Aluworks Plc

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FINANCIAL YEAR 2020

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NOTICE OF MEETING

NOTICE is hereby given that the 33rd Annual General Meeting of the Shareholders of Aluworks Limited will be held virtually via Zoom on **Friday December 10, 2021** at 10 O'clock in the forenoon to transact the following business:

AGENDA

Ordinary Business

1. To receive and consider the Reports of the Directors, Auditors and the Audited Financial Statements for the year ended December 31, 2020.
2. To re-elect Directors.
3. To fix the remuneration of the Directors.
4. To confirm the Outgoing Auditors' remuneration for the year ended December 31, 2020.
5. To appoint Auditors and to authorise the Directors to fix the remuneration of the incoming Auditors for the year ending December 31, 2021.

Special Business

1. To authorise the Directors to identify and enter into discussions with possible investors and thereafter issue shares to the said investors either through a rights issue and/or a private placement whichever they deem appropriate.

Dated this 8th day of November, 2021

By Order Of the Board

ACCRA NOMINEES LIMITED
COMPANY SECRETARIES

Note:
A member of the company entitled to attend and vote may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the company. Completed proxy forms should be deposited at the offices of the Registrars Universal Merchant Bank Limited, 44 Kwame Nkrumah Avenue, Opposite Ghana Railways, Okaishie- Accra, P. O. Box GP401, Accra, not less than 48 hours before the appointed time of the meeting. Failure to submit the forms before the **48 hour deadline** will result in the Proxy not being admitted to, or participating in, the meeting. A Form of Proxy is provided in the Annual Report.

ALUWORKS Plc

CORPORATE INFORMATION

BOARD OF DIRECTORS

Professor Lade Wosornu	Board Chairman	*Confirmed 25th March 2021*
Ernest Kwasi Okoh	Managing Director	
Togbe Afede XIV	Non Executive Director	
Kingsley Okoe Ofosu Obeng	Non Executive Director	
Dr. Alhassan Mutaka Alolo	Non Executive Director	
Prof. Yaw Adu-Gyamfi	Non Executive Director	
Ralph Rossouw	Non Executive Direcor	

SECRETARY

Accra Nominees Limited
13 Samora Machel Road
Asylum Down
P. O. Box GP 242
Accra

REGISTERED OFFICE

Head Office
Plot 63/1
Heavy Industrial Area
P. O. Box CO 914
Tema

AUDITORS

KPMG
Chartered Accountants
13 Yiyiwa Drive
P. O. Box 242
Accra

BANKERS

Ecobank Ghana Limited
Société Générale Limited

SOLICITORS

E. K. Jones-Mensah & Associates
Alpha Law Chambers
Community 1
P. O. Box 1382
Tema

REGISTRARS

Universal Merchant Bank Limited
44 Kwame Nkrumah Avenue, Opposite Ghana Railways, Okaishie,
P. O. Box GP 401, Accra.

ALUWORKS Plc

Corporate Governance

ALUWORKS Limited is run by the Board of Directors headed by the Chairman. The Board which may consist of not less than (5) five was as at Balance Sheet date made up of nine (9) members of whom eight (8) were Non Executive Directors.

The Board is responsible for setting the company's strategic direction, for leading and controlling the company and for monitoring the activities of the Executive Management. The Board is also responsible for presenting a balanced and understandable assessment of the company's progress and prospects.

CORPORATE GOVERNANCE & BOARD PRACTICE

The Company is autonomous in all aspects of its operations and there has been no external pressure. Management members are at liberty to take decisions that will benefit the company and do not entertain any external influence in the course of doing their work.
The Board of Directors is principally appointed by the various Institutional shareholders and this is done once every year by rotation. Members with over 10% shares are eligible to appoint representative persons on to the Board, with the rest appointed by shareholders at general meeting.

The Board of Directors meets at least six times in a year and emergency meetings are also held as and when the need arises to consider urgent matters requiring specific decisions and approvals. Various committees have also been set up to deal with varied matters that arise during intervening periods when Board meetings are not scheduled. These committees comprise of the following:

Audit Sub Committee

The Audit Sub Committee is appointed by and reports to the Board. It comprises three (3) Non-Executive Directors – Prof Lade Wosornu, Togbe Afede XIV, and Mr. Kingsley Obeng. The Managing Director and the Audit Manager are ordinarily in attendance at its meetings. The committee meets to discharge its responsibilities which are as follows;

- To safeguard the company's assets
- To maintain adequate accounting records,
- To develop and maintain effective systems of internal control, and
- To monitor compliance with risk management policies and procedures.

The committee among other things reviews Management Accounts and audited financial statements.

Remuneration Sub Committee

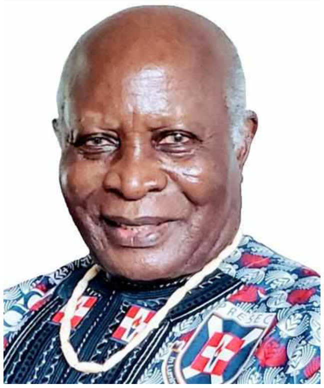
The Remuneration Sub Committee is appointed by the Board. It comprises three (3) Non-Executive Directors. The Chairman of the committee is Professor Yaw Adu-Gyamfi, and the other members are: Dr. Mutaka Alolo, and Mr. Ralph Rossouw.

The duty of the Remuneration Sub Committee is to advise the Board and Management on wage opener negotiations (salary review) and conditions of service for all levels of employees.

ALUWORKS Plc

Your Directors.

Professor Lade Wosornu.	**Ghanaian.**	**Chairman**



Elected Fellow of the Ghana Academy of Arts and Sciences, Professor Wosornu has an MD (Glasgow); FRCS (Edin), FRCS (Eng); FGCS and an MB (Hons). He is an alumnus of PRESEC, St. Augustine's College and Glasgow University where he won, among other prizes, the gold medal as his year's most distinguished graduate. After working in Glasgow, London and the Ghana Medical School, he moved as professor in Surgery to the University of Zambia, Lusaka and then King Faisal University, Dammam, Saudi Arabia. Later, his professional focus became Accreditation and Quality Management in Higher Education and was assigned by WHO to assist in Sierra Leone Postgraduate. Education in the College of Health. He retired in 2014. Representing minority shareholders on the Board, Prof. Wosornu brings loyalty to and passion for ALUWORKS. He was one of the first shareholders joining in 1985. His investment mantra is *In God and ALUWORKS we trust*. He expects the good times of ALUWORKS shall return, with the work place supportive, customer satisfaction high, and dividend payments adequate.

Ladé Wosornu is a Poet, being the author of *Desert Rivers, The Master Brewer, Raider of the Treasure Trove* etc. He was a columnist in The Ghanaian Times on *Health & Wellness.* He is a member of the Board of Directors / Governors of Dabala Secondary Technical School, and Charis College of Health Sciences, Sogakope, a retired board member of Agave Rural Bank Dabala; and a consultant for COCOBOD on a new concept for a Medical Centre and Expansion and Rebranding of its Cocoa Clinic in Accra. Professor Wosornu joined the Board in February 2015, was appointed Acting Chairman in 2019, and confirmed as Chairman in October 2020.

Togbe Afede XIV	**Ghanaian**

He is the Agbogbomefia of Asogli State, is an investment banker and the founder and CEO of SAS Finance Group. He holds an MBA (Finance) Degree from the Yale School of Management, USA. He is the Immediate Past President of the National House of Chiefs, and past member of the Council of State.

He is Chairman of National Investment Bank Ltd, Accra Hearts of Oak SC Ltd and Africa World Airlines Ltd. He also serves on the boards of Pioneer Kitchenware Ltd, Sunon-Asogli Power (Ghana) Ltd, the World Trade Centre Accra and Ensign College of Public Health, amongst others.

Togbe Afede represents Strategic Initiatives Limited on the Board which he joined in February 2002.

Professor Yaw Adu Gyamfi Ghanaian

He graduated from the University of Ghana Medical School, now School of Medicine and Dentistry, in 1969, with Bachelor of Medicine and Surgery degrees. He studied for his post graduate fellowship in Anaesthesia and Critical Care at Kings College Hospital and Medical School, Demark Hill, London, and obtained his postgraduate fellowship in Anaesthesiology (FFARCS/FRCA) in February, 1974. He holds a Fellowship of the West African College of Surgeons (FWACS) and is a foundation Fellow of the Ghana College of Physicians and Surgeons (FGCP&S).

He is former head of Department Anaesthesiology and Critical Care, University of Ghana Medical School. He taught at the College of Medicine and Medical Sciences, King Faisal University, Dammam, Saudi Arabia. He is currently a Part-time Consultant and Professor in Anaesthesiology and Critical Care at his Alma Mater and the Chairman of the National Health Insurance Authority. Dr. Adu-Gyamfi represents ordinary shareholders on the Board which he joined in January 2018.

