DYNATECH INDUSTRIES LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2012

DYNATECH INDUSTRIES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS

I N D E X

DYNATECH INDUSTRIES LIMITED
CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Shirish R. Mehta Mr. Lalit Kumar Newar Mr. Amit Jaiprakash Agarwal
REGISTERED OFFICE	Cedar House 2nd Floor 13, Samara Road, Asylum Down P. O. Box GP 242, Accra, Ghana.
AUDITORS	KISSI CONSULT Chartered Accountants P. O. Box 1786 Accra.
SECRETARIES & SOLICITORS	Accra Nominess Limited
BANKERS	Standard Chartered Bank Barclays Bank Zenith Bank

REPORT OF THE DIRECTORS
TO THE MEMBERS OF

DYNATECH INDUSTRIES LIMITED

The Directors present their report and financial statements of the Company for the year ended 31 December 2012.

DIRECTORS' RESPONSIBILITY STATEMENT

The company's Directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 31 December 2012, the statement of comprehensive income, the statement of changes in equity and cash flow statement 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 (IFRS) and in the manner required by the Companies Code, 1963 (Act 179) of Ghana.

The Directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

FINANCIAL STATEMENTS AND DIVIDEND

The results for the year are as set out in the attached financial statements.

The Directors do not recommend the payment of a dividend for the year (2012: Nil).

The Directors consider the state of the company's affairs to be satisfactory.

NATURE OF BUSINESS

The company is authorised to undertake business in the manufacturing and sale of roofing sheet and any other activities connected therewith.

There was no change in the nature of the company's business during the year.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the company, as indicated above, were approved by the board of directors on 22ND April 2013 and are signed on their behalf by:

....	....
DIRECTOR	DIRECTOR

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

DYNATECH INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Dynatech Industries Limited, which comprise the statement of financial position at 31 December 2012, the statement of comprehensive income, the statement of changes in equity and cash flow statement for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 26.

Directors' Responsibilities for the Financial Statement

The company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) of Ghana. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of dynatech industries limited at 31 December 2012, and its financial performance and cash flows for the year then ended in accordance with international financial reporting standards and in the manner required by the companies code, 1963 (act 179) of Ghana.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

DYNATECH INDUSTRIES LIMITED (CONT'D)

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Code, 1963 (Act 179) of Ghana

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

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

KISSI CONSULT
CHARTERED ACCOUNTANTS
BOX 1786
ACCRA

CHARTERED ACCOUNTANTS
P. O. BOX 1786
ACCRA

22/4 2013

DYNATECH INDUSTRIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012	2011
		GH¢	GH¢
Turnover	**6**	**53,844,372**	**53,083,068**
Cost of Sale	8	(52,617,941)	(51,288,480)
GROSS PROFIT		**1,226,431**	**1,794,588**
General and Administrative Expense	App.1	(1,241,876)	(1,254,119)
Other Income	5	457,566	62,024
OPERATING PROFIT		442,121	602,493
Finance Cost	13	(299,810)	-
PROFIT BEFORE TAXATION		142,311	602,493
Taxation	9(i)	29,903	(142,287)
PROFIT FOR THE PERIOD		172,214	460,206
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		172,214	460,206

DYNATECH INDUSTRIES LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	Note	2012 GH¢	2011 GH¢
NON-CURRENT ASSETS			
Property, Plant, and Equipment	10	5,356,192	5,616,030
Total Non-Current Assets		5,356,192	5,616,030
CURRENT ASSETS			
Inventory	15	15,687,419	11,855,461
Account Receivables	14	1,809,096	4,296,015
Sundry Receivables	11	57,811	325,465
Taxation	9ii	-	8,083
Cash and Bank balances	17	2,453,105	3,452,370
Total Current Assets		20,007,431	19,937,394
TOTAL ASSETS		**25,363,623**	**25,553,424**
EQUITY			
Stated Capital	18	843,961	843,961
Retained Earnings		965,777	793,564
Unsecured Loan		-	10,539
Total Equity		1,809,738	1,648,064
NON CURRENT LIABILITIES			
Deferred Tax	16	386,502	432,114
CURRENT LIABILITIES			
Trade Payables	18	15,972,071	23,433,227
Sundry Payables	12	35,350	40,019
Corporation Tax	9ii	2,127	-
Bank Overdraft	19	7,157,833	-
Total Current Liabilities		23,167,381	23,473,246
TOTAL EQUITY AND LIABILITIES		**25,363,623**	**25,553,424**

