PRESS RELEASE

PR. No 208/2022

ALUWORKS LIMITED (ALW)-

REPORT AND FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2021

ALW has released its Report and Financial Statements for the year ended December 31, 2021, as per the attached.

Issued in Accra, this 30th
day of June 2022

- E N D –

att'd.

Distribution:
1. All LDMs
2. General Public
3. Company Secretary, ALW
4. UMB Registrars, (Registrars for ALW shares)
5. Custodians
6. Central Securities Depository
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***XA**

ALUWORKS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2021

Aluworks Plc

Report and financial statements

Content **Page**

CLASSIFICATION: CONFIDENTIAL

Corporate information

BOARD OF DIRECTORS	Professor Lade Wosornu- *Chairman* Ernest Kwasi Okoh - *Managing Director* Togbe Afede XIV Kingsley Okoe Ofosu Obeng Ralph Rossouw Dr. Alhassan Mutaka Alolo Prof. Yaw Adu-Gyamfi
PRINCIPAL PLACE OF BUSINESS	Plot No. 63/1, Heavy Industrial Area P. O. Box CO 914 Tema
SECRETARY	Accra Nominees Limited 13 Samora Machel Road Asylum Down P. O. Box GP 242 Accra
REGISTRAR	Universal Merchant Bank Limited Merban House 44 Kwame Nkrumah Avenue Accra.
SOLICITOR	E. K. Jones Mensah & Associates Alpha Law Chambers Community 1 P. O. Box 1382 Tema
AUDITOR	Deloitte & Touche Chartered Accountants The Deloitte Place Plot No 71 off George Walker Bush Highway, Dzorwulu P. O. Box GP 453 Accra
BANKERS	Ecobank Ghana Plc Societe Generale Ghana Plc

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Report of the directors

The Directors present their report and the financial statements of Aluworks Plc ("the Company") for the year ended 31 December 2021.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of financial statements that give a true and fair view of Aluworks Plc, comprising the statement of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, changes in equity and 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. Refer to going concern consideration and subsequent event section below.
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.

Five- year financial highlights

	2021	2020	2019	2018	2017
	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000
Revenue	**99,011**	68,975	76,993	62,495	84,470
(Loss) before tax	**(55,830)**	(36,781)	(30,784)	(33,162)	(23,877)
(Loss) after tax	**(65,755)**	(33,794)	(24,199)	(33,162)	(23,877)
Basic earnings per share (GHS per share)	**(0.2778)**	(0.1428)	(0.1022)	(0.1401)	(0.1009)
Diluted earnings per share (GHS per share)	**(0.2329)**	(0.1197)	(0.0857)	(0.1174)	(0.0846)

FINANCIAL STATEMENTS/ BUSINESS REVIEW

The financial results of the Company for the years ended 31 December 2021 and 31 December 2020 are set out in the financial statements, highlights of which are as follows

	2021	2020
	GHS'000	GHS'000
Loss before tax	**(55,830)**	(36,781)
Loss after tax	**(65,755)**	(33,794)
Total Assets	**236,102**	215,398
Total Liabilities	**193,621**	230,081
Total Equity	**42,481**	(14,683)

The Directors do not recommend the payment of dividend for the year ended 31 December 2021 (2020: Nil).

Report of the directors

GOING CONCERN and SUBSEQUENT EVENTS

The Company incurred a loss of GHS 65,755,000 (2020: GHS 33,794,000) for the year ended 31 December 2021 and as of that date, the Company's current liabilities exceeded its current assets by GHS 174,995,000 (2020: GHS 165,854,000) and total assets also exceeded its total liabili ties by GHS 42,481,000 (2020: GHS 14,683,000). Additionally, the Company reported a negative operating cashflow of GHS 26,944,000 (2020: positive operating cashflow of GHS 4,834,000).

Background

Aluworks Plc as the only cold milling plant in Ghana is considered an essential cog in the Bauxite - Aluminium extended supply chain scheme being managed through the Ghana Integrated Aluminium Development Commission (GAIDEC). Thus, there is strong Governmental interest in the well-being of the company going forward. At a meeting in March 2020, the Government Economic Management Team (EMT) instructed the Ministry of Trade and Industries to ensure that Aluworks Limited is suitably re-financed and restructured to be able to play its role in the said supply chain scheme. This has not happened although we have been advised it is receiving attention.

Meanwhile in order to take advantage of expected changes in fortunes following years of stagnation due to certain primary economic and environment reasons, the company, through its Board of Directors engaged with the top two shareholders of the company i.e. Messrs SSNIT and Caitlyn Limited (which is in the process of handing over to MALCO of India) in a process of restructuring of the company's finances to place it in a viable position.

In 2019, Caitlyn Limited (the investment wing of Vedanta Resources of India- a huge aluminium conglomerate) was supposed to invest in the company to make it fully operational with sufficient working capital to generate turnover in exchange for ALW shares. SSNIT was to convert some of the Aluworks debt in their books into shares at the same time and restructure the balance into a far more beneficial term sheet. At the last minute the SSNIT Board reneged on the agreement not being comfortable with Caitlyn Limited becoming the majority shareholder, an assurance required by Caitlyn given the quantum of financing.
After much discussion the SSNIT Board has finally agreed that Caitlyn Limited can have majority shareholding in Aluworks Plc.

We now await MALCO (which has taken over the project from Caitlyn Limited and is now the lead Vedanta company for the Aluworks Investment) to present a full strategy paper to SSNIT as a vehicle to finalising a new shareholders agreement for the purpose. Meanwhile we are aware that MALCO/Caitlyn is going through the required processes to enable them to produce the required strategy paper.

On Thursday March 24, 2022, the Aluworks Board received by email the latest statement from MALCO/Caitlyn Limited, which the Board has duly noted in its meeting minutes. The statement included the following relevant paragraph: -" the three documents with Vedanta cover letter are ready for submission to the regulatory banks for ODI (Overseas Direct Investment Authority) investment approval. An internal board approval from Vedanta is required and awaited, the formality of ODI approval is equitable and expected in a couple of weeks."

This suggests that the process is progressing steadily. However, our experience with Caitlyn Limited and by extension MALCO, is one of rather slow going. We are quite sure the process will

come to a favourable conclusion with Aluworks properly financed to be able to perform at an optimal level; although we are sceptical as to when the process will actually be concluded.
Therefore, the Board of Directors can and does hold out Aluworks Plc as a serious going concern company with tremendous potential and expected to perform successfully in the future, although the board is unable to opine on a confirmed turnaround strategy commencement date.

Current Situation:
In October 2020, the Ghana International Trade Commission (GITC) made a ruling after it had determined that under World Trade Organisation rules, aluminum products were being unfairly dumped into Ghana from China. The Commission's ruling included the imposition of a penal additional duty of 35.77% on all such products imported into Ghana from China. This has had the effect of gradually re-stabilising the market, and therefore restoring demand for aluminum products from Aluworks Plc. This was expected to buttress strong revenue growth expected when the working capital finance issues had been resolved, as planned, by the principal shareholders.

Unfortunately, with the delay in the investment process, Aluworks Plc which has experienced the debilitating effects of the shortage of working capital due to the Chinese encroachment on it markets had to rely on strong customer's deposits and the largesse of creditors to do business. Unfortunately, the quantum raised through this strategy has been insufficient to enable the company to operate above its break-even point and hence continues to have serious cash flow issues. This is a serious situation that the Aluworks Plc Board is managing in its bid to continue as a performing company until the required investment in working capital and in a forward capital expenditure plan is established in the future.

Once implementation of the investment by Vedanta Resources (through MALCO/Caitlyn Limited has been completed, Aluworks Public Limited Company will determinedly embark upon the path to growth into the future.

Going Forward
The company's prime objectives have always remained as follows:
1. **To Restore a Strong Going Concern Status**
   - The challenge of the disruption of our markets by the importation of cheap alternatives from China having been thwarted by the GITC since October 2020, allows the company to restore its product prices to the correct required levels in line with worldwide industry practice. This implies that it will be in a position to perform at "in full and on time" levels.
2. **To Restore Profitability**
   - As soon as working capital is available to ensure that customer demand, which has been well above break-even levels, and which has remained unsatisfied is tackled with fervor, so as to delight the customer and to ensure consistent business.
   - As part of any restructuring plan, SSNIT will continue to reiterate its intention to provide a new beneficial Term Sheet which will drastically reduce the interest in the Aluworks accounts.
3. **To Foster Growth into the Future**
   - We will look to the new investors (i.e. Vedanta Resources), to provide leadership in technology and process to put the company on the front line of the industry and to introduce both organic and extensive growth through new and relevant product offerings.

Report of the directors

The company's financial performance is expected to improve substantially when the restructuring has been completed. This may include the sale of shares to MALCO/Caitlyn Limited to provide both investment and working capital going forward, to meet the expansion of demand for locally produced aluminum products. These will foster increasing strong growth going forward.

Nature of business

The Company is engaged in continuous casting and cold rolling of aluminium products. There was no change in the nature of business of the Company during the year.

Shareholding structure

Refer to note 34 to the financial statements for information on the Company's shareholders.

Objectives of the Company

The purpose of the Company is to manufacture and market quality aluminium products to its customers responsibly, and profitably and in an innovative way.

Particulars of entries in the Interests Register during the financial year

The entity 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 is disclosed in the notes 34 to the financial statements. Other than service contracts, no Director had a material interest in any contract to which the Company was a party during the year. Related party transactions and balances are also disclosed in note 29 to the financial statements.

Corporate social responsibility and code of ethics

The Company did not undertake any Corporate Social Responsibility (CSR) programme during the year. An extract of the Company's code of ethics can be found as an appendix to the annual report.

