DANNEX AYRTON STARWIN PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

DANNEX AYRTON STARWIN PLC

ANNUAL REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2021

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DANNEX AYRTON STARWIN PLC

CORPORATE INFORMATION

BOARD OF DIRECTORS	Nik Amarteifio *(Chairman)* Daniel Apeagyei Kissi *(Chief Executive)* Kwasi Yirenkyi *(Appointed 4 November 2021)* Henry Otu Ocansey *(Appointed 4 November 2021)* Benjamin Agyeman *(Appointed 4 November 2021)* Alex K. Braye Bonney *(Member)* Dr. Barima Afranie *(Member)* Amarteokor Amarteifio *(Member)*
REGISTERED OFFICE	5 Dadeban Road Ring Road North Industrial Area P O Box 5258 Accra-North
SOLICITOR	Amarteifio and Co. House No. 6, 11th Lane P. O Box 4916 Accra, Ghana
SECRETARY	Kwesi Austin Amarteifio and Co. House No. 6, 11th Lane P. O Box 4916 Accra, Ghana
AUDITOR	KPMG Chartered Accountants 13 Yiyiwa Drive, Abelenkpe P. O. Box 242 Accra
BANKERS	Ecobank Ghana Plc GCB Bank Plc Societe Generale Ghana Plc Stanbic Bank Limited Universal Merchant Bank Limited Zenith Bank (Ghana) Limited

REPORT OF THE DIRECTORS TO THE MEMBERS OF DANNEX AYRTON STARWIN PLC

The Directors present their report and the financial statements of the Company for the year ended 31 December 2021.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of the financial statements, that give a true and fair view of Dannex Ayrton Starwin PLC comprising the statement of financial position at 31 December 2021, and the statements of profit or loss and other comprehensive income, changes in equity and of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992). In addition, the Directors are responsible for the preparation of the report of the directors.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

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

The Auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

NATURE OF BUSINESS

The Company is registered to carry on the business of manufacturing and selling of pharmaceutical products.

OBJECTIVES OF THE COMPANY

The objective of the Company is to care for life with brands, products and services which significantly reduce disease burden and promote good health and vitality.

SHAREHOLDING STRUCTURE

Dannex Ayrton Starwin Plc is 60% owned by Equatorial Cross Acquisitions Limited (ECA), 15% owned by Social Security and National Insurance Trust (SSNIT). The remaining 25% is owned by a number of individual shareholders.

REPORT OF THE DIRECTORS TO THE MEMBERS OF
DANNEX AYRTON STARWIN PLC - (CONT'D)

FINANCIAL STATEMENTS/ BUSINESS REVIEW

The financial results of the Company for the year ended 31 December 2021 are set out in the financial statements, highlights of which are as follows:

	GHS
Profit before tax	3,133,677
Profit after tax	4,881,672
Total assets	63,567,078
Total liabilities	51,899,767
Total equity	11,667,311

The Directors do not recommend the payment of dividend.
The Directors consider the state of the Company's affairs to be satisfactory.

PARTICULARS OF ENTRIES IN THE INTERESTS REGISTER DURING THE FINANCIAL YEAR

The Company did not maintain an Interests Register because no director had interest in any contract.

RELATED PARTY TRANSACTIONS

Information regarding Directors' interests in ordinary shares of the Company and remuneration is disclosed in Note 25 to the financial statements. The Board Chairman owns 100% shares in Equatorial Cross Acquisitions, which holds 60.04% shares of Dannex Ayrton Starwin Plc. Other than service contracts, no director had a material interest in any contract during the period. Related party transactions and balances are also disclosed in Note 26 to the financial statements.

CORPORATE SOCIAL RESPONSIBILITY AND CODE OF ETHICS

A total of GHS 35,251 (2020: GHS 180,000) was spent under the Company's social responsibility programme with key focus on education and health. With the onset of the Covid-19 pandemic, the Company engaged some of its social partners to make contributions to support selected institutions in the fight against the pandemic. An extract of the Company's code of ethics can be found in Appendix 1.

REPORT OF THE DIRECTORS TO THE MEMBERS OF DANNEX AYRTON STARWIN PLC - (CONT'D)

BOARD OF DIRECTORS

Executive	Qualification	External board and management position
Nik Amarteifio	• BA Economics (Wesleyan University) • MBA – Finance and Marketing (Harvard Business School)	Board Member, GCB Bank Plc Board Member, N.F.B Company Limited Board Member, Omni Media Company Limited Board Member, Yaro Capital Ghana Limited Board Member, Consult Ghana Limited Chairman, Equatorial Cross Acquisitions Limited Vice Chairman, Ghana Agro Foods Company (GAFCO)
Daniel Apeagyei Kissi	• BSc (Hons) Mechanical Engineering (Kwame Nkrumah University of Science and Technology)	None
Henry Otu Ocansey	• EMBA In Finance (University of Ghana) • 2. Bsc. Admin. In Accounts/Finance (GIMPA)	None
Non-Executive		
Alex K. Braye Bonney	• Dip.Regulatory Economics (University of Florida (USA))	Board Director, Ghana Water Company Limited
Dr. Barima Afranie	• BSc Chemistry (MCL) • PhD Pharmacy (University of Southern California)	Gulf Integrated Biochemical Solution Limited Entrance Pharmaceuticals & Research Centre
Amarteokor Amarteifio	• Dip. Social Work (School of Social Work, Darmstadt, Germany) • BA Social Work (Mc Gill University School of Social Work in Montreal Canada) • MA Social Work (Mc Gill University School of Social Work Montreal Canada)	Omni Media Company Limited President of the Artistic Committee of the Abidjan Market for the Performing Arts (MASA)
Kwasi Yirenkyi	• Post Graduate Diploma in Management & Micro Enterprise Development (Southern New Hampshire University (USA)) • Bsc. In Administration (George Mason University, Fairfax Virginia (USA))	Board member - SSNIT Guest House Board member -Opportunity International Savings and Loans Limited
Ben Agyeman	• MBA (Columbia Business School in New York, USA) • B. Eng (Hons) Electronic/Electrical Engineering (South Bank University (London))	None

Profile of Dannex Ayrton Starwin (DAS) PLC directors

MR. NIK AMARTEIFIO (CHAIRMAN)

Mr. Nik Amarteifio is the chairman and majority shareholder of Equatorial Cross Acquisition Limited (ECA), an investment holding firm with majority shareholding in Dannex Limited and Omni Media, Owners of Citi FM and the Globe News Paper.

He is also currently the Vice Chairman of Ghana Agro Foods Company (GAFCO).In his role as the chairman of the board, Mr. Amarteifio focuses on the strategic direction and effective operation of the board and its committees in conformity with the highest standards of corporate governance. His goal is to see Dannex become internationally recognised in the delivery of health care needs.

Mr. Amarteifio is a seasoned entrepreneur who has been involved in many domestic and international transactions within different industries like mining, real estate, telecommunication, oil and gas. Through his investment vehicle, ECA, he has invested and held Executive Board positions in many companies including International Gold Resources (1992 -1996), Magnesium alloy Company Limited (1998 – 1999) and African Selection Company (1998 – 2011). Amarteifio was the Marketing Manager of Nestle Ghana (1975 – 1979). He served as a member on the Ghana Investors Advisory Council, an advisory board formed to advise former President John A. Kufour of the Republic of Ghana, on foreign direct investment strategies (2001 – 2008). He also served as the Lead Director on the board of Bank of Ghana (2001 – 2008).

Mr. Amarteifio holds a degree in Economics from Wesleyan University (1970) and an MBA in Finance and Marketing from Harvard Business School (1973). Mr. Amarteifio is the chairman and majority shareholder of Equatorial Cross Acquisition Limited (ECA), an investment holding firm with majority shareholding in Dannex Limited and Omni Media, Owners of Citi FM and the Globe News Paper. He is also currently the Vice Chairman of Ghana Agro Foods Company (GAFCO).In his role as the chairman of the board, Amarteifio focuses on the strategic direction and effective operation of the board and its committees in conformity with the highest standards of corporate governance.

MR. DANIEL APEAGYEI KISSI (CHIEF EXECUTIVE OFFICER)

Daniel has over 31 years work experience mostly in a multinational setting, with extensive experience in general management, business leadership, manufacturing, and supply chain management. He worked with Unilever for 21 plus years during which he held various leadership positions in different countries, namely Ghana, Kenya and South Africa, including a role as Operations Excellence Director of Unilever South Africa and a Regional Director role with responsibility across the Africa, Middle East and Turkey Region. Daniel joined Adcock Ingram of South Africa in 2012 and was appointed Managing Director of Ayrton Drug Manufacturing Ltd (Adcock Ingram's Ghanaian subsidiary) in December 2012. He is currently the Chief Executive Officer Of the Dannex Ayrton Starwin Plc.

MR. KWASI YIRENKYI

Mr. Kwasi Yirenkyi has served as Non-Executive Director of Starwin Products Limited since July 2015. He served as Managing Director of the Company between November 2007 and July 2015. Prior to that, he was a Non-Executive Director of the Company between March 2005 and November 2007. He has about 20 years of business operations experience. He received his undergraduate degree in Business Administration (BSc. Admin) from George Mason University in Fairfax, Virginia USA. He further obtained a Diploma in Management and Micro Enterprise Development (Dip. Mgt. Studies) from Southern New Hampshire University, USA. He worked with Merchant Bank Ghana Limited as Manager in Corporate and Institutional Banking with responsibilities in Marketing. He also worked with Deloitte and Touche Consulting Ghana and engaged in projects with some key companies including The Ashanti Goldfields Corporation, Tema Oil Refinery, and the Zimbabwe National Insurance.

Profile of Dannex Ayrton Starwin (DAS) PLC directors - (cont'd)

MR. ALEX BONNEY

Mr. Alex Kwabena Bonney has served on the board for many years. He is the president of the Organization of Trade unions in West Africa (OTUWA) and has been the chairman of the Ghana Trades Union Congress from 1992 to date. As a unionist he is an expert in mediation and arbitration and has worked extensively in and around the world on labor issues making him more relatable to the vision of Dannex to become an internationally recognize and leading brand in the delivering of healthcare needs. He is a cost accountant and holds a diploma in Regulatory Economics from the University of Florida, USA.

DR. BARIMA AFRANE

With his distinctive background as a renowned pharmacologist and many years of experience as a lecturer and medical advisor in the US and some Middle Eastern countries, Dr. Afrane relates well to Dannex's vision of becoming an internationally recognized and leading brand in the delivery of health needs. In his contribution to Dannex's board, he seeks to bring a wealth of his experience in the design of solution to matters of pharmaceutical innovation and application. Dr. Afrane is currently a senior lecturer and Head of Pharmacy Practice and Clinical Pharmacy Department at the University Of Ghana School Of Pharmacy. He holds a doctorate degree in pharmacy from the University Of Southern California and a degree in Chemistry (MCL) from the University Of New York.

MS. AMARTEORKOR AMARTEIFIO

Ms. Amarteifio is currently the Executive Director of the Accra Symphony Orchestra. She brings to the Board a rich background of high expertise in people management through cultural diversity programs at various international organizations.

She was first appointed to the Board in 2015 and has brought rich experiences from serving on a number of Boards of both local and international organizations.

She holds both Bachelor's and Master's degrees in Social Work from McGill University School of Social Work in Montreal, Canada. She further holds a Diploma in Social Work from The School of Social Work in Darmstadt, Germany.