.... **DIRECTOR**

.... **DIRECTOR**

DYNATECH INDUSTRIES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

	Share Capital GH¢	Retained Earnings GH¢	Total Equity GH¢
Balance at 1 January 2011	843,961	632,210	1,476,171
Prior Year Adjustment	-	(298,852)	(298,852)
Profit for the period	-	460,206	460,206
Other comprehensive income net of income tax	-	-	-
Total comprehensive income for the year	843,961	**793,564**	**1,637,525**
Transactions with owners recorded directly in equity			
Advances	10,539	-	10,539
Total Advances	**10,539**	-	**10,539**
Balance at 31 December 2011	854,500	793,564	1,648,064
Balance at 1 January 2012	854,500	793,564	1,648,064
Profit for the period	-	172,214	172,214
Other comprehensive income net of income tax	-	-	-
Total comprehensive income for the year	**854,500**	**965,778**	**1,820,278**
Transactions with owners recorded directly in equity			
Repayment of Advances	(10,539)	-	(10,539)
Total Repayment of Advance	**(10,539)**	-	**(10,539)**
Balance at 31 December 2012	**843,961**	**965,778**	**1,809,739**

DYNATECH INDUSTRIES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 GH¢	2011 GH¢
Cash flows from operating activities		
Profit before taxation	142,311	602,493
Adjustments for:		
Depreciation charges	546,339	578,607
Profit on Disposal	(415,177)	-
	273,473	1,181,100
Change in inventory	(3,831,958)	(4,994,378)
Changes in Receivables	2,546,447	(1,138,016)
Changes in Payables	(7,257,699)	10,694,718
Cash flow from operations	(8,269,736)	5,743,424
Income taxes paid	(5,500)	(14,359)
Net cash flow used in operating activities	**(8,275,236)**	**5,729,065**
Cash flows from investing activities		
Property, plant and equipment purchased	(330,025)	(2,873,324)
Proceed from disposals	458,700	-
Net cash flow from investing activities	**128,675**	**(2,873,324)**
Cash flow from financing activities		
Unsecured Loan Repayment	(10,539)	-
Increase/ (Decrease) in cash and cash equivalents	**(8,157,099)**	**2,855,741**
Analysis of changes in cash and cash equivalents during the year		
Balance at 1 January	3,452,370	596,629
Net cash inflow/(Outflow)	(8,157,099)	2,855,741
Balance at 31 December	(4,704,729)	3,452,370
Analysis of balances of cash and cash equivalents as shown in the balance sheet		
Cash and bank balances	2,453,105	3,452,370
Bank Overdraft	(7,157,833)	-
	(4,704,729)	3,452.370

DYNATECH INDUSTRIES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. REPORTING ENTITY

DYNATECH INDUSTRIES LIMITED is a company registered and domiciled in Ghana. The address of the company's registered office can be found on page 2 of the annual report. The company is authorised to undertake business in the manufacturing and sale of roofing sheets and the exportation of paper and aluminum scrap and any other activities connected therewith.

2. BASIS OF PREPARATION

a. Statement of compliance

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

b. Basis of measurement

Financial statements are prepared on the historical cost basis except for financial instruments that are stated at fair values.

c. Functional currency

The financial statements are presented in Ghana cedi which is the company's functional and presentation currency. All financial information presented in Ghana cedi has been rounded to the nearest one.

d. Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets, 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 judgment about carrying values of assets and liabilities that are not readily apparent from other sources. 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the company and in preparing an opening balance sheet at 1st January 2010 for the purpose of transition to IFRS.

a. **Financial instruments**

(i) Non-derivative financial assets and liabilities

Non-derivative financial instruments comprise investment in shares and treasury bills, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial assets are recognized initially at fair value which is its cost excluding transaction costs. Subsequent to initial recognition, non-derivative financial assets are measured at fair value through the comprehensive income..

The company classifies its non-derivative financial instruments in the following categories:

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest rate method, less any impairment.

- Financial assets at fair value through profit and loss

Financial asset at fair value through profit and loss are non-derivative financial assets without fixed or determinable payments that have an active market to estimate their fair value.

- Financial liabilities measured at amortised cost

This relates to all other liabilities that are not designated at fair value through profit or loss.

(ii) Offsetting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the company has a legal right to set off the amounts and intends either to settle 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 by the accounting standards.

(iii) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(iv) Share capital (Stated capital)

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(v) Identifying impairment.

A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.
An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

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.

b. **Foreign currency**

The company's foreign currency transactions are translated into the functional currency using the 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 at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost or exchange rates at the date that fair value was determined if held at fair value, and the resulting foreign exchange gains and losses are recognised in the income statement or shareholders' equity as appropriate.

c. **Revenue recognition**

Revenue from the provision of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of goods transferred, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and the amount of revenue can be measured reliably. The timing of revenue occurs upon the goods has been transferred to the client.

