ACCRA BREWERY LIMITED

A proud part of the ABInBev family

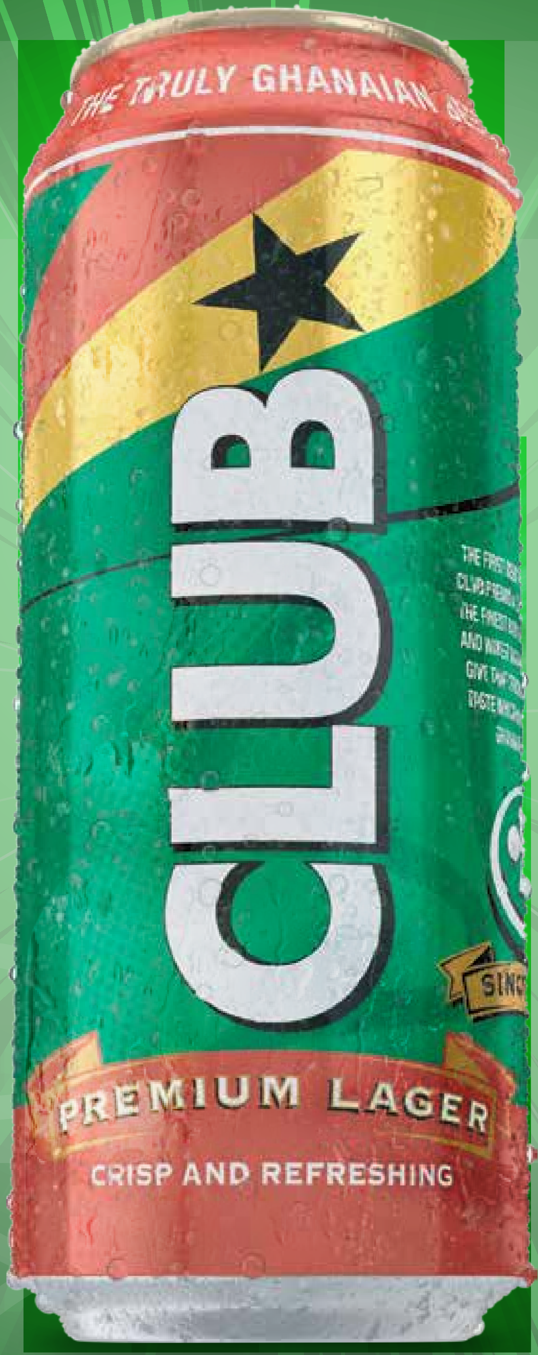
Accra Brewery Limited

ANNUAL REPORT | 2018

"Charlie"

Welcome Freedom

CLUB, now in a handy 500ml can.



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Club Beer Club_Beer

CONTENTS

Our Dream

Our Dream is to create the Ideal Company by investing and growing; being super-productive; being a company everyone loves to work for; and making a real difference in society. Essentially, we strive to be:

1. **Respected** for being a passionate company of brewers and brand builders who invest in sustainable long-term growth;
2. **Trusted** for our diverse portfolio of high quality brands to suit every palate;
3. **Admired** for our commitment to improving the lives of more people in more communities, and making a real difference in our society;
4. **Recognised** as an employer of choice; a company everyone loves to work for, that engages, motivates and supports colleagues and partners across the country.

Our 10 Principles

Our principles revolve around 3 overarching themes of Dream, People, and Culture.

DREAM

1. Our Dream of bringing people together for a better world inspires teamwork and energizes everyone to work in the same direction.

PEOPLE

2. Our greatest strength is our people. Great people grow at the pace of their talent and are rewarded accordingly.
3. We recruit, develop, and retain people who can be better than ourselves. We believe we are judged by the quality of our teams.

CULTURE

4. We are never completely satisfied with our results which fuel our company. Focus and zero-complacency guarantee our competitive advantage.
5. The consumer is the boss. We serve our consumers by offering brand experiences that play meaningful roles in their lives, and always in a responsible way.
6. We are a company of owners. Owners take results personally.
7. We believe common sense and simplicity are usually better guidelines than unnecessary sophistication and complexity.
8. We manage our costs tightly to free up resources that will support sustainable and profitable top-line growth.
9. Leadership by personal example is at the core of our culture. We do what we say.
10. We never take shortcuts. Integrity, hard work, quality, and responsibility are key to building our company.

FINANCIAL HIGHLIGHTS

(All amounts are in thousands of Ghana Cedis)

	2018	2017
Turnover	**478,511**	424,819
Operating profit	**97,171**	46,753
Profit before income tax	**40,800**	9,727
Profit for the year	**14,891**	(2,952)
Cash generated from operations	**163,468**	188,902
Shareholders' funds – (deficit)	**(10,644)**	(25,535)
Capital expenditure	**143,502**	180,970
Earnings/(loss) per share (Gh¢)	**0.0597**	(0.0118)
Net liabilities per share (Gh¢)	**(0.0427)**	(0.1024)
Profit before income tax (PBT) margin (%)	**8.53**	2.29
Profit/(loss) after income tax (PAT) margin (%)	**3.11**	(0.69)

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors and Management of Accra Brewery Limited (ABL), I present the Annual Report and Financial Statements for the period 1 January to 31 December 2018.

2018 REVIEW

Our Company continued to grow its volume and operating profit in the year under review in spite of tough economic and regulatory changes.

Our Company grew in both beer and malt, resulting in an 11% increase in volume compared to the same period the previous year. Notwithstanding a change to the VAT structure in August 2018 which converted the NHIL and GET Fund taxes to straight levies resulting in a 5% increase to the cost of doing business, our Company managed costs tightly in line with our Business principles and ended the year with operating profit growth of 21% over prior year.

CLUB Lager remains Ghana's number one selling beer with a modest volume growth of 2% versus the same period last year.

Eagle Lager, our affordable beer brand, subsequent to a price change effective 1 October as a result of the changes to the VAT structure, ended 2018 with 47% volume growth subsequent to the investment into expansion, availability and price adherence initiatives into rural areas to support volume growth.

Beta Malt, our non-alcoholic malt, supported portfolio growth ending the year at 18% volume growth whilst providing nourishment to Ghanaians on-the-go with the PET pack and offering an alternate choice in events with the returnable glass bottle.