MR. BENJAMIN AGYEMAN

Mr. Ben Agyeman has over 25 years of working experience in the financial industry, particularly in Private Equity/Venture Capital., Mergers and Acquisitions and Project Finance in developing markets. He was a Managing Director of MPC Capital AG (Hamburg), a German based global Private Equity Manager of real assets, with assets under management of over 4bn euros. He is an expert in Equity and structured investments as well as infrastructure transactions. He was a former Investment Director at Gulf Finance House, based in the Kingdom of Bahrain in the Middle East.

Before that, Ben was an Investment Banker at UBS AG and prior to that a Technology Business Analyst at Lehman Brothers International. He is currently a Senior Advisor to Kreen Energy Ltd, UK. He holds an MBA from Columbia Business School in New York, USA and a B.Eng. (Hons) Electronic/Electrical Engineering from London South Bank University in the UK.

Profile of Dannex Ayrton Starwin (DAS) PLC Management

MR. DANIEL APEAGYEI KISSI (CHIEF EXECUTIVE OFFICER)

Daniel has over 31 years work experience mostly in a multinational setting, with extensive experience in general management, business leadership, manufacturing, and supply chain management. He worked with Unilever for 21 plus years during which he held various leadership positions in different countries, namely Ghana, Kenya and South Africa, including a role as Operations Excellence Director of Unilever South Africa and a Regional Director role with responsibility across the Africa, Middle East and Turkey Region. Daniel joined Adcock Ingram of South Africa in 2012 and was appointed Managing Director of Ayrton Drug Manufacturing Ltd (Adcock Ingram's Ghanaian subsidiary) in December 2012. He is currently the Chief Executive Officer Of the Dannex Ayrton Starwin Plc.

MR. HENRY OTU OCANSEY (CHIEF FINANCE OFFICER)

Henry Ocansey holds an Executive MBA in Finance (LEGON) and B.Sc. Admin in (Accounts/Finance) from (GIMPA). Henry joined Dannex in 2000, as a Management Accountant and was appointed chief Accountant in 2004 and Head of Finance in 2006. Prior to him joining Dannex Limited he worked with Pharmaplast Limited initially as a Cost Accountant and later as a Management Accountant. He is a seasoned, experienced executive in the General Management field, an Accountant with a background in Commercial, Audit Management and Finance.

MR. KAFUI NTOW (CHIEF HUMAN RESOURCE OFFICER)

Kafui Ntow has over 15 years experience in FMCG industries where he served in diverse roles in Project Management, Engineering, Manufacturing, Supply Chain and HR. He joined Dannex Ayrton Starwin PLC in January 2021. Prior to that he served as Compensation and Benefits Manager (West Africa) and Business Partner (Ghana) for Fan Milk (Danone) Limited. He previously worked with Unilever Ghana Limited, Guinness Ghana Breweries Plc (DiaImagegeo) and PBC Ghana Limited.

MR. FRANCIS GEORGE EKUMAH (AG. HEAD OF SALES AND MARKETING)

Francis George Ekumah is a Pharmacist with over 16 years' experience in Pharmaceutical Sales and Marketing, Product Development and Project leadership. He joined Dannex in 2011 and has served in various leadership positions. He holds an MBA in Marketing from University of Ghana, Bachelor of Pharmacy from KNUST and a Post Graduate Certificate in Project Management from The Graduate School of Governance and Leadership.

MR. VICTOR TORNYIE (AG. HEAD OF QUALITY AND REGULATORY AFFAIRS)

Victor Tornyie has over 15years experience in Pharma industries where he served in diverse roles in Quality, Regulatory, R&D and Project Management.

He joined Dannex Ltd in October 2015.

Prior to that he earlier worked in African Global Pharma (affiliate of Global Pharma Inc, Canada) and Danadams Pharmaceuticals Limited.

MR. JOSEPH SKUGGEN (ACTING HEAD OF SUPPLY CHAIN)

Mr. Joseph Skuggen has served in diverse roles in Supply Management function, Maintenance, Manufacturing and Project Management. He has 25 years of work experience with Unilever Gh. Ltd and 5 years with Ayrton Drug Manufacturing Ltd in the supply chain environment. He is chartered member of Chartered Institute of Procurement and Supply UK and holds a Msc in Supply Chain Management from Roehampton University, UK.

BOARD OF DIRECTORS - (CONT'D)

Biographical information of directors

Age category	Number of directors
41 – 60 years	3
Above 60 years	5

Role of the Board

The Directors are responsible for the long term success of the Company, determine the strategic direction of the Company and reviews operating, financial and risk performance. There is a formal schedule of matters reserved for the board of directors, including approval of the Company's annual business plan, the Company's strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, all guarantees, treasury policies, the financial statements, the Company's dividend policy, transactions involving the issue or purchase of Company shares, borrowing powers, appointments to the Board, alterations to the memorandum and articles of association, legal actions brought by or against the Company, and the scope of delegations to Board committees and the management committee. Responsibility for the development of policy and strategy and operational management is delegated to a management committee, which as at the date of this report includes the executive directors and five (5) senior managers.

Internal control systems

The Directors have overall responsibility for the Company's internal control systems and annually reviews their effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive directors and other senior management. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. The directors have reviewed the effectiveness of the internal control systems, including controls related to financial, operational and reputational risks identified by the Company as at the reporting date and no significant failings or weaknesses were identified during this review.

Directors' performance evaluation

Every year the performance and effectiveness of the Board of Directors ("the Board"), its committees and individual directors is evaluated. The evaluation is conducted by the completion of detailed and comprehensive written survey questionnaires. The results of the evaluation are shared with all members of the Board. Overall, it was noted that the board of directors and its committees were operating in an effective manner and performing satisfactorily, with no major issues identified.

Conflicts of interest

The Company has established appropriate conflicts authorisation procedures, whereby actual or potential conflicts are regularly reviewed, and authorisations sought as appropriate. During the year, no such conflicts arose, and no such authorisations were sought.

Board balance and independence

The composition of the board of directors and its Committees is regularly reviewed to ensure that the balance and mix of skills, independence, knowledge and experience is maintained. The Board Chairman is not independent and all, with the exception of one of the non-executive directors are independent as pertains to the management of the company. The continuing independence and objective of the Judgement of the non-Executive Directors is being reviewed by the Board of Directors.

REPORT OF THE DIRECTORS TO THE MEMBERS OF DANNEX AYRTON STARWIN PLC - (CONT'D)

BOARD OF DIRECTORS - (CONT'D)

Capacity building of directors to discharge their duties

On appointment to the Board, Directors are provided with full, formal and tailored programmes of induction, to enable them gain in-depth knowledge about the Company's business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the Company operates. Programmes of strategic and other reviews, together with the other training programmes provided during the year, ensure that Directors continually update their skills, knowledge and familiarity with the Company's businesses. This further provides insights about the industry and other developments to enable them effectively fulfill their role on the Board and committees of the Board.

Auditor

The Audit Committee has responsibility delegated from the board of directors for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor. KPMG has been appointed as auditor of Dannex Ayrton Starwin Plc and this is the Company's first period of audit. Prior to the merger of the three entities, KPMG was the auditor of Dannex Limited for 4 years and Starwin Products Limited for over 10 years. KPMG does not provide non-audit services to the Company.

AUDIT FEES

The audit fee for the year is GHS 275,000 (2020: GHS 180,000).

APPROVAL OF THE REPORT OF THE DIRECTORS

The report of the directors of Dannex Ayrton Starwin PLC was approved by the board of directors

on ...01 APRIL... 2022 and signed on their behalf by:

NIK AMARTEIFIO

Signature	*Signature*
NIK AMARTEIFIO	DANIEL APEAGYEI KISSI
Name	*Name*

KPMG

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

DANNEX AYRTON STARWIN PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dannex Ayrton Starwin PLC ("the Company"), which comprise the statement of financial position at 31 December 2021, and statements of profit or loss and other comprehensive income, changes in equity and of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 15 - 70.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992).

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)*, together with the ethical requirements that are relevant to our audit of the financial statements in Ghana and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition (GHS74,530,831) Refer to Note 7 to the financial statements	
The key audit matter	*How the matter was addressed in our audit*
Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when goods are delivered to a customer and thus control has been transferred. There is a time lag between issues of goods to distributors and receipts of those goods close to the year end. Revenue may be recorded when control has not been transferred to the customer.	Our principal audit procedures included the following: • Identifying relevant controls over the revenue recognition process for all the revenue streams, evaluating the design and implementation, and testing the operating effectiveness of these controls; • For a sample of significant sales transactions, tracing the transactions back to source documents to ensure that the transactions actually occurred, and the amounts were accurate; • Performing predictive analysis on individual product lines of the company;

Revenue Recognition cont'd	
The key audit matter	*How the matter was addressed in our audit*
	• Performing gap analysis on revenue details for the period; • Assessing whether sales transactions on either side of the balance sheet date as well as credit notes issued after year end had been recorded in the appropriate accounting period; and • Evaluating the adequacy of the Company's disclosures on revenue recognition in the financial statements in accordance with the applicable financial reporting framework.

Existence, accuracy and valuation of inventory (GHS 18,266,002) Refer to Note 18 to the financial statements	
The key audit matter	*How the matter was addressed in our audit*
The Company keeps many inventory lines with significant values for the relevant segments. Inventory may not be measured appropriately due to nonexistence, obsolescence or inaccurate unit costs assigned to items with significant values.	Our principal audit procedures included the following: • Evaluating the design and implementation and testing the operating effectiveness of controls over periodic inventory counts and management reviews of inventory reconciliation; • Observing year-end inventory counts and checked that the physical quantities agree with the system quantities per the Company's records. • On a sample basis, recomputing the unit cost of inventory used in the year-end inventory valuation by agreeing the costs to supporting documentation such as purchase invoices and landed costs; and • Enquiring into identified slow moving inventory and assessing reasonableness of impairment allowance recognised on such inventory. • Considering the adequacy of disclosures in relation to inventory recognised in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 2019 (Act 992), and Corporate Information which we obtained at the date of this report. The Chairman's Statement, Managing Director's Statement, Audit Committee's Report and Corporate Governance Statement which we expect to be available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992), and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

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

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment 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 directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019, (Act 992).

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, so far as appears from our examination of those books.

The statements of financial position and profit or loss and other comprehensive income are in agreement with the accounting records and returns.

We are independent of the Company under audit pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The engagement partner on the audit resulting in this independent auditor's report is **Labaran Amidu (ICAG/P/1472)**.

KPMG
....

For and on behalf of:
KPMG: (ICAG/F/2022/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P. O. BOX GP 242
ACCRA

01 April 2022

DANNEX AYRTON STARWIN PLC
STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2021

	Note	2021 GHS	2020 GHS
ASSETS			
Property, plant and equipment	14	21,211,034	21,221,854
Intangible assets	15	200,446	395,229
Equity investment at FVOCI	16	2,416,650	2,416,650
Deferred tax assets	17(d)	3,877,343	1,746,359
Non-current assets		27,705,473	25,780,092
Inventories	18	18,266,002	13,645,760
Current tax assets	17(b)	818,360	-
Trade and other receivables	19	15,520,507	13,715,929
Due from related companies	25	-	263,753
Cash and bank balances	20	1,256,736	637,343
Current assets		35,861,605	28,262,785
Total assets		**63,567,078**	**54,042,877**
EQUITY AND LIABILITIES			
Equity			
Share capital	21	33,058,701	33,058,701
Fair value reserves	21(b)	321,098	321,098
Other reserves	16	-	184,405
Retained earnings		(21,712,488)	(26,778,565)
Total equity		11,667,311	6,785,639
Lease liabilities	14(c)(v)	116,466	109,169
Loans and borrowings	23	13,203,189	14,656,190
Employee benefits obligations	22(iv)	2,943,147	4,380,548
Deferred tax liabilities	17(d)	2,655,540	2,561,824
Non-current liabilities		18,918,342	21,707,731
Lease liabilities	14(c)(v)	24,000	40,008
Bank overdraft	20	9,802,018	5,596,336
Current tax liabilities	17(b)	-	761,180
Loans and borrowings	23	8,634,104	4,108,892
Employee benefits obligations	22(iv)	622,655	-
Trade and other payables	24	13,552,271	13,905,177
Due to related companies	25	346,377	1,137,914
Current liabilities		32,981,425	25,549,507
Total liabilities		51,899,767	47,257,238
Total equity and liabilities		**63,567,078**	**54,042,877**

The notes on pages 19 - 70 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on....01 APRIL.....2022 and signed on its behalf by:

...MR AMARTEIFIO............... ....