Audit Committee

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. Deloitte has been appointed the auditor of Aluworks Limited. Deloitte does not provide non-audit services to the Company. The principal responsibilities of the Committee include reviewing financial reports, internal audit reports, management letters and other information it requests to be tabled.

Audit fees

The audit fee for the year is GHS 95,870.

Report of the directors

Board of Directors

Profile

Non-executive	**Qualification**	**Outside board and management position**
Professor Lade Wosornu	MD, FRCS Edin, FRCS Eng, FGCPS, MB (Hons), Bsc.	Columnist, Ghanaian Times
Togbe Afede XIV	Bsc., MBA Finance	CEO, SAS Finance Group; Chairman, Accra Hearts of Oak; Board Member, Pioneer Kitchenware Limited, Sunon-Asogli Power (Ghana) Ltd, World Trade Centre (Accra), Principal Founder, Africa World Airlines.
Kingsley Ofosu Obeng	Bsc., FCCA	Investment Analyst, SSNIT
Ralph Rossouw	B.Sc. Engineering (Mining)	Managing Director, Fujairah Gold
Dr. Alhassan Mutaka Alolo	PhD	Managing Partner at iGroup, Inc
Professor Yaw Adu-Gyamfi	MD, FFARCS, FRCA, FWACS, FGCP&S	Consultant and Professor of Anaesthesiology and Critical Care

Executive	**Qualification**	**Outside board and management Position**
Ernest Kwasi Okoh	Bsc., MBA, ICA (Ghana)	Board Member, Universal Merchant Bank, MS Research International (dormant), Expandable Polystyrene products and Trading Ltd (dormant), WT-2 Company Ltd (dormant);

Biographical information of directors

Age category	**Number of directors**
Up to – 60 years	**5**
Above 60 years	**2**

Report of the directors

Role of the Board

The Directors are responsible for the long-term success of the Company, determine the strategic direction of the Company and review 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, 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, subsidiary boards and the management committee.

Internal control systems

The Directors have overall responsibility for the Company's internal control systems and annually review 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.

Directors' performance evaluation

There is currently no yearly evaluation process for Board Members, However, members of the Board undergo series of training programmes upon appointment. 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.

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 to fulfil their role on the Board and committees of the Board.

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.

Report of the directors

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 considers that the Chairman is independent on appointment and all non-Executive Directors are independent as it pertains to the management of the Company. The continuing independent and objective judgement of the non-Executive Directors has been confirmed by the Board of Directors.

The code of ethics is available for all board members and staff of the Company upon employment. All board members are required to comply with the requirements of the provision under the Companies Act, 2019 (Act 992). There are no exceptions to the adherence of the requirement of the code.

Directors Remuneration

Directors' remunerations are determined upon appointment. There are no variations to the remuneration given to Directors. No additional allowances except sitting allowances are paid to members of the board during meetings.

Approval of the report of the directors

The Report of the Directors of Aluworks Plc was approved by the Board of Directors on

29 June 2022, and signed on their behalf by:

Signature	**Signature**
E. Kwasi Okoh	Prof. Ladè Wosornu
Name	**Name**

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Statement of directors' responsibilities

The Directors are responsible for the preparation of financial statements that give a true and fair view of Aluworks Plc, comprising the statement of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, changes in equity and 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. Refer to going concern consideration and subsequent event section below.
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.

Independent auditor's report
To the Shareholders of Aluworks Plc

Report on the audit of the financial statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Aluworks Pls ('the Company'), which comprise the statement of financial position as at December 31, 2021, the statement of profit or loss or other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinion

The Company has been reporting losses for the past five years from its operations. The financial statements have been prepared on a going concern basis and as per Note 33, the financial statements indicates that the Company incurred a net loss for the year ended 31 December 2021 of GH¢55,931,000 and, as of that date, the Company's current liabilities exceeded its current assets by GH175,040,000 and total liabilities also exceeded its total assets by GHS 5,934,000. Additionally, the Company reported a negative operating cashflow of GHS 29,205,000.

As indicated in Note 33 the company is awaiting an investment by Vedanta Resources (through MALCO/Caitlyn Limited) through the sale of their shares. This investment is envisaged to provide working capital for the company.
In addition, the company is still awaiting MALCO (which has taken over the project from Caitlyn Limited and is now the lead Vedanta company for the Aluworks Investment) to present a full strategy paper to SSNIT as a vehicle to finalising the new shareholders agreement for the purpose.
These conditions indicate material uncertainties which cast significant doubt on the entity's ability to continue as a going concern.

Management, however, has not given a timeline or substantive evidence to support the going concern basis Consequently, we were unable to confirm or dispel whether the use of the going concern assumption in the preparation of the financial statements is appropriate.

Independent auditor’s report
To the Shareholders of Aluworks Plc

Other Information

The Directors are responsible for the other information. The other information comprises the report of directors, corporate governance statement, and the statement of directors’ responsibilities, which we obtained prior to the date of this auditor’s report and the integrated report. 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 on the other information that we obtained prior to the date of this auditor’s report, 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 the requirements of the Companies Act, 2019, (Act 992) and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of 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.

Independent auditor's report
To the Shareholders of Aluworks Plc

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating 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 Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report
To the Shareholders of Aluworks Plc

We communicate with the Audit Committee and 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 Audit Committee and Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee and the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year 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
In accordance with the Seventh Schedule of the Companies Act, 2019 (Act 992) we expressly state that:

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

2. In our opinion:
    - proper books of accounts have been kept by the company, so far as appears from our examination of those books.
    - the information and explanations provided to us, were in the manner required by Act 992 and give a true and fair view of the:
        a. statement of financial position of the company at the end of the financial year, and
        b. statement of profit or loss and other comprehensive income for the financial year.

3. The company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the accounting records and returns.

4. We are independent of the company, pursuant to section 143 of Act 992.

Independent auditor’s report
To the Shareholders of Aluworks Plc

The engagement partner on the audit resulting in this independent auditor's report is **Charlotte Forson-Abbey (ICAG/P/1509).**

Deloitte & Touche

For and on behalf of Deloitte & Touche (ICAG/F/2022/129)
Chartered Accountants
The Deloitte Place, Plot No. 71
Off George Walker Bush Highway
North Dzorwulu
Accra-Ghana

30th June **2022**

Aluworks Plc

Statement of financial position

As at 31 December 2021

	Note	2021 GHS'000	2020 GHS'000
ASSETS			
Property, plant and equipment	6	**217,360**	200,096
Investment securities	7	**120**	120
Deferred tax assets		**4,346**	-
Non-current assets		**221,826**	200,216
Inventories	10	**11,212**	12,191
Current tax asset	8(ii)	**1,794**	1,661
Trade and other receivables	11	**940**	1,189
Cash and cash equivalents	12.a	**330**	141
Current assets		**14,276**	15,182
Total assets		**236,102**	215,398
EQUITY AND LIABILITIES			
Stated capital	16	**31,650**	31,650
Retained earnings	27	**(185,201)**	(177,495)
Other reserves		**980**	980
Revaluation surplus	27	**195,052**	130,182
Total equity		**42,481**	(14,683)
Employee benefits	15	**4,350**	5,076
Deferred tax liabilities	9	**-**	43,969
Total non-current liabilities		**4,350**	49,045
Bank overdrafts	13	**2,527**	2,197
Trade and other payables	18 a	**37,375**	25,827
Advance received – Land	18 b	**-**	28,156
Short-term loans	14b	**149,369**	124,856
Current liabilities		**189,271**	181,036
Total liabilities		**193,621**	230,081
Total equity and liabilities		**236,102**	215,398

These financial statements were approved by the Board of Directors on 29 June 2022 and signed on its behalf by:

Director | **Director**

E. Kwasi Okoh | Prof Ladé Wosornu

Name | **Name**

The notes on pages 17 to 62 are an integral part of the financial statements.

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2021

	Note	**2021**	2020
	Note	**GHS'000**	GHS'000
Revenue	19	**99,011**	68,975
Cost of sales	20	**(113,096)**	(74,005)
Gross loss		**(14,085)**	(5,030)
Other income	21	**745**	199
General and administrative expenses	23	**(11,666)**	(7,327)
Impairment charge / (recovery)		**(1,797)**	135
Results from operating activities before financing cost		**(26,803)**	(12,023)
Finance cost	26	**(29,028)**	(24,758)
Loss before income tax		**(55,831)**	(36,781)
Income tax credit	8 (i)	**(9,924)**	2,987
Loss for the year		**(65,755)**	(33,794)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurementof defined benefit liabilities	15	**(190)**	(1,119)
Related tax		**-**	487
Other comprehensive income net of tax		**-**	(632)
Total comprehensive income for the year		**(65,945)**	(34,426)
Basic earnings per share (Ghana Cedis)	17	**(0.2778)**	(0.1428)
Diluted earnins per share (Ghana Cedis)	17	**(0.2329)**	(0.1197)

The notes on pages 17 to 62 are an integral part of the financial statements.

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Statement of changes in equity

For the year ended 31 December 2021

	Note	Stated Capital GHS'000	Other Reserves GHS'000	Revaluation Surplus GHS'000	Retained Earnings GHS'000	Total Equity GHS'000
Balance at 1 January 2021		31,650	980	130,182	(177,495)	(14,683)
Prior year adjustment from tax		-	-	-	58,239	58,239
Total comprehensive income for the year						
Loss for the year					(65,755)	(65,755)
Other comprehensive income						
Revaluation surplus		-	-	64,870	-	64,870
Remeasurement of defined benefit liability	15	-	-	-	(190)	(190)
Balance at 31 December 2021		31,650	980	195,052	(185,201)	(42,481)
Balance at 1 January 2020		31,650	980	130,182	(143,070)	19,742
Total comprehensive income for the year						
Loss for the year		-	-	-	(33,794)	(33,794)
Other comprehensive income						
Remeasurement of defined benefit liability	15	-	-	-	(631)	(631)
Balance at 31 December 2020		31,650	980	130,182	(177,495)	(14,683)

The notes on pages 17 to 62 are an integral part of the financial statements.

