b>Net (decrease) / increase in cash and cash equivalent</b>	(112,754)	15,500
Cash and cash equivalent at 1 January	<u>134,157</u>	<u>118,657</u>
<b>Cash and cash equivalent at 31 December</b>	<u>21,403</u>	<u>134,157</u>

## **HORDS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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

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#### **1. GENERAL INFORMATION**

HORDS Limited is a wholly 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 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

## **HORDS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED) (All amounts are expressed in Ghana Cedis)**

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Act seeks to implement a three-tier pension scheme which is regulated by the National Pension Regulatory Authority (NPRA):

*a) 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.

*b) 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.

#### ***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*

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**  
**(CONTINUED) (All amounts are expressed in Ghana Cedis)**

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*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

***Impairment of financial assets***

The company's assesses 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

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**  
**(CONTINUED) (All amounts are expressed in Ghana Cedis)**

- 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.

#### *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.



## HORDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED) *(All amounts are expressed in Ghana Cedis)*

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.

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.

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**  
**(CONTINUED) (All amounts are expressed in Ghana Cedis)**

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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.

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%
Building	1.67%

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.

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**  
**(CONTINUED) (All amounts are expressed in Ghana Cedis)**

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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 measure 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

***Computer Software***

Acquired computer software licenses 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

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**  
**(CONTINUED) (All amounts are expressed in Ghana Cedis)**

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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.

***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***

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**  
**(CONTINUED) (All amounts are expressed in Ghana Cedis)**

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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. 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.

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.

## **HORDS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED) (All amounts are expressed in Ghana Cedis)**

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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.

#### ***IFRS 16***

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring to provide relevant information that faithfully represents those transactions. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance.

IFRS 16 replaces IAS 17 Leases

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early application is permitted

#### ***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

##### ***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

**HORDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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

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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.

**HORDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED) (All amounts are expressed in Ghana Cedis)**

**6. Property, plant and equipment**

**2018**

<b>cost</b>	<b>Building</b>	<b>Motor Vehicle</b>	<b>Plant and Machinery</b>	<b>Office Equipment</b>	<b>Furniture and Fittings</b>	<b>Computer and Accessories</b>	<b>Total</b>
As at 1 Jan	1,251,997	322,700	59,076	16,086	16,782	7,234	1,673,875
Additions for the year	-	-	-	-	4,200	-	4,200
Disposals	-	(53,820)	-	-	-	-	(53,820)
<b>As at 31 Dec</b>	<b><u>1,251,997</u></b>	<b><u>268,880</u></b>	<b><u>59,076</u></b>	<b><u>16,086</u></b>	<b><u>20,982</u></b>	<b><u>7,234</u></b>	<b><u>1,624,255</u></b>
<b>Accumulated Depreciation</b>							
As at 1 Jan	143,873	143,450	35,514	12,896	8,661	5,106	349,500
Charge for the year	20,316	53,777	5,663	2,648	2,604	2,128	87,136
Disposals	-	(24,219)	-	-	-	-	(24,219)
<b>As at 31 Dec</b>	<b><u>164,189</u></b>	<b><u>173,008</u></b>	<b><u>41,177</u></b>	<b><u>15,544</u></b>	<b><u>11,265</u></b>	<b><u>7,234</u></b>	<b><u>412,417</u></b>
<b>Net Book Value</b>	<b><u>1,087,808</u></b>	<b><u>95,872</u></b>	<b><u>17,899</u></b>	<b><u>542</u></b>	<b><u>9,717</u></b>	<b><u>-</u></b>	<b><u>1,211,838</u></b>



**HORDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED) (All amounts are expressed in Ghana Cedis)**

2017

Cost	Building	Motor Vehicle	Plant and machinery	Office equipment	Furniture and fittings	Computer and accessories	Total
As at 1 January	1,251,997	322,700	54,135	16,086	13,582	7,234	1,665,734
Additions for the year	-	-	4,941	-	3,200	-	8,141
As at 31 December	<u>1,251,997</u>	<u>322,700</u>	<u>59,076</u>	<u>16,086</u>	<u>16,782</u>	<u>7,234</u>	<u>1,673,875</u>
Accumulated Depreciation							
As at 1 January	123,561	78,910	29,919	10,248	6,710	2,695	252,043
Charge for the year	20,320	64,540	5,595	2,648	1,951	2,411	97,457
As at 31 December	<u>143,881</u>	<u>143,450</u>	<u>35,514</u>	<u>12,896</u>	<u>8,661</u>	<u>5,106</u>	<u>349,500</u>
Net Book Value	<u>1,108,116</u>	<u>179,250</u>	<u>23,562</u>	<u>3,190</u>	<u>8,121</u>	<u>2,128</u>	<u>1,324,375</u>