MARKET CHALLENGES

Our Company remains the market leader in Beer as we continue to take share in the Malt category supported by Beta Malt.

The cedi started 2018 on the back foot. Central Bank intervention succeeded in stabilizing the exchange rate to a large extent. In 2018, the exchange rate averaged GH¢4.55 to US$ and inflation rate was 9.8%, down from 10.3% at the start of the year under review.

Financial costs were however heavily impacted by the re-valuation of foreign denominated loans which resulted in significant exchange losses on financing of GH¢48m. Inflation pressures at 9.8% and the increased cost to our Business resulted in a 10% average price increase to our products in October 2018.

Government, through the Ghana Revenue Authority, commenced enforcement of the provisions of the Excise Tax Stamp Act, 2013 (Act 873) which requires the affixing of paper stamps to excisable goods including alcoholic and non-alcoholic beverages in October 2018. Compliance with these provisions required the acquisition and installation of a tax stamp affixing machine with slower speeds than our high speed line which negatively impacted our volumes resulting in a 10% volume decline in October and a total volume decline of 2% in the last quarter of 2018. This also resulted in the shortfall of operating income of 17% less than the same period last year to GHS24m.

In view of the above market challenges, the Directors do not recommend the payment of a dividend for the year ended 31 December 2018.

BUSINESS GROWTH INITIATIVES

Our Company invested in a number of initiatives throughout the year to position itself for future growth and enhanced competitive advantage.

As part of our Company's expansion project Everest, which commenced in 2015, a new packaging line solely dedicated to mini returnable glass bottles was installed adding 10% capacity to packaged beer volume. Other upgrades to our existing Brewery included the installation of silos and refrigeration to improve cooling and beer quality whilst improving scores on total energy use, phychem parameters and micro index to provide superior taste consistency of all our Products.

CLUB Lager, as a result of ABInBev's partnership with FIFA, executed its first Won Shi Jama! national promotion during the 2018 FIFA World Cup™ to thank loyal consumers for their continued support of the Brand and our Business. In addition to airtime and free beer given to consumers over the period, twelve (12) consumers also received GHS20, 000.00 each week over the course of the promotion improving the lives of consumers through the purchase of Ghana's number one selling beer. Another national promotion also gave away 1m bottles of CLUB Beer during Christmas as part of the Afehyia Pa Promotion.

An important commercial initiative for the year was the development of our Route to Market to enhance our competitive advantage. The Distributor Management System was introduced as a useful tool in tracking sales volume from our Key Distributor (KD) Points to Retail. This tool will help in ensuring our Key Distributors service the right outlets with the brands and packs required in their dedicated territories.

In alignment with ABInBev's 2025 Sustainability goals, our Company commenced two (2) programmes under 'Climate Action' with the ambition of approximately 20% of electricity needs from solar and 'Smart Agriculture' to assess the supply chains of local raw materials like maize, cassava and sorghum in Ghana for the implementation of an agriculture development programme to improve the livelihoods of local farmers.

BRINGING PEOPLE TOGETHER FOR A BETTER WORLD

Guided by our Dream of Bringing People Together for a Better World, we invested in various initiatives under the Growing, Healthier, and Cleaner World programmes.

Due to the success of our retailer programmes in previous years, our Company was selected to run a pilot of ABInBev's revamped Retailer Development Programme, training 192 carefully selected retailers over the course of 1 week in financial literacy, pricing, marketing and the responsible sale of alcoholic products to drive Business growth.

THE WAY FORWARD

Looking ahead, Ghana's growth prospects remain encouraging with GDP growth forecasted to rise from 6.2% to 6.4%. The growth prospects should however be tempered by anticipated increases in electricity and water tariffs as well as the depreciation of the cedi against the dollar and other major currencies.

The Board of Directors extends its sincere appreciation to the customers of the Company for their continued loyalty, to shareholders for their support, and to Management and staff for their dedicated service during the year under review.

………………………………

Dr. Charles Mensa
Chairman

COUNTRY DIRECTOR'S STATEMENT

FINANCIAL PERFORMANCE

The Country recorded GDP growth of 6.2% in the year under review. Ghana's Central Bank's intervention however stemmed the cedi's free-fall with inflation rate averaging 9.8% in 2018 and interest rate (Bank of Ghana Policy rate) at 17%.

The Country's fiscal deficit came on target at 3.8% of GDP last year. The inclusion of spending related to financial sector reforms however raised the fiscal deficit of 2018 to 7.2% of GDP.

Inflationary pressures on the back of higher cost of doing business as a result of VAT changes led to a price increase in October 2018.

Price negotiations on local raw material maize, and third party logistics partners helped drive cost efficiencies to our Business delivering savings to invest in our Brands.

Our Brands performed well with notable volume growth from affordable lager, Eagle and non-alcoholic malt, Beta Malt respectively.

We recorded improvements in operating profit of GH¢97,171 and profit before tax of GH¢40, 800 in 2018.

RECOGNITION

We received a number of awards in 2018 including Excellence in Procurement & Supply Chain of the Year Award for the Beverage Manufacturing Sector, Ghana Iconic Brand of the Year (CLUB Premium Lager), and Best Package Design (Beta Malt) which recognized the hard work being put in by our teams across the Business.

OUTLOOK

The NKC African Economics in its January 2019 report forecasts a broad-based rebound in economic activity driven by increases in oil production from new wells and the boosting of mining output from a more stable power supply and higher global prices.

Outlook for inflation remains balanced to the upside and forecasted to trend broadly higher and average 9.6% in 2019.

It is assumed that government will reduce spending in light of revenue mobilization challenges to reduce the country's fiscal deficit. Depreciation of the Ghana cedi is expected to continue into 2019 against the US Dollar and other major currencies.

GDP growth is forecasted to increase from 6.2% in 2018 to 6.4% in 2019. The projected growth in GDP is ascribed primarily to the expected increase in oil output with new wells scheduled to come online. Further, the expectation is that the pressure on Banks will start to subside and for consumer demand to increase in line with lower inflation and looser monetary policy stance.

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SHAUN RAPOSO
Country Director

REPORT OF THE DIRECTORS

The directors present herewith their annual report together with the audited financial statements of Accra Brewery Limited (the "Company") for the year ended 31 December 2018.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS) and complied with the requirements of the Companies Act, 1963 (Act 179).