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Statement of cash flows

For the year ended 31 December 2021

	Note	2021 GHS'000	2020 GHS'000
Cash flows from operating activities			
Loss after tax		**(65,755)**	(33,794)
Adjustments for:			
Depreciation charges	6a	**10,071**	6,985
Tax charge/(credit)	8	**9,924**	(2,987)
Disposal off property plant and equipment	6	**5,340**	-
Revaluation surplus difference		**(9)**	
Interest expense		**29,028**	24,254
End of service benefit expense	15	**(861)**	530
Long service award expense	15	**201**	(506)
Impairment charge/(recovery)	28(i)	**1,797**	(135)
Effect of exchange difference on cash and cash equivalents		**-**	(3,553)
		(10,264)	(9,206)
Changes in:			
Trade and other receivables***	11	**249**	543
Inventories	10	**979**	3,378
Trade and other payables	18 a	**11,548**	1,664
Advance received – Land	18 b	**(28,156)**	-
Cash from operating activities		**(25,644)**	(3,621)
Interest paid		**(911)**	(1,111)
Long service benefit paid	15	**(256)**	-
Income tax paid	8iii	**(133)**	(102)
Net cash used in operating activities		**(26,944)**	(4,834)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	**(409)**	(623)
Proceeds from disposal of property, plant and equipment		**32,613**	-
Net cash from/(used in) investing activities		**32,204**	(623)
Cash flows from financing activities			
Loan proceeds	14	**15,700**	10,800
Loan repayment	14	**(18,258)**	(8,200)
Net cash (used in)/from financing activities		**(2,558)**	2,600
Net decrease in cash and cash equivalents		**2,072**	(2,857)
Cash and cash equivalents at 1 January		**(2,056)**	(2,752)
Net increase in cash and cash equivalents		**2,072**	(2,857)
Effect of exchange difference on cash and cash equivalents		**(2,843)**	3,553
Cash and cash equivalents at 31 December	**12**	**(2,197)**	(2,056)

** Changes in Trade and other receivables excludes impairment amount of GHS 1,797,000 (2020: (GHS 134,544))

The notes on pages 17 to 62 are an integral part of the financial statements

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Notes to the financial statements

For the year ended 31 December 2021

1. REPORTING ENTITY

Aluworks Limited is a Company registered and domiciled in Ghana. The address of the Company’s registered office can be found on page 3 of the annual report. The Company is authorised to carry on the business of continuous casting and cold rolling of aluminium products. The financial statements comprise the individual financial statements of the Company as at and for the year ended 31 December 2021.
The Company is listed on the Ghana Stock Exchange.

2. BASIS OF PREPARATION

a. Basis of accounting

The financial statements of Aluworks Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992).

b. Basis of measurement

The financial statements are prepared on the historical cost basis except for:

- property, plant and equipment which are recognised at revalued amounts.
- employee benefit obligation which is measured at the present value of defined benefit obligationsand the fair value of any plan assets, at the end of the reporting period

c. Functional and presentation currency

The financial statements are presented in Ghana cedis (GHS) which is the Company’s functional currency. All financial information presented in Ghana cedi has been rounded to the nearest thousand, unless otherwise indicated.

d. Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 4 and 28. The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Company.

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Notes to the financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Instruments

(i) Recognition and Initial Measurement

Trade receivables 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 value plus, for an item not at FVTPL (Fair Value Through Profit or Loss), 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

On initial recognition, a financial asset is classified as measured at: amortised cost or FVOCI - equity investment.

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 as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements 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.

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:

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3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(a) Financial Instruments - Cont'd

- 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;
- 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 -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;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features); and
- prepayment and extension features."

Notes to the financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(a) Financial Instruments - Cont'd

A prepayment feature is consistent with the solely 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.

Financial assets - Subsequent measurement and gains and losses:

(a) Financial assets at amortized 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.

(b) Fair value through other comprehensive income (FVOCI)

The Company elects to classify its investments in equity securities at FVOCI. The election is to present in other comprehensive income changes in fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. The Company's financial liabilities 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.

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Notes to the financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(a) Financial Instruments - Cont'd

(iii) Derecognition

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 assets 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.

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.

Financial Liabilities

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.

(iv) 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 currently 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.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

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3 SIGNIFICANT ACCOUNTING POLICIES - CONT'D

(b) Impairment

(i) Financial assets- Assets carried at amortised costs

i. **Non-derivative financial assets**

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. No impairment loss is recognised on equity investments.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for amounts due from related parties which 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 borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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.

3 SIGNIFICANT ACCOUNTING POLICIES - CONT'D

(b) Impairment

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.

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; or the disappearance of an active market for a security because of financial difficulties.

(i) Financial assets- Assets carried at amortised costs

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. For customers, 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.

(ii) Non-financial assets

The carrying amounts of the Company’s non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset’s recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount.

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3 SIGNIFICANT ACCOUNTING POLICIES - CONT'D

(b) Impairment

(ii) Non-financial assets – Cont'd

The recoverable amount is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and risks specific to the asset.

A previously recognised impairment loss is reversed where there has been a change in circumstances or in the basis of estimation used to determine the recoverable value, but only to the extent that the asset's net carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

(c) Property, Plant and Equipment

Items of property, plant and equipment are initially recognised at cost. Costs includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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 i ts intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(i) Recognition and measurement

Property, plant and equipment are measured at fair value less subsequent depreciation. The fair values are determined every three (3) years by external, independent, professional valuers. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The revaluation increase arising on the revaluation of property, plant and equipment are credited to other comprehensive income and accumulated in the revaluation surplus in shareholders' equity.

Decreases that offset previous increases of the same asset are charged against the revaluation surplus. All other decreases are charged to profit or loss.

If a property becomes an investment property because its use has changed, the property is reclassified appropriately and any difference arising between the carrying amount and the fair value at the date of transfer is recognised as follows:

3. SIGNIFICANT ACCOUNTING POLICIES - CONT'D

(c) Property, Plant and Equipment - Cont'd

Any gain arising on this remeasurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in revaluation surplus. Any loss is recognised in profit or loss. However, to the extent that an amount is included in revaluation surplus for that property, the decrease is recognised in Other Comprehensive Income (OCI) and reduces the revaluation surplus in equity. On disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings.

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 intend ed use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(i) Recognition and measurement – cont'd

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

- *Subsequent costs*

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Plant, machinery and equipment	-	5 - 12.5 years
Motor vehicles	-	5 years
Buildings	-	33 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. Gains and losses on disposal of property, plant and equipment are included in the profit or loss.

(iv) Spare parts

Spare parts, stand-by and servicing equipment held by the Company generally are classified as inventories. However, if major spare parts and stand-by equipment are expected to be used for more than one period or can be used only in connection with an item of property, plant and equipment, then they are classified as property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES - CONT'D

(c) Property, Plant and Equipment - Cont'd

(v) Capital work in progress

Property, plant and equipment under construction is stated at initial cost and depreciated from the date the asset is available for use over its useful life. Assets are transferred from capital work-in-progress to an appropriate class of property, plant and equipment when it is commissioned and ready for its intended use.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(e) Employee Benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution schemes are recognised as an expense in profit or loss when they are due.

Short-term Employment benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized 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.

Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of 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 obligations 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 economic benefits 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 economic benefits, consideration is given to any applicable minimum funding requirements. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES - CONT'D

(e) Employee Benefits Cont'd

Defined benefit plans - Cont'd

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and defined benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Other long-term benefit

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. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss.

(f) Revenue

Revenue is recognised when the goods and services are delivered and has been accepted by the customer. Invoices are generated at that point in time. Invoices are usually payable within 30 days. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, sales taxes and volume rebates.

Some contracts permit the customer to return an item, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for expected returns, which are estimated based in historical data for specific types of products. In these circumstances, a refund liability and a right to recover returned goods asset are recognized.

Rendering of services
Revenue from services rendered such as fixing of roofing for customers is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognize is assessed based on survey of work performed.

(g) Finance Expense

Finance expenses comprise interest expense on borrowings. Borrowing costs not directly attributable to the construction and acquisition of a qualifying asset are recognised in profit or loss using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES - CONT'D

(h) Taxation

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

(a) Current tax

Current tax is the expected tax payable or receivable on the 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 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.

Current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and where there is an intention to settle on a net basis. Current tax also includes any tax arising from dividends.

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset 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 recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

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.

(i) Foreign currency translation

Transactions denominated in foreign currency are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in profit or loss. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost, or at exchange rates ruling at the date that fair value was determined if held at fair value, with the resulting exchange gain or loss generally recognised in profit or loss.

Foreign currency differences arising on retranslation are generally recognized in profit or loss. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

Translation differences on non-monetary financial instruments, such as equities financial assets classified as FVOCI, are included in other comprehensive income.

(j) Dividend

Dividend payable is recognised as a liability in the period in which they are declared.

(k) Subsequent events

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

(l) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director. The operating segments report are based on product category which is classified roofing sheets, circles and sheets in coils because they require different technology and marketing strategies.

(m) 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 number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(n) 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 uses the definition of a lease in IFRS 16.

As a lessor

At inception or modification of 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.

When the Company acted as a lessor, it determined at lease inception whether each lease was a finance lease or operating lease.