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**  
*(All amounts are expressed in Ghana Cedis)*

**7 Intangible Assets**

2018	Development Cost	Computer Software	Total
Cost			
As at 1 January	821,364	24,000	845,364
Additions for the year	-	-	-
As at 31 December	<u>821,364</u>	<u>24,000</u>	<u>845,364</u>
Accumulated Depreciation			
As at 1 January	424,568	17,982	442,550
Charge for the year	56,685	6,018	62,703
As at 31 December	<u>481,253</u>	<u>24,000</u>	<u>505,253</u>
Net Book Value	<u>340,111</u>	<u>-</u>	<u>340,111</u>
2017	Development Cost	Computer Software	Total
Cost			
As at 1 January	821,364	24,000	845,364
Additions for the year	-	-	-
As at 31 December	<u>821,364</u>	<u>24,000</u>	<u>845,364</u>
Accumulated Depreciation			
As at 1 January	367,883	9,990	377,873
Charge for the year	56,685	7,992	64,677
As at 31 December	<u>424,568</u>	<u>17,982</u>	<u>442,550</u>
Net Book Value	<u>396,796</u>	<u>6,018</u>	<u>402,814</u>

**8 Inventories**

	2018	2017
Finished Goods	79,652	53,680
Raw Materials	835,387	413,160
Packaging Materials	104,716	171,216
	<u>1,019,755</u>	<u>638,056</u>

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**  
*(All amounts are expressed in Ghana Cedis)*

**9 Trade and Other Receivables**

	2018	2017
Trade receivables	544,645	362,147
Prepayments	<u>12,209</u>	<u>10,685</u>
	<u>556,854</u>	<u>372,832</u>

**10 Financial Instrument**

	2018	2017
Investment in Mutual Funds	1,404,544	1,164,698
Net movement in investment securities		-
Accrued interest	<u>262,366</u>	<u>239,846</u>
As at December 31	<u>1,666,910</u>	<u>1,404,544</u>

The financial asset has been classified as fair value through profit or loss

**11 Cash and Cash Equivalent**

	2018	2017
GN Bank	9,121	130,474
Cash in hand	<u>12,282</u>	<u>3,683</u>
	<u>21,403</u>	<u>134,157</u>

**12. Stated Capital**

The authorized shares of the company are 200,000,000 ordinary shares of no par value of which 114,947,561 have been issued as follows:

	No. of shares	2018	2017
At January 1	<u>114,947,561</u>	<u>3,250,000</u>	<u>3,250,000</u>
At December 31	<u>114,947,561</u>	<u>3,250,000</u>	<u>3,250,000</u>

There is no unpaid liability on any shares and there are no treasury shares

**13. Reserve and Surplus**

This relates to floatation cost incurred in raising the GH¢ 3 million equity shares

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**  
*(All amounts are expressed in Ghana Cedis)*

**14. Borrowings - Short term**

	2018	2017
Ghana Growth Fund Limited	<u>34,305</u>	<u>32,355</u>

**15. Taxation**

**(a) Income Tax Expense**

Current income tax	-	-
Deferred income tax	<u>6,411</u>	<u>(19,101)</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% (2017: 25%). The movement on the deferred income tax account is as follows:

At start of year	(218,590)	(199,489)
Income statement charge	<u>6,411</u>	<u>(19,101)</u>
<b>At end of year</b>	<b><u>(212,179)</u></b>	<b><u>(218,590)</u></b>

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

**(c) Income tax payable**

Year of Assessment	At 01-01-18	Paid during year	Charge for the year	At 31-12-2018
2017	-	-	-	-
2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**  
*(All amounts are expressed in Ghana Cedis)*

16 Trade and Other Payables	2018	2017
Trade payables	165,622	-
Other Payables	<u>680,315</u>	<u>593,849</u>
	<u>845,937</u>	<u>593,849</u>

**17. Cost of sales**

This comprise of raw materials, packaging material and production costs as follows

Raw/Packaging Materials Consumed	2,420,977	2,241,142
Production overhead	<u>46,882</u>	<u>43,898</u>
	<u>2,467,859</u>	<u>2,285,040</u>