The directors are responsible for ensuring that the Company keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

The directors have no plans or intentions for example to dispose of the business or cease operations that may materiality alter the carrying value or classification of assets and liabilities reflected in the financial statements. 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 for at least twelve months from the date of this statement.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the manufacture and distribution of beer, soft drinks and non-alcoholic malt beverages.

HOLDING COMPANY

The Company is a subsidiary of Overseas Breweries Limited, a company incorporated in Switzerland. The ultimate holding company is Anheuser-Busch InBev (ABInBev), a company incorporated in Belgium.

FINANCIAL RESULTS

The financial results for the year are shown in the statement of comprehensive income set out on page 11 of the financial statements.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2018 (2017: Nil).

BOARD OF DIRECTORS

The present membership of the board is set out on page 1.

AUDITOR

The auditor, PricewaterhouseCoopers, has expressed willingness to continue in office in accordance with Section 134(5) of the Companies Act, 1963 (Act 179).

REPORT OF THE DIRECTORS (CONT'D)

Appreciation

The board of directors would like to express its sincere appreciation to the customers of the Company for their loyalty, to shareholders for their support, and to management and staff for their service during the year under review.

By Order Of The Board:

……………..............……………

Dr. Charles Mensa

Chairman

Date: 19 August 2019

……………..............……………

Shaun Raposso

Country Director

CORPORATE GOVERNANCE REPORT

Introduction

Accra Brewery Limited recognises the importance of good corporate governance as a means of sustained long-term viability of the business and therefore always seeks to align the attainment of its business objectives with good corporate behaviour.

In line with the framework, mission, values and business principles mandated through the group corporate accountability committee, planning takes place and resources are allocated towards achievement of accountability, compliance and reporting standards. The business adopts standard accounting practices and ensures sound internal controls to facilitate transparency in the disclosure of information and to give assurance to the reliability of the financial statements.

Board of directors

The responsibility of good corporate governance is placed in the hands of the board of directors and the management team. The board comprises four directors. The directors are knowledgeable individuals with experience in the brewing industry as well as in their fields of discipline.

System of internal control

Accra Brewery Limited is continuously enhancing its comprehensive risk and control review. This is aimed at both improving the mechanism for identifying and monitoring risk as well as appraising the systems of internal control.

The Company has effective systems for identifying, managing and monitoring risks. The systems of internal control are implemented and monitored by appropriately trained personnel, and suitably segregated as to authority, duties and reporting lines.

Code of business ethics

Accra Brewery Limited has communicated the principles in the ABInBev code of conduct to employees, customers, suppliers and other major stakeholders. Accra Brewery Limited continues to reinforce communication on a regular basis, together with the development and application of complementary procedures so as to eliminate the potential for corrupt and illegal practices on the part of employees and contractors.

Occupational health and environmental safety

Accra Brewery Limited is aware that the requirements of good corporate citizenship necessitate active commitment towards occupational health and environmental protection. Accordingly, appropriate steps are being taken towards establishing and maintaining suitable environmental quality standard.

ACCRA BREWERY LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the 44th Annual General Meeting of the Members of Accra Brewery Limited to be held at the Osu Ebenezer Presbyterian Church Conference Hall, Osu, Accra on Wednesday, 25th September, 2019 at 10.00 a.m. for the following purposes:

AGENDA

1. To receive the Report of the Directors, the Financial Statements as at December 31, 2018 and the Report of the Independent Auditors thereon.
2. To elect as a Director, Mr. Michael Daramola.
3. To elect as a Director, Mr. Paul Asamoah.
4. To approve Directors' Fees.
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To approve the Renounceable Rights Offer & Tender Offer.

A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him, and such proxy need not be a member of the Company. In case of a body corporate member, it may attend and vote by proxy or by a representative appointed in accordance with Section 165 of the Companies Act.

A proxy form may be picked up from the office of the Registrars, Universal Merchant Bank Limited, 57 Examination Loop North Ridge, P. O. Box 401, Accra. Executed proxy forms should be deposited at the office of the Registrars not less than 48 hours before the meeting.

Dated this 2nd day of September, 2019

By order of the Board

LENNAP & COMPANY
SECRETARY

REGISTERED OFFICE
1st Floor, PKF Building
20 Farrar Avenue
P.O. Box GP 1219
Accra

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Charles Mensa
Chairman

Mr. Shaun Raposso
Country Director
(Appointed on 1/01/2019)

Mr. Michael Daramola
Non Executive Director
(Appointed on 31/12/2018)

Mr. Paul Asamoah
Executive Director
(Appointed on 1/12/2018)

Mr. Philip Redman
Country Director
(Resigned on 31/12/2018)

Mr. Gustav van Heerden
Non Executive Director
(Resigned on 12/04/2018

Mr. John Adongo
Executive Director
(Resigned on 1/12/2018)

SECRETARY

Lennap & Company
1st Floor, PKF Building
20 Farrar Avenue
P. O. Box GP 1219 Accra

REGISTERED OFFICE

1st Floor, PKF Building
20 Farrar Avenue
P. O. Box GP 1219, Accra

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Chartered Accountants
No. 12 Airport City
Una Home, 3rd Floor
PMB CT 42
Cantonments
Accra

REGISTRARS

Universal Merchant Bank Limited
Merban House
Kwame Nkrumah Avenue
P. O. Box 401, Accra

SOLICITORS

Jan Chambers
Elsie Court 17 Homowo Avenue
P.O.Box AN 6466, Accra

BANKERS

Stanbic Bank Ghana Limited
Ecobank Ghana Limited
Standard Chartered Bank Ghana Limited
Barclays Bank of Ghana Limited
Societe Generale Ghana Limited

MANAGEMENT COMMITTEE

Mr Shaun Raposso
Country Director
(Appointed on 1/01/2019)

Mr Paul Asamoah
Country Finance Lead
(Appointed 1/12/2018)

Mr Richard Eghan
Plant Manager

Mrs. Nana Antwiwaa Asante
Country People Lead

Ms. Ewurafua Addo-Atuah
Marketing Lead

Mr.Baffour Osei Akoto
Country Logistics Lead

Ms. Adwoa Aaba Arthur
Legal and Corporate Affairs Director

Mr. John Adongo
Country Finance Manager
(Resigned on 31/12/2018)

Mr. Philip Redman
Country Director
(Resigned on 31/12/2018)

Mr.Wilfried Fameni
Head of Procurement
(Resigned on 1/01/2019)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACCRA BREWERY LIMITED

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Accra Brewery Limited as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

What we have audited

We have audited the financial statements of Accra Brewery Limited (the "Company") for the year ended 31 December 2018.