All operating income and expenses are recognised in the statement of comprehensive income based on accrual accounting in order to secure proper matching of income and expenses, which relate to the same transaction or other event.

Foreign currency gains and losses are reported on a net basis.

Revenue

Revenue is recognized when the risk and reward associated with goods are transferred.

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in statement of comprehensive income, using the effective interest method. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of comprehensive income using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

e. Property, plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

(ii) 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 statement of comprehensive income as incurred.

The company capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

(iii) Depreciation

Depreciation is recognised in the statement of comprehensive income on a reducing balance basis over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is depreciated.

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

Land and Building	-	3%
Plant and Machinery	-	12.5%
Office Equipment	-	20%
Motor Vehicles	-	30%
Computers	-	40%
Fixtures & Fittings	-	20%

Major spare parts and stand by equipment, and spare parts and servicing equipment used only in connection with an item of property, plant and equipment are classified as property, plant and equipment.

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 statement of comprehensive income.

h. Other receivables

Other receivables are stated at their cost less impairment losses.

i. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances and these are carried at amortised cost in the balance sheet.

j. Post balance sheet events

Events subsequent to the balance sheet date are reflected only to the extent that they relate directly to the financial statements and the effect is material.

k. 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 the statement of comprehensive income when they are due.

l. Taxation

The company provides for income taxes at the current tax rates on the taxable profits of the company.

Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by 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.

m. Dividend

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

n. **Comparatives**

Where necessary the comparative information has been changed to agree to the current year presentation.

o. **Investments**

Investments are stated at fair value.

4. DETERMINATION OF FAIR VALUES

A number of the company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a. **Other receivables**

The fair value of other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The future cash flows are not discounted if they are receivable for not more than six months.

b. **Cash and cash equivalents**

The fair value of cash and cash equivalents approximates their carrying value.

c. **Non-derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. OTHER INCOME

	2012 GH¢	2011 GH¢
Interest on Call Deposit	42,389	62,024
Profit on Disposals of Non-Current Asset	415,177	-
	457,566	62,024

6. TURNOVER

	2012	2011
	GH¢	GH¢
Manufacturing		
GC Sheet (Japan)	446,478	801,427
GC Sheet	23,437,363	28,235,092
Other Scrap	27,953	13,989
Zinc Scrap (Rej. Sh)	82,722	67,578
Trade		
ROPP	965	1,610
Aluminum Roofing Sheet	15,984,365	15,295,517
Alu zinc Roofing Sheet	4,482,327	3,949,712
Aluminum Roofing (Rej. Sh)	2,832	-
Prepainted Corr Sheet	9,259,321	4,119,395
Export		
Paper Scrap	120,043	598,747
	53,844,372	53,083,068

7. PROFIT BEFORE TAXATION

Is stated after charging:

Auditor's Remuneration	2,500	2,500
Depreciation	546,339	578,607

8. COST OF SALES

	2012	2011
	GH¢	GH¢
Opening Balance	11,855,461	6,861,083
Purchases	52,839,889	52,232,818
Direct Expenses (app. 1)	3,610,010	4,050,040
	68,305,360	63,143,941
Less		
Closing Inventory	(15,687,419)	(11,855,461)
	52,617,941	**51,288,480**

9. TAXATION

(i) Tax Expense

Income Tax	15,709	9,025
Deferred Tax (Note 16)	(45,612)	133,262
	29,903	142,287

	Balance at 1/1/11 GH¢	(Payment)/ Refund during the year GH¢	Charged to P/L Account GH¢	Balance at 31/12/11 GH¢
(ii) Taxation				
Income Tax	(7,108)	(10,000)	9,025	(8,083)
Deferred Tax	298,852	-	133,262	432,114
	291,754	(10,000)	142,287	424,041

	Balance at 1/1/12 GH¢	(Payment)/ Refund during the year GH¢	Over/Under Provision for pervious year GH¢	Charged to P/L Account GH¢	Outstanding PAYE GH¢	Balance at 31/12/12 GH¢
Income Tax	**(8,083)**	**(5,500)**	**14,643**	-	**1,067**	**2,127**
Deferred Tax	432,114	-	-	(45,612)	-	386,502
	424,031	(5,500)	14,643	(45,612)	1,067	388,629