Dr. Mutaka Alolo Ghanaian

He is a renowned and well-respected professional. He is the founder of the Institute of Energy and Climate Change Policy Initiative (IECP); a think-thank that, inter-alia, provides opportunities for the youth to shape energy-managing partner of IGroup Ghana, which comprises iRisk Management Limited (an insurance brokerage) and iTechnologies as its subsidiaries. In addition to these, Dr. Alolo provides advisory services, engaging in critical discourses on investments, energy and climate change, at the international level. Dr. Alolo was also a lecturer on securities and portfolio investment analysis at the University of Professional Studies, Accra. He is currently a Technical Economic Advisor at the Presidency, Vice Presidents Secretariat. He holds a PhD in Finance and MSc in Financial Management both from University of Hull and Bachelor’s degree in Information Studies from the University of Ghana.

Dr Mutaka Alolo represents SSNIT on the Aluworks Board which he joined on 24th May 2017.

Mr. Kingsley Okoe Ofosu Obeng Ghanaian

He is a Chartered Certified Accountant with a wide range of experience across diverse industrial business sectors. Since 2007 he has been an Investment Analyst at Social Security and National Insurance Trust (SSNIT) which he joined in September 1998 as a Compliance Officer. Mr. Obeng is a product of the University of Ghana where he majored in Statistics. He represents SSNIT on the Aluworks Board, which he joined in February 2015.

Mr. Ralph Rossouw | South African

Ralph Rossouw is a South African born on 22 Jan 1969

Ralph is a professionally registered, chartered mining engineer with 30 years of executive, operations and projects management, feasibility studies leadership and capital raising experience.

He has held roles as General Manager, Project Director, Studies Manager, COO, CEO and MD of a number of junior and mid-tier resources companies.

He is currently Managing Director and Country Manager of Fujairah Gold Ghana / Caitlyn, part of the diversified global resources giant, Vedanta Resources.

He has led operations and projects ranging from USD200m to USD3b in SE Asia, Australia, West Africa, Europe, Canada, Russia, China, the Middle East and South Africa. He commenced his career with BHP, Rio Tinto, Anglo American, AngloGoldAshanti and Barrick, and then helped junior mining companies progress to mid-tier companies, like Philex Mining Corporation, Ma'aden, Arutmin, Zeehan Zinc and Toledo Mining.

He is a competent / qualified person in terms of international codes NI43-101, JORC and SAMREC, has 24 years of business development, due diligence, valuation, capital raising and operating excellence experience.

He has presented technical papers at a number of international mining conferences, seminars and summits, including chairing roundtable discussions.

His professional memberships include being a fellow of the SAIMM, AusIMM, PMI, AICD, IoD, PDAC

He joined the Board of Aluworks Limited on 28th May 2020, representing Caitlyn Limited.

Mr. Kwasi Okoh | Ghanaian | Managing

He was appointed Managing Director in November 2008. He is a Chartered Accountant, with an MBA from the University of Strathclyde in Glasgow Scotland. He has held many company directorships both in Ghana and abroad and currently serves on the Board of Universal Merchant Bank (UMB Bank), and nominally serves on three dormant companies WT-2 Company Limited, MS Research International Limited, and Expandable Polystyrene Products and Trading Ltd. He is a Fellow of the Institute of Directors.

ALUWORKS Plc

Your Executive Officers.

E. Kwasi Okoh
Managing Director

David Adzogble
Chief Operating Officer

Richard Dzontoh
Chief Finance Officer

Samuel Asiedu Asare
General Manager
Sales and Marketing

Wallace Dankwah
Senior Manager
Personnel and Administration

Chris Opare-Larbi
General Sales Manager

Paul Adafia
General Technical
and
Production Manager

ALUWORKS Plc

OUR QUALITY ASSURANCE POLICY

Aluworks Limited’s quality policy is to achieve sustained, profitable growth by providing good quality aluminium cold rolled products which consistently satisfy the needs and expectations of its customers.

This level of quality is achieved through adoption of systems of procedures that reflect the competence of the Company to existing customers, potential customers, all relevant authorities and assure full conformance to specifications and approved standards.

Achievement of this policy involves all staff, who are individually responsible for the quality of their work, resulting in a continually improving working environment for all, and in particular to conformance in all aspects to ISO 9001 requirements.

This policy is provided and explained to each employee by the Managing Director and the Management Representative.

To achieve and maintain the required level of assurance the Managing Director retains responsibility for the Quality System with routine operation controlled by the Management Representative.

The objectives of the Quality Assurance System are:

a. To endeavour, at all times, to maximize customer satisfaction with the products of Aluworks Limited, including as customer service, technical support whenever necessary, continual assessment and evaluation of customer’s needs.
b. To achieve and maintain a level of quality which enhances the Company's reputation with customers. The Aluworks Technology, AA and STM standards will be used as a guide in production and testing activities.
c. To maintain an effective Quality Assurance System complying with International Standard ISO 9001 (Quality Systems).
d. Employees will be trained and involved in continual improvement of the quality Management System, in a bid to attain total customer satisfaction.
e. To ensure compliance with relevant statutory and safety requirements.

The company‘s has continued to maintain its high level of quality processing and production through the utilisation of continuous improvement techniques. As a result and after thorough testing the company’s quality rating was upgraded in December 2018 to the more onerous ISO 9001-2015 (accredited by UKAS and examined by SGS). This has been renewed in follow up bi-annual surveillance audits since. A new upgrade audit is due in October 2021.

ALUWORKS Plc

Chairman's Statement.

Welcome to the 2021 Annual General Meeting of Aluworks PLC. This is the second time we are holding our AGM mostly virtually. Last year's was a success. All shareholders and proxies would have received the link to join the meeting, and, with it to vote when the time comes. Once again, you are all welcome.

The Year 2020

In year 2020, Aluworks PLC has had to dig deep and keep going while waiting for the long promised injection of capital by our two principal shareholders. Although their discussions have continued, actionable conclusions have remained elusive.

In the meanwhile, we have been exploring other avenues for the requisite investment. We have actuated initiatives and spoken to financial investors. Our goal is strategic type of investors whose attributes include the following. They understand the industry, can bring strategic alliances on board along with their involvement, and can lead Aluworks PLC into the modern ways of doing things. We are steadfast in the pursuit of this goal. For, eventually, the full potential of Aluworks PLC shall be embraced by the right persons.

Indeed, some of the resolutions for your votes today are related to this goal. They include the re-affirmation of Shareholders' commitment to authorize Directors and Management to (a) search for effective partner(s) for Aluworks going forward, and (b) widen the audience and invite more financiers to consider investing in Aluworks Plc. At all times, the business of the Directors and Management is to find impactful partnership solely in the interest of the company and of you the Shareholders.

Without the required new investment, the company has had to operate within the limits its rather low working capital. Thus, we fell short of our customers' demands in all West Africa beginning with Ghana. This outcome is frustrating and must be remedied. We have retained our hard won reputation for high quality products. Hence we still enjoy a high demand, which will rise even further.

Aluworks Petition to the Ghana International Trade Commission (GITC)

We reported last year that we had petitioned the Ghana International Trade Commission (GITC) on imports from China utilizing exports rebates from China. In October 2020, the GITC adjudged that such imports were injurious to Ghana Industry and imposed an additional penalty duty of 35.77% C&F. One year later, a letter from GITC dated 18 October 2021 was addressed to our Managing Director. Entitled: "*Implementation of the Determination on Aluworks Petition*", it reads: "The Commission is glad to inform you that, on 05th October 2021, it received a letter from the Custom's Division of the Ghana Revenue Authority indicating that processes have commenced for the implementation of the Determination on Aluworks Petition." A copy of the correspondence is on record. The numeric impact of all the above remains to be seen.

The Africa Free Trade Initiative (AfCFTA)

AfCFTA is gaining ground with potentially palpable economic benefits for the region. Therefore, once again, we respectfully urge our major Shareholders to conclude their collaborative investment discussions so that the company can obtain working capital to meet the steadily growing demand which shall accrue. We stand ready to continue interacting with them to attain a mutually beneficial end.

Global Dynamics

The global economic environment in 2020 was difficult, coming soon after the advent of the Corona virus pandemic and its disruptive consequences for business globally plus vaccines. (Hereafter called simply "the COVID-19 pandemic"). The COVID-19 pandemic increased uncertainties with significant risk to the rate at which recovery in the short term could be made. It continued to pose a threat to the global economic growth. Vaccines supported recovery and growth from mid-year 2020. Indeed the Global Economy in 2020 recovered strongly in the third quarter relative to previous quarters in the midst of all the difficulties.

For Aluworks PLC, the recovery has been slower still because most of our exports are by land. With the closure of borders, exports occurred only by targeted arrangements. This slowed the influx of funding that we had been utilising to supplement our own limited working capital. Although the situation has improved somewhat, it still represents a dampening of constructive demand from around West Africa. We can report though that the serious adverse effect we had in 2019 **eased** in 2020, and, volume throughput recovered slightly.