To classify each lease, the Company made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case then the lease was a finance lease; if not then it was an operating lease. As part of this assessment, the Company considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

The Company leases out its two properties. The Company has classified all these leases as operating leases from the Company's perspective as the lessor because they do not transfer substantially all risk and rewards incidental to the ownership of the assets.

(o) New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts—Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except as noted below:

Amendments to IAS 1 *Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent*

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 *Business Combinations—Reference to the Conceptual Framework*

The amendments update IFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework*. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.
The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 *Inventories*.

3. SIGNIFICANT ACCOUNTING POLICIES - CONT'D

(o) New and revised Standards in issue but not yet effective - Cont'd

Amendments to IAS 16 *Property, Plant and Equipment—Proceeds before Intended Use*

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets—Onerous Contracts—Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

3. SIGNIFICANT ACCOUNTING POLICIES - CONT'D

(o) New and revised Standards in issue but not yet effective - Cont'd

Annual Improvements to IFRS Standards 2018-2020—Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture*

The Annual Improvements include amendments to the three applicable Standards below:

IFRS 1 *First-time Adoption of International Financial Reporting Standards*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 *Financial Instruments*

The amendment clarifies that in applying the '10 per cent' test to assess whether to recognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 *Leases*

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

3. SIGNIFICANT ACCOUNTING POLICIES - CONT'D

(o) New and revised Standards in issue but not yet effective - Cont'd

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements—Disclosure of Accounting Policies*

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.
The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- 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

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

3 SIGNIFICANT ACCOUNTING POLICIES - CONT'D

(o) New and revised Standards in issue but not yet effective - Cont'd

Amendments to IAS 12 *Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.
The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The main items in the annual financial statements that are sensitive to estimates and judgements at 31 December 2021 are the following:

Key sources of estimation uncertainty

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:
Note 28 i – measurement of ECL allowance for trade receivables: key assumptions in determining the weighted average loss rate.

Note 15 - measurement of defined benefit obligations: key actuarial assumptions.

Determination of fair values

Some of the Company's accounting policies and disclosures require the determination of fair value, for both financial and nonfinancial assets and liabilities. The Company regularly reviews significant unobservable inputs and valuation adjustments.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences

- between the instruments.

If inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy at the lowest level input that is significant to the entire measurement.
Further information about assumptions made in determining fair values is included the financial risk management note 28 iv.

4. USE OF ESTIMATES AND JUDGEMENTS - CONT'D

5. SEGMENT REPORTING

Operating segments reflect the Company's management structure and the way financial information is regularly reviewed by the Managing Director. Operating segments are reported in a manner consistent with internal reporting provided to the Managing Director.
The Company operates as a single business unit that manufactures aluminium coils, circles, corrugated sheets and flat sheets.

Revenue by products

	2021	2020
	GHS'000	GHS'000
Sheet in Coil (Plain)	**4,935**	3,611
Sheet in Coil (Colour)	**24,113**	13,590
Circles	**42,940**	30,064
Corrugated Sheets (Plain)	**12,931**	10,297
Corrugated Sheets (Colour)	**8,915**	6,308
Flat Sheets (Plain)	**4,312**	4,503
Flat sheets (Colour)	**865**	723
	99,011	69,096

Geographical Location

Aluworks Limited sells its products in Ghana and other markets in West Africa

	2021	2020
	GHS'000	GHS'000
In Ghana	**67,648**	43,483
Outside Ghana	**31,363**	25,613
	99,011	69,096

All non-current assets, other than investment in equity securities, amounting to GHS 217,305,000 (2020: GHS 200,096,000) 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 year (2020: Nil)

Notes to the financial statements

For the year ended 31 December 2021

6. PROPERTY, PLANT AND EQUIPMENT

2021	Leasehold Land and Buildings	Plant and Machinery	Motor Vehicles	Equipment	Total
	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000
Cost					
At 1 January 2021	128,499	88,889	983	5,423	223,794
Additions	-	361	-	48	409
Disposal	(37,949)	-	(41)	-	(37,990)
Reclassification	4,614	26,822	1,038	(596)	31,878
Revaluation	11,663	51,492	348	1,376	64,879
At 31 December 2021	106,827	167,564	2,328	6,251	282,970
Accumulated Depreciation					
At 1 January 2021	2,495	17,116	896	3,191	23,698
Charge for the period	979	7,937	223	932	10,071
Disposal	-	-	(37)	-	(37)
Revaluation	4,611	26,823	668	(224)	31,878
At 31 December 2021	8,085	51,876	1,750	3,899	65,610
Carrying Amounts					
At 31 December 2021	98,742	115,688	578	2,352	217,360

The Company's office building has been pledged as legal mortgage on its overdraft and credit facility with Ecobank Ghana Plc and Societe Generale Ghana Plc. We refer to note 18 (b) which states that payment has been made by SSNIT towards the purchase of 18.9 acres of unused land classified under land and buildings.

Notes to the financial statements

For the year ended 31 December 2021

6. PROPERTY, PLANT AND EQUIPMENT - CONT'D

2020	Leasehold Land and Buildings GHS'000	Plant and Machinery GHS'000	Motor Vehicles GHS'000	Equipment GHS'000	Capital Work in Progress GHS'000	Total GHS'000
Cost						
At 1 January 2020	128,499	87,199	983	5,386	1,104	223,171
Transfer from Capital Work in Progress	-	1,104	-	-	(1,104)	-
Additions	-	586	-	37	-	623
At 31 December 2020	128,499	88,889	983	5,423	-	223,794
Comprising						
Cost of assets revalued	3,067	22,692	372	1,280	-	27,411
Surplus/(deficit) on revaluation to 2017	100,169	1,688	(529)	1,074	-	102,402
Surplus on revaluations to 2018	23,054	18,557	285	1,867	-	43,763
At revaluation	126,290	42,937	128	4,221	-	173,576
At cost	2,209	45,952	855	1,202	-	50,218
	128,499	88,889	983	5,423	-	223,794
Accumulated Depreciation						
At 1 January 2020	1,707	11,623	370	3,013	-	16,713
Charge for the period	788	5,493	526	178	-	6,985
At 31 December 2020	2,495	17,116	896	3,191	-	23,698
Carrying Amounts						
At 31 December 2020	126,004	71,773	87	2,232	-	200,096

Notes to the financial statements

For the year ended 31 December 2021

6. PROPERTY, PLANT AND EQUIPMENT - CONT'D

(a) Depreciation and amortisation have been charged in the financial statements as follows:

	2021 GHS'000	2020 GHS'000
Cost of sales	9,337	6,424
General, administrative and selling expenses	734	561
	10,071	6,985

(b) Disposal of property, plant and equipment

	2021 GHS'000
Cost	37,990
Accumulated depreciation	(37)
Carrying amount	37,953
Proceeds on disposal	(32,613)
Loss on disposal	5,340

7. LONG TERM INVESTMENT

This relates to the cost of 2,400,000 ordinary shares in Pioneer Kitchenware Limited. The market value of this investment at the reporting date was GHS120,000 (2020: GHS120,000). The company recognises the asset at Fair Value Through other comprehensive income.

8. TAXATION

(i) **Income tax (credit)/expense**

	2021 GHS	2020 GHS
Current tax	-	-
Deferred tax	9,924	(2,987)
	9,924	(2,987)

Deferred tax release relates to changes in recognised deductible temporary differences

(ii) **Current tax asset**

	Balance at 1 Jan GHS'000	Payments GHS'000	Charge for the year GHS'000	Balance at 31 Dec GHS'000
2021	(1,661)	(133)	-	(1,794)
	(1,661)	(133)	-	(1,794)

The above tax position is subject to agreement with the tax authorities.

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Notes to the financial statements

For the year ended 31 December 2021

8. TAXATION - CONT'D

(iii) **Current tax asset**

	Balance at 1 Jan	Payments	Charge for the year	Balance at 31 Dec
	GHS'000	GHS'000	GHS'000	GHS'000
2020	(1,559)	(102)	-	(1,661)
	(1,559)	(102)	-	(1,661)

The above tax position is subject to agreement with the tax authorities.

(iv) **Reconciliation of effective tax rate**

	2021	2020
	GHS'000	GHS'000
Loss before tax	**(55,831)**	(36,781)
Tax using the domestic corporation tax rate (25%)	**(13,958)**	(9,195)
Non-deductible expenses	**13,958**	822
Unrecognised deferred tax asset	**-**	6,276
Current year losses for which no deferred tax asset is recognised	**9,924**	6,692
Recognition of previously unrecognised deferred tax asset	**-**	(7,582)
	9,924	(2,987)
	18%	8%

9. Deferred Taxation

	2021	2020
	GHS'000	GHS'000
Balance at 1 January	**43,969**	47,443
Opening balance tax adjustment	**(58,239)**	
Deferred tax credit/(charge) for the year	**9,924**	(2,987)
Other comprehensive income	**-**	(487)
Balance at 31 December	**4,346**	43,969

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Notes to the financial statements

For the year ended 31 December 2021

9. DEFERRED TAXATION - CONT'D

(i) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2021			2020		
	Assets GHS'000	**Liabilities GHS'000**	**Net GHS'000**	Assets GHS'000	Liabilities GHS'000	Net GHS'000
Deferred tax through Profit or Loss						
Property, plant and equipment	**-**	**3,677**	**3,677**	-	3,250	3,250
Adjustment – other	**(1,565)**	**-**	**(1,565)**	-	-	-
Employee benefits obligation	**(1,088)**	**-**	**(1,088)**	(949)	-	(949)
Trade and other receivable	**(353)**	**-**	**(353)**	(689)	-	(689)
Unutilised tax losses	**(19,950)**	**-**	**(19,950)**	-	-	-
Inventories	**(1,286)**	**-**	**(1,286)**	(962)	-	(962)
Net tax assets/(liabilities)- Profit and Loss	**(24,241)**	**3,677**	**(20,565)**	(2,600)	3,250	650
Deferred tax through OCI						
Property, plant and equipment	**-**	**16,218**	**16,218**	-	43,394	43,394
Employee benefits obligation	**-**	**-**	**-**	-	(75)	(75)
Net tax assets/(liabilities) OCI	**-**	**16,218**	**16,218**	-	43,319	43,319
Net assets/(liabilities)	**(22,676)**	**19,894**	**(4,347)**	(2,600)	46,569	43,969