The financial statements on pages 10 to 38 comprise:

- the statement of financial position as at 31 December 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF ACCRA BREWERY LIMITED

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

Key audit matters	How our audit addressed the key audit matter
Impairment of trade receivables - GH¢5,424,320	
The Company's distribution channel for its products include direct cash sales to customers and credit sales to key distributors. At 31 December 2018, gross trade receivables stood at GH¢128,323,862 against which an allowance for impairment of GH¢5,424,320 was recognised. Impairment of trade receivables is a key area of focus due to the judgement management exercises in determining the appropriate amount of allowance for impairment.	Our audit procedures included understanding and evaluating the design of selected controls over trade receivables and testing the operating effectiveness of these controls. We examined the ageing analysis of trade receivables to assess the appropriateness of classification of trade receivable balances.
The Company assessed impairment of trade receivables using lifetime expected credit loss. The following judgements were exercised in determining allowance for impairment of trade receivables at the reporting date:	We assessed the appropriateness of management's judgements over the segmentation of outstanding trade receivable balances using similar credit risk characteristics.
• grouping trade receivables on the basis of similar risk characteristics and the days past due;	We assessed the reasonableness of historical loss rates experienced over 12 month period by examining the data used to derive payment profiles of selected customers to determine the historical loss rate for each customer grouping.
• determining historical loss rates based on the payment profile of sales over 12 months; and • adjusting historical loss rates to reflect current and forward looking information using economic variable.	We assessed the reasonableness of adjustment made to historical loss rates to incorporate current and forward looking information by agreeing the economic variable used to an independent source. We re-performed the calculation of allowance for impairment of trade receivables and assessed the adequacy of amount recognised at the reporting date.
Notes 2.9 and 3.2 set out the accounting policies and the judgement used in determining impairment loss respectively, while note 28.2 sets out the aged profile of trade receivables at the reporting date. Gross trade receivables and the related allowance for impairment is disclosed in note 5 to the financial statements.	We reviewed the appropriateness of relevant disclosures for compliance with International Financial Reporting Standards.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACCRA BREWERY LIMITED (CONT'D)

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises Financial Highlights, Report of the Directors, Corporate Governance Report, Shareholders' Information and Five Year Financial Summary but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairman's Statement and Country Director's Statement, which are expected to be made available to us after that date.

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

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

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

When we read the Chairman's Statement and Country Director's Statement, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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, 1963 (Act 179), 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACCRA BREWERY LIMITED (CONT'D)

of the Company's internal control;

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

  Auditor's responsibilities for the audit of the financial statements (continued)

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and

iii) the Company's balance sheet (statement of financial position) and Company's profit and loss account (part of the statement of comprehensive income) are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is George Arhin (ICAG/P/1187).

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2019/028)
Chartered Accountants
Accra, Ghana
19 August 2019

STATEMENT OF FINANCIAL POSITION

(All amounts are in thousands of Ghana cedis)

	Note	2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	**666,335**	609,722
Trade and other receivables	5	**5,187**	4,409
Deferred income tax assets	6	**-**	2,932
		671,522	617,063
Current assets			
Inventories	7	**64,432**	40,219
Trade and other receivables	5	**132,839**	101,265
Current income tax assets	8	**-**	11,860
Cash and bank balances	9	**16,479**	5,414
		213,750	158,758
Total assets		**885,272**	775,821
EQUITY			
Stated capital	10	**7,332**	7,332
Income surplus account - (deficit)	11	**(17,976)**	(32,867)
Total equity - (deficit)		**(10,644)**	(25,535)
LIABILITIES			
Non-current liabilities			
Borrowings	12	**456,714**	420,382
Deferred income tax liabilities	6	**7,080**	-
		463,794	420,382
Current liabilities			
Trade and other payables	13	**211,410**	175,313
Current income tax liabilities	8	**1,480**	-
Borrowings	12	**219,232**	205,661
		432,122	380,974
Total liabilities		**895,916**	801,356
Total equity and liabilities		**885,272**	775,821

The notes on pages 18 to 44 are an integral part of these financial statements.

The financial statements on pages 18 to 44 were authorised for issue by the Board of Directors on 19 August 2019 and signed on its behalf by:

....

Dr. Charles Mensa
Chairman

Shaun Raposso
Country Director

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in thousands of Ghana cedis)

	Note	2018	2017
Revenue	14	**478,511**	424,819
Cost of sales	15	**(228,169)**	(214,076)
Gross profit		**250,342**	210,743
Distribution expenses	16	**(48,133)**	(44,608)
Administrative expenses	17	**(87,438)**	(101,914)
Other expenses	18	**(21,149)**	(17,468)
Other income	19	**3,549**	-
Operating profit		**97,171**	46,753
Finance income	20	**-**	88
Finance costs	21	**(56,371)**	(37,114)
Profit before income tax and national fiscal stabilisation levy		**40,800**	9,727
National fiscal stabilisation levy	22	**(2,557)**	-
Income tax expense	23	**(23,352)**	(12,679)
Profit/(loss) for the year		**14,891**	(2,952)
Other comprehensive income		**-**	-
Total comprehensive income/ (loss) for the year		**14,891**	(2,952)
Basic and diluted profit/(loss) per share	29	**0.0597**	(0.0118)

The notes on pages 22 to 44 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

(All amounts are in thousands of Ghana cedis)

Year ended 31 December 2018	Stated capital	Income surplus account	Total
Balance at 1 January 2018 - (deficit)	7,332	(32,867)	**(25,535)**
Comprehensive income:			
Profit for the year	-	14,891	**14,891**
Other comprehensive income	-	-	-
Total comprehensive income	-	14,891	**14,891**
Balance at 31 December 2018 – (deficit)	**7,332**	**(17,976)**	**(10,644)**
Year ended 31 December 2017			
Balance at 1 January 2017 - (deficit)	7,332	(29,915)	(22,583)
Comprehensive income:			
Loss for the year	-	(2,952)	(2,952)
Other comprehensive income	-	-	-
Total comprehensive income - (loss)	-	(2,952)	(2,952)
Balance at 31 December 2017 – (deficit)	7,332	(32,867)	(25,535)