The Local Economy

Locally, Ghana's economy contracted by 3.2% and 1.0% in the second and third quarters of 2020 respectively, pushing the country into a recession for the first time in 38 years. However, after the easing of restrictions, signs of growth emerged. The Ghana Statistical Service reported that real GDP growth was by 3.3% in the fourth quarter of 2020. A modest growth of 1.1% was reported for the full year of 2020 albeit a steep fall from the pre-COVID-19 levels of 6.5%.

This deterioration in GDP growth was largely due to COVID-19. The Government attempted to mitigate the pandemic's impact on households and businesses by enacting two programmes: (a) the Coronavirus Alleviation Plan (CAP), and (b) the medium-term COVID-19 Alleviation and Revitalization of Enterprises Support (CARES) program in mid-2020. But the low growth in 2020, coupled with high population growth pushed real per capita incomes in 2019 lower by a margin of 1%.

The Cedi historically performed better in 2020 both on a month on month, and, year to year basis. "Pressures from corporate demand, energy-related forex demand and pandemic-induced portfolio outflows were offset by forex inflows from two sources: the US$3 billion Eurobond issuance in February and the US$1 billion IMF RCF. Other inflows were from mining, remittances, as well as BOP support", [Culled from the MPR issued by the Bank of Ghana in January 2021]. The Ghana Cedi depreciated against the following three major currencies: US Dollar by 3.9%, Pound Sterling by 7.1%, and the Euro by 12.1%. (Corresponding figures in 2019 are as follow:12.9%, 15.7% and 11.2%).

Inflation had been on a steady decline, but increased to 10.4% in December 2020 due to an upsurge in food prices before the partial lockdown in the second quarter of 2020. Non-food inflation however declined from 8.3% in November to 7.7% in December. The Central Bank at its last MPC of the year decided to maintain the policy rate at 14.5% given the balance of risk to inflation and growth.

Local Performance

The year 2020 proved to be difficult for two main and related reasons. First is the effect of the COVID-19. The related reason is that, as we had reported last year, we continued to rely on our customers and creditors to generate cash flow to keep the business going. With the pandemic raging, lockdown in place, and the closure of the land borders, that source of financing diminished, and so did our ability to buy raw material from VALCO. Therefore, throughput became dismal, with its inevitable tendency to have capital eroded. Indeed, in 2020, we purchased 3,776 tonnes from VALCO (4,302 tonnes in 2019), and produced for the market 3,672 tonnes (4,318 tonnes in 2019), against a budget of 5,600 tonnes we set ourselves for the year.

In normal circumstances, we ought to and would have liked to manage prices to make up some of the shortfall accruing from the reduced throughput. Unfortunately, in 2020 we continued to face a market dominated by imported cheap products. This further blocked our increased pricing, and pinned us down to a lower range in gross margins. Hence, in 2020, we sold only 3,665 tonnes, a 12% drop compared to 2019 at 4,168 tonnes which itself was well below where we ought to have been if we had sufficient working capital.

The regional split was as follows: Local sales were 2,274 tonnes representing 62% of total annual sales; (2,924 tonnes or 70% in 2019). Export sales were 1,391 tonnes representing 38% of total annual sales; (1,243 tonnes and 30% in 2019). The varied split highlights the higher contribution to financing by our export customers.

The 12% drop in volumes resulted in a corresponding drop in turnover of 10% compared to 2019. Sales revenue in 2020 amounted to GHS 68.975 million, compared to GHS 76.993 Million in 2019. A negative gross margin level (negative GHS 5.030 million in 2020; versus negative GHS 0.132 million in 2019) was achieved due to the low volumes. Also due to the low volumes, turnover was insufficient to achieve profit at operational margin level. The Aluworks business is volume driven. Low volumes are lethal to growth. Hence, we need a working capital injection urgently, to ensure that volumes are always well above break-even levels.

The company has been through a series of cost savings activities. Examples are studies, programmes and action plans designed to ensure thrift without compromising the quality of our product. The work done has paid off in the last few years and general expenses have been held to optimum levels. The level in 2020 was the lowest since 2013, despite inflation and cost of living incremental adjustments over the years and it was almost 20% lower than that of 2019. Despite this hard work, financial costs (comprised mainly of interest on the outstanding SSNIT loan for our second cold mill), plus exchange losses arising mainly from purchasing from VALCO in foreign currency), have remained high. The figures are GHS 24.8 million in 2020; GHS 21.2 million in 2019; and 36% of revenue in 2020 and 29% of revenue in 2019, respectfully.

We ended with a net loss after tax of GHS 33.794 million, compared to GHS 24.199 million in 2019. Our income surplus account therefore remains in deficit. As a result of all the above negative forces, the Directors have been unable to recommend any dividends.

Going Forward

Aluworks PLC retains its strong potential. A number of companies are now manufacturing some of our current range of products in Ghana. However, they have neither our operational structure nor the quality of our products. Our high quality remains the sole factor of differentiation across the West African Region. However, maintenance is 'key' to ensuring that this key factor is maintained.

We can survive even at the rate of work today. However we must grow and make profit. That requires increased volume throughput which demands increased working capital. Additionally, the product range of Aluworks PLC is near the bottom of the ladder of industry value addition. This is what the upcoming local competition is aiming at. Our capital expenditure programmes to take us up the ladder have had to be truncated because of our past financial difficulties. We hope that new investment in the company will result in the production of a larger range of products to differentiate us even further in the region.

The London Metal Exchange (LME) Factor

Despite COVID-19, year 2021 began well. We are currently performing at a level that is **xxx%** higher than that of year 2020. Unfortunately, we are held back by a number of factors. One is the steeply rising aluminium price on the world market. The industry is such that world price levels especially that on the London Metal Exchange (LME), is used to reckon prices throughout the extended supply chain. Thus, we receive new metal from VALCO at the ruling LME, based on which we derive our own prices. At the beginning of the year, the average price ruling for January was USD$ 2,017.90 per metric tonne. The average price ruling for the month of October 2021 is USD$ 2,839.68 per metric tonne, amounting to a steep increase of 41% over the past 10 months. This immediately raises our production costs, whereas we can only correspondingly increase our selling prices at the mercy of the market.

The second negative factor remains the cheap imports from China. Until the GITC ruling which was put in place by GRA on 5th October 2021 becomes well and truly implemented, we will continue to suffer from the artificially low prices of cheap imports from China. During the period, due to this blockage we have only been able to recover 12% out of the 41% increase in costs. This means we will remain unprofitable in 2021.

Despite our decision **not** to pass on full costs to the retail sector, customers fell below their previous levels of orders. As a result, our volume throughput remains inadequate. To repeat, the Aluworks business is a volume business. Therefore, the ongoing low volumes fail to augur well, despite the observed potential for utilization of aluminium that resides in the market.

We must generate enough profit so as to turn our income surplus to credit. This will enable us to pay handsome dividends to Shareholders once again.

Change of Auditors

The new Companies Act 2019, (ACT 992) introduced the concept of rotation. It requires that Independent Auditors be limited to terms not exceeding six years of their appointment. We have worked with Messrs. KPMG for years. As a result of the above change in concept, we must part ways. The financial statements presented today are the last by KPMG until they are perhaps re-appointed sometime in the future. On behalf of our Shareholders, the Board, Management and staff of Aluworks

PLC, we herein record our appreciation of the work done by KPMG, and for all their financial advice and allied services offered us over the years. We wish them more fruitful endeavours.

We are also happy to announce that, having been through the due recruitment processes, we recommend to shareholders the appointment of Messrs. Deloitte and Touche as our audit partners until further notice. We note that, the Institute of Chartered Accountants rates our new auditors at the same level as their predecessors. Accordingly, we except to receive a similar or perhaps even higher quality of service. We welcome Messrs. Deloitte and Touche with optimistic enthusiasm and assure them of the fullest cooperation as they take up this new endeavour.

Conclusion

The main goal of the Board and Management is to ensure the turnaround of Aluworks PLC to the level of business that Shareholders were accustomed to before the misfortunes of the past few years. Secondly, we will strive to secure the strategic partner who will catalyse the return to a sustainable, cost effective business, with a high-demand range of value adding products. Above all, with the high quality products we are renowned for, we shall continue to delight all our customers throughout the West Africa Region.

Our vision is to reposition Aluworks PLC as a resilient, trust worthy leader of industry and the supplier of choice with offerings tailor-made to meet the aspirations of discerning customers down the extended supply chain.

We remain grateful to all our cherished customers. We appreciate them for staying true to the company despite the difficult times we have been through.

I recognize the hard work and selfless commitment of all members of Management and staff. Their unflinching loyalty and perseverance through our dark episodes kept the company going. They sweat blood to restore the company to its rightful place, being set fair for the expected return of better days. Their invaluable self-sacrifice is recognized.