10. PROPERTY, PLANT AND EQUIPMENT

	Land& Building GH¢	Computer GH¢	Plant& Machinery GH¢	Motor Vehicle GH¢	Furniture Fittings GH¢	Office Equipment GH¢	Total GH¢
COST							
As at 1/1/12	2,281,801	17,690	5,702,265	118,903	25,930	24,754	8,171,343
Additions	-	1,750	324,606	-	1,080	2,589	330,025
Disposal	-	-	(231,381)	(22,383)	-	-	(253,764)
As at 31/12/12	**2,281,801**	**19,440**	**5,795,490**	**96,520**	**27,010**	**27,343**	**8,247,604**
ACCUMULATED DEPRECIATION							
As at 1/1/12	73,606	14,251	2,365,505	67,839	17,747	16,365	2,555,313
Disposal	-	-	(193,232)	(17,009)	-	-	(210,240)
Charge for the year	73,606	2,076	453,300	14,043	1,637	1,678	546,339
As at 31/12/12	**147,212**	**16,327**	**2,625,574**	**64,873**	**19,384**	**18,043**	**2,891,412**
NET BOOK VALUE							
At 31/12/12	**2,208,195**	**3,113**	**3,169,916**	**31,647**	**7,626**	**9,300**	**5,356,192**
At 31/12/11	2,208,195	3,439	3,336,760	51,064	8,183	8,389	5,616,030

11. SUNDRY RECEIVABLES

Deposit	6,935	2,074
Advances to Staff	2,593	5,278
Loans to Staff	4,777	4,195
VAT	-	76,092
Other Receivables	-	41,919
Prepayments	43,506	195,907
	57,811	325,465

The maximum amount due from officers of the company during the year was GH¢ 7,370 (2011: GH¢ 9,474).

12. SUNDRY PAYABLES

	2012 GH¢	2011 GH¢
SSNIT	384	326
PAYE	1,472	941
Duties & Taxes	717	630
Other Liabilities	-	38,122
VAT	32,777	
	35,350	40,019

13. FINANCE COST

Interest on overdraft	299,294	-
Other Interest	516	-
	299,810	-

14. ACCOUNT RECEIVABLES

These are the amounts due from Customer as at the year end

15. INVENTORIES

These are the raw material, manufactured goods and traded goods at year end

16. DEFERRED TAX

Balance at 1 January	432,114	298,862
(Credit)/Charge to Profit and Loss Account	(45,612)	133,262
Balance at 31 December	386,502	432,114

17. CASH AND CASH EQUIVALENTS

(i) **Cash and Bank**

	2011 GH¢	2011 GH¢
Cash and Bank	2,453,105	3,452,370
Bank Overdraft	(7,157,833)	-
	(4,704,728)	3,452,370

18. STATED CAPITAL

	No. of Shares 2012	No. of Shares 2011	Proceeds 2012 GH¢	Proceeds 2011 GH¢
Authorized				
Ordinary Shares of no par value	100,000,000	100,000,000	843,961	843,961

There is no share in treasury and no call or installment unpaid on any share.

19. OVERDRAFT

The company has an overdraft balance of GH₵7,157,833 as at 31ST DECEMBER 2012

20. CAPITAL COMMITMENTS

There were no capital commitments at the balance sheet date and at 31ST DECEMBER 2012.

21. CONTINGENT LIABILITIES

There was no contingent liability as at 31ST DECEMBER 2012.

22. EXCHANGE CONTROL

All remittances from Ghana are subject to the approval of the exchange control authorities.

23. EMPLOYEE BENEFITS

Defined Contribution Plans

(i) Social Security Contribution

Under a national pension scheme, the company contributes 13.5% of employee's basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The company's obligation is limited to the relevant contributions, which have been recognised in the financial statements. The pension liabilities and obligations, however, rest with SSNIT.

24. FINANCIAL RISK MANAGEMENT

(i) Overview

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

- credit 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 has established the Finance Department and a management team, which are responsible for developing and monitoring the company's risk management policies in their specified areas. The team includes members of executive management and report regularly to the Board of Directors on their activities.

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.

The company's Finance Department and management team 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.

(ii) Credit risk

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

Trade and other receivables

The company's exposure to credit risk is minimised as all sales are made to several individual and institutional customers. The company has transacted business with most of these customers over the years; the level of default in payment of outstanding debts has been kept low by management.

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:

	2012 GH¢	2011 GH¢
Account Receivables	1,809,096	4,296,015

The following are contractual maturities of financial liabilities:

31 DECEMBER 2012

	Amount GH¢	6mths or less GH¢	6-12 mths GH¢	More than 12 mths GH¢
Non-derivative financial liability				
Trade Payables	15,972,071	-	15,972,071	-
Sundry Payables	35,351	-	35,351	-
Balance at 31 December 2012	16,007,422	-	16,007,422	-

31 December 2011

Non-derivative financial liability

Trade Payables	23,433,277	-	23,433,277	-
Sundry Payables	40,022	-	40,022	-
Balance at 31 December 2011	23,473,299	-	23,473,299	-

(ii) **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.