The notes on pages 22 to 44 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(All amounts are in thousands of Ghana cedis)

	Note	2018	2017
Cash flows from operating activities			
Cash generated from operations	25	**163,468**	188,902
Interest received	20	**-**	88
Interest paid		**(4,961)**	(4,783)
National fiscal stabilisation levy paid	22	**(3,176)**	(1,453)
Tax paid	8	**-**	(2,662)
Net cash generated from operating activities		**155,331**	180,092
Cash flows from investing activities			
Purchase of property, plant and equipment	4	**(143,502)**	(180,970)
Proceeds from sale of property, plant and equipment	4	**743**	440
Net cash used in investing activities		**(142,759)**	(180,530)
Cash flows from financing activities			
Net cash flows from financing activities		**-**	-
Net increase/(decrease) in cash and cash equivalents		**12,572**	(438)
Cash and cash equivalents at start of year		**(25,793)**	(25,355)
Cash and cash equivalents at end of year	26	**(13,221)**	(25,793)

The notes on pages 22 to 44 are an integral part of these financial statements.

NOTES

1. General information

Accra Brewery Limited ("the Company") is a limited liability Company incorporated and domiciled in Ghana. The address of the Company's registered office is 1st Floor, PKF Building, 20 Farrar Avenue, P.O. Box GP 1219, Accra, Ghana. The Company is primarily involved in the manufacture and distribution of beer, soft drinks and non-alcoholic malt beverages.

2. Summary of significant accounting policies

The significant accounting policies adopted by the Company in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

(i) Compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared under the historical cost convention except for financial assets and liabilities measured at fair value.

(iii) New and amended standards adopted by the Company

The Company has applied the following standards for the first time for the reporting period commencing on 1 January 2018.

- IFRS 9 - Financial Instruments – Replaces IAS 39 Financial Instruments: Recognition and Measurement
- IFRS 15 - Revenue from Contract with customers, replaces IAS 18 which covered contracts for goods and services and IAS 11 which covered construction contracts.
- Annual Improvements 2014-2016 cycle
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

The directors have assessed the effects of the new standards and have applied them in the Company's financial statements. The Company applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Company. Those that are likely to have an impact on the Company's financial statements when the standards become effective are set out below:

IFRS 16, Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Company's operating leases. The Company estimates that its operating leases are mainly rental agreements which are for short-term and of low value and as such will be recognised on a straight-line basis as an expense in profit or loss.

However, the Company has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Company's profit or loss and

NOTES Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(iv) New standards and interpretations not yet adopted (Continued)

classification of cash flows going forward. The Company will carry out the assessment in 2019.

The standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption, even in instances where the leases qualify to be recognised on the balance sheet.

Interpretation 23 'Uncertainty over Income Tax Treatments'

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e., that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements. The Company will apply the 'Interpretation 23' from its mandatory adoption date of 1 January 2019. The full impact of Interpretation 23 on the Company was yet to be completed by the Directors as at 31 December 2018.

Annual Improvements to IFRS Standards 2015-2017 Cycle

The annual improvements were finalised in December 2017. These improvements includes:

- IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Company will apply the 'Annual Improvements' from its mandatory adoption date of 1 January 2019. The full impact of these 'Annual Improvements' on the Company were yet to be completed by the Directors as at 31 December 2018.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2.2 Changes in accounting policy

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the Company's financial statements.

2.2.1 IFRS 9 Financial Instruments

(i) Impact on the financial statements

IFRS 9 was adopted without restating comparative information.

(ii) IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2.1 Basis of preparation (continued)
(iv) New standards and interpretations not yet adopted (Continued)

assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies as set out in Note 2.9. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

The total impact on the Company's income surplus account as at 1 January 2018 is not material.

(iii) Impairment of financial assets

The Company has one type of financial asset that is subject to IFRS 9's new expected credit loss model, which is trade receivables. The Company was required to revise its impairment methodology under IFRS 9 for this class of assets. The impact of the change in impairment methodology on the Company's retained earnings and equity is not material.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there was no identified impairment loss.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss for all trade receivables. Note 3.2 provides details about the calculation of the provision.

2.2.2 IFRS 15 Revenue from Contracts with Customers

The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies as disclosed in Note 2.17. There was no impact on the amounts recognised in the financial statements.

2.3 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ghana cedis ("GH¢") which is the Company's functional currency.

(ii) Transactions and balances

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 profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

2.4 Property, plant and equipment

Land and buildings comprising mainly factories and offices are stated at the revalued amount determined as the deemed cost at the date of transition to IFRS less accumulated depreciation and any accumulated impairment losses. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated on the straight-line basis to write-off the costs of each class of property, plant and equipment to their residual values over their estimated useful lives as follows:

Buildings	20 – 40 years
Plant, machinery and equipment	4 - 20 years
Motor vehicles	5 - 10 years
Containers:	
Soft drinks bottles	4 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (continued)

Beer bottles	3 years
Crates	6 years
Kegs	10 years
Pallets	2 years

Depreciation commences when the assets are ready for their intended use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit or loss.

Differences between the cost and deposit values of returnable containers are written off over their useful economic lives as stated above. Reported breakages in the brewery are written off in the period the breakages occur.

2.5 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than the carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.6 Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods comprises materials, direct labour and a share of production overheads appropriate to the relevant stage of production. Net realisable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

2.8 Financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

NOTES Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

Currently, the Company's financial assets are classified in the measurement category of financial assets at amortised cost.

Financial assets at amortised cost

Financial assets at amortised cost are those assets which are held only for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss. Trade and other receivables, and cash and bank balances are classified as financial assets at amortised cost.

(iv) Impairment

From 1 January 2018, the Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(v) Accounting policies applied up to 31 December 2017

Classification

Until 31 December 2017, the Company accounted for its financial assets as disclosed below.

All financial assets of the Company were classified as loans and receivables based on the purpose for which the financial assets were acquired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

The Company's loans and receivables comprise 'trade and other receivables' excluding prepayments in the statement of financial position.