Finally, perhaps you would allow me to add that Aluworks PLC is fortunate to have a small but diverse Board of Directors. They have brought a wealth of experience and influence in their advice to Management. They seek to ensure the survival of the company and its eventual attainment of growth, profitability as an enviable corporate citizen in the eyes of all its Stakeholders and beyond.

Thank you all. COVID-19 is not yet over. Please, stay safe. May God bless us all.

PROF. LADÉ WOSORNU, FGA.
Chairman, Aluworks PLC.

FIVE YEAR FINANCIAL HIGHLIGHTS

						Reporting Year	
Year		2016	2017	2018	2019	**2020**	**Change**
RESULTS							%
Turnover	(Gh¢'000)	69 470	84 470	62 495	76 993	**68 975**	**(10.4)**
Gross Profit	**(Gh¢'000)**	8 253	1 631	(5 780)	(132)	**(5 030)**	**(3 710.6)**
General & Admin Expenses	(Gh¢'000)	(9 875)	(6 969)	(8 996)	(7 708)	**(6 429)**	**16.6**
Profit bef Interest. Tax & Exch Loss	**(Gh¢'000)**	(1 622)	5 139	(14 619)	(8 003)	(11 125)	**(39.0)**
Interest Expense	(Gh¢'000)	(16 367)	(17 146)	(16 587)	(21 232)	**(24 758)**	**(16.6)**
Profit bef Tax and Exchange Loss	**(Gh¢'000)**	(17 989)	(22 285)	(31 206)	(29 235)	(35 883)	**(22.7)**
Exchange Losses	(Gh¢'000)	(1 599)	(1 592)	(1 956)	(1 549)	**(898)**	**42.0**
Profit/(Loss) before tax	**(Gh¢'000)**	(19 314)	(23 877)	(33 162)	(30 784)	(36 781)	**(19.5)**
Taxation	(Gh¢'000)	46 897			6 585	**2 987**	
Profit/(Loss) after tax	**(Gh¢'000)**	27 583	(23 877)	(33 162)	(24 199)	(33 794)	**39.7**
PERFORMANCE RATIOS		2016	2017	2018	2019	**2020**	
Gross Margin/Turnover		11.9%	1.9%	-9.2%	-0.2%	**-7.3%**	
PBIT&Exch Loss/Turnover		-2.3%	6.1%	-23.4%	-10.4%	**-16.1%**	
PBT&Exch Loss/Turnover		-25.9%	-26.4%	-49.9%	-38.0%	**-52.0%**	
Net Margin/Turnover		39.7%	-28.3%	-53.1%	-31.4%	**-49.0%**	
Return on Equity		36.5%	-46.1%	-45.0%	-122.6%	**230.2%**	
Current Ratio		0.44	0.39	0.34	0.34	**0.34**	
BALANCE SHEET RATIOS		2016	2017	2018	2019	**2020**	
Basic Earnings per share	(GH ¢)	(0.0816)	(0.1009)	(0.1401)	(0.1301)	(0.1554)	**(19.5)**
Dividend per share	(GH ¢)	0.0000	0.0000	0.0000	0.0000	**0.0000**	**-**
Shareholders' equity	(Gh ¢'000)	75 639	51 762	73 685	19 742	**(14 683)**	**(174.4)**
Net Assets per share	(GH ¢)	0.3196	0.2187	0.3113	0.0834	**(0.0620)**	**(174.4)**
Number of shares	('000's)	236 687	236 687	236 687	236 687	**236 687**	**0.0**
Fixed assets	(Gh ¢'000)	177 778	174 040	213 350	206 578	**200 216**	**(3.1)**

ALUWORKS Plc

REPORT OF THE DIRECTORS

To The Members of Aluworks Plc.

The Directors present their report and the financial statements of Aluworks Plc ("the Company") for the year ended 31 December 2020.

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 2020, 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

	2020 GHS'000	2019 GHS'000	2018 GHS'000	2017 GHS'000	2016 GHS'000
Revenue	68,975	76,993	62,495	84,470	69,470
(Loss) before tax	(36,781)	(30,784)	(33,162)	(23,877)	(19,314)
(Loss) after tax	(33,794)	(24,199)	(33,162)	(23,877)	(19,314)
Basic earnings per share (GHS per share)	(0.1428)	(0.1022)	(0.1401)	0.1009	(0.0816)
Diluted earnings per share (GHS per share)	(0.1197)	(0.0857	(0.1174)	(0.0846)	(0.0684)

REPORT OF THE DIRECTORS
TO THE MEMBERS OF ALUWORKS PLC (CONT'D)

FINANCIAL STATEMENTS/ BUSINESS REVIEW

The financial results of the Company for the years ended 31 December 2020 and 31 December 2019 are set out in the financial statements, highlights of which are as follows

	2020 GHS'000	2019 GHS'000
Loss before tax	(36,781)	(30,784)
Loss after tax	(33,794)	(24,199)
Total Assets	215,398	226,051
Total Liabilities	230,081	206,309
Total Equity	(14,683)	19,742

The Directors do not recommend the payment of dividend for the year ended 31 December 2020 (2019: Nil).

GOING CONCERN and subsequent events

The Company incurred a loss of GHS 33,794,000 (2019: GHS 24,199,000) for the year ended 31 December 2020 and as of that date, the Company's current liabilities exceeded its current assets by GHS 165,854,000 (2019: GHS 135,460,000) and total liabilities also exceeded its total assets by GHS 14,683,000 (2019: total assets exceeded total liabilities by GHS 19,742,000). Additionally, the Company reported a negative operating cashflow of GHS 4,834,000 (2019: positive operating cashflow of GHS 2,760,000).

The Company continues to experience the negative effect of the high interest charges on the Social Security and National Insurance Trust (SSNIT) loan which has significantly contributed to the company's losses over the years. The current proposal by SSNIT in relation to the Company is to convert 50% of its debt into equity which will result in additional ordinary shares and also reduction in the outstanding loan balance.

The Company has over the last six years been in negotiation with one of its shareholders Caitlyn Limited who wished to make the necessary financial intervention in exchange for an issue of new share. Caitlyn Limited will provide leadership in technology, processes and introduce new products.

All arrangements for completion of this project are in place. SSNIT who is the majority shareholder has received a proposal from Caitlyn to acquire shares in Aluworks Plc which would enable Caitlyn to increase its shareholding structure from 20.88% to 39.68% and to assume management control of Aluworks.

The Directors acknowledge that Company's ability to continue as a going concern is dependent on the successful restructuring of the SSNIT loan and the financial intervention by Caitlyn Limited. These conditions give rise to a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

REPORT OF THE DIRECTORS
TO THE MEMBERS OF ALUWORKS PLC (CONT'D)

The financial statements are prepared on the basis of accounting policies applicable to going concern. This basis presumes that funds will be available to finance future operations of the Company and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

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. KPMG has been the auditor of Aluworks Limited for 13 years. KPMG 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 95,000.

REPORT OF THE DIRECTORS
TO THE MEMBERS OF ALUWORKS PLC (CONT'D)

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, Board of National Investment Bank, 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**

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 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.

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.

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
ALUWORKS PLC (CONT'D)

APPROVAL OF THE REPORT OF THE DIRECTORS

The Report of the Directors of Aluworks Plc was approved by the Board of Directors on 8th November 2021, and signed on their behalf by:

SIGNATURE	**SIGNATURE**
K. Kwasi Ohl	Prof Lade Hosany
NAME	**NAME**

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ALUWORKS PLC

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Aluworks Plc ('the Company'), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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 matters described in the *Basis for Disclaimer of Opinion section* of our report and their possible cumulative effect on the financial statements, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

The financial statements have been prepared on a going concern basis based on the plans outlined in Note 33 to the financial statements. This basis assumes that funds arising from the ordinary course of business will be available to finance future operations of the Company and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business. Management, however, was unable to provide us with sufficient appropriate evidence to support the use of going concern. 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.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992), and for such internal 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.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS'S OFALUWORKS PLC (CONT'D)

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Report on Other Legal and Regulatory Requirements

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

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

In our opinion, proper books of account have been kept, so far as appears from our examination of those books.

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Frederick Nyan Dennis (ICAG/P/1426)**

Kpmg
....