DIRECTOR **DIRECTOR**

DANNEX AYRTON STARWIN PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 GHS	13-month period ended 31 December 2020 GHS
Revenue	7	74,530,831	65,918,268
Cost of sales	8	(35,543,875)	(36,631,759)
Gross profit		38,986,956	29,286,509
Other operating income	11	617,107	419,593
Selling and distribution expenses	9	(9,494,450)	(8,043,808)
General and administrative expenses	10	(23,702,882)	(23,548,512)
Impairment reversal on trade receivables	27	137,845	68,735
Results from operating activities		6,544,576	(1,817,483)
Finance income	12	-	1,236
Finance costs	12	(3,410,899)	(3,215,031)
Net finance costs	12	(3,410,899)	(3,213,795)
Profit/(loss) before tax		3,133,677	(5,031,278)
Income tax credit/(expense)	17(a)	1,747,995	(126,966)
Profit/(loss) after tax		4,881,672	(5,158,244)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligations	22(iv)	-	245,873
Related income tax	17(d)(i)	-	(61,469)
Equity investment at FVOCI net change in fair value	16	-	488,881
Related income tax	17(d)(i)	-	(167,783)
Other comprehensive income, net of tax		-	505,502
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,881,672	(4,652,742)
Basic/Diluted earnings per share (GHS per share)	13	0.0576	(0.0609)

The notes on pages 19 - 70 are an integral part of these financial statements.

DANNEX AYRTON STARWIN PLC
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share capital GHS	Fair value reserves GHS	Other reserves GHS	Retained earnings GHS	Total equity GHS
Balance at 19 December 2019		33,058,701	-	-	(21,620,321)	11,438,380
Total comprehensive income						
Loss for the year		-	-	-	(5,158,244)	(5,158,244)
Total comprehensive income		-	-	-	(5,158,244)	(5,158,244)
Other comprehensive income						
Changes in fair value on financial asset at FVOCI		-	321,098	-	-	321,098
Remeasurement of employee benefits		-	-	184,405	-	184,405
Total other comprehensive income		-	321,098	184,405	-	505,503
Balance at 31 December 2020		**33,058,701**	**321,098**	**184,405**	**(26,778,565)**	**6,785,639**
Balance at 1 January 2021		33,058,701	321,098	184,405	(26,778,565)	6,785,639
Total comprehensive income						
Profit for the year		-	-	-	4,881,672	4,881,672
Total comprehensive income		-	-	-	4,881,672	4,881,672
Other comprehensive income						
Remeasurement of employee benefits	22(v)	-	-	(184,405)	184,405	-
Total other comprehensive income		-	-	(184,405)	184,405	-
Balance at 31 December 2021		**33,058,701**	**321,098**	**-**	**(21,712,488)**	**11,667,311**

The notes on pages 19 - 70 are an integral part of these financial statements.

DANNEX AYRTON STARWIN PLC
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 GHS	13-month period ended 31 December 2020 GHS
Cash flows from operating activities			
Profit/(loss) for the year		4,881,672	(5,158,244)
Adjustments for:			
Depreciation of property, plant and equipment	14 (a)	1,561,535	1,438,152
Depreciation on leases	14 (c)	286,301	342,211
Amortisation of intangible assets	15	319,807	143,998
Unrealised exchange difference		416,666	1,607
Net finance costs	12	2,779,556	2,504,888
Profit on disposal of property, plant and equipment	14(b)	(100,797)	(83,350)
Write-off of property, plant and equipment	11	-	9,678
Tax expense	17(a)	(1,747,995)	126,966
		8,396,745	(674,094)
Changes in:			
Inventories		(4,620,242)	1,776,878
Trade and other receivables		(1,804,578)	(970,337)
Trade and other payables		(352,906)	1,684,106
Amount due to/from related party		(527,784)	-
Employee benefit obligations		(814,746)	379,765
Cash (used)/generated from operating activities		276,489	2,196,318
Interest paid	12	(2,364,990)	(1,777,210)
Income taxes paid		(1,809,934)	(1,706,269)
Net cash used in operating activities		(3,898,435)	(1,287,161)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	14(b)	102,940	83,350
Acquisition of property, plant and equipment	14	(1,838,976)	(2,903,633)
Acquisition of intangible assets	15	(125,024)	(86,400)
Net cash used in investing activities		(1,861,060)	(2,906,683)
Cash flows from financing activities			
Proceeds from loans and borrowings	23	5,330,326	11,426,718
Repayment of loans and borrowings	23	(3,129,755)	(7,242,694)
Payment on lease liabilities	14(c)(v)	(24,741)	(40,008)
Net cash from financing activities		2,175,830	4,144,016
Net decrease in cash and cash equivalents		(3,583,665)	(49,828)
Cash and cash equivalents at 1 January		(4,958,993)	(4,907,559)
Effect of exchange rate fluctuations on cash held		(2,624)	(1,606)
Cash and cash equivalents at 31 December		(8,545,282)	(4,958,993)
Cash and cash equivalents	20	1,256,736	637,343
Bank overdraft	20	(9,802,018)	(5,596,336)
Cash and cash equivalents at 31 December		(8,545,282)	(4,958,993)

The notes on pages 19 - 70 are an integral part of these financial statements.

1. REPORTING ENTITY

Dannex Ayrton Starwin PLC ("the Company") is a company incorporated and domiciled in Ghana. The Company's registered office can be found on page 2 of the annual report. The Company is primarily involved in the manufacturing and sale of pharmaceutical products. The financial statements comprise the individual financial statements of the Company as at and for the period ended 31 December 2021.

Dannex Ayrton Starwin is listed on the Ghana Stock Exchange.

2. BASIS OF ACCOUNTING

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) and in a manner required by the Companies Act, 2019 (Act 992). The Company is in compliance with the requirements of the Companies Act, 2019 (Act 992).

Details of the Company's accounting policies are included in .

3. FUNCTIONAL AND PRESENTATIONAL CURRENCY

These financial statements are presented in Ghana Cedi (GHS) which is the Company's functional currency. All amounts have been rounded to the nearest Ghana Cedi, unless otherwise indicated.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 22 – measurement of defined benefit obligations, key actuarial assumptions;
- Note 17(ii) – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized; and
- Note 27 – measurement of Expected Credit Loss (ECL) allowance for trade receivables: key assumptions in determining the weighted – average loss rate.

4. USE OF JUDGEMENTS AND ESTIMATES - (CONT'D)

(i) Measurement of fair values

When measuring fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the following inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 27(b)(ii) - Financial instruments.

5. BASIS OF MEASUREMENT

The financial statements have been prepared under the historical cost convention except for the following material items:

- Financial assets classified as equity investments at FVOCI, measured at fair value.
- Employee benefit obligations recognised at the present value of the defined benefit obligations.

6. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been adopted and applied in these financial statements, unless otherwise stated.

6.1 Foreign currency

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

6.2 Revenue from customers

The Company generates revenue primarily from the sale of pharmaceutical products. The Company sells its products primarily to two categories of customers:

- Open Market: Pharmaceutical Wholesalers, Pharmacies and Licensed OTC Sellers.
- Institutions: Hospitals, Clinics, Regional Health Directorates and Regional Medical Stores.

The Company recognises revenue when the goods are delivered and have been accepted by the customer who acknowledges receipt by signing a waybill or the invoice. The Company considers its sale of goods as a single performance obligation. Invoices are generated as and when the pharmaceutical products are sold. Invoices are usually payable within 60 days. Returned goods are usually faulty and near expiry products.

6.3 Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

a. Social security contribution

Under a national pension scheme, the Company contributes 13% of employee's basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The Company's obligation is limited to the relevant contributions, which have been recognised in the financial statements. The pension liabilities and obligations, however, rest with SSNIT.

b. Tier 3 Pension fund and saving scheme

The Company has a Tier 3 Pension fund for staff and management under which the Company contributes 6.5% of employee's basic salary to the scheme.

4. USE OF JUDGEMENTS AND ESTIMATES - (CONT'D)

(iii) Defined benefit plan

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of the economic benefit available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of future economic benefit, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Company determines the net interest expense (Income on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contribution and benefit payment.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to the past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Termination

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognised cost for restructuring. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(v) Other long-term benefits

The Company’s obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. The discount rate is the rate on long dated Government of Ghana bonds. Remeasurement are recognised in profit or loss in the period in which they arise.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.4 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. The estimated useful lives are as follows:

• Right-of-use assets	50 – 91 years
• Buildings	2% - 3%
• Laboratory, plant and machinery	10% - 20%
• Motor vehicle	20% - 25%
• Furniture and equipment	15% - 20%
• Computer equipment	25% - 33.3%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected to flow to the Company from either their use or disposal. Gains or losses on derecognition of an item of property and equipment are determined by comparing the proceeds from disposal, if applicable, with the carrying amount of the item and are recognised directly in profit or loss.

6.5 Intangible assets

Intangible assets (Computer software and trademarks) that are acquired by the Company are measured at cost less accumulated amortisation and any accumulated impairment losses.
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the profit or loss as incurred.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

Trademark is amortised over an expected useful life of 3 years.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.6 Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the selling price less costs to sell. Cost is determined using the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

6.7 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of identified asset- this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and

- the Company has the right to direct the use of the asset. The company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

    - the Company has the right to operate the asset; or
    - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company as a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognises a right-of-use asset and a lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs attributable to the lease contract and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.7 Leases - cont'd

The Company as a Lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise of:

- Fixed repayment, including in-substance fixed payments
- The effects of prepayments or rent-free periods
- Contractually-stipulated increases in rent payments
- Lease payments in an optional renewal period if the Company is reasonably certain to exercise an exercise option.

The lease liability is measured at amortised cost using the effective interest method. A re-measurement of the lease liability and right-of-use asset is required under the following circumstances:

(a) A change in future lease payment amount due to a market rent review;
(b) A change in fixed future lease payment amount due to rent being linked to an inflation index;
(c) A change in expected lease term (e.g. no longer expect to exercise extension option or now expect to exercise an early termination option).

When the lease liability is re-measured in this way, a corresponding adjustment is made to the current amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use asset in property and equipment and lease liabilities in the statement of financial position.

Short term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases of property that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

6.8 Cash and cash equivalents

Cash and cash equivalents as presented in the statement of financial position comprise cash on hand, bank balances and highly liquid investments with maturities of three months or less in money market instruments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.9 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair values plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

a. Financial assets

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. On initial recognition of an equity investments that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by investment basis.