Foreign currency risk

The company is exposed to currency risk on purchases and borrowings that are denominated in currencies other than the functional currency. The currencies in which these transactions primarily are denominated are USD.

Currency risk

The company's exposure to foreign currency risk was as follows based on notional amounts:

Trade Payables

	31 December 2012		31 December 2011	
	USD	GH¢	USD	GH¢
Payables	**8,450,831**	**15,972,071**	**15,010,968**	**23,433,227**

Trade Receivable

	31 December 2012		31 December 2011	
	USD	**GH¢**	**USD**	**GH¢**
Receivables	-	-	-	-

The following significant exchange rates applied during the year:

	Average Rate		
	2012 **GH¢**	**2011** **GH¢**	**2010** **GH¢**
USD	1.89	1.56	1.44

Sensitivity analysis

This analysis assumes that all other variables, in particular interest rates, remain constant.

As of 31 December	**2012**			**2011**		
	% Change	Income statement impact: Strengthening	Income statement impact: Weakening	% Change	Income statement impact: Strengthening	Income statement impact: Weakening
CHF	±21%	21%	21%	±8%	8%	8%

A 21% weakening of the Ghana cedi against the US Dollar at 31ST DECEMBER 2012 would have increased equity and profit or loss by the percentage shown above. On the other hand, a 21% strengthening of the Ghana cedi against the above currency at 31 December would have had the equal but opposite effect by the percentage shown above.

Interest rate risk

Fair value sensitivity analysis for fixed rate instrument

The company did not have fixed rate instrument at 31 December 2012 and also at 31 December 2011.

Fair values
Fair values versus carrying amounts

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

(i) **Loans and receivables**

	31 December 2012		31 December 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Trade and Other Receivables	1,823,402	1,823,402	4,621,480	4,621,480

Fair values versus carrying amounts

(ii) **Other financial liabilities**

	31 December 2012		31 December 2011	
	Carrying Amount GH¢	Fair Value GH¢	Carrying Amount GH¢	Fair Value GH¢
Trade and other payables	16,007,422	16,007,422	23,473,246	23,472,249
	16,007,422	16,007,422	23,473,246	23,472,246

25. ANALYSIS OF SHAREHOLDERS AT 31 DECEMBER 2012

(i) **Shareholding**

The company's shareholding as at 31 December 2012:

	2012	2011
<u>**Ordinary Shares**</u>		
Manaksia Limited	843,961	843,961
	843,961	843,961

Appendix 1

DYNATECH INDUSTRIES LIMITED
DIRECT EXPENSES

	2012 GH¢	2011 GH¢
Manufacturing and Maintenance Expense	23,618	90,717
Clearing Charges	876,326	842,543
Consumption of Stores and Consumables	25,182	70,332
Custom Duty	2,499,304	2,870,774
Other Manufacturing Expenses	22,862	22,441
Power and Fuel	15,723	18,892
Repairs and Maintenance	141,660	134,341
Consumption of Stores & Consumables-Imported	5,335	-
	3,610,010	4,050,040

DYNATECH INDUSTRIES LIMITED
GENERAL AND ADMINISTRATIVE EXPENSES

	2012 GH¢	2011 GH¢
Auditors Remuneration	2,500	2,500
Bank Charges	178,612	90,398
Freight, Forwarding and Handling Charges	29,532	125,783
Insurance	33,113	21,171
Business Promotion Expenses	24,113	21,618
Immigration Expenses	5,897	9,497
General Expenses	8,722	1,836
Christmas & Year end Gift	14,466	15,783
Laboure Charges	76,894	73,719
Legal Expenses	700	3,431
License Fees	5,155	6,170
Postage, Courier & Fax	797	800
Printing and Stationery	4,992	7,883
Provision and Toiletries	1,809	1,422
Security Charges	16,580	14,114
Subscription & Membership Fees	4,514	4,754
Professional & Consultancy	9,850	2,200
Rent	43,460	84,729
Telephone & Communication Expense	12,657	10,066
Travelling and Conveyance	59,657	37,806
Vehicle Upkeep	32,300	30,244
Depreciation	546,339	578,607
Salaries, Wages and Bonus	93,017	73,256
Medical Expense	10,860	16,717
Other Welfare	27,837	18,212
Bad Debt Written Off	2,019	-
	1,241,876	1,254,119