For and on behalf of:
KPMG: (ICAG/F/2021/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

8 November ...., **2021**

ALUWORKS PLC
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 GHS'000	2019 GHS'000
ASSETS			
Property, plant and equipment	6	200,096	206,458
Investment securities	7	120	120
Non-current assets		200,216	206,578
Inventories	10	12,191	15,569
Current tax asset	8(ii)	1,661	1,559
Trade and other receivables	11	1,189	1,596
Cash and cash equivalents	12.a	141	749
Current assets		15,182	19,473
Total assets		215,398	226,051
EQUITY AND LIABILITIES			
Stated capital	16	31,650	31,650
Retained earnings		(177,495)	(143,070)
Other reserves	27	980	980
Revaluation surplus	27	130,182	130,182
Total equity		(14,683)	19,742
Employee benefits	15	5,076	3,933
Deferred tax liabilities	9	43,969	47,443
Total non-current liabilities		49,045	51,376
Bank overdrafts	13	2,197	3,501
Trade and other payables	18 a	25,827	24,163
Advance received – Land	18 b	28,156	28,156
Short-term loans	14b	124,856	99,113
Current liabilities		181,036	154,933
Total liabilities		230,081	206,309
Total equity and liabilities		215,398	226,051

These financial statements were approved by the Board of Directors on 8th November 2021 and signed on its behalf by:

DIRECTOR	**DIRECTOR**
E. Ewan Oboh	Prof. Ladé Wosornu.
NAME	**NAME**

The notes on pages 30 to 73 are an integral part of the financial statements.

ALUWORKS PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 GHS'000	2019 GHS'000
Revenue	19	68,975	76,993
Cost of sales	20	(74,005)	(77,125)
Gross loss		(5,030)	(132)
Other income	21	199	173
General and administrative expenses	23	(7,327)	(9,257)
Impairment charge of trade receivables		135	(336)
Results from operating activities before financing cost		**(12,023)**	**(9,552)**
Finance cost	26	(24,758)	(21,232)
Loss before income tax		(36,781)	(30,784)
Income tax expense	8 (i)	2,987	6,585
Loss for the year		(33,794)	(24,199)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liabilities	15	(1,119)	1,210
Related tax		487	(30,954)
Other comprehensive income net of tax		(632)	(29,744)
Total comprehensive income for the year		(34,426)	(53,943)
Basic earnings per share (Ghana Cedis)	17	(0.1428)	(0.1022)
Diluted earnings per share (Ghana Cedis)	17	(0.1197)	(0.0857)

The notes on **pages 30 to 73** are an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Stated Capital GHS'000	Other Reserves GHS'000	Revaluation Surplus GHS'000	Retained Earnings GHS'000
Balance at 1 January 2020		31,650	980	130,182	(143,070)
Total comprehensive income for the year					
Loss for the year		-	-	-	(33,794)
Re-measurement of defined benefit liability	15	-	-	-	(631)
Balance at 31 December 2020		31,650	980	130,182	(177,495)
Balance at 1 January 2019		31,650	980	160,833	(119,778)
Total comprehensive income for the year					
Loss for the year		-	-	-	(24,199)
Other comprehensive income					
Deferred tax revaluation surplus		-	-	(30,651)	-
Re-measurement of defined benefit liability	15	-	-	-	907
Balance at 31 December 2019		31,650	980	130,182	(143,070)

The notes on **pages 30 to 73** are an integral part of the financial statements.

ALUWORKS PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

Cash flows from operating activities			
Loss after tax		(33,794)	(24,199)
Adjustments for:			
Depreciation charges	6a	6,985	7,283
Tax credit	8	(2,987)	(6,585)
Write off on property plant and equipment	6	-	7
Interest expense		24,254	20,465
End of service benefit expense	15	530	636
Long service award expense		(506)	(57)
Impairment allowance	28(i)	(135)	336
Effect of exchange difference on cash and cash equivalents		(3,553)	(55)
		(9,206)	(2,169)
Changes in:			
Trade and other receivables***	11	543	41
Inventories	10	3,378	(2,420)
Trade and other payables	18 a	1,664	1,283
Advance received – Land	18 b		7,449
Cash from operating activities		(3,621)	4,184
Interest paid		(1,111)	(1,266)
Income tax paid8iii		(102)	(158)
Net cash (used in)/from operating activities		(4,834)	2,760
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(623)	(518)
Net cash used in investing activities		(623)	(518)
Cash flows from financing activities			
Loan proceeds	14	10,800	17,000
Loan repayment	14	(8,200)	(20,417)
Net cash from/(used in)financing activities		2,600	(3,417)
Net decrease in cash and cash equivalents		(2,857)	(1,175)
Cash and cash equivalents at 1 January		(2,752)	(1,632)
Net increase in cash and cash equivalents		(2,857)	(1,175)
Effect of exchange difference on cash and cash equivalents		3,553	55
Cash and cash equivalents at 31 December	12	(2,056)	(2,752)

** Changes in Trade and other receivables excludes impairment amount of GHS (134,544) (2019: GHS 335,914)

The notes on pages 30 to 73 are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020.

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 obligations and 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Instruments- Cont'd

ii. Classification and subsequent measurement- Cont'd

Financial assets - Business model assessment:

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES- CONT'D

(a) Financial Instruments- Cont'd

ii. Classification and subsequent measurement- Cont'd

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 de-recognition 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 de-recognition is also recognised in profit or loss.

(iii) De-recognition

Financial assets

The Company de-recognises 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 de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also de-recognises 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Financial Instruments- Cont'd

(iii) De-recognition

Financial Liabilities

On de-recognition 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.

(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-Cont'd

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.
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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 its 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 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:
Any gain arising on this re-measurement 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 intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.
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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Employee Benefits- Cont'd

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.

Re-measurement 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant Accounting Policies (CONT'D)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant Accounting Policies (CONT'D)

(i) Foreign currency translation- Cont'd

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant Accounting Policies (CONT'D)

(n) Leases- Cont'd

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.

(n) New Standards and Interpretations not yet adopted

At the date of authorisation of the financial statements of the Company for the year ended 31 December 2020, the following Standards and Interpretations were in issue but were effective for annual periods beginning after 1 January 2020, and earlier application is permitted; however, the Company has not adopted them in preparing these financial statements. Those that are relevant to the Company's financial statements are:

Standard/Interpretation		**Effective date Periods beginning on or after**
IFRS 16 amendment	COVID-19 Related Rent Concessions	1 June 2020
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Amendments	Interest Rate Benchmark Reform - Phase 2	1 January 2021
IAS 37 amendment	Onerous Contracts: Cost of Fulfilling a Contract	1 January 2022
IFRS 1, IFRS 9, IFRS 16 and IAS 41 amendments	Annual Improvements to IFRS Standards (2018 - 2020)	1 January 2022
IAS 16 amendment	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
IFRS 3 amendment	Reference to the Conceptual Framework	1 January 2022
IAS 1 amendment	Classification of liabilities as current or non-current	1 January 2023
IAS 8 amendment	Definition of Accounting Estimates	1 January 2023
IAS 1 and IFRS Practice Statement 2 amendment	IAS 1 and IFRS Practice Statement 2 amendment	1 January 2023
Amendment to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

COVID-19-Related Rent Concessions (Amendments to IFRS 16)

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

3 Significant Accounting Policies (CONT'D)

(n) New Standards and Interpretations not yet adopted - Cont'd

The practical expedient will only apply if:
- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose:
- that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. A lessee applies the amendments retrospectively and recognises the cumulative effect of initially applying them in the opening retained earnings of the reporting period in which they are first applied.
The company does not intend to apply the amendments and would therefore not have significant impact on the company

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Amendments)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cashflows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 4 and IFRS 16 relating to:
- changes in the basis for determining contractual cashflows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting

The company does not intend to change the interest rate of financial asset and financial liabilities and would therefore not have significant impact on the company

Onerous Contracts: Cost of Fulfilling a Contract (Amendments to IAS 37)

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, issued by the International Accounting Standards Board, clarify that the 'costs of fulfilling a contract' when assessing whether a contract is onerous, comprise both:
- the incremental costs - e.g. direct labour and materials; and
- an allocation of other direct costs - e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

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

The Company is yet to assess the impact of this amendment.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant Accounting Policies (CONT'D)

(n) New Standards and Interpretations not yet adopted - Cont'd

Annual Improvements to IFRS Standards 2018-2020

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.
The Company is yet to assess the impact of the amendments.

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

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

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

Companies will therefore need to distinguish between:
- costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
- costs associated with making the item of property, plant and equipment available for its intended use.

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

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

3 Significant Accounting Policies (CONT'D)

(n) New Standards and Interpretations not yet adopted - Cont'd

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendment has:

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

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

The Company does not expect to have any significant impact from this amendment.

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

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

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

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

The Company is yet to assess the impact of this amendment.

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

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

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

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;

NOTES TO THE FINANCIAL STATEMENTS

3 Significant Accounting Policies (CONT'D)

(o) New Standards and Interpretations not yet adopted - Cont'd

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's statements;

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)- Cont'd

- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.
The Company is yet to assess the impact of this amendment.
The amendments are effective from 1 January 2023 but may be applied earlier.

Definition of accounting estimates (Amendments to IAS 8)

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

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

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

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates.

The definition of accounting policies remains unchanged.

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant Accounting Policies (CONT'D)

(o) New Standards and Interpretations not yet adopted - Cont'd

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

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

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

The Company does not expect to have any significant impact from this amendment.