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(ii) **Movements in temporary differences during the year**

	Balance at 1 January GHS'000	Recognised in profit and loss GHS'000	Recognised in OCI GHS'000	Balance at 31 December GHS'000
For the year ended 31 December 2021				
Deferred tax through Profit or Loss				
Property, plant and equipment	3,250	427	-	3,677
Adjustment – other	-	(1,565)	-	(1,565)
Employee benefits obligation	(949)	(139)	-	(1,088)
Trade and other receivables	(689)	336	-	(353)
Utilised tax losses	-	(19,950)	-	(19,950)
Inventories	(962)	(324)	-	(1,286)
Net tax assets/(liabilities) Profit or loss	650	21,215	-	20,565
Deferred tax through OCI				
Property, plant and equipment	43,394	-	(27,176)	16,218
Employee benefits obligation	(75)	-	75	-
Net tax assets/(liabilities) OCI	43,319	-	(27,101)	16,218
Net tax assets/(liabilities)	43,969	21,215	(27,101)	(4,347)
For the year ended 31 December 2020				
Property, plant and equipment	5,178	(1,928)	-	3,250
Employee benefits obligation	(572)	(377)	-	(949)
Trade and other receivables	(955)	266	-	(689)
Inventories	(14)	(948)	-	(962)
Net tax assets/(liabilities) Profit and Loss	3,637	(2,987)	-	650
Deferred tax through OCI				
Property, plant and equipment	43,394	-	-	43,394
Employee benefits obligation	412	-	(487)	(75)
Net tax assets/(liabilities) OCI	43,806	-	(487)	43,319
Net tax assets/(liabilities)	47,443	(2,987)	(487)	43,969

Notes to the financial statements
For the year ended 31 December 2021

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

(iii) **Tax losses carried forward**
Tax losses for which no deferred tax assets was recognised expire as follows.

		2021		2020
	GHS'000	**Expiry date**	GHS'000	Expiry date
Tax losses	29,908	2022-2024	19,950	2020-2023

10. INVENTORIES

	2021	2020
	GHS'000	GHS'000
Raw materials	**1,381**	2,137
Work-in-progress	**39**	1,950
Finished goods	**560**	1,357
Consumables	**9,232**	6,747
	11,212	12,191

In 2021, inventories of GHS 86,256,000 (2020: GHS 49,161,000) were recognised as an expense during the year and included in the cost of sales. As at the reporting date none of the inventories has been pledged as security for liabilities (2020: Nil).

11. TRADE AND OTHER RECEIVABLES

	2021	2020
	GHS'000	GHS'000
Trade receivables due from customers	**641**	400
Other receivables	**-**	517
Staff debtors	**29**	21
Prepayments	**270**	251
	940	1,189

Included in other receivables are advance payments of GHS 421,680 (2020: GHS 297,090) made to suppliers in relation to inventory.

Notes to the financial statements

For the year ended 31 December 2021

12. CASH AND CASH EQUIVALENTS

		2021 GHS'000	2020 GHS'000
Cash and cash equivalents in the statement of financial position	12.a	**330**	141
Bank Overdraft	13	**(2,527)**	(2,197)
Cash and cash equivalents in statement of cash flows		**(2,197)**	(2,056)

12.a CASH AND BANK BALANCES

	2021 GHS'000	2020 GHS'000
Cash at bank	**279**	139
Cash on hand	**51**	2
Cash and cash equivalents in the statement of financial position	**330**	141

13. BANK OVERDRAFTS

	2021 GHS'000	2020 GHS'000
Ecobank Ghana Limited	**1,028**	557
Societe Generale Ghana Limited	**1,499**	1,640
	2,527	2,197

(i) The Company has an overdraft facility not exceeding GHS 1 million with Ecobank Ghana Limited (EGH) to finance the purchase of stocks, raw materials, spares and other operational expenses. The interest rate is EGH cedi base rate plus a spread of 8% per annum payable monthly in arrears. The duration of the facility was from 1 January 2020 to 28 February 2021. The facility was secured by assignment of export proceeds, parri passu fixed and floating charges with Societe Generale Ghana Plc (SG Ghana) Limited over the Company's assets including hypothecation over the Company's inventory, legal mortgage over Company's office/factory premises situated at Tema Heavy Industrial Area, cash management agreement. The Company is also to channel a minimum of GHS 200,000 in weekly local sales through its EGH Account. The company renewed the facility with the bank from 10 August 2021 to 30 June 2022.

(ii) The Company had an overdraft facility not exceeding GHS 1.8 million with Societe Generale Ghana Plc to finance working capital. The Company's floating and fixed assets shared pari passu with Ecobank Ghana Limited have been pledged as security for the facility . The facility expired on 31 December 2020. Interest rate is 28%. The company renewed the facility not exceeding GHS 1,800,000 with the bank from 1 February 2021 to 31 January 2022 at an interest rate of 25% p.a. The SG Ghana facility was again renewed from 5 May, 2022 to 30 April, 2023 at interest rate of 23% p.a.

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14. SHORT TERM LOANS

2021

	SSNIT GHS'000	Ecobank Revolving GHS'000	Ecobank Short-term GHS'000	Total GHS'000
Balance 1 January	121,256	3,000	600	124,856
Drawdown during the year	-	15,700	-	15,700
Interest Capitalised	27,071	-	-	27,701
	148,327	18,700	600	168,263
Repayments during the year	-	(17,658)	(600)	(18,258)
Balance at 31 December	148,327	1,042	-	149,369

2020

	SSNIT GHS'000	Ecobank Revolving GHS'000	Ecobank Short-term GHS'000	Total GHS'000
Balance 1 January	98,113	1,000	-	99,113
Drawdown during the year	-	10,000	800	10,800
Interest Capitalised	23,143	-	-	23,143
	121,256	11,000	800	133,056
Repayments during the year	-	(8,000)	(200)	(8,200)
Balance at 31 December	121,256	3,000	600	124,856

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14. SHORT TERM LOANS - CONT'D

(i) Social Security and National Insurance Trust

The Company obtained a facility of US$10 million (GH¢18,276,000) from Social Security and National Insurance Trust (SSNIT) in 2012 to fund the acquisition of the second cold rolling mill under the terms of a six-year convertible bond with two years moratorium. The interest rate on the convertible bond is 2 years note plus 3%. In line with IFRS 9, the facility qualified for a financial instrument and as such, an amount of GH¢ 980,000 was recognised in the statement of changes in equity on initial recognition. An amount of GH¢ 149,306,712 was recognised as the carrying amount of the loan in the statement of financial position. Interest capitalised on the facility in 2021 was GH¢ 27,071,000.

(ii) Ecobank Revolving Line of Credit

The Company has a revolving line of credit facility of GHS 2 million with Ecobank Ghana Limited (EGH) to back the issuance of standby letters of credit on behalf of Aluworks in favour of its overseas suppliers of raw material. The facility is also to back the issuance of sight and deferred (up to a maximum of 120 days) L/Cs on behalf of Aluworks in favour of excess suppliers for raw material supply, to back the discount of export receivables of up to 60 days. The loan is to be drawn as short terms loan of up to 60 days to finance purchase of raw materials from VALCO and 60 days to finance purchase of spare parts from both local and foreign supplies. The facility is secured by assignment of export proceeds, parri passu fixed and floating charges with Societe Generale Ghana (SG-Ghana) Limited over the Company's assets including hypothecation over Company's inventory, legal mortgage over Company's office/factory premises situated at Tema Heavy Industrial Area. The Company is also to channel a minimum of GHS 200,000 in weekly local sales through its EGH Account. Interest rate is EGH cedi base rate plus a spread of 8% for both facilities per annum payable monthly in arrears and expired on 28 February 2021. The bank renewed the facility from 10 August 2021 to 30 June 2022.

(iii) Ecobank Short term loan

The Company obtained a short-term loan facility of GHS 0.8 million from Ecobank Ghana Limited in 2020 to restructure overdue obligations under its short-term loan. The interest rate on the loan is EGH Cedi Base Rate plus a spread of 6% per annum payable monthly in arrears. The duration of the loan was for 12 months from date of disbursement and expires on 31 August 2021.

Notes to the financial statements

For the year ended 31 December 2021

15. EMPLOYEE BENEFITS

(i) Long Service Award

Long Service Award is an unfunded scheme to reward staff for their continuous and dedicated service to the Company. Staff who serve for ten (10) years and above are rewarded with bundles of Aluminium roofing sheets. The awards vary depending on the number of years served by employees who meet the criteria.

Years of Service	Long Service Award
10	One (1) packet of non-coloured Aluworks roofing sheets
15	Two (2) packets of non-coloured Aluworks roofing sheets
20	Three (3) packets of non-coloured Aluworks roofing sheets
25	Four (4) packets of non-coloured Aluworks roofing sheets
30	Four (5) packets of non-coloured Aluworks roofing sheets
35	Six (6) packets of non-coloured Aluworks roofing sheets

ii) End of Service Benefit

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 a funded scheme. The plan asset of the scheme is managed by Cal Asset Management. The table below shows the benefit entitlements.