(b) Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.9 Financial instruments - cont'd

- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(c) Financial assets - assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs {e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

1. Financial assets - Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.9 Financial instruments - cont'd

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

1. Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost and are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Other financial liabilities comprise trade and other payables, related party payables and bank overdraft .

(iii) Derecognition

a. Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all the risks and rewards of the transferred assets. In these cases, transferred assets are not derecognised.

b. Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(c) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.9 Financial instruments - cont'd

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12 month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full due to bankruptcy
- there are adverse changes in the payment status of debtors
- the financial asset is more than 90 days past due (For trade receivables for open market customers, default is 183 days and above. For institutional customers 365 days and above)

The Company considers a debt security to have low credit risk when its credit rating is equivalent to the globally understood definition of "investment grade".

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.9 Financial instruments - cont'd

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

6.10 Finance income and cost

Finance costs comprise interest expense on borrowings, bank charges and interest expense on lease liability recognised in profit or loss.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying assets are recognised in profit or loss using the effective interest method.

Finance income comprise interest income on funds invested or held in bank accounts, dividend income, and net foreign exchange gains.

The Company has presented interest expense on the lease liability separately from the depreciation charge for the right-of-use asset.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.11 Income tax

Income tax expense on profit or loss for the year comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable or receivable on taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse.

A deferred tax asset is recognised for unused tax loses, unused tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences, differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

6.12 Earnings per share

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

6.13 Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.14 Segment reporting

Operating segments reflect the Company's management structure and the way financial information is regularly reviewed by the Chief Executive Officer. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer (Chief Operating Decision-Maker (CODM)).

The Company operates as a single business unit that manufactures Syrups, Tablets, Creams, Suspension, Disinfectant, Lozenges, Powders, Capsules and Emulsion.

6.15 New standard and interpretation issued not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2022 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Standard/Interpretation		**Effective date Periods beginning on or after**
Amendments to IAS 37	Onerous contracts – Cost of Fulfilling a Contract	1 January 2022
IFRS 1, IFRS 9, IFRS 16 and IAS 41 amendments	*Annual Improvements to IFRS Standards (2018 – 2020)*	1 January 2022
IAS 16 amendment	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
IFRS 3 amendment	*Reference to the Conceptual Framework*	1 January 2022
IFRS 17	*Insurance Contracts*	1 January 2023
IFRS 17 amendments	*Insurance Contracts*	1 January 2023
IFRS 17 amendment	*Initial Application of IFRS 17 and IFRS 9—Comparative Information*	1 January 2023
IAS 1 amendment	*Classification of liabilities as current or non-current*	1 January 2023
IAS 8 amendment	*Definition of Accounting Estimates*	1 January 2023
IAS 1 and IFRS Practice Statement 2 amendment	*Disclosure Initiative: Accounting Policies*	1 January 2023
IFRS 16 amendment	*COVID-19-Related Rent Concessions beyond 30 June 2021*	1 April 2021
IAS 12 amendment	*Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*	1 January 2023

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.15 New standard and interpretation issued not yet effective - cont'd

Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, issued by the International Accounting Standards Board, clarify that the 'costs of fulfilling a contract' when assessing whether a contract is onerous comprise both:

- the incremental costs – e.g. direct labour and materials; and
- an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments will be recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives will not be restated. Earlier application is permitted.

The Company is yet to assess the potential impact on the financial statements.

Annual Improvements to IFRS Standards 2018-2020

IFRS 1 First-time Adoption of International Financial Reporting Standards	The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
IFRS 9 Financial Instruments	The amendment clarifies that for the purpose of performing the ''10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
IFRS 16 Leases	The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.
IAS 41 Agriculture	The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

The Company is yet to assess the potential impact on the financial statements.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.15 New standard and interpretation issued not yet effective - cont'd

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:

- costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
- costs associated with making the item of property, plant and equipment available for its intended use.

Making this allocation of costs may require significant estimation and judgement.

The Company is yet to assess the potential impact on the financial statements.

The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendment has:

- updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- added to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and
- added to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Company is yet to assess the potential impact on the financial statements.

The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.15 New standard and interpretation issued not yet effective - cont'd

IFRS 17 *Insurance Contracts (and its related amendments)*

IFRS 17 supersedes IFRS 4 *Insurance Contracts* and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI.

The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements.

The *Initial Application of IFRS 17 and IFRS 9 – Comparative Information* amendment adds a new transition option to IFRS 17 (the 'classification overlay') to alleviate operational complexities and one-time accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of IFRS 17. It allows presentation of comparative information about financial assets to be presented in a manner that is more consistent with IFRS 9 Financial Instruments.

The Company is not likely to impacted by this new standard.

The amendments are to be applied retrospectively from the effective date.

Definition of accounting estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

The definition of a change in accounting estimates is replaced with a definition of accounting estimates.

Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.15 New standard and interpretation issued not yet effective - cont'd

The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The Company is yet to assess the potential impact on the financial statements.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

Classification of liabilities as current or non-current (Amendments to IAS 1) cont'd

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

The Company is yet to assess the potential impact on the financial statements.

The amendments are to be applied retrospectively from the effective date.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.15 New standard and interpretation issued not yet effective - cont'd

***Definition of accounting estimates* (Amendments to IAS 8)**

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The Company is yet to assess the potential impact on the financial statements.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.15 New standard and interpretation issued not yet effective - cont'd

Disclosure Initiative: Accounting Policies **(Amendments to IAS 1 and IFRS Practice Statement 2)**

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board (the Board).

The Board has issued amendments to IAS 1 *Presentation of Financial Statements* and an update to IFRS Practice Statement 2 *Making Materiality Judgements* to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The Company is yet to assess the potential impact on the financial statements.

The amendments are effective from 1 January 2023 but may be applied earlier.

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

In May 2020, the Board issued COVID-19-Related Rent Concessions (the 2020 amendments), which amended IFRS 16 Leases. The 2020 amendments introduced an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. Under that practical expedient, a lessee is not required to assess whether eligible rent concessions are lease modifications, instead accounting for them in accordance with other applicable guidance.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.15 New standard and interpretation issued not yet effective - cont'd

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) cont'd

The practical expedient introduced in the 2020 amendments only applies to rent concessions for which any reduction in lease payments affects solely payments originally due on or before 30 June 2021. The economic challenges presented by the COVID-19 pandemic have persisted longer than anticipated. As a result, lessors and lessees are negotiating rent concessions that extend beyond 30 June 2021. The Board has therefore extended the practical expedient by 12 months – i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

The Company is yet to assess the potential impact on the financial statements.

The 2021 amendments are effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendment to IAS 12)

The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The Company is yet to assess the potential impact on the financial statements.

The amendments are effective from 1 January 2023 but may be applied earlier.

7. REVENUE

(a) *Revenue stream*

The Company generates revenue primarily from the sale of pharmaceutical products

	2021	13-month period ended 31 December 2020
	GHS	GHS
Revenue from sale of goods	74,530,831	65,918,268

(b) *Disaggregation of revenue from contracts with customers*

Revenue from contracts with customers is disaggregated by primary customer profiles and timing of revenue recognition (which is at a point in time).

	2021	13-month period ended 31 December 2020
Type of customer	GHS	GHS
Open market	71,959,578	63,877,361
Institutions	2,571,253	2,040,907
	74,530,831	65,918,268

8. COST OF SALES

	2021	13-month period ended 31 December 2020
	GHS	GHS
Cost of raw material consumed	25,026,819	24,072,098
Depreciation of property, plant and equipment	749,592	1,056,357
Staff Cost Note 10(i)	6,628,931	6,772,501
Overheads	3,138,533	4,730,803
	35,543,875	36,631,759

9. SELLING AND DISTRIBUTION EXPENSES

	2021 GHS	13-month period ended 31 December 2020 GHS
Advertising and promotion	1,183,166	459,967
Depreciation of property, plant and equipment	19,975	96,530
Other selling and distribution expenses	1,417,656	1,062,112
Hotel Accommodation and allowances	1,014,814	1,147,688
Motor Vehicle Expenses	2,345,549	1,730,641
Staff cost Note 10(i)	2,129,671	2,300,821
Rents, rate and insurance	505,561	336,801
Repairs and maintenance	878,058	909,248
	9,494,450	8,043,808

10. GENERAL AND ADMINISTRATIVE EXPENSES

	2021 GHS	13-month period ended 31 December 2020 GHS
Auditor's remuneration	275,000	180,000
Amortisation	319,807	143,998
Covid 19 expenses	102,230	688,371
Communication expenses	596,547	649,618
Depreciation	1,078,269	627,476
Directors' remuneration	3,846,467	3,350,885
Donations	23,311	13,139
Exchange difference	828,674	11,765
Legal and professional expenses	508,759	990,890
Other general & admin expenses	683,417	969,161
Penalties and fines	12,636	90,426
Repairs and maintenance	1,329,726	1,395,960
Rents, rates and insurance	690,209	695,307
Sanitation	337,054	346,702
Security	687,441	683,790
Subscriptions and renewals	313,983	599,349
Staff costs Note 10(i)	11,488,712	11,425,093
Travelling and transport	317,267	433,823
Utilities	263,373	243,081
Write off of property, plant and equipment	-	9,678
	23,702,882	23,548,512

10. GENERAL AND ADMINISTRATIVE EXPENSES - (CONT'D)

(i) Staff costs under cost of sales, selling and distribution and general and administrative expenses:

	2021 GHS	13-month period ended 31 December 2020 GHS
Cost of sales	6,628,931	6,772,501
Selling and distribution expenses	2,129,671	2,300,821
General and administrative expenses	11,488,712	11,425,093
	20,247,314	20,498,415
This is made up of:		
Salaries and wages	18,404,243	17,686,926
Retirement benefit costs:		
- Tier 3 pension contributions	720,910	704,469
- Social Security contributions	1,410,857	1,438,351
Defined benefits and other long term benefits:		
- Defined benefits	-	-
- Other long term benefits (See Note 22(v))	(288,696)	668,669
	20,247,314	20,498,415
The average number of employees at the end of the period	666	633

11. OTHER OPERATING INCOME

	2021 GHS	13-month period ended 31 December 2020 GHS
Sundry income	516,310	336,243
Profit on disposal of property, plant and equp't	100,797	83,350
	617,107	419,593

12. FINANCE INCOME AND COSTS

	2021 GHS	13-month period ended 31 December 2020 GHS
Finance income		
Interest on bank accounts	-	1,236
Finance costs		
Interest on loans and borrowings	(2,779,556)	(2,504,888)
Interest expense on leases	(16,030)	(14,911)
Bank charges	(615,313)	(695,232)
	(3,410,899)	(3,215,031)
	(3,410,899)	(3,213,795)

Included in sundry income is bad debt recovered and proceeds from scraps.

13. EARNINGS PER SHARE

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

	2021 GHS	13-month period ended 31 December 2020 GHS
Profit/(loss) attributable to equity holders	4,881,672	(5,158,244)
Weighted average number of ordinary shares in issue Note 21(a)	84,765,899	84,765,899
Basic/Diluted earnings per share (GHS per share)	0.0576	(0.0609)

At the reporting date, the basic earnings per share was the same as diluted earnings per share as there were no outstanding shares on conversion which could increase the weighted average number of ordinary shares in issue.