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 2020 are the following:

Key sources of estimation uncertainty

Information about assumptions and estimation uncertainties at 31 December 2020 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.

4 USE OF ESTIMATES AND JUDGEMENTS-CONT'D

Determination of fair values- Cont'd

- 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.

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

	2020 GHS'000	2019 GHS'000
Sheet in Coil (Plain)	3,611	5,337
Sheet in Coil (Colour)	13,590	17,306
Circles	30,064	31,006
Corrugated Sheets (Plain)	10,297	10,653
Corrugated Sheets (Colour)	6,308	8,620
Flat Sheets (Plain)	4,503	3,427
Flat sheets (Colour)	723	808
	69,096	77,157

Geographical Location

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

	2020 GHS'000	2019 GHS'000
In Ghana	43,481	55,557
Outside Ghana	25,613	21,600
	69,094	77,157

The Company's non-current assets, other than investment in equity securities amounting to GHS 200,096,000 (2019: GHS 206,458,000) 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 (2019: Nil)

6 PROPERTY, PLANT AND EQUIPMENT

2020	Leasehold Land and Buildings	Plant and Machinery	Motor Vehicles	Equipment	Capital Work in Progress	Total
	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000	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

The Company's office building has been pledged as legal mortgage on its overdraft and credit facility with Ecobank Ghana Limited and Société General 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.

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2019	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 2019	128,499	86,994	983	5,328	856	222,660
Additions	-	205	-	65	248	518
Write off	-	-	-	(7)	-	(7)
At 31 December 2019	128,499	87,199	983	5,386	1,104	223,171
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	44,262	855	1,165	1,104	49,595
	128,499	87,199	983	5,386	1,104	223,171
Accumulated Depreciation						
At 1 January 2019	919	6,081	157	2,273	-	9,430
Charge for the period	788	5,542	213	740	-	7,283
At 31 December 2019	1,707	11,623	370	3,013	-	16,713
Carrying Amounts						
At 31 December 2019	126,792	75,576	613	2,373	1,104	206,458

6 Property, PLANT and equipment (CONT'D)

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

	2020 GHS'000	2019 GHS'000
Cost of sales	6,424	6,669
General, administrative and selling expenses	561	614
	6,985	7,283

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 (2019: GHS120,000). The company recognises the asset at Fair Value Through other comprehensive income.

8 TAXATION

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

	2020 GHS	2019 GHS
Current tax	-	-
Deferred tax	(2,987)	(6,585)
	(2,987)	(6,585)

Deferred tax release relates to changes in recognised deductible temporary differences

(ii) **Current tax asset**

	Balance at 1 January GHS'000	Payments GHS'000	Charge for the period GHS'000	Balance at 31 December GHS'000
2020	(1,559)	(102)	-	(1,661)
	(1,559)	(204)	-	(1,661)

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

8 TAXATION (cont'd)

(iii) Current tax asset

	Balance at 1/1/19 GHS'000	Payments GHS'000	Charge for the period GHS'000	Balance at 31/12/19 GHS'000
2019	(1,401)	(158)	-	(1,559)
	(1,401)	(158)	-	(1,559)

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

(iv) **Reconciliation of effective tax rate**	2020 GHS'000	2019 GHS'000
Loss before tax	(36,781)	(30,784)
Tax using the domestic corporation tax rate	(9,195)	(7,696)
Non-deductible expenses	(822)	(434)
Unrecognised deferred tax asset	6,276	10,081
Current year losses for which no deferred tax asset is recognised	6,692	3,609
Recognition of previously unrecognised deferred tax asset	(7,582)	(13,013)
	(2,987)	(6,585)
	8%	21%

9 Deferred Taxation

	2020 GHS'000	2019 GHS'000
Balance at 1 January	47,443	23,074
Deferred tax credit/(charge) for the year	(2,987)	(6,585)
Other comprehensive income	(487)	30,954
Balance at 31 December	43,969	47,443

(i) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2020 Assets GHS'000	2020 Liabilities GHS'000	2020 Net GHS'000	2019 Assets GHS'000	2019 Liabilities GHS'000	2019 Net GHS'000
Deferred tax through Profit and Loss						
Property, plant and equipment	-	3,250	3,250	-	5,178	5,178
Employee benefits obligation	(949)	-	(949)	(572)	-	(572)
Trade and other receivable	(689)	-	(689)	(955)	-	(955)
Inventories	(962)	-	(962)	(14)	-	(14)
Net tax assets/(liabilities)- Profit and Loss	(2,600)	3,250	650	(1,541)	5,178	3,637
Deferred tax through OCI						
Property, plant and equipment	-	43,394	43,394	-	43,394	43,394
Employee benefits obligation	-	(75)	(75)	-	412	412
Net tax assets/(liabilities) OCI	-	43,319	43,319	-	43,806	43,806
Net assets/(liabilities)	**(2,600)**	**46,569**	**43,969**	**(1,541)**	**48,984**	**47,443**

9. Deferred Taxation- CONT'D

(ii) Movements in temporary differences during the year

	Balance at 1 January	Recognised in profit and loss	Recognised in other comprehensive	Balance at 31 December
	GHS'000	GHS'000	GHS'000	GHS'000
For the year ended 31 December 2020				
Deferred tax through Profit or Loss				
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 or 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
For the year ended 31 December 2019				
Property, plant and equipment	10,252	(5,074)	-	5,178
Employee benefits obligation	(13)	(559)	-	(572)
Trade and other receivables	(17)	(938)	-	(955)
Inventories	-	(14)	-	(14)
Net tax assets/(liabilities) Profit and Loss	10,222	(6,585)	-	3,637
Deferred tax through OCI				
Property, plant and equipment	12,852	-	30,542	43,394
Employee benefits obligation	-	-	412	412
Net tax assets/(liabilities) OCI	12,852	-	30,954	43,806
Net tax assets/(liabilities)	**23,074**	**(6,585)**	**30,954**	**47,443**

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.

		2020		2019
	Gross amount GHS'000	Tax effect GHS'000	Gross amount GHS'000	Tax effect GHS'000
Deductible temporary differences	-	-	-	-
Tax losses	53,874	13,469	53,025	13,256
	53,874	13,469	53,025	13,256

(iii) Tax losses carried forward

Tax losses for which no deferred tax assets were recognised expire as follows.

		2020		2019
	GHS'000	Expire date	GHS'000	Expire date
Tax losses	19,949	2021-2023	15,876	2020-2022

NOTES TO THE FINANCIAL STATEMENTS

10 Inventories

	2020 GHS'000	2019 GHS'000
Raw materials	2,137	1,088
Work-in-progress	1,950	1,352
Finished goods	1,357	1,464
Consumables	6,747	11,665
	12,191	15,569

In 2020, inventories of GHS 49,161 (2019: GHS 49,309) 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 (2019: Nil).

11 TRADE AND OTHER RECEIVABLES

	2020 GHS'000	2019 GHS'000
Trade receivables due from customers	398	737
Other receivables	517	720
Staff debtors	23	47
Prepayments	251	92
	1,189	1,596

Included in other receivables are advance payments of GHS 297,090 (2019: GHS 468,813) made to suppliers in relation to inventory.

12 CASH AND CASH EQUIVALENTS

		2020 GHS'000	2019 GHS'000
Cash and cash equivalents in the statement of financial position	12.a	141	749
Bank Overdraft	13	(2,197)	(3,501)
Cash and cash equivalents in statement of cash flows		(2,056)	(2,752)

12.a CASH AND BANK BALANCES

	2020 GHS'000	2019 GHS'000
Cash at bank	139	746
Cash on hand	2	3
Cash and cash equivalents in the statement of financial position	141	749

13 BANK OVERDRAFTS

	2020 GHS'000	2019 GHS'000
Ecobank Ghana Limited	557	1,901
Société Générale Ghana Limited	1,640	1,600
	2,197	3,501

13 BANK OVERDRAFTS (CONT'D)

(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 2% 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 Société Générale 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 the 10th of August 2021 to 30h June 2022.

(ii) The Company had an overdraft facility not exceeding GHS 1.8 million with Société Générale 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.

14 SHORT TERM LOANS

2020

	SSNIT	Ecobank Revolving	Ecobank Short-term	Total
	GHS'000	GHS'000	GHS'000	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

2019

Balance 1 January	78,996	4,000	417	83,413
Drawdown during the year	-	17,000	-	17,000
Interest Capitalised	19,117	-	-	19,117
	98,113	21,000	417	119,530
Repayments during the year	-	(20,000)	(417)	(20,417)
Balance at 31 December	98,113	1,000	-	99,113

NOTES TO THE FINANCIAL STATEMENTS

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¢ 78,995,000 was recognised as the carrying amount of the loan in the statement of financial position. Interest capitalised on the facility in 2020 was GH¢ 23,143,000.