Recognition and measurement

The measurement at initial recognition did not change on adoption of IFRS 9. Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the entity has transferred substantially all risks and rewards of ownership.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (continued)

on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

Financial assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2.9 Trade receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. The Company holds the trade receivables with the objective to collect contractual cash flows and therefore measures them subsequently at amortised cost. Impairment loss provision is determined using the expected credit loss model by considering cash short falls in various default scenarios.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of trade receivables over a period of 12 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (where data is available and is obtained without undue effort or cost) affecting the ability of the customers to settle the receivables.

In the prior year, impairment loss provision for trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not identified. For these receivables the estimated impairment losses were recognised in a separate allowance for impairment account.

The Company considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor;
- probability that the debtor will enter bankruptcy or financial reorganisation; and
- default or late payments (more than 180 days overdue).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Trade receivables (continued)

Receivables for which an allowance for impairment was recognised were written off against the provision when there was no expectation of recovering additional cash.

2.10 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.11 Stated capital and dividend

Ordinary shares are classified as 'stated capital' in equity. Dividends on ordinary shares are charged to equity in the period in which they are declared.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Income tax

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

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities on taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The tax rate and tax laws used to compute the amount are those enacted or substantively enacted by the reporting date.

(ii) Deferred income tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be

NOTES Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Provisions (continued)

required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of amounts expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16 Employee benefits

(i) Retirement benefit obligation

The Company operates a defined contribution retirement benefit scheme under which the Company and all its employees contribute to the Social Security and National Insurance Trust (SSNIT), and a separate Provident Fund, which are defined contribution schemes.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company's contributions to the defined contribution scheme is recognised as an employee benefit expense when they fall due. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

2.17 Revenue recognition

Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been transported to specific location of the customer, the risks of obsolescence and loss have transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

NOTES Continued

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Income taxes (continued)

Where the final outcome of these matters are different from the amounts that were initially recorded, such differences will impact current income tax and deferred income tax provisions in the period in which such determination is made.

3.2 Critical judgements in applying the entity's accounting policies

Expected credit loss

The Company applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime, expected loss on all trade receivables.

To measure expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on payment profile of sales over 12 months and the corresponding historical credit losses experienced within the period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic indicators affecting the ability of customers to settle outstanding receivables.

The impact on the adoption of IFRS 9 on amount recognised as impairment loss provision at 31 December 2017 is not material and as such, the Company's income surplus account at 1 January 2018 has not been restated.

Allowance for expected credit loss on trade receivables as at 31 December 2018 was determined as follows:

	Current	Up to 30 days past due	More than 30 days past due	More than 90 days past due	Total
At 31 December 2018					
Expected loss rate (ECL)	1.58%	3.99%	8.66%	12.57%	
Gross trade receivables	**44,043**	**59,282**	**19,923**	**5,076**	**128,324**
Allowance for ECL	**696**	**2,365**	**1,725**	**638**	**5,424**
At 31 December 2017					
Gross trade receivables	63,098	25,604	5,527	2,665	96,894
Allowance for impairment					3,785

NOTES Continued

4. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2018

	Buildings	Plant, machinery and equipment	Motor vehicles	Containers	Capital work-in-progress	Total
Cost						
At 1 January 2018	100,033	312,529	23,742	152,087	135,840	**724,231**
Additions	-	-	-	42,090	101,412	**143,502**
Transfers	2,164	20,934	7,981	-	(31,079)	**-**
Disposals	(671)	(2,510)	(2,123)	(11,553)	-	**(16,857)**
Impairment	(480)	(13,861)	-	-	(3,121)	**(17,462)**
At 31 December 2018	**101,046**	**317,092**	**29,600**	**182,624**	**203,052**	**833,414**
Accumulated depreciation						
At 1 January 2018	6,526	67,045	9,475	31,463	-	**114,509**
Charge for the year	2,386	23,423	3,478	32,561	-	**61,848**
Disposals	(8)	(267)	(1,084)	(6,827)	-	**(8,186)**
Impairment	(65)	(1,027)	-	-	-	**(1,092)**
At 31 December 2018	**8,839**	**89,174**	**11,869**	**57,197**	**-**	**167,079**
Net book amount At 31 December 2018	**92,207**	**227,918**	**17,731**	**125,427**	**203,052**	**666,335**
Year ended 31 December 2017						
Cost						
At 1 January 2017	97,034	297,494	18,588	123,790	32,647	569,553
Additions	-	-	-	48,306	132,664	180,970
Transfers	3,083	20,083	6,305	-	(29,471)	-
Write offs and disposals	(84)	(5,048)	(1,151)	(20,009)	-	(26,292)
At 31 December 2017	100,033	312,529	23,742	152,087	135,840	724,231
Accumulated depreciation						
At 1 January 2017	4,215	46,677	7,643	23,018	-	81,553
Charge for the year	2,335	22,526	2,770	18,399	-	46,030
Write offs and disposals	(24)	(2,158)	(938)	(9,954)	-	(13,074)
At 31 December 2017	6,526	67,045	9,475	31,463	-	114,509
Net book amount At 31 December 2017	93,507	245,484	14,267	120,624	135,840	609,722

Included in buildings is leasehold land costing GH¢2,724,049 which has not been reclassified because it is considered insignificant.

NOTES Continued

4. Property, plant and equipment (continued)

	2018	2017
Depreciation has been charged to profit or loss as follows:		
Cost of sales	**53,232**	38,968
Administrative expenses	**8,616**	7,062
	61,848	46,030

Loss on disposal of property, plant and equipment		
Gross book amount	**16,857**	26,292
Accumulated depreciation	**(8,186)**	(13,074)
Net book amount	**8,671**	13,218
Container breakages and shrinkages	**(4,725)**	(10,055)
Proceeds on disposal	**(743)**	(440)
Loss on disposal	**3,203**	2,723

5. Trade and other receivables

Trade receivables	**128,324**	96,894
Allowance for impairment	**(5,424)**	(3,785)
Trade receivables – net	**122,900**	93,109
Prepayments	**2,838**	5,160
Other receivables and deposits	**4,813**	2,191
National fiscal stabilisation levy receivable (Note 23)	**2,072**	1,453
Staff loans and advances	**5,403**	3,761
	138,026	105,674
Due within one year		
Trade receivables	**122,900**	93,109
Prepayments	**1,782**	4,250
Other receivables and deposits	**3,984**	994
National fiscal stabilisation levy receivable (Note 23)	**2,072**	1,453
Staff loans and advances	**2,101**	1,459
	132,839	101,265
Due more than one year		
Staff loans and advances	**3,302**	2,302
Prepayments	**1,056**	910
Other receivables and deposits	**829**	1,197
	5,187	4,409
	138,026	105,674

The maximum amount of staff indebtedness during the year did not exceed GH¢5,043,000 (2017: GH¢6,093,000). These loans are currently being serviced and are not impaired.