14. PROPERTY, PLANT & EQUIPMENT

2021	Leasehold land and Building, Freehold land GHS	Plant and Machinery GHS	Furniture and Equipment GHS	Motor Vehicles GHS	Computer Equipment GHS	Under Construction GHS	Total GHS
Cost							
At 1 January 2021	17,763,664	7,347,873	3,113,736	4,542,798	1,534,501	3,053,874	37,356,446
Additions	71,617	395,726	592,925	478,653	300,055	-	1,838,976
Transfers	-	-	-	-	-	-	-
Disposals/write-off	-	(18,825)	(300)	(738,432)	(18,589)	-	(776,146)
Balance at 31 December 2021	**17,835,281**	**7,724,774**	**3,706,361**	**4,283,019**	**1,815,967**	**3,053,874**	**38,419,276**
Accumulated Depreciation							
At 1 January 2021	2,076,470	6,437,226	2,623,852	3,771,864	1,225,180	-	16,134,592
Charge for the year	566,703	446,994	228,088	376,590	229,460	-	1,847,835
Release on disposals/write off	-	(18,825)	(300)	(738,432)	(16,628)	-	(774,185)
Balance at 31 December 2021	**2,643,173**	**6,865,395**	**2,851,640**	**3,410,022**	**1,438,012**	**-**	**17,208,242**
Carrying Amounts							
At 31 December 2021	**15,192,108**	**859,379**	**854,721**	**872,997**	**377,955**	**3,053,874**	**21,211,034**

There was no indication of impairment of property, plant and equipment held by the Company at the reporting date and 31 December 2020. The Company's leasehold land and building, plant, equipment and machinery have been used as security for loan and overdraft facility held with EXIM Bank and GCB Bank Limited.

14. PROPERTY, PLANT & EQUIPMENT- CONT'D

2020	Leasehold land and Building, Freehold land GHS	Plant and Machinery GHS	Furniture and Equipment GHS	Motor Vehicles GHS	Computer Equipment GHS	Under Construction GHS	Total GHS
Cost							
Balance at 19 December 2019	17,410,840	7,090,168	2,901,052	4,810,345	1,272,368	1,652,199	35,136,972
Additions	323,118	75,208	212,684	392,320	286,425	1,613,878	2,903,633
Transfers	29,706	182,497	-	-	-	(212,203)	-
Disposals	-	-	-	(349,408)	-	-	(349,408)
Write-off	-	-	-	(310,459)	(24,292)	-	(334,751)
Balance at 31 December 2020	**17,763,664**	**7,347,873**	**3,113,736**	**4,542,798**	**1,534,501**	**3,053,874**	**37,356,446**
Accumulated Depreciation							
Balance at 19 December 2019	1,508,513	5,957,341	2,452,193	4,021,508	1,089,155	-	15,028,710
Charge for the year	567,957	479,885	171,659	410,223	150,639	-	1,780,363
Write-off	-	-	-	(310,459)	(14,614)	-	(325,073)
Release on disposals	-	-	-	(349,408)	-	-	(349,408)
Balance at 31 December 2020	**2,076,470**	**6,437,226**	**2,623,852**	**3,771,864**	**1,225,180**	**-**	**16,134,592**
Carrying Amounts							
At 31 December 2020	**15,687,194**	**910,647**	**489,884**	**770,934**	**309,321**	**3,053,874**	**21,221,854**

14. PROPERTY, PLANT & EQUIPMENT- CONT'D

(a) Depreciation

Depreciation has been charged in the financial statements as follows:

	2021 GHS	13-month period ended 31 December 2020 GHS
Cost of sales	749,592	1,056,357
Selling and distribution expenses	19,975	96,530
General and administrative expenses	1,078,269	627,476
	1,847,836	1,780,363

(b) Disposal of property, plant and equipment

	2021 GHS	13-month period ended 31 December 2020 GHS
Cost	776,146	349,408
Accumulated depreciation	(774,185)	(349,408)
Carrying amount	1,961	-
Proceeds of sale	(102,940)	(83,350)
Profit on disposal of property, plant and equipment	(100,979)	(83,350)

(c) Leases

(i) Leases as a lessee

The Company leases land and buildings. The land leases typically run for a period of 50 to 91 years and buildings for a period of 1 to 2 years. For lease of buildings that run for a period of 1 year, the Company has elected not to recognise right-of-use and lease liabilities for these leases because they are short-term leases. During the year, the Company entered into new building lease agreements for its territory warehouses.

14. PROPERTY, PLANT & EQUIPMENT- CONT'D

(c) Leases (- cont'd)

(ii) Right-of-use assets
Right-of-use assets are presented as part of property, plant and equipment.

	Land	Building	Total
Cost	**GHS**	**GHS**	**GHS**
Balance at 1 January 2021	10,023,105	295,518	10,318,623
Additions	-	46,596	46,596
Balance at 31 December 2021	10,023,105	342,114	10,365,219
Balance at 19 December 2019	10,023,105	214,587	10,237,692
Additions	-	80,931	80,931
Balance at 31 December 2020	10,023,105	295,518	10,318,623
Accumulated depreciation			
Balance at 1 January 2021	272,120	70,091	342,211
Charge for the year/period	257,513	28,788	286,301
Balance at 31 December 2021	529,633	98,879	628,512
Balance at 19 December 2019	-	-	-
Charge for the year/period	272,120	70,091	342,211
Balance at 31 December 2020	272,120	70,091	342,211
Carrying amount			
At 31 December 2021	**9,493,472**	**243,235**	**9,736,707**
At 31 December 2020	**9,750,985**	**225,427**	**9,976,412**

	2021	13-month period ended 31 December 2020
(iii) **Amount recognised in the statement of profit or loss**	**GHS**	**GHS**
Interest on lease liabilities	16,030	14,911
Expenses relating to short-term leases	-	89,562
(iv) **Amounts recognised in the statement of cash flows**		
Total cash outflow for leases*	16,030	174,273

(c) Leases (- cont'd)

(v) **Lease liabilities included in the statement of financial position at 31 December**	**2021 GHS**	**2020 GHS**
Balance at beginning	149,177	174,274
Interest on lease liabilities	16,030	14,911
Payments made	(24,741)	(40,008)
Balance at 31 December	140,466	149,177
Less than one year	24,000	40,008
More than one year	116,466	109,169
	140,466	149,177

**Short term lease and interest on lease payments are classified as operating activities*

Extension options

Some leases of office premises contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement due date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is significant event or significant changes in circumstances within its control.

The Company has assessed that all contractual extension options will be exercised and have therefore included all potential future lease payments in the calculation of the lease liability.

15. INTANGIBLE ASSETS

Cost	**Software GHS**	**Trademark GHS**	**Total GHS**
Balance at 1 January 2021	800,578	304,677	1,105,255
Additions	125,024	-	125,024
Balance at 31 December 2021	925,602	304,677	1,230,279
Balance at 19 December 2019	714,178	304,677	1,018,855
Additions	86,400	-	86,400
Balance at 31 December 2020	800,578	304,677	1,105,255
Accumulated amortisation			
Balance at 1 January 2021	405,349	304,677	710,026
Charge for the year/period	319,807	-	319,807
Balance at 31 December 2021	725,156	304,677	1,029,833
Balance at 19 December 2019	261,440	304,588	566,028
Charge for the year/period	143,909	89	143,998
Balance at 31 December 2020	405,349	304,677	710,026
Carrying amount			
At 31 December 2021	**200,446**	**-**	**200,446**
At 31 December 2020	**395,229**	**-**	**395,229**

16. EQUITY INVESTMENTS AT FVOCI

	2021 GHS	2020 GHS
Balance at beginning	2,416,650	1,927,769
Net change in fair value	-	488,881
Balance at 31 December	2,416,650	2,416,650

This relates to the value of 374,955 ordinary shares in Stanbic Bank Ghana Limited. These equity securities represent investments that the Company intends to hold for long term strategic purposes. There was no material changes in value based on valuation done on the investment,

An amount GHS 220,474 dividend income was received during the year.

17. INCOME TAXES

(a) Amounts recognised in profit or loss

Current tax expense

	2021 GHS	13-month period ended 31 December 2020 GHS
Current year income tax expense	289,273	-
Deferred tax -	(2,037,268)	126,966
Total income tax expense	(1,747,995)	126,966

(b) Current tax assets and liabilities

2021	Balance at 1 Jan GHS	Charge for the year GHS	Payments/tax credits during the year GHS	Balance at 31 Dec GHS
Income tax				
Up to 2020	761,180	289,273	(1,681,350)	(630,897)
2021	-	-	(187,463)	(187,463)
Total	761,180	289,273	(1,868,813)	(818,360)

Taxes paid comprise of utilisation of tax credits amounting to GHS 58,879 and payments amounting GHS 1,809,934.

Tax positions up to the 2020 year of assessment have been agreed with the tax authorities. The remaining tax position is subject to agreement with the tax authorities.

(c) Reconciliation of effective tax rate

	2021 %	2021 GHS	2020 %	2020 GHS
Profit/(loss)before tax		3,133,677		(5,031,278)
Income tax using domestic tax rate	25.00	783,419	25.00	(1,257,820)
Expenses not deductible for tax purposes	29.67	929,663	(44.05)	2,216,113
Recognition of previously unrecognised deductible temporary differences	(81.21)	(2,544,733)	-	-
Tax exempt income	(29.24)	(916,344)	16.52	(831,328)
Tax expenses	(55.78)	(1,747,995)	(2.53)	126,965

17. INCOME TAXES - (CONT'D)

(d) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2021			2020		
	Assets GHS	Liabilities GHS	Total GHS	Assets GHS	Liabilities GHS	Total GHS
Property, plant and equipment	-	(2,051,377)	(2,051,377)	-	(2,539,849)	(2,539,849)
Employee benefit obligations	891,451	-	891,451	1,123,461	-	1,123,461
Fair value gain	-	(604,163)	(604,163)	-	(604,163)	(604,163)
Tax losses	1,988,418	-	1,988,418	620,266	-	620,266
Inventories	-	-	-	2,632	-	2,632
Finance costs	550,921	-	550,921	-	-	-
Trade receivables	446,553	-	446,553	-	582,188	582,188
	3,877,343	**(2,655,540)**	**1,221,803**	**1,746,359**	**(2,561,824)**	**(815,465)**

(i) Movements in temporary differences during the year

	Balance at 1 January GHS	Recogn'd in profit or loss GHS	Recogn'd in other compr'sive income GHS	Balance at 31 December GHS
For the year ended 31 December 2021				
Property, plant and equipment	2,539,849	(488,472)	-	2,051,377
Employee benefit obligations	(1,123,461)	232,010	-	(891,451)
Fair value gain	604,163	-	-	604,163
Tax losses	(620,266)	(1,368,152)	-	(1,988,418)
Inventories	(2,632)	2,632	-	-
Finance costs	-	(550,921)	-	(550,921)
Trade receivables	(582,188)	135,635	-	(446,553)
	815,465	**(2,037,268)**	**-**	**(1,221,803)**
For the year ended 31 December 2020				
Property, plant and equipment	252,165	2,287,684	-	2,539,849
Employee benefit obligations	(151,261)	(1,033,669)	61,469	(1,123,461)
Fair value gain	436,380	-	167,783	604,163
Tax losses	-	(620,266)	-	(620,266)
Inventories	-	(2,632)	-	(2,632)
Trade receivables	(78,037)	(504,151)	-	(582,188)
	459,247	**126,966**	**229,252**	**815,465**

17. INCOME TAXES - (CONT'D)

(ii) Tax losses carried forward

	2021		2020	
	Gross amount GHS	Tax effect GHS	Gross amount GHS	Tax effect GHS
Tax losses	-	-	2,840,200	710,050

Tax losses carried forward	GHS	Expiry
2018	1,139,859	2023
2019	3,973,613	2024
2020	2,840,200	2025

The company made a profit in the current year having made a loss in its first year of operations of the merged entities. Based on the entity's performance, management considered it probable that future taxable profits would be available against which the tax losses can be utilised.