(ii) Ecobank Revolving Line of Credit

The Company has a revolving line of credit facility of GHS 3 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 Société Générale 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 10th of August 2021 to 30th 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 expired on 31 August 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.

	2020 GHS'000	2019 GHS'000
Long service award	707	1,213
Net end of service benefit obligation	4,369	2,720
	5,076	3,933

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

	2020 GHS'000	2019 GHS'000
Long service award obligation at 1 January	1,213	1,270
Benefits paid during the year	-	-
Current service costs	61	66
Interest cost	149	241
Actuarial gain/loss	(716)	(364)
Long service award obligation at 31 December	707	1,213

15 EMPLOYEE BENEFITS (CONT'D)

Movement in net defined benefit obligation

	2020 GHS'000	**2019 GHS'000**	**2020 GHS'000**	**2019 GHS'000**	**2020 GHS'000**	**2019 GHS'000**
Balance at 1 January	2,720	3,299	(42)	(45)	2,678	3,254
Included in profit or loss						
Current service cost	113	148	-	-	113	148
Net interest cost	417	483	-	-	417	480
Fees and charges	-	-	-	3	-	3
	530	631	-	3	530	634
	-	-	-	-	-	-
Included in Other Comprehensive Income						
Actuarial loss (gain) arising from:						
Financial assumptions	2	(11)	-	-	2	(11)
Other sources	1,117	(1,199)	-	-	1,117	(1,199)
	1,119	(1,210)	-	-	1,119	(1,210)
Other						
Benefit paid	-	-	-	-	-	-
	-	-	-	-	-	-
Balance at 31 December	4,369	2,720	(42)	(42)	4,327	2,678

Represented by:	**Defined benefit obligation**	**Fair Value of Plan asset** **2020** **GHS'000**	**Net defined benefit obligation** **2019** **GHS'000**
Defined benefit obligation		4,369	2,720
Defined benefit asset		(42)	(42)
		4,327	2,678

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 itno the fund in the next reporting period.

Actuarial assumptions

The following were the actuarial assumptions at the reporting date.

	2020	**2019**
Discount rate	17%	17%
Salary inflation	14%	14%
Nominal Inflation	3%	3%
Net effective inflation rate	3%	3%

NOTES TO THE FINANCIAL STATEMENTS

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.

	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	-

Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant would have affected the defined benefit obligation by the amount shown below:

	2020		**2019**	
	Increase	Decrease	Increase	Decrease
	GHS'000	**GHS'000**	**GHS'000**	**GHS'000**
Discount rate (1%)	4,249	4,498	3,218	3,457
Salary inflation (1%)	4,502	4,245	3,460	3,716
Nominal inflation (1%)	4,368	-	3273	3,378

16 STATED CAPITAL

Ordinary shares

	No. of Shares 2020 000	**Proceeds 2020 GHS'000**	**No. of Shares 2019 000**	**Proceeds 2019 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

	2020	2019
	GHS'000	GHS'000
Loss attributable to equity holders of the Company	(33,794)	(24,199)

	2020	2019
Number of Ordinary Shares in issue	236,687,001	236,687,001
Basic earnings per share (expressed in GHS per share)	(0.1428)	(0.1022)

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.

	2020	2019
	GHS'000	GHS'000
Loss attributable to equity holders of the Company	(33,794)	(24,199)
Weighted average number of ordinary Shares in issue	282,377,001	282,377,001
Diluted earnings per share (expressed in GHS per share)	(0.1197)	(0.0857)

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 2020 (2019: 45,690,000).

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

	2020	2019
	GHS'000	GHS'000
Trade payables	14,158	15,091
Sundry payables	11,669	9,072
	25,827	24,163

18 (b) ADVANCE RECEIVED

Advance received – Land	28,156	28,156

The Company entered into an agreement for the sale of 15.9 acres of unused land at a value of US$ 5,843,037.57 to Social Security and National Insurance Trust (SSNIT). SSNIT has made an advance payment of GHS 28,156,157 (equivalent of US$ 5,843,037.57). The Company is yet to transfer legal title of ownership to SSNIT.

19 REVENUE

	2020	2019
	GHS'000	GHS'000
Local sales	51,383	67,631
Export sales	25,613	21,600
	76,996	89,231
Less: Value Added Tax	(7,900)	(12,074)
	69,096	77,157
Rebate	(121)	(164)
Net sales value	68,975	76,993

20. COST OF SALES

	2020	2019
	GHS'000	GHS'000
Raw materials and consumables	49,161	49,309
Staff cost	7,716	7,581
Utilities	3,673	4,600
Vehicle and fuel	5,722	6,771
Other direct cost	1,309	2,195
Depreciation	6,424	6,669
	74,005	77,125

21 Other income

	2020	2019
	GHS'000	GHS'000
Scrap sales	25	11
Rent income	15	48
Sundry income	159	114
	199	173

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

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 2020 was GHS 14,556 and has been included in the other income (Note 21)

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2020 GHS'000	2019 GHS'000
Vehicle and fuel expense	630	759
Consultancy expense	187	99
Depreciation	561	614
Insurance	290	569
Utility expense	67	143
Consumable and cleaning	95	90
Repairs and maintenance	139	83
Transport and travelling	118	196
Staff cost	3,683	4,223
Other expense	659	932
Exchange loss	898	1,549
	7,327	9,257

24 LOSS BEFORE TAX IS STATED AFTER CHARGING:

	2020 GHS'000	2019 GHS'000
Personnel cost (note 25)	11,399	11,056
Auditors remuneration	95	85
Depreciation	6,985	7,283
Directors emoluments	40	67
Finance cost (note 26)	24,758	21,232
Exchange loss	898	1,549

25 Personnel costs

	2020 GHS'000	2019 GHS'000
Wages and salaries	10,159	9,704
Social security contributions	450	455
Provident fund	260	261
End of service benefits	530	636
	11,399	11,056

The average number of persons employed by the Company during the year was 177 (2019: 251)

26 FINANCE COST

	2020 GHS'000	2019 GHS'000
Interest expense	24,758	21,232
	24,758	21,232

27. CAPITAL 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 net income/ 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.

Risk management framework
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.
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.

28 Financial risk management (CONT'D)

(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. The credit control committee 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.

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:

	2020	2019
	GHS'000	GHS'000
Trade receivables	400	737
Other receivables	220	251
Staff debtors	23	48
Cash and cash equivalent	141	749
	784	1,785

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.

28 Financial risk management (CONT'D)

(i) Credit risk- Cont'd

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 December 2020.

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

2019	Weighted average loss rate	Gross carrying amount GHS'000	Loss allowance GHS'000
Current (less than 30 days)	10%	631	63
Due but not impaired (30-60 days)	39%	275	107
Impaired (more than 90 days)	100%	3,648	3,648
	-	4,554	3,818

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

	2020 GHS'000	2019 GHS'000
Balance at 1 January	3,818	3,482
Impairment charge/ (reversal)	(135)	336
Balance at 31 December	3,683	3,818

The impairment on the other receivable and staff debtors are assessed as not being significantly impaired at 31 December 2020 and 2019.

Cash and cash equivalents

None of these balances were impaired at 31 December 2020 (2019: 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.

28 Financial risk management (CONT'D)

*(ii) **Liquidity risk***

The following are contractual maturities of financial liabilities:

	Contractual cash flows			
	Carrying amount GHS'000	6mths or less GHS'000	6-12mths GHS'000	1-3 years GHS'000
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 2019	152,880	152,880	-	-
31 December 2019				
Non-derivative financial liability				
Trade and other payables	24,163	24,163	-	-
Bank overdrafts	3,501	3,501	-	-
Short term loans	99,113	99,113	-	-
Balance at 31 December 2019	126,777	126,777	-	-

(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

2020	**USD**
Cash and cash equivalents	17,330
Other liabilities	(176,578)
2019	**USD**
Cash and cash equivalents	125,920

28 FINANCIAL INSTRUMENTS- FAIR VALUES AND RISK MANAGEMENT (CONT'D)

iii Market risks (Cont'd)

The following significant exchange rates were applied during the period:

	Average Rate		Reporting Rate	
	2020 GHS	**2019 GHS**	**2020 GHS**	**2019 GHS**
US$	5.6950	5.2821	5.8300	5.6250

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	**2020**			**2019**		
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$	±2.37%	(18,568)	18,568	±6.49%	42,498	(42,498)

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:

	2020 GHS'000	**2019 GHS'000**
Short term loans (Fixed)	121,256	98,113
Short term loans (Variable)	3,600	1,000
Bank overdrafts (Variable)	2,197	3,501
	127,053	102,614

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 2020 is performed on the basis that interest rate changed by 300 basis points.