The carrying values of trade and other receivables (excluding non-financial assets) approximate their fair values.The other classes within trade and other receivables do not contain impaired assets. The Company does not hold any collateral as security.

NOTES Continued

5. Trade and other receivables (continued)

The movement in allowance for impairment of trade receivables is as follows:

	2018	2017
At 1 January	**3,785**	2,845
Charge to profit or loss	**1,639**	3,510
Bad debt written off	-	(2,570)
At 31 December	**5,424**	3,785

6. Deferred income tax liabilities/(assets)

	2018	2017
At 1 January	**(2,932)**	(15,611)
Charge to profit or loss (Note 22)	**10,012**	12,679
At 31 December	**7,080**	(2,932)

Year ended 31 December 2018	**At 1 January**	**Charged/ (credited) to profit or loss**	**At 31 December**
Accelerated tax depreciation	36,660	(1,489)	**35,171**
Impairment loss on trade receivables	(946)	(255)	**(1,201)**
Provision for obsolete and damaged inventory	-	(1,056)	**(1,056)**
Tax losses carried forward	(38,646)	12,812	**(25,834)**
	(2,932)	10,012	**7,080**
Deferred income tax assets	(39,592)	11,501	**(28,091)**
Deferred income tax liabilities	36,660	(1,489)	**35,171**
	(2,932)	10,012	**7,080**

Year ended 31 December 2017			
Accelerated tax depreciation	32,920	3,740	36,660
Impairment loss on trade receivables	(711)	(235)	(946)
Tax losses carried forward	(47,820)	9,174	(38,646)
	(15,611)	12,679	(2,932)
Deferred income tax assets	(48,531)	8,939	(39,592)
Deferred income tax liabilities	32,920	3,740	36,660
	(15,611)	12,679	(2,932)

7. Inventories

	2018	2017
Raw materials	**7,069**	7,619
Work-in-progress	**5,188**	3,464
Finished goods	**966**	3,274
Goods in transit	**34,446**	13,405
Sundry inventories	**16,763**	12,457
	64,432	40,219

No inventories were valued at fair value less cost to sell at the reporting date (2017: Nil). Damaged and obsolete inventories for the year ended 31 December 2018 amounted to GH¢4,223,143 (2017: GH¢4,223,143) and were fully provided for at the reporting date. Cost of inventories recognised as an expense and included in 'cost of sales' amounted to GH¢161,802,000. (2017: GH¢167,475,000).

8. Current income tax

	At 1 January	Charged to profit or loss	Payments during the year	At 31 December
Year ended 31 December 2018				
Year of assessment				
Up to 2017	(11,860)	-	-	**(11,860)**
2018	-	13,340	-	**13,340**
	(11,860)	13,340	-	**1,480**
Year ended 31 December 2017				
Year of assessment				
Up to 2016	(9,198)	-	-	(9,198)
2017	-	-	(2,662)	(2,662)
	(9,198)	-	(2,662)	(11,860)

9. Cash and bank balances

	2018	2017
Cash on hand	**935**	932
Cash at bank	**15,544**	4,482
	16,479	5,414

10. Stated capital

	2018 No. of shares of no par value	Proceeds	2017 No. of shares of no par value	Proceeds
Authorised shares	**1,000,000,000**	-	1,000,000,000	
Issued shares				
For cash	**153,330,042**	**7,144**	153,330,042	7,144
For consideration other than cash	**967,734**	**59**	967,734	59
Transferred from income surplus account in accordance with section 66(1) (c) of the Companies Act, 1963 (Act 179)	**95,148,888**	**129**	95,148,888	129
	249,446,664	**7,332**	249,446,664	7,332

There is no unpaid liability on any shares. There are no calls or instalments unpaid. There are no treasury shares.

11. Income surplus account

Income surplus account represents cumulative retained earnings of the Company. The movement in income surplus account is shown in statement of changes in equity on page 12 of these financial statements.

12. Borrowings

Current	2018	2017
Bank overdrafts	**29,700**	31,207
Related party loans	**189,532**	174,454
	219,232	205,661
Non-current portion		
Related party loans	**456,714**	420,382
	675,946	626,043

(a) Bank overdrafts

At the financial reporting date, the Company had certain unsecured overdraft facilities not exceeding GH¢100 million (2017: GH¢80 million).

(b) Related party loans

Related party loans comprise the following:

(i) The Company obtained an unsecured facility of US$38.5 million in 2012 from Overseas Breweries Limited to pay off trade debts. The facility is an interest free debt with no stated maturity date and is repayable on demand.

(ii) The Company secured a US$93 million facility in 2015 from ABI Africa BV, a related entity. The facility attracts interest at LIBOR plus 760 bps, provided that the interest rate shall be 0% in respect of each day of any financial year of the borrower in respect of which its EBITDA does not exceed US$50 million. The loan is payable within 51 years from 23 April 2014.

Year ended 31 December 2018	Overseas Breweries Limited	ABI Africa BV	Total
At 1 January 2018	174,454	420,382	**594,836**
Exchange losses	15,078	36,332	**51,410**
At 31 December 2018	189,532	456,714	**646,246**
Current	189,532	-	**189,532**
Non-current	-	456,714	**456,714**
	189,532	**456,714**	**646,246**

12. Borrowings (continued)
(b) Related party loans (continued)

Year ended 31 December 2017			
At 1 January 2017	164,972	397,533	562,505
Exchange losses	9,482	22,849	33,231
At 31 December 2017	174,454	420,382	594,836
Current	174,454	-	174,454
Non-current	-	420,382	420,382
	174,454	420,382	594,836

13. Trade and other payables

	2018	2017
Trade payables	**90,538**	67,810
Accrued expenses	**43,829**	40,228
Excise duty and VAT payable	**24,472**	19,397
Amounts due to related parties (Note 27(b))	**52,571**	47,878
	211,410	175,313

All trade and other payables are due within one year. The carrying amounts of the payables and accrued expenses (excluding non-financial liabilities) approximate their fair values.