18. INVENTORIES

See accounting policy in Note

	2021 GHS	2020 GHS
Raw and packaging materials	9,907,734	8,671,909
Work-in-progress	638,347	175,834
Consumable spares	1,675,805	1,595,052
Finished goods	6,044,116	3,202,965
	18,266,002	13,645,760

The value of raw and packaging materials was determined after deducting provision for obsolescence of GHS 1,093,218 (2020: GHS 1,014,855).

19. TRADE AND OTHER RECEIVABLES

	2021 GHS	2020 GHS
Trade receivables	14,782,153	12,978,051
Impairment allowance	(1,787,290)	(1,925,135)
Trade receivables, net	12,994,863	11,052,916
Staff receivables	601,818	1,229,785
Other receivables	238,303	886,022
Prepayments	1,685,523	547,206
	15,520,507	13,715,929

The maximum amount due from employees of the Company during the year amounted to approximately GHS 601,818 (2020: GHS 1,229,785).

Included in the staff receivables is an amount of GHS 236,303 (2020: GHS 886,022) relating to advances to management staff.

Credit and market risks, and impairment losses
Information about the Company's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 27.

20. CASH AND CASH EQUIVALENTS AND BANK OVERDRAFT

	2021 GHS	2020 GHS
Bank balances	1,142,237	598,659
Cash balances	114,499	38,684
Cash and cash equivalents in the statement of financial position	1,256,736	637,343
Bank overdrafts *	(9,802,018)	(5,596,336)
Cash and cash equivalents in the statement of cash flows	(8,545,282)	(4,958,993)

*Included in bank overdrafts are credit facilities of GHS 12,000,000 (2020: GHS 12,000,000 at the rate of 10% (2020: 10%) obtained from GCB Bank Limited that are used to finance working capital and importation of raw materials. These facilities are payable on demand and expire 12 months from the date of disbursement.

At the reporting date, the Company recorded a bank ledger balance of GHS 1,142,237 (2020: GHS 598,660) in its statement of financial position as compared to the bank statements balance of GHS 941,942 (2020: GHS 579,953). The transactions making up the difference between the bank ledger balance and the bank statements balance amounting to GHS 200,295 (2020: GHS 18,707), which includes various reconciling items such as unpresented cheques, uncredited lodgements and unresolved debit and credit items on the bank statements.

Subsequent to the year end, reconciling items amounting to GHS 180,584 (2020: Nil) were resolved and reflected in the financial statement as appropriate.

21. STATED CAPITAL AND RESERVES

(a) Stated capital

See accounting policy in Note

	No. of Shares		Proceeds	
Authorized	**2021**	**2020**	**2021 GHS**	**2020 GHS**
Ordinary shares of no par value	500,000,000	500,000,000		
Issued				
For cash	84,765,899	84,765,899	33,058,701	33,058,701

There is no share in treasury and no call or instalment unpaid on any share. Additionally, there are no called- up shares.

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share of general meetings of the Company.

Based on the share exchange ratio of 3.13 Ayrton Shares for 1 Dannex Ayrton Starwin Plc Share, 12.50 Starwin Shares for 1 Dannex Ayrton Starwin Plc Shares and 1 Dannex Shares for 1 Dannex Ayrton Starwin Plc Shares, the following shares were issued:

- To Starwin shareholders: a total of 5,959,808 Dannex Ayrton Starwin Plc shares
- To Ayrton shareholders: a total of 31,962,142 Dannex Ayrton Starwin Plc shares
- To Dannex Plc shareholders: a total of 46,843,949 Dannex Ayrton Starwin Plc shares

Therefore, the total number of issued shares of the merged entity was 84,765,899 shares. The entitlement list for all shareholders of the three (3) companies as at the book closure date was prepared by the financial advisor and sponsoring broker and verified by NTHC Registrars.

(b) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of equity securities designated at FVOCI.

(c) Retained earnings

From the inception of the Company, retained earnings comprises the net amount after the equity share exchange as part of the merger arrangement between Dannex Limited, Ayrton Drug Manufacturing Limited and Starwin Products Limited. Subsequently, it represents the accumulation of profit or losses and gain from the remeasurement of employee benefit obligations.

22. EMPLOYEE BENEFITS OBLIGATION

Defined contribution plans

(i) Social security

Under a national pension scheme the company contributes 13% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The company's obligation is limited to the relevant contributions which have been recognised in the financial statements. The pension liabilities and obligations however rest with SSNIT. The expense recognised in the year is shown in Note 10(i).

(ii) Provident fund

The Company has a provident fund scheme for staff under which the company contributes 6.5% of staff basic salary. The company's obligation under the plan is limited to the relevant contributions and these have been recognised in the financial statements. The expense recognised in the year is shown in Note 10(i).

(iii) Other long term benefits

Long service award is an unfunded scheme to reward staff for their continuous and dedicated service to the Company. Staff who serve for ten years and above are awarded with cash donations. The plan is not funded. The awards vary depending on the number of years served by employees who meet the qualifying criteria.

(iv) End of Service

It is a defined benefit scheme to provide employees with a lump sum on retirement, resignation or death
having served the Company for a minimum of ten (10) years. End of Service Benefit is not funded.

For the above schemes, a full and independent actuarial valuation was carried out at the end of the period using the Projected Unit Credit Method in accordance with IAS 19 revised.

	Long service award GHS	**End of service** GHS**	**Net defined liability GHS**
Balance at 1 January 2021	1,722,820	2,657,728	4,380,548
Included in profit or loss			
Current service cost	225,219		225,219
Past service cost/(credit)		(2,471,117)	(2,471,117)
Interest cost	262,040		262,040
Actuarial loss arising from financial assumptions	194,874		194,874
Actuarial loss/(gain) arising from other sources	1,417,727	(186,611)	1,231,116
	3,822,680		3,822,680
Benefits paid	(256,878)	-	(256,878)
Balance at 31 December 2021	3,565,802	-	3,565,802

22. EMPLOYEE BENEFITS OBLIGATION (CONT"D)

Balance at 19 December 2019	1,780,546	2,404,642	4,185,188
Included in profit or loss			
Current service cost	236,117	168,245	404,362
Interest cost	235,414	330,714	566,128
Actuarial loss arising from financial assumptions	7,797		7,797
Actuarial gain arising from other sources	(309,618)		(309,618)
	169,710	498,959	668,669
Included in OCI - Remeasurement loss/(gain):			
Actuarial loss arising from financial assumptions		21,961	21,961
Actuarial gain arising from other sources		(267,834)	(267,834)
		(245,873)	(245,873)
Benefits paid	(227,436)	-	(227,436)
Balance at 31 December 2020	1,722,820	2,657,728	4,380,548

(v) Gains on settlement of defined benefit plans/past service credit

** Out of the liability of GHS 2,657,728 provided for end of service benefits in 2020, the Company paid an actual amount of GHS 186,611 on curtailment and settlement of the end of service benefits and resulting in a gain of GHS 2,471,117.

	2021	**2020**
	GHS	**GHS**
Less than one year	622,655	-
More than one year	2,943,147	4,380,548
	3,565,802	**4,380,548**

22. EMPLOYEE BENEFITS OBLIGATION (CONT"D)

The actuarial assumptions at the period-end were as follows:

	2021	2020
Discount rate	17.00%	16.00%
General inflation	12.50%	10.50%
Salary inflation	14.00%	12.00%.

Withdrawal rates (See table below): - 2021 and 2020 Age	Males	Femails
Less than 30	5%	5%
Age 30 to 39	4%	4%
Age 40 to 49	3%	3%
Age 50 to 60	2%	2%
Greater than 60	-%	-%

Sensitivity analysis

Reasonable changes at the reporting date to the relevant actuarial assumptions, holding other assumptions constant, would have affected the employee benefit obligations by the amounts shown below. Although the analysis does not take account of the full distribution of cash flow expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

	2021 GHS Increase	2021 GHS Decrease	2021 GHS Increase	2021 GHS Decrease
	End of service benefits		Long service awards	
Discount rate (1% movement)	-	-	3,383,783	3,768,783
Withdrawal rate (10% movement)	-	-	3,499,135	-
Salary rate (1% movement)	-	-	3,773,636	3,376,636
Mortality (1% movement)	-	-	3,351,113	-

	2020 GHS Increase	2020 GHS Decrease	2020 GHS Increase	2020 GHS Decrease
	End of service benefits		Long service awards	
Discount rate (1% movement)	2,405,042	2,950,294	1,629,008	1,826,976
Withdrawal rate (10% movement)	2,582,788	-	1,689,077	-
Salary rate (1% movement)	2,960,015	2,393,454	1,830,296	1,624,674
Mortality (1% movement)	2,363,972	-	1,613,439	-

23. LOANS AND BORROWINGS

The Company has the following secured facilities with local banks at the reporting date:

	2021 GHS	2020 GHS
Ghana Exim Bank Loan (Restructured) **(Note 1 below)**	9,186,903	7,048,516
GCB Bank PLC **(Note 2 below)**	12,650,390	11,716,566
Total	21,837,293	18,765,082
Current	8,634,104	4,108,892
Non- Current	13,203,189	14,656,190

Note 1
This are GHS 11,250,000 and GHS 22,500,000 loan facilities obtained by the old entities from Ghana Exim Bank in April 2018 and November 2018. The purpose of the loan is to augment working capital and to refinance existing loans at nominal interest rate of 8%. This loan was restructured in April 2020 and matures in 2023 with a revised interest rate of 13.5%. The loan was secured by a mortgage over the Ayrton Drug commercial property.

Note 2
This is a GHS 24,467,174 (2020: GHS 20,689,397) loan facility obtained from GCB Bank PLC in July 2020 at nominal interest rate 10% and matures in 2025. The purpose of the loan is to refinance outstanding loans with GCB Bank PLC, Zenith Bank Ghana Limited and Ecobank Ghana PLC. The loan was secured by a mortgage over the processing plant, Starwin Commercial Property and Ayrton Drugs Property.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Opening balance GHS	Additions GHS	Capital repayments sGHS	Interest costs GHS	Interest paid GHS	2021 Closing balance GHS
31 December 2021						
Ghana Exim Bank Loan (restructured)	7,048,516	3,777,777	(1,881,905)	574,962	(332,447)	9,186,903
GCB Bank PLC	11,716,566	1,552,549	(1,247,850)	1,223,798	(594,673)	12,650,390
	18,765,082	5,330,326	(3,129,755)	1,798,760	(927,120)	21,837,293
31 December 2020						
Ghana Exim Bank Loan (restructured)	8,466,224	-	(1,775,522)	796,645	(438,831)	7,048,516
Zenith EDAIF Loan	1,664,312	-	(1,664,312)	197,044	(197,044)	-
Lease facility	29,225	-	(29,225)	3,520	(3,520)	-
GCB Bank PLC	3,773,635	11,426,718	(3,773,635)	1,507,679	(1,217,831)	11,716,566
	13,933,396	11,426,718	(7,242,694)	2,504,888	(1,857,226)	18,765,082

24. TRADE AND OTHER PAYABLES

See accounting policy in Note

	2021 GHS	2020 GHS
Trade payables	6,667,911	6,228,606
Other payables	3,060,307	3,334,632
Accrued expenses**	3,824,053	4,341,939
	13,552,271	13,905,177

** Included in balance is GHS 767,571 (2020: GHS 1,491,390) relating to accrued unpaid leave as at period end.

Information about the Company's exposure to currency and liquidity risks is included in Note 27.