**18 Selling and Distribution Expenses**

Fuel and Lubricants	27,759	25,683
Transport and Travel	19,303	24,450
Marketing Expenses	<u>34,173</u>	<u>70,598</u>
	<u>81,235</u>	<u>120,731</u>

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**  
*(All amounts are expressed in Ghana Cedis)*

<b>19. Administrative and General Expenses</b>	<b>2018</b>	<b>2017</b>
Depreciation Expense		
Bank Charges	149,839	162,140
Cleaning and Sanitation	2,017	1,978
Professional Service	7,958	7,836
Directors' Fees	30,553	6,000
Insurance	45,000	45,000
IT Services	31,286	23,859
Legal Expense	3,600	3,150
Audit fee	18,000	18,000
Medicals	18,000	18,000
Printing & Stationery	775	2,070
Registration and Licensing	7,013	2,485
Staff Cost	11,318	25,711
Staff Welfare Expenses	474,105	414,056
Telecommunication	1,500	13,997
Travel and Transport	14,162	16,455
Water Expenses	8,500	7,000
Repairs and Maintenance	10,481	8,662
Electricity Expenses	27,816	34,364
Food and Refreshment	12,550	19,400
	<u>330</u>	<u>140</u>
	<u><b>874,803</b></u>	<u><b>830,303</b></u>
 <b>20. Other Income</b>		
Interest on Mutual Fund Investment	262,366	239,846
Gain on disposal	<u>24,219</u>	<u>-</u>
	<u><b>286,585</b></u>	<u><b>239,846</b></u>

**21. Related party transactions**

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

Ghana Growth Fund Limited	<u><b>34,305</b></u>	<u><b>32,355</b></u>
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The company owes GH¢ 34,305 to Ghana Growth fund Limited being short term borrowings to finance working capital.

**HORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**  
*(All amounts are expressed in Ghana Cedis)*

**22. 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.

2018	Carry amount of receivables GH¢	Fair value - other Financial Liabilities GH¢	Total GH¢
<b>Financial assets at fair value</b>			
Trade and other receivables	556,854	-	556,854
Cash and bank balances	21,403	-	21,403
Trade and Other payables	-	843,987	843,987
Borrowings	-	<u>34,305</u>	<u>34,305</u>
	<u>578,257</u>	<u>878,292</u>	<u>1,456,549</u>

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

2017	Carry amount of receivables GH¢	Fair value - other Financial Liabilities GH¢	Total GH¢
<b>Financial assets at fair value</b>			
Trade and other receivables	372,832	-	372,832
Cash and bank balances	134,157	-	134,157
Trade and Other payables	-	593,849	593,849
Borrowings	-	<u>32,355</u>	<u>32,355</u>
	<u>506,989</u>	<u>626,204</u>	<u>1,133,193</u>

## **HORDS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

*(All amounts are expressed in Ghana Cedis)*

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#### **(a) 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.

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.



**HORDS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018***(All amounts are expressed in Ghana Cedis)***(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.

**(i) 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:

2018	Carry amount	Less than 6 months	6 – 12 months	More than one year
<b>Non derivative financial instrument</b>				
	GH¢	GH¢	GH¢	GH¢
Trade and Other payables	843,987	791,208	-	54,729
Borrowings	<u>34,305</u>	<u>-</u>	<u>-</u>	<u>34,305</u>
	<u><b>878,292</b></u>	<u><b>793,208</b></u>	<u><b>-</b></u>	<u><b>89,034</b></u>

**(ii) Liquidity risk (continued)**

2017	Carry amount	Less than 6 months	6 – 12 months	More than one year
<b>Non-derivative financial instrument</b>				
	GH¢	GH¢	GH¢	GH¢
Trade and Other payables	593,849	539,120	-	54,729
Borrowings	<u>32,355</u>	<u>-</u>	<u>-</u>	<u>32,355</u>
	<u><b>626,204</b></u>	<u><b>539,120</b></u>	<u><b>-</b></u>	<u><b>87,084</b></u>

**HORDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

*(All amounts are expressed in Ghana Cedis)*

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**(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 risk**

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.

**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.

**24. Contingent liabilities**

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

**HORDS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018***(All amounts are expressed in Ghana Cedis)***25. 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. Shareholdings**

Below is the details of shareholdings as at 31 December 2016.

<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	5,194,600	3
<b>Total</b>	<b><u>114,947,561</u></b>	<b><u>100</u></b>