28 FINANCIAL INSTRUMENTS- FAIR VALUES AND RISK MANAGEMENT (CONT'D)

iii Market risks (Cont'd)

Fixed rate instrument

	300bp Increase GHS'000	300bp Decrease GHS'000
31 December 2020		
Fixed rate instrument	(3,638)	3,638
31 December 2019		
Fixed rate instrument	(2,943)	2,943

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 2020		
Variable rate instrument	(174)	174
31 December 2019		
Variable rate instrument	(135)	135

(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 2020		31 December 2019	
(i) Amortised cost	**Carrying Amount**	**Level 3 Fair Value**	**Carrying Amount**	**Level 3 Fair Value**
	GHS'000	**GHS'000**	**GHS'000**	**GHS'000**
Trade and other receivables	938	938	1,504	1,504
Cash and cash equivalents	141	141	749	749
	1,079	1,079	2,253	2,253

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL INSTRUMENTS- FAIR VALUES AND RISK MANAGEMENT (CONT'D)

(v) Fair values

Fair values versus carrying amounts

(ii) Fair Value Through Other Comprehensive Income	31 December 2020 Carrying Amount GHS'000	Level 2 Fair Value GHS'000	31 December 2019 Carrying Amount GHS'000	Level 2 Fair Value GHS'000
Investment securities	120	120	120	120
	120	120	120	120

(iii) Amortised Cost	31 December 2020 Carrying Amount GHS'000	Level 2 Fair Value GHS'000	31 December 2019 Carrying Amount GHS'000	Level 2 Fair Value GHS'000
Trade and other payables	25,827	25,827	24,161	24,161
Bank overdrafts	2,197	2,197	3,501	3,501
Short term loans	121,257	121,257	99,113	99,113
	149,281	149,281	126,775	126,775

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 15.9 acres of unused land at a value of US$ 5,843,037.57 to Social Security and National Insurance Trust (SSNIT). SSNIT has made an advance payment of GHS 28,156,157 (equivalent of US$ 5,843,037.57). The Company is yet to transfer legal title of ownership to SSNIT.

NOTES TO THE FINANCIAL STATEMENTS

29 RELATED PARTY DISCLOSURES- CONT'D

(i) **Transactions**

The following transactions were carried out with related parties:

	2020	**2019**
	GHS'000	**GHS'000**
Purchases by Modula Group (SSNIT affordable housing project)	-	63
Advance payment for the purchase of land	-	7,499

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

	2020	**2019**
	GHS'000	**GHS'000**
Trade Receivables: Pioneer Kitchenware	382	382
Modula Group (SSNIT affordable housing project)	-	74
Loan : Social Security and National Insurance Trust (SSNIT)	121,256	98,113

All outstanding balances with related parties are priced on arm's length basis and 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**	**2020**	**2019**
	GHS'000	**GHS'000**
Salaries and other short-term benefits	818	810
Post-employment benefits	132	125

(iv) **Loans and advances to related parties**	**2020**	**2019**
	GHS'000	**GHS'000**
Loan advances to senior management and staff	23	48

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

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 2020 was as follows:

The Company's capital position is as shown below:

	2020 GHS'000	2019 GHS'000
Total liabilities	230,081	206,309
Less: Cash and cash equivalents	(141)	(749)
Net debt	229,940	205,560
Total equity	(14,683)	19,742
Net debt to equity ratio	(15.6603)	10.4123

31 CAPITAL COMMITMENTS

The Company had no commitments for capital expenditure at the reporting date (2019: Nil).

32 CONTINGENT LIABILITIES

The Company had no contingent liabilities at the reporting date (2019: Nil).

33 GOING CONCERN AND SUBSEQUENT EVENTS

The Company incurred a loss of GHS 33,794,000 (2019: GHS 24,199,000) for the year ended 31 December 2020 and as of that date, the Company's current liabilities exceeded its current assets by GHS 165,854,000 (2019: GHS 135,460,000) and total liabilities also exceeded its total assets by GHS 14,683,000 (2019: total assets exceeded total liabilities by GHS 19,742,000). Additionally, the Company reported a negative operating cashflow of GHS 4,834,000 (2019: positive operating cashflow of GHS 2,760,000).

The Company continues to experience the negative effect of the high interest charges on the Social Security and National Insurance Trust (SSNIT) loan which has significantly contributed to the Company's losses over the years. The current proposal by SSNIT in relation to the Company is to convert 50% of its debt into equity which will result in additional ordinary shares and also reduction in the outstanding loan balance.

The Company has over the last six years been in negotiation with one of its shareholders Caitlyn Limited who wished to make the necessary financial intervention in exchange for an issue of new shares. Caitlyn Limited will provide leadership in technology and processes and introduce new products.

All arrangements for completion of this project are in place. SSNIT who is the majority shareholder has submitted a proposal to Caitlyn to acquire shares in Aluworks Plc which would enable Caitlyn to increase its shareholding structure from 20.88% to 39.68% and to assume management control of Aluworks.

The Directors acknowledge that the Company's ability to continue as a going concern is dependent on the successful restructuring of the SSNIT loan and the financial intervention by Caitlyn Limited. These conditions give rise to a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements are prepared on the basis of accounting policies applicable to going concern. This basis presumes that funds will be available to finance future operations of the Company and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

34 SHAREHOLDING INFORMATION

(i) Number of Shares in Issue

Earnings and dividend per share are based on 236,687,001 (2019:236,687,001) ordinary shares in issue at the end of the year.

(ii) Number of Shareholders

The Company had 2,977 ordinary shareholders at 31 December 2020 (2019:2,985) 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 2020

	Name of Shareholder	**No. of Shares**	**% of Issued Capital**
1.	Social Security & National Insurance Trust	148,219,086	62.62
2.	Caitlyn Limited	51,596,314	21.80
3.	Professor Wosornu Lade	7,220,425	3.05
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	0.34
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	226,330,878	95.63
	Not reported	10,356,123	4.37
	Grand totals	236,687,001	100.00
	Company capital	236,687,001	

34 SHAREHOLDING INFORMATION

(iv) Directors' Shareholding

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

Ordinary Shares

	2019	%
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

ALUWORKS LIMITED

PROXY FORM FOR USE AT THE 34TH ANNUAL GENERAL MEETING TO BE HELD VIRTUALLY VIA ZOOM ON FRIDAY DECEMBER 10 AT 10 O'CLOCK IN THE FORENOON

I/We being member(s) of **ALUWORKS LIMITED** hereby appoint or failing him/her the Chairman as my/our Proxy to vote for me/us, and on my/our behalf at the Annual General Meeting of the company to be held virtually via Zoom on the **10th day of December, 2021** and at any and every adjournment thereof.

This form to be used:-

ORDINARY BUSINESS

1.	*in favour of against	the Resolution to adopt the Reports of the Directors, Auditors and the Financial Statements of the company for the year ended December 31, 2020.
2.	*in favour of against	the Resolution to re-elect Dr. Alhassan Mutaka Alolo as a Director of the company.
3.	*in favour of against	the Resolution to re-elect Mr. Kingsley Okoe Ofosu Obeng as a Director of the company.
4.	*in favour of against	the Resolution to maintain the remuneration of the Directors at The level approved over 10 years ago.
5.	*in favour of against	the Resolution to confirm the outgoing Auditors' remuneration for the year ended December 31, 2020.
6.	*in favour of against	the Resolution to appoint Messrs. Deloitte & Touche as Auditors of the company to replace Messrs. KPMG in accordance with the provisions of the Companies Act, Act 992, 2019 and to authorise the Directors to fix their remuneration for the year ending December 31, 2021.

SPECIAL BUSINESS

7.	*in favour of against	the Resolution to authorise Directors to identify and enter into discussions with possible investors and thereafter issue shares to the said investors either through a rights issue and/or a private placement whichever they deem appropriate.

On any other business transacted at the meeting and unless otherwise instructed in paragraphs 1 to 6 of the Ordinary Business and paragraph 1 of the Special Business the resolutions to which reference is made in those paragraphs, the proxy will vote as he/she thinks fit.

* **Strike out whichever is not desired**

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Signature of Shareholder

Signed this .... day of .... 2021.

THIS PROXY FORM SHOULD NOT BE COMPLETED AND SENT TO THE REGISTERED OFFICE IF THE MEMBER WILL BE ATTENDING THE MEETING.

1. A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The Proxy Form has been prepared to enable you exercise your vote if you cannot personally attend.

2. Provision has been made on the Form for the Chairman of the meeting to act as your Proxy but if you so wish, you may insert in the blank space the name of any person whether a member of the company or not who will attend the meeting and vote on your behalf instead of the Chairman.

3. In case of joint holders, each joint holder must sign.

4. If executed by a Corporate Body, the Proxy Form must bear its Common Seal or be signed on its behalf by a Director.

5. Please sign the above Proxy Form and post it so as to reach the address shown overleaf not later than 4.00 p.m. on Monday December 6, 2021.

6. The Proxy must produce the Admission Card with the Notice of the Meeting to obtain entrance to the meeting.