25. RELATED PARTY TRANSACTIONS

Dannex Ayrton Starwin Plc is 60.04% owned by Equatorial Cross Acquisitions Limited (ECA), 17.14% owned by Social Security and National Insurance Trust (SSNIT). The remaining are owned by a number of individual shareholders. Shareholding information disclosed at Note 33.

In the course of the year, the following transactions took place with related parties.

		2020
(i) Amounts due from related parties		
Equatorial Cross Acquisitions	-	263,753
This balance is mainly made up of vehicles purchased for the Board Chairman.		
(ii) Amounts due to related parties		
Equatorial Cross Acquisitions	346,377	1,137,914

There are no terms to the related party transactions, and they are not secured.

25. RELATED PARTY TRANSACTIONS (CONT'D)

(iii) Transactions with key management personnel

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

		13-month period ended 31 December
(a) Key management personnel compensation included the following:	**2021**	**2020**
Short-term employee benefits	**GHS**	**GHS**
Executive Directors	3,611,781	3,188,421
Non-Executive Directors	234,686	139,000
Other key management personnel	1,730,635	1,577,451
	5,577,102	4,904,872
Other Long-term employee benefits		
Executive Directors and key management staff	252,688	199,810
Total employee benefit	5,829,790	5,104,682

(b) There is a personal guarantee by Nik Amarteifio, the Board Chairman of the Company as collateral for obtaining the GCB Bank PLC loan facility.

(c) The Company has an approved scheme with Ecobank Ghana for management, an amount of GHS 1,503,922 (2020: GHS 438,608) has been drawn down. Related expense paid is GHS 467,618.

(iv) Other related party transactions

1. An amount of Nil - (2020: GHS 483,163) was paid to Mr. Yaw Opare-Asamoah, a former Managing Director of Dannex Limited as outstanding payments owed.
2. Alex Bonney, a member of the Board, provides HR consultancy services for the Company, an amount of GHS 64,864 (2020: GHS 121,892) was paid to him during the period as consultancy fees.

(v) Directors' shareholding

The Directors named below held the following number of shares in the company as at the reporting date and at 31 December 2020:

Name of Director	**No. of shares**	**% of issued capital**
Nik Amarteifio (ECA) *	50,891,061	60.0
Amarteokor Amarteifio	3,207,604	3.8
	54,098,665	63.8

*Shares held through Equatorial Cross Acquisitions.

26. SEGMENT REPORTING

Operating segments reflect the Company's management structure and the way financial information is regularly reviewed by the Chief Executive Officer. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer.

The Company operates as a single business unit that manufactures Syrups, Tablets, Creams, Suspension, Disinfectant, Lozenges, Powders, Capsules and Emulsion.

Revenue by Products

	2021 GHS	13-month period ended 31 December 2020
Syrup	40,902,635	34,240,856
Tablet	18,735,404	17,721,256
Creams/ointment	5,205,412	5,078,030
Suspensions	3,050,310	3,157,813
Disinfectants	4,836	13,960
Powders	6,035,095	5,024,351
Capsules	369,136	565,549
Emulsion	228,003	116,453
	74,530,831	65,918,268

All sales are made in Ghana and no individual customer contributed 10% or more to revenue. Segment revenue is based on the geographical location of customers, whilst segment asset is based on the geographical location of the assets.

The Company's non-current assets amounting to GHS 27,705,473 (2020: GHS 25,780,092) are in Ghana.

Major Customer

There was no revenue for transactions with a single external customer amounting to 10% of the Company's total revenue during the period.

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

a. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. 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.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company regularly reviews significant unobservable inputs and valuation adjustments.

The Company recognised transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

		Carrying amount			
31 December 2020	Note	FVOCI GHS	Financial assets at amortised cost GHS	Other financial liabilities GHS	Total GHS
Financial assets measured at fair value					
Equity Investment at FVOCI	16	2,416,650	-	-	2,416,650
Financial assets not measured at fair value					
Trade and other receivables	19	-	14,782,153	-	14,782,153
Due from related companies	25	-	263,753	-	263,753
Cash and cash equivalents	20	-	598,659	-	598,659
Total assets		-	15,644,565	-	15,644,565
Financial liabilities not measured at fair value					
Bank overdraft	20	-	-	5,596,336	5,596,336
Loans and borrowings	23	-	-	18,765,082	18,765,082
Trade and other payables	24	-	-	12,169,035	12,169,035
Due to related party	25	-	-	1,137,914	1,137,914
Total liabilities		-	-	37,668,367	37,668,367

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT - CONT'D

a. Accounting classifications and fair values - (cont'd)

31 December 2021	Note	FVOCI GHS	Financial assets at amortised cost GHS	Other financial liabilities GHS	Total GHS
Financial assets measured at fair value					
Equity Investment at FVOCI	16	2,416,650	-	-	2,416,650
Financial assets not measured at fair value					
Trade and other receivables	19	-	12,978,051	-	12,978,051
Due from related companies	25	-	263,753	-	263,753
Cash and cash equivalents	20	-	1,142,237	-	1,142,237
Total assets		-	14,384,041	-	14,384,041
Financial liabilities not measured at fair value					
Bank overdraft	20	-	-	9,802,018	9,802,018
Loans and borrowings	23	-	-	21,837,293	21,837,293
Trade and other payables	24	-	-	12,124,545	12,124,545
Due to related party	25	-	-	346,377	346,377
Total liabilities		-	-	44,110,233	44,110,233

b. Measurement of fair values

i. Fair value hierarchy

31 December 2020 and 31 December 2021	Level 1 GHS	Level 2 GHS	Level 3 GHS
Equity Investment at FVOCI	-	2,416,650	-

ii. *Valuation techniques and significant unobservable inputs*

The following tables show the valuation techniques used in measuring financial instruments.

Financial instruments not measured at fair value

Type	Valuation technique
Other financial liabilities	The valuation model considers the present value of future cashflows, discounted at the market rates of interest at the reporting date.
Financial assets measured at FV	This is determined by reference to their unquoted prices in observable markets at the reporting date.

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT - CONT'D

c. Financial risk management

This Company has exposure to the following risks arising from financial instruments:

i. Risk management framework

The Company has developed a comprehensive risk management process to facilitate control and monitoring of these risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management of financial risk is centralized at the Company's corporate group level, where financial risk is managed in accordance with the policies and procedures established at the Group level, in order to protect profit and cash flows.

ii. 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 the Company's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Company's exposure to risk is influenced mainly by the individual characteristics of each customer, the industry and country in which the customers operate. In monitoring customer credit risk, customers are grouped according to their credit characteristics; including whether they are open market customers (wholesalers, retailers) or institutional customers.

The Company has credit control policies which cover procedures for accepting new customers, setting credit limits, dealing with overdue amounts and delinquent payers. Credit exposure on trade receivable is covered by customers issuing post-dated cheques to cover amount owed. The Company does not require collateral in respect of trade and other receivables.

The maximum exposure to credit risk for accounts receivable at the reporting date by type was:

	2021 GHS	**2020 GHS**
Trade and other receivables	14,782,153	12,978,051
Due from related companies	-	263,753
Staff receivables	601,818	1,229,785
Other receivables	238,303	886,022
	15,622,274	15,357,611

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT - CONT'D

c. Financial risk management - (Cont'd)

ii. Credit risk - (Cont'd)

Impairment

The aging of accounts receivable at the reporting date was:

Open market customers

	2021				2020			
	Weighted loss rate	**Carrying amount GHS**	**Impairment GHS**	**Credit impaired**	**Weighted loss rate**	**Carrying amount GHS**	**Impairment GHS**	**Credit impaired**
Current (not past due)	3.08	8,412,963	(259,119)	**No**	3.08	6,927,979	(251,554)	**No**
1- 60 days past due	5.53	2,883,239	(159,443)	**No**	5.53	2,502,576	(153,771)	**No**
61- 120 days past due	10.51	940,370	(98,833)	**No**	10.96	458,870	(50,306)	**No**
121- 182 days past due	22.00	189,005	(41,581)	**No**	22.00	111,656	(23,596)	**No**
More than 183 days due	63.76	739,201	(471,315)	**Yes**	58.29	920,857	(536,762)	**Yes**
		13,164,778	(1,030,291)			10,921,938	(1,015,989)	

Institutional customers - NHIA Accredited Institutions

	2021				2020			
	Weighted loss rate	**Carrying amount GHS**	**Impairmen t GHS**	**Credit impaired**	**Weighted loss rate**	**Carrying amount GHS**	**Impairment GHS**	**Credit impaired**
Current (not past due)	17.67	281,752	(49,786)	**No**	17.89	274,499	(49,108)	**No**
1- 60 days past due	21.03	129,970	(27,333)	**No**	21.43	123,195	(26,401)	**No**
61- 120 days past due	25.46	132,760	(33,801)	**No**	24.69	104,257	(25,741)	**No**
121- 182 days past due	29.44	85,726	(25,238)	**No**	27.22	125,074	(34,045)	**No**
183 - 243 days past due	38.37	86,949	(33,362)	**No**	36.60	81,869	(29,964)	**No**
244 - 305 days past due	45.68	51,519	(23,534)	**No**	42.85	25,174	(10,787)	**No**
244 - 305 days past due	64.88	34,467	(22,362)	**No**	60.85	-	-	**No**
More than 365 days due	100.00	529,536	(529,536)	**Yes**	100.00	705,946	(705,946)	**Yes**
		1,332,679	(744,952)			1,440,014	(881,992)	
Regional Medical Stores								
Current (not past due)	4.40	284,695	(12,527)		4.40	616,099	(27,108)	
Total		14,782,152	(1,787,770)			12,978,051	(1,925,089)	

Impairment losses on financial assets recognised in profit or loss were as follows:

	2021 GHS	**2020 GHS**
Opening balance	1,925,089	1,993,824
Impairment reversal on trade receivables	(137,845)	(284,504)
Impairment expense on staff receivables	-	215,769
Impairment reversal	(137,845)	(68,735)
Closing balance	1,787,244	1,925,089

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT - CONT'D

c. Financial risk management - (Cont'd)

ii. Credit risk - (Cont'd)

Cash and cash equivalents

The Company held cash and cash equivalents of GHS 1,256,736 (2020: GHS 637,343) at the reporting date. The cash and cash equivalents are held with reputable banks and other financial institutions regulated by the Bank of Ghana and available on demand or upon maturity for short-term investments.

Related party receivables

The Company's exposure to credit risk in respect of the amounts due from related parties is minimised. The Company has transacted business with related parties over the years and there has been no defaults in payment of outstanding debts. No impairment has been recognised with respect to amounts due from related parties in the current period.

iii. Liquidity risk

Liquidity risk is the risk that the Company either does 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 will maintain adequate liquidity to meet its liabilities when due**.**

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

			Contractual cash flows		
31 December 2021	**Carrying Amount GHS**	**Total GHS**	**6 mths or less GHS**	**6 - 12 mths GHS**	**More than 12 mths GHS**
Non-derivative financial liabilities					
Trade and other payables	12,124,545	12,124,545	12,124,545	-	-
Due to related party	346,377	346,377	346,377	-	-
Lease liabilities	140,466	140,466	140,466	-	-
Bank overdraft	9,802,018	-	-	-	-
Loans and borrowings	21,837,293	21,837,293	4,417,317	4,423,315	12,996,661
Balance at 31 December 2021	44,250,699	34,448,681	17,028,705	4,423,315	12,996,661
31 December 2020					
Non-derivative financial liabilities					
Trade and other payables	12,169,035	12,169,035	12,169,035	-	-
Due to related party	1,137,914	1,137,914	1,137,914	-	-
Lease liabilities	149,177	149,177	149,177	-	-
Bank overdraft	5,596,336	5,596,336	5,596,336	-	-
Loans and borrowings	18,765,082	19,358,221	-	4,108,892	15,249,329
Balance at 31 December 2020	37,817,544	38,410,683	19,052,462	4,108,892	15,249,329

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT - CONT'D

c. Financial risk management - (Cont'd)

iv. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices 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 optimising the return.