Criteria	Benefit Entitlement
Retirement after 10 years	5% of the employee's final 5 years average salary multiplied by the number of years served.
Resignation/Death after 10 years	2.5% of the employee's final 5 years average basic salary multiplied by the number of years served.

	2021	2020
	GHS'000	GHS'000
Long service award	**652**	707
Net end of service benefit obligation	**3,698**	4,369
	4,350	5,076

a. Movement in present value of the long service award obligation

	2021	2020
	GHS'000	GHS'000
Long service award obligation at 1 January	**707**	1,213
Benefits paid during the year	**(256)**	-
Current service costs	**83**	61
Interest cost	**212**	149
Actuarial gain/loss	**(94)**	(716)
Long service award obligation at 31 December	652	707

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15. EMPLOYEE BENEFITS - CONT'D

Movement in net defined benefit obligation

	Defined benefit obligation		Fair Value of Plan asset		Net defined benefit obligation	
	2021	2020	**2021**	2020	**2021**	2020
	GHS'000	GHS'000	**GHS'000**	GHS'000	**GHS'000**	GHS'000
Balance at 1 January	4,369	2,720	(42)	(42)	4,327	2,678
Included in profit or loss						
Current service cost	168	113	-	-	168	113
Net interest cost	510	417	-	-	510	417
Fees and charges	(1,539)	-	-	-	(1,539)	-
	(861)	530	-	-	(861)	530
Included in Other Comprehensive Income						
Actuarial loss (gain) arising from:	190				190	
Financial assumptions	-	2	-	-	-	2
Other sources	-	1,117	-	-	-	1,117
	190	1,119	-	-	190	1,119
Other						
Benefit paid	-	-	-	-	-	-
	-	-	-	-	-	-
Balance at 31 December	3,698	4,369	(42)	(42)	3,656	4,327

Represented by:

	2021	2020
	GHS'000	GHS'000
Defined benefit obligation	**3,698**	4,369
Defined benefit asset	**(42)**	(42)
	3,656	4,327

These defined benefit plans expose the Company to actuarial risks such as interest rate risk and market risk.

The company's planned asset is represented by an ex-gratia award fund which is managed by CAL Asset Management Limited. No contribution is expected to be made into the fund in the next reporting period.

Actuarial assumptions

The following were the actuarial assumptions at the reporting date.

	2021	2020
Discount rate	**19.5%**	17%
Salary inflation	**14%**	14%
Nominal Inflation	**-**	3%
Net effective inflation rate	**-**	3%

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15. EMPLOYEE BENEFITS - CONT'D

Withdrawal rates

Retirement age- It has been assumed that all staff members retire at age 60. No allowance has been made for early retirement either due to ill health or at the option of the member. In 2021, a withdrawal rate of 1% per annum was assumed whiles 2020 was based on the withdrawal table below.

	2020
Less than 30	0.02
Age 30 to 39	0.02
Age 40 to 49	0.01
Age 50 to 59	0.01
60 and greater	-

16. STATED CAPITAL

Ordinary shares

	No. of Shares	**Proceeds**	No. of Shares	Proceeds
	2021	**2021**	2020	2020
	000	**GHS'000**	000	GHS'000
Authorised				
Ordinary shares of no par value	**1,000,000**		1,000,000	
Issued and fully paid				
For cash	**202,058**	**27,413**	202,058	27,413
Transfer from revaluation surplus	**34,629**	**4,237**	34,629	4,237
	236,687	**31,650**	236,687	31,650

The holders of the ordinary shares are entitled to receive dividend which is declared from time to time and are entitled to one vote per share at meetings of the Company. There is no call or instalment unpaid on any shares.

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For the year ended 31 December 2021

17. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted-average number of ordinary shares in issue.

	2021 GHS'000	2020 GHS'000
Loss attributable to equity holders of the Company	**(65,755)**	(33,794)

	2021	2020
Number of ordinary:		
Shares in issue	**236,687,001**	236,687,001
Basic earnings per share (expressed in GHS per share)	**(0.2778)**	(0.1428)

Diluted

The calculation of diluted earnings per share has been calculated based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after the adjustment for the effects of all dilutive potential ordinary shares.

	2021 GHS'000	2020 GHS'000
Loss attributable to equity holders of the Company	**(65,755)**	(33,794)
Weighted average number of ordinary Shares in issue	**282,377,001**	282,377,001
Diluted earnings per share (expressed in GHS per share)	**(0.2329)**	(0.1197)

Weighted average number of ordinary shares (diluted)

The company had 45,690,000 dilutive potential ordinary shares as a result of the six-year convertible loan from the Social Security and National Insurance Trust (SSNIT) as at 31 December 2021 (2020: 45,690,000).

	2021 GHS'000	2020 GHS'000
Issued ordinary shares	**236,687,001**	236,687,001
Effect of convertible loan	**45,690,000**	45,690,000
	282,377,001	282,377,001

18(a) TRADE AND OTHER PAYABLES

	2021 GHS'000	2020 GHS'000
Trade payables	**18,462**	14,158
Sundry payables	**18,913**	11,669
	37,375	25,827

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For the year ended 31 December 2021

18(b) ADVANCE RECEIVED - LAND

	2021 GHS'000	2020 GHS'000
Balance at 1 January	**28,156**	28,156
Receipts during the year	**4,403**	-
Total payments during the year	**(32,559)**	-
Advance received - Land	**-**	28,156

The Company entered into an agreement for the sale of 18.9 acres of land at a value of US$ 6,607,038 to Social Security and National Insurance Trust (SSNIT). SSNIT has made an advance payment of GHS 32,559,432 (equivalent of US$ 6,607,038). The Company has transferred legal title of ownership to SSNIT.

19. REVENUE

	2021 GHS'000	2020 GHS'000
Local sales	**67,861**	51,383
Export sales	**31,363**	25,613
	99,224	76,996
Less: Value Added Tax	**-**	(7,900)
	99,224	69,096
Rebate	**(213)**	(121)
Net sales value	**99,011**	68,975

20. COST OF SALES

	2021 GHS'000	2020 GHS'000
Raw materials and consumables	**86,256**	49,161
Staff cost	**8,243**	7,716
Utilities	**4,512**	3,673
Vehicle and fuel	**1,475**	5,722
Other direct cost	**3,273**	1,309
Depreciation	**9,337**	6,424
	113,096	74,005

21. OTHER INCOME

	2021 GHS'000	2020 GHS'000
Scrap sales	**55**	25
Rent income	**6**	15
Exchange gain	**623**	-
Sundry income	**61**	159
	745	199

Sundry income is made up of income from the sales of roofing fixings and brass drew screws.

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22. LEASES

The Company leases out its two properties. The Company has classified all these leases as operating leases from the Company's perspective as the lessor because they do not transfer substantially all risk and rewards incidental to the ownership of the assets. Rental income recognised by the Company during 2021 was GHS 14,556 and has been included in the other income (Note 21)

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2021	2020
	GHS'000	GHS'000
Vehicle and fuel expense	**618**	630
Consultancy expense	**227**	197
Depreciation	**734**	561
Insurance	**315**	290
Utility expense	**118**	67
Consumable and cleaning	**130**	85
Repairs and maintenance	**58**	139
Transport and travelling	**127**	118
Staff cost	**2,742**	3,683
Other expense	**1,257**	659
Disposal of assets	**5,340**	-
Exchange loss	**-**	898
	11,666	7,327

24. LOSS BEFORE TAX IS AFTER CHARGING:

	2021	2020
	GHS'000	GHS'000
Personnel cost (note 25)	**10,985**	11,399
Auditors' remuneration	**96**	95
Depreciation	**10,071**	6,985
Directors' emoluments	**46**	40
Finance cost (note 26)	**29,028**	24,758
Exchange (gain)/loss	**(623)**	898

25. Personnel costs

	2021	2020
	GHS'000	GHS'000
Wages and salaries	**11,152**	10,159
Social security contributions	**440**	450
Provident fund	**254**	260
End of service benefits	**(861)**	530
	10,985	11,399

The average number of persons employed by the Company during the year was 183 (2020: 177)

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For the year ended 31 December 2021

26. FINANCE COST

	2021 GHS'000	2020 GHS'000
Interest expense	**29,028**	24,758
	29,028	24,758

27. CAPTIAL AND RESERVES

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

Revaluation surplus
The revaluation surplus relates to the revaluation of property plant and equipment.

Retained earnings

The retained earnings of the Company is the accumulated profit/ loss of the corporation that is retained by the Company at the end of the reporting date.

28. FINANCIAL RISK MANAGEMENT

(i) **Overview**

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

- credit risk
- liquidity risk
- market risks

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

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

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28. FINANCIAL RISK MANAGEMENT - CONT'D

Risk management framework

The Audit Committee gains assurance in relation to the effectiveness of internal control and risk management from: summary information in relation to the management of identified risks; detailed review of the effectiveness of management of selected key risks; and results of management's self-assessment process over internal control, which ensures that the Audit Committee and management understand the Company's key risks and risk management capability; sets standards on governance and compliance; and provides assurance over the quality of the Company's internal control and management of key risks.

The Company also has in place an internal audit department, which monitors compliance with internal procedures and processes and also assesses the effectiveness of internal controls.

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

(i) **Credit risk**

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

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established a credit policy under which a new customer is analysed individually for credit worthiness before the Company's standard payment terms and conditions are offered. The Company generally trades with pre-defined and selected customers and it's concentration of credit risk is related to export sales.

Allowances for impairment

The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss allowance established for homogeneous assets in respect of losses that have been incurred but have not yet been identified. The collective loss allowance is determined based on historical data of payment for similar financial assets.