14. Revenue

	2018	2017
By type:		
Gross sales value	**703,513**	627,640
Taxes collected for Government		
Excise duty	**(117,345)**	(107,652)
Value Added Tax (VAT)	**(107,657)**	(95,169)
Total taxes	**(225,002)**	(202,821)
Net revenue	**478,511**	424,819

15. Cost of sales

	2018	2017
Raw materials and material sourcing expenses	**161,802**	167,475
Depreciation (Note 4)	**53,232**	38,968
Staff costs (Note 24(a))	**13,135**	7,633
	228,169	214,076

16. Distribution expenses

Freight and distribution management costs	**23,034**	23,619
Advertising and promotion	**25,099**	20,989
	48,133	44,608

17. Administrative expenses

Staff costs (Note 24(b))	**15,830**	40,973
Depreciation (Note 4)	**8,616**	7,062
Auditor's remuneration	**175**	153
Management fees	**22,018**	19,542
Director's remuneration (Note 27(d))	**419**	448
Royalties	**5,195**	3,346
Maintenance costs	**15,843**	11,661
Insurance	**1,061**	1,244
Information technology costs	**2,740**	2,030
Other administrative costs	**15,541**	15,455
	87,438	101,914

18. Other expenses

Foreign exchange losses	**1,576**	2,714
Sundry expenses	**-**	12,031
Impairment of property, plant and equipment	**16,370**	-
Loss on disposal of property, plant and equipment (Note 4)	**3,203**	2,723
	21,149	17,468

19. Other income

Sundry income	**62**	-
Net income from contract packaging	**3,487**	-
	3,549	-

20. Finance income

Interest income	**-**	88

21. Finance costs

	2018	2017
Intercompany interest expense	**267**	216
Interest on bank overdrafts	**4,694**	4,567
Unrealised exchange loss on borrowings (Note 12)	**51,410**	32,331
	56,371	37,114

22. National fiscal stabilisation levy

The National fiscal stabilisation levy is assessed under the National Fiscal Stabilisation Levy Act, 2009 at 5% on accounting profit before tax, effective July 2013. This levy is not tax deductible. The movement in national fiscal stabilisation levy during the year is as follows:

	2018	2017
At 1 January	**(1,453)**	-
Charge for the year	**2,557**	-
Payments during the year	**(3,176)**	(1,453)
At 31 December	**(2,072)**	(1,453)

23. Income tax expense

Current income tax charge (Note 8)	**13,340**	-
Deferred income tax charge (Note 5)	**10,012**	12,679
	23,352	12,679

The tax charged on the profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate. This is explained as follows:

	2018	2017
Profit before income tax	**40,800**	9,727
Tax calculated at the statutory income tax rate of 25% (2018: 25%)	**10,200**	2,432
Tax effect of:		
Utilisation of previously unrecognised tax losses	**(3,775)**	(2,574)
Disallowable expenses	**16,927**	12,821
	23,352	12,679

24. Staff costs

Staff costs are charged to cost of sales and administrative expenses in profit or loss as shown below.

(a) Cost of sales	**2018**	2017
Remuneration to employees	**11,783**	6,875
Defined contribution - retirement benefits	**486**	275
Social security costs	**866**	483
	13,135	7,633
(b) Administrative expenses		
Remuneration to employees	**14,150**	39,405
Defined contribution - retirement benefits	**576**	357
Social security costs	**1,104**	1,211
	15,830	40,973
	28,965	48,606

The number of persons employed by the Company at year end was 504 (2017: 449). Staff costs for the year ended 31 December 2018 include severance costs of GH¢383,000 (2017: GH¢20.204 million).

25. Cash generated from operations

	2018	2017
Profit before income tax	**40,800**	9,727
Adjustments for:		
Depreciation (Note 4)	**61,848**	46,030
Finance costs (Note 21)	**56,371**	37,114
Finance income (Note 20)	**-**	(88)
Loss on disposal of property, plant and equipment (Note 4)	**3,203**	2,723
Impairment and write off of property, plant and equipment	**16,370**	-
Container write offs (Note 4)	**4,725**	10,055
Changes in working capital:		
(Increase)/decrease in inventories	**24,213)**	4,213
Increase in trade and other receivables	**(31,733)**	(3,504)
Increase in trade and other payables	**36,097**	82,632
Cash generated from operations	**163,468**	188,902

26. Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2018	2017
Cash and bank balances (Note 9)	**16,479**	5,414
Bank overdrafts (Note 12)	**(29,700)**	(31,207)
Cash and cash equivalents	**(13,221)**	(25,793)

27. Related party transactions

The Company is a subsidiary of Overseas Breweries Limited, a company incorporated in Switzerland. The ultimate parent and controlling party of the Company is Anheuser-Busch InBev (ABInBev), a company incorporated in Belgium. Other related parties to the Company, through common shareholding or common directorship, with whom the Company conducted business are: Bevman Services A.G., ABInBev Africa Pty Limited, MUBEX, SABMiller International B.V and ABI Africa BV. Transactions with these related parties include management services, royalties, the purchase of raw materials, spare parts, management services, and royalties. The following transactions were carried out with related parties during the year:

		2018	2017
(a) Purchases of goods and services			
Goods:			
Mubex		83,275	76,132
Services:			
Bevman Services AG	- Management fees	**22,018**	19,542
SABMiller International BV	- Royalties payable	5,195	3,346
		27,213	22,888

27. Related party transactions (Continued)

(b) Year end balances arising from sales/purchases of goods/services

Amounts due to related parties:		
Bevman Services A.G	**6,042**	4,789
SABMiller International BV	**9,298**	4,774
ABInBev Africa (Pty) Ltd	**-**	9
Mubex	**37,231**	38,306
	52,571	47,878

(c) Related party loan balances at reporting date

Overseas Breweries	**189,532**	174,454
ABI Africa BV	**456,714**	420,382
	646,246	594,836

(d) Key management personnel compensation

Key management personnel comprise directors and senior management of the Company. The compensation paid or payable to key management for employee services is shown below:

	2018	2017
Short term employee benefits	**2,551**	1,460
Post-employment benefits	**357**	54
	2,908	1,514
Of which:		
Executive