Foreign currency risk

The Company is exposed to currency risk on purchases and borrowings that are denominated in currencies other than the functional currency. The currencies in which these transactions primarily are denominated are US dollars (USD), Great British Pound (GBP) and Euro (EUR).

	31 December 2021			31 December 2020		
Balances shown in GHS equivalents	**EUR**	**USD**	**GBP**	**EUR**	**USD**	**GBP**
Cash and cash equivalents	270	6,190	-	270	1,823	-
Trade and other payables	(1,054)	(813,710)	(7,226)	(114,785)	(514,833)	(6,043)
Net statement of financial position exposure	(784)	(807,520)	(7,226)	(114,515)	(513,010)	(6,043)

The following significant exchange rates are applied during the year:

	Average Rate	13-month period ended 31 December	Reporting Date	
	2021	**2020**	**2021**	**2020**
GBP 1	8.3029	7.4711	8.6643	8.1104
EUR 1	7.1314	6.6370	7.2614	7.2994
USD 1	5.9973	5.7965	6.4000	5.9200

Sensitivity analysis

A 10% weakening of the cedi against the following currencies at 31 December 2020 would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 13-month period ended 31 December 2020.

Effect in GHS dollars

	Effect on profit or loss/equity	
	2021 GHS	**2020 GHS**
GBP	(6,261)	(4,901)
EUR	(569)	(11,452)
USD	(516,813)	(303,702)
	(523,643)	(320,055)

A 10% strengthening of the cedi against the above currencies would have exact opposite effect on equity and profit or loss by the same amount shown above.

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT - (CONT'D)

c. Financial risk management (Cont'd)

iv Market risk (Cont'd)

The Company's exposure to exchange rate risk is in respect of amount due to foreign suppliers for imports of various international transactions. The Company manages foreign exchange risk by estimating forward looking rates in its Annual Planning process based on projected depreciation of the Cedi against the major trading currencies. The system is set up with trigger points for review of the rates to aid in the management of the risk.

Equity price risk
Sensitivity analysis

For investments classified as fair value through other comprehensive income, a 3% increase in the equity prices at the reporting date would have increased equity by the amounts shown below. An equal change in the opposite direction would also decrease equity by the amounts shown below.

	Effect on profit or loss/equity	
	2021	**2020**
	GHS	**GHS**
Equity	72,500	72,500

Interest rate risk

At the reporting date the interest rate profile of the company's interest-bearing financial instruments was:

	Carrying amounts	
Fixed rate instruments	**2021**	**2020**
	GHS	**GHS**
Bank overdraft	9,802,018	5,596,336
Loans and borrowings	(21,837,293)	(18,765,082)
	12,035,275	13,168,746

The Company does not account for any fixed-rate financial assets or financial liabilities, at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT - (CONT'D)

c. Financial risk management (Cont'd)

iv Market risk (Cont'd)

Sensitivity analysis

A change of 100 basis points in interest rate at the reporting date would have an increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables in particular foreign currency rates remain constant.

The analysis is performed on the same basis for 2020:

	2021		**13-month period ended 31 December 2020**	
	100BP Increase	**100BP Decrease**	**100BP Increase**	**100BP Decrease**
Cash flow sensitivity (GHS)	(120,353)	120,353	(131,687)	131,687

28. CAPITAL COMMITMENTS

The Company had no commitments for capital expenditure at the reporting date and at 31 December 2020.

29. CONTINGENT LIABILITIES

A labour suit filed by two plaintiffs contesting their summary dismissal and termination of appointment respectively by the Defendant ("Starwin"- now DAS Plc). The case of the plaintiffs is that their dismissal and termination of appointment by DAS Plc was wrongful. They are therefore praying the Court to award damages and cost against DAS Plc in respect of same. Apart from damages and cost, the second plaintiff is also praying the Court to order DAS Plc to pay the sum of GHS 14,805.95 being allowances due him for serving as acting Managing Director, the sum of GHS 5,833.97 being one month salary in lieu of notice and the monetary value of 100 litres of fuel (approximately GH¢430.00) which ought to have been supplied to him by DAS Plc but was not.

All pretrial proceedings have been completed and trial is yet to commence.

In the event that the court delivers Judgment in favour of the Plaintiffs, the Company may be ordered by the Court to pay an approximately two years' salary to each of the Plaintiffs as damages; implying that the second Plaintiff may be awarded a total of the sums of money aforementioned and a maximum of two years' salary.

30. SUBSEQUENT EVENTS

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate directly to the financial statements and the effect is material. There were no events after 31 December 2021 that require disclosure in the financial statements.

31. COMPARATIVE INFORMATION

The prior year financial statements was prepared for a 13 month period to 31 December.

32. CAPITAL MANAGEMENT

The Company's policy is to develop a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company monitors capital using a ratio of adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total liabilities less cash and cash equivalents. Adjusted equity comprises all components of equity as shown in the statement of financial position.

Management reviews its capital management approach on an ongoing basis and believes this approach given the size of the Company is reasonable.

The adjusted net debt to equity ratio for the Company at 31 December is as follows:

	2021 GHS	2020 GHS
Total liabilities	51,899,767	47,257,238
Cash and bank balances	(1,256,736)	(637,343)
Net	50,643,031	46,619,895
Total equity	11,667,311	6,785,639
Gearing	4.34	6.87

33. SHAREHOLDING INFORMATION

(i) Number of Shares in issue

Earnings and dividend per share are based on 84,765,899 weighted average number of ordinary shares in issue during the period.

(ii) Number of Shareholders

The Company had 84,765,899 ordinary shares at the reporting date and at 31 December 2020 distributed as follows:

Holding	No. of Holders	Total Holding	% Holding
1-1000	7,713	1,897,609	2.24
1001-5000	660	1,339,515	1.58
5001-10000	64	463,948	0.55
10001 and over	84	81,064,827	95.63
	8,521	84,765,899	100.00

(iii) List of twenty shareholders as at the reporting date and 31 December 2020

Shareholders	No. of shares	% of issued capital
Equatorial Cross Acquisitions (ECA)	50,891,061	60.04
Social Security and National Insurance Trust	14,525,554	17.14
Yaw Opare-Asamoah	6,546,035	7.72
Amarteokor Amarteifio	3,207,604	3.78
Mirfield Properties	1,621,318	1.91
Jacob Amekor Blukoo-Allotey	394,485	0.47
Worldwide Securities Limited	233,362	0.28
Starwin Products Limited	202,490	0.24
E.H. Booehene Foundation	198,041	0.23
International Central Gospel Church – Christ Temple	166,400	0.20
Teachers Fund	142,852	0.17
Sylvia Stella Amissah	113,298	0.13
Comfort Asiedu	106,811	0.13
Godfried Ampofo	106,811	0.13
Albert Gyang Boohene	100,385	0.12
Estate of Bernard Forson	98,043	0.12
Estate of P.I.A Quaye	87,672	0.10
Worldwide Securities Ltd Trust A/C	87,636	0.10
Starwin Trust Fund	86,782	0.10
Estate of Patrick Okai	77,386	0.09
Reported Totals	78,994,026	93.20
Not reported	5,771,874	6.81
Reported Totals	84,765,900	93.20

(iv) Directors' shareholding

The Directors named below held the following number of shares in the Company as at the reporting date and at 31 December 2020:

Name of Director	No. of shares	% of issued capital
Equatorial Cross Acquisitions (ECA)*	50,891,061	60.04
Amarteokor Amarteifio	3,207,604	3.78
	54,098,665	63.82

*Shares held through Equatorial Cross Acquisitions.

Appendix 1

EXTRACT OF DANNEX AYRTON STARWIN PLC CODE OF ETHICS

1. Purpose

To ensure staff have detailed understanding of company's minimum standards of operation and the expectations of customers and stakeholders at all times.

2. Standards of Practice

2.1 Bribery and Corruption

- Any payments or gifts other than business expenses which intends to induce or influence someone or public official in the performance of his legitimate duty is prohibited by the company.
- Guidance should be sought from CEO and CHRO in contrary to this directive.

2.2 Records Keeping

Detailed records of all gifts received must be logged unto the NAV or be kept in in written form by authorized employees and the HR Department notified. Records dealings should be prepared with strict accuracy.

2.3 Treatment of Customers

All employees are entreated to know the obligations of the business towards customers and to understand and meet their expectations. Open and clear communication is to vital to this.

2.4 Suppliers

Suppliers are to be treated fairly in accordance with agreed terms of trade.

2.5 Competition

- DAS will compete fairly with competitors and their parties. Employees should be confidential and not divulge or share trade secrets with its competitors.

3. Corporate Governance

DAS complies with legal and regulatory requirements to protect shareholder interest and the business.

3.1 Compliance with Law

All managers are to be aware of laws and regulations affecting their area of operations and ensure to take legal advice where appropriate.

3.2 Accounting Standards and Records

All accounts documentation must be in conformity with regulatory requirements.

Appendix 1 - (cont'd)

3.3 External Reporting

- All statements or reports to regulators, govt. agencies or stakeholders should always be correct timely and not misleading.
- Only authorized persons are permitted to represent DAS on all external matters.

3.4 Policies Procedures

Management are to ensure to the compliance and management of risks policy and procedures by staff and as well manage risk associated with these policies.

4. Our Commitment to our employees

DAS is committed to achieve a work environment in which team spirit, goals and values, fairness dignity and respect are maintained by all employees.

4.1 Labour Act

- DAS will always act in compliance with the Labour Act 65.

4.2 Harassment

- All unwanted behavior will be not be countenanced under any circumstances. CHRO should be notified of such behavior.

4.3 Equal Opportunity

- All employees will be given equal opportunities for advancement based on their performance ability and aptitude.

4.4 Health and Safety

- DAS provides the highest priority on Health and Safety of all employees. Methods of operations will constantly be reviewed to protect workers. Leaders should be role models in ensuring high standards of Health and Safety.

4.5 Pre employment screening and selection

- DAS will apply rigorous pre-employment screening and selection to protect interest of employees and customers.

Appendix 1 - (cont'd)

5. Good Corporate Citizen

- DAS is committed to being a good corporate citizen by taking account of the socio economic environment of the business.

5.1 Environment

- Will conduct business with respect to the environmental requirements. Activities that will have a negative impact on the environment will be avoided.

5.2 Corporate Social Responsibility

- DAS is fully committed in supporting and assisting charitable activities which have positive impact in communities and society.

6. Employee Commitment

Employees must be committed and promote the interest of the business at all times.

6.1 Confidential Information

- Confidential information except information required by law must not be used for personal gain but for advancement of the business. Disclosure of confidential information is not permitted unless otherwise authorized for legitimate business.

6.2 Conflict of Interest

- Any activity that conflicts with the interest of the company must be avoided.

6.3 Social Networking

- Employees who engages in social networking on behalf to the business must conduct themselves in accordance with DAS values and policies.