There is no off-balance sheet credit risk exposure.

No collateral is held for any of the assets below. The Company does not grade the credit quality of receivables.

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For the year ended 31 December 2021

28. FINANCIAL RISK MANAGEMENT - CONT'D

(i) **Credit risk - Cont'd**

Exposure to credit risks

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2021	2020
	GHS'000	GHS'000
Trade receivables	**641**	400
Other receivables	**-**	220
Staff debtors	**29**	23
Cash and cash equivalent	**330**	141
	1,000	784

The Company uses an allowance matrix to measure the ECLs of trade receivables from customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the age of the receivables. Loss rates are based on historical roll rates over the past three years.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 December 2021.

2021

	Weighted average loss rate	**Gross carrying amount GHS'000**	**Loss allowance GHS'000**
Current (less than 30 days)	11%	434,897	47,839
Due but not impaired (30-60 days)	47%	197,801	92,966
Impaired (more than 90 days)	100%	893,982	893,982
		1,526,680	1,034,787

2020

	Weighted average loss rate	**Gross carrying amount GHS'000**	**Loss allowance GHS'000**
Current (less than 30 days)	11%	399	45
Due but not impaired (30-60 days)	47%	88	42
Impaired (more than 90 days)	100%	3,596	3,596
		4,083	3,683

Movements in the allowance for impairment in respect of trade receivables and contract assets

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28. FINANCIAL RISK MANAGEMENT - CONT'D

(i) Credit risk - Cont'd

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

	2021	2020
	GHS'000	GHS'000
Balance at 1 January	**3,683**	3,818
Adjustment	**(473)**	-
Impairment charge/ (reversal)	**(1,797)**	(135)
Balance at 31 December	**1,413**	3,683

The impairment on the other receivable and staff debtors are assessed as not being significantly impaired at 31 December 2021 and 2020.

Cash and cash equivalents

None of these balances were impaired at 31 December 2021 (2020: Nil). The cash and cash equivalents are held with banks and financial institution counterparties. These banks and financial institutions have the requisite authorization to carry on the business of banking in Ghana. These are thus deemed to have a relatively low risk of default.

(ii) 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 under normal and stressed conditions without incurring unacceptable losses of risking damage to the Company's reputation. The Company however has a net current liability position.

Notes to the financial statements

For the year ended 31 December 2021

28. FINANCIAL RISK MANAGEMENT - CONT'D

(ii) ***Liquidity risk***

The following are contractual maturities of financial liabilities:

Contractual cash flows				
31 December 2021	**Carrying amount GHS'000**	**6mths or less GHS'000**	**6-12mths GHS'000**	**1-3 years GHS'000**
Non-derivative financial liability				
Trade and other payables	37,375	37,375	-	-
Bank overdrafts	2,527	2,527	-	-
Short term loans	149,369	149,369	-	-
Balance at 31 December 2021	189,271	189,271	-	-
31 December 2020				
Non-derivative financial liability				
Trade and other payables	25,827	25,827	-	-
Bank overdrafts	2,197	2,197	-	-
Short term loans	124,856	124,856	-	-
Balance at 31 December 2020	152,880	152,880	-	-

(iii) ***Market risks***

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.

Currency risk

Foreign currency risk

The Company is exposed to currency risk on purchases and cash and bank that are denominated in currencies other than the functional currency. The currency in which these transactions primarily are denominated is the US Dollar (US$). The Company's exposure to foreign currency risk was as follows based on notional amounts.

Amounts are stated in USD	
2021	**USD**
Cash and cash equivalents	**38,424**
Other liabilities	**(332,043)**
2020	USD
Cash and cash equivalents	17,330
Other liabilities	(176,578)

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28. FINANCIAL RISK MANAGEMENT - CONT'D

iii Market risks (Cont'd)

The following significant exchange rates were applied during the period:

	Average Rate		Reporting Rate	
	2021 GHS	2020 GHS	**2021 GHS**	2020 GHS
US$	5.9225	5.6950	6.2850	5.8300

Sensitivity analysis on currency risks

The following table shows the effect of a strengthening or weakening of GHS against all other currencies on the Company's profit or loss and equity. This sensitivity analysis indicates the potential impact on the profit or loss and equity based upon the foreign currency exposures recorded at December 31. (See "currency risk" above) and it does not represent actual or future gains or losses. The sensitivity analysis is based on the percentage difference between the highest daily exchange rate and the average exchange rate per currency recorded in the course of the respective financial year.

A strengthening/ weakening of the GHS, by the rates shown in the table, against the following currencies at 31 December have increased/decreased equity and profit or loss by the amounts shown below:
This analysis assumes that all other variables, in particular interest rates, remain constant.

At 31 December	**2021**			2020		
In GHS	**% Change**	**Profit or loss/Equity impact – increase/(decrease): Strengthening**	**Profit or loss/Equity impact – increase/(decrease): Weakening**	% Change	Profit or loss/Equity impact – increase/(decrease): Strengthening	Profit or loss/Equity impact – increase/(decrease): Weakening
		GHS	**GHS**		GHS	GHS
US$	**±10%**	**184,540**	**(184,540)**	±2.37%	(18,568)	18,568

Interest rate risk Profile

The Company adopts a policy of ensuring 90% of its interest risk exposure is at a fixed rate. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	2021 GHS'000	2020 GHS'000
Short term loans (Fixed)	**148,327**	121,256
Short term loans (Variable)	**1,042**	3,600
Bank overdrafts (Variable)	**2,527**	2,197
	151,896	127,053

Notes to the financial statements

For the year ended 31 December 2021

28. FINANCIAL RISK MANAGEMENT - CONT'D

iii Market risks (Cont'd)

A change of 300 basis points in interest rate at the reporting date would have increased (decreased) profit or loss or equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis for 2021 is performed on the basis that interest rate changed by 300 basis points.

Fixed rate instrument

	300bp Increase GHS'000	300bp Decrease GHS'000
31 December 2021		
Fixed rate instrument	**(4,450)**	**4,450**
31 December 2020		
Fixed rate instrument	(3,638)	3,638

The Company does not account for any fixed-rate financial asset or liabilities at fair value through profit or loss (FVTPL). Therefore, a change in interest rated at the reporting date would not affect profit or loss.

Variable rate instrument

	300bp Increase GHS'000	300bp Decrease GHS'000
31 December 2021		
Variable rate instrument	**(107)**	**107**
31 December 2020		
Variable rate instrument	(174)	174

(iv) **Fair values**

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	31 December 2021		31 December 2020	
(i) Amortised cost	**Carrying Amount GHS'000**	**Level 2 Fair Value GHS'000**	Carrying Amount GHS'000	Level 2 Fair Value GHS'000
Trade and other receivables	**2670**	**2670**	938	938
Cash and cash equivalents	**330**	**330**	141	141
	1,000	**1,000**	1,079	1,079

Notes to the financial statements

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28. FINANCIAL RISK MANAGEMENT - CONT'D

(v) Fair values

Fair values versus carrying amounts

	31 December 2021		31 December 2020	
(ii) Fair Value Through Other Comprehensive Income	**Carrying Amount GHS'000**	**Level 2 Fair Value GHS'000**	Carrying Amount GHS'000	Level 2 Fair Value GHS'000
Investment securities	**120**	**120**	120	120
	120	**120**	120	120

	31 December 2021		31 December 2020	
(iii) Amortised Cost	**Carrying Amount GHS'000**	**Level 2 Fair Value GHS'000**	Carrying Amount GHS'000	Level 2 Fair Value GHS'000
Trade and other payables	**37,375**	**37,375**	25,827	25,827
Bank overdrafts	**2,527**	**2,527**	2,197	2,197
Short term loans	**149,369**	**149,369**	121,257	121,257
	189,271	**189,271**	149,281	149,281

Valuation technique: The valuation model considers the present value of expected cashflows, discounted using a risk-adjusted discount rate.

29. RELATED PARTY DISCLOSURES

The Company's related party is Pioneer Kitchenware Limited (PKL) on which Togbe Afede XIV a board member of Aluworks, is also the Board Chairman of the Company. Pioneer Kitchenware Limited purchases significant quantities of finished products from Aluworks as inputs for its own production processes. Items are purchased at arms-length (market prices).

Another related party is SSNIT who is the principal shareholder of Aluworks. SSNIT has contracted the Modula Group to construct houses under the SSNIT affordable housing projects. The roofing sheets being used for the construction are supplied by Aluworks. Although the invoices raised for the roofing sheets are in the name of Modula Group, SSNIT directly makes payments to Aluworks for the invoices raised. Items are purchased at arms-length (market prices).

The Company entered into an agreement for the sale of 18.9 acres of unused land at a value of US$ 6,607,037.57 to Social Security and National Insurance Trust (SSNIT). SSNIT has made an advance payment of GHS 32,559,432 (equivalent of US$ 6,607,037.57). The Company has transferred legal title of ownership to SSNIT.

Notes to the financial statements

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29. RELATED PARTY DISCLOSURES - CONT'D

(i) **Transactions**

The following transactions were carried out with related parties:

	2021	2020
	GHS'000	GHS'000
Purchases by Modula Group (SSNIT affordable housing project)	21	-
Advance payment for the purchase of land	32,604	-

(ii) **Outstanding balances arising from related party transactions:**

	2021	2020
	GHS'000	GHS'000
Trade Receivables: Pioneer Kitchenware	382	382
Modula Group (SSNIT affordable housing project)	21	-
Loan : Social Security and National Insurance Trust (SSNIT)	148,327	121,256

All outstanding balances with related parties are to be settled in cash within two months of reporting date. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

(iii) **Key management compensation**

	2021	2020
	GHS'000	GHS'000
Salaries and other short-term benefits	1,159	818
Post-employment benefits	-	132

(iv) **Loans and advances to related parties**

	2021	2020
	GHS'000	GHS'000
Loan advances to senior management and staff	14	23

Loan advances to senior management relates to salary advances to staff payable within a period of 12 months

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30. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividend to ordinary shareholders. The Company monitors capital using a ratio of "adjusted net debt" to "adjusted equity". For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents.

The Company's policy is to keep the ratio below 2. The Company's adjusted net debt to equity ratio at 31 December 2021 was as follows:

The Company's capital position is as shown below:

	2021	2020
	GHS'000	GHS'000
Total liabilities	**193,621**	230,081
Less: Cash and cash equivalents	**(330)**	(141)
Net debt	**193,291**	229,940
Total equity	**42,481**	(14,683)
Net debt to equity ratio	**4.55**	(16)

31. CAPITAL COMMITMENTS

The Company had no commitments for capital expenditure at the reporting date (2020: Nil).

32. CONTINGENT LIABILITIES

The Company had no contingent liabilities at the reporting date (2020: Nil).

33. GOING CONCERN AND SUBSEQUENT EVENTS

The Company incurred a loss of GHS 65,755,000 (2020: GHS 33,794,000) for the year ended 31 December 2021 and as of that date, the Company's current liabilities exceeded its current assets by GHS 174,995,000 (2020: GHS 165,854,000) and total assets also exceeded its total liabilities by GHS 42,481,000 (2020: total assets exceeded total liabilities by GHS 14,683,000). Additionally, the Company reported a negative operating cashflow of GHS 26,944000 (2020: positive operating cashflow of GHS 4,834,000).

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For the year ended 31 December 2021

33. GOING CONCERN AND SUBSEQUENT EVENTS CONT'D

Background

Aluworks Plc as the only cold milling plant in Ghana is considered an essential cog in the Bauxite - Aluminium extended supply chain scheme being managed through the Ghana Integrated Aluminium Development Commission (GAIDEC). Thus, there is strong Governmental interest in the well-being of the company going forward. At a meeting in March 2020, the Government Economic Management Team (EMT) instructed the Ministry of Trade and Industries to ensure that Aluworks Limited is suitably re-financed and restructured to be able to play its role in the said supply chain scheme. This has not happened although we have been advised it is receiving attention.

Meanwhile in order to take advantage of expected changes in fortunes following years of stagnation due to certain primary economic and environment reasons, the company, through its Board of Directors engaged with the top two shareholders of the company i.e. Messrs SSNIT and Caitlyn Limited (which is in the process of handing over to MALCO of India) in a process of restructuring of the company's finances to place it in a viable position.

In 2019, Caitlyn Limited (the investment wing of Vedanta Resources of India- a huge aluminium conglomerate) was supposed to invest in the company to make it fully operational with sufficient working capital to generate turnover in exchange for ALW shares. SSNIT was to convert some of the Aluworks debt in their books into shares at the same time and restructure the balance into a far more beneficial term sheet. At the last minute the SSNIT Board reneged on the agreement not being comfortable with Caitlyn Limited becoming the majority shareholder, an assurance required by Caitlyn given the quantum of financing.
After much discussion the SSNIT Board has finally agreed that Caitlyn Limited can have majority shareholding in Aluworks Plc.

We now await MALCO (which has taken over the project from Caitlyn Limited and is now the lead Vedanta company for the Aluworks Investment) to present a full strategy paper to SSNIT as a vehicle to finalising a new shareholders agreement for the purpose. Meanwhile we are aware that MALCO/Caitlyn is going through the required processes to enable them to produce the required strategy paper.

On Thursday March 24 2022, the Aluworks Board received by email the latest statement from MALCO/Caitlyn Limited, which the Board has duly noted in its meeting minutes. The statement included the following relevant paragraph:-

"the three documents with Vedanta cover letter are ready for submission to the regulatory banks for ODI (Overseas Direct Investment Authority) investment approval. An internal board approval from Vedanta is required and awaited, the formality of ODI approval is equitable and expected in a couple of weeks."

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GOING CONCERN AND SUBSEQUENT EVENTS CONT'D

This suggests that the process is progressing steadily. However, our experience with Caitlyn Limited and by extension MALCO, is one of rather slow going. We are quite sure the process will come to a favourable conclusion with Aluworks properly financed to be able to perform at an optimal level; although we are sceptical as to when the process will actually be concluded.

Therefore, the Board of Directors can and does hold out Aluworks Plc as a serious going concern company with tremendous potential and expected to perform successfully in the future, although the board is unable to opine on a confirmed turnaround strategy commencement date.

Current Situation:

In October 2020, the Ghana International Trade Commission (GITC) made a ruling after it had determined that under World Trade Organisation rules, aluminum products were being unfairly dumped into Ghana from China. The Commission's ruling included the imposition of a penal additional duty of 35.77% on all such products imported into Ghana from China. This has had the effect of gradually re-stabilising the market, and therefore restoring demand for aluminum products from Aluworks Plc. This was expected to buttress strong revenue growth expected when the working capital finance issues had been resolved, as planned, by the principal shareholders.

Unfortunately, with the delay in the investment process, Aluworks Plc which has experienced the debilitating effects of the shortage of working capital due to the Chinese encroachment on it markets had to rely on strong customer's deposits and the largesse of creditors to do business. Unfortunately, the quantum raised through this strategy has been insufficient to enable the company to operate above its break-even point and hence continues to have serious cash flow issues. This is a serious situation that the Aluworks Plc Board is managing in its bid to continue as a performing company until the required investment in working capital and in a forward capital expenditure plan is established in the future.

Once implementation of the investment by Vedanta Resources (through MALCO/Caitlyn Limited has been completed, Aluworks Public Limited Company will determinedly embark upon the path to growth into the future.

Going Forward

The company's prime objectives have always remained as follows:

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4. To Restore a Strong Going Concern Status

- The challenge of the disruption of our markets by the importation of cheap alternatives from China having been thwarted by the GITC since October 2020, allows the company to restore its product prices to the correct required levels in line with worldwide industry practice. This implies that it will be in a position to perform at "in full and on time" levels.

5. To Restore Profitability

- As soon as working capital is available to ensure that customer demand, which has been well above break-even levels, and which has remained unsatisfied is tackled with fervor, so as to delight the customer and to ensure consistent business.
- As part of any restructuring plan, SSNIT will continue to reiterate its intention to provide a new beneficial Term Sheet which will drastically reduce the interest in the Aluworks accounts.
-

6. To Foster Growth into the Future

-
- We will look to the new investors (i.e. Vedanta Resources), to provide leadership in technology and process to put the company on the front line of the industry and to introduce both organic and extensive growth through new and relevant product offerings.

The company's financial performance is expected to improve substantially when the restructuring has been completed. This may include the sale of shares to MALCO/Caitlyn Limited to provide both investment and working capital going forward, to meet the expansion of demand for locally produced aluminum products. These will foster increasing strong growth going forward.

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For the year ended 31 December 2021

34. SHAREHOLDING INFORMATION

(i) Number of Shares in Issue

Earnings and dividend per share are based on 236,687,001 (2020: 236,687,001) ordinary shares in issue at the end of the year.

(ii) Number of Shareholders

The Company had 2,977 ordinary shareholders at 31 December 2021 (2020:2,977) distributed as follows:

Holding	No. of Holders	Total Holding	% Holding
1 - 1,000	2,164	545,908	0.23
1,001 - 5,000	474	1,161,763	0.49
5,001 - 10,000	152	1,141,182	0.49
10,001 and over	187	233,838,148	98.79
	2,977	236,687,001	100

(iii) List of twenty largest shareholders as at 31 December 2021

	Name of Shareholder	No. of Shares	% of Issued Capital
1.	Social Security & National Insurance Trust	148,219,086	62.62
2.	Caitlyn Limited	51,739,054	21.85
3.	Professor Wosornu Lade	7,432,069	3.14
4.	SCBN/SSB Eaton Vance Tax-Managed Emerg Mkts	5,176,100	2.19
5.	Strategic Initiatives Limited	4,170,540	1.76
6.	Mr. Ken Kobina Dela Alor	2,527,934	1.07
7.	Mr. Colin M. Waugh	1,464,668	0.62
8	Mr. Adu-Gyamfi Yaw	827,925	0.35
9.	Mrs. Elizabeth Arthur	820,000	0.32
10.	Qualitec Industries Limited	750,688	0.32
11.	Ghana Commercial Bank Limited	450,000	0.19
12.	Tema Oil Refinery Limited	450,000	0.19
13.	National Investment Bank Limited	442,080	0.19
14.	Dr. Clifford Edward Aryee	427,830	0.18
15.	Dr. Larbi Emmauel Bekoe	323,726	0.14
16.	Anim Jehoram Tei	315,580	0.13
17.	Lifespring Capital	300,000	0.13
18.	SAS / Mr. Gideon Amenuvor	290,029	0.12
19	Mr. Akordor Emmanuel Horla	280,820	0.12
20.	Mrs. Aboagye Elizabeth Irene	277,133	0.12
	Reported totals	226,685,262	95.77
	Not reported	10,001,739	4.23
	Grand totals	236,687,001	100.00
	Company capital	236,687,001	

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34. SHAREHOLDING INFORMATION

(iv) Directors' Shareholding

The Directors named below held the following number of shares in the Company as at 31 December 2021:

Ordinary Shares

	No. of Shares	% of Issued Capital
E. Kwasi Okoh	100,000	0.04
Professor Lade Wosornu	7,220,425	3.05
Prof. Yaw Adu-Gyamfi	827,925	0.35
	8,148,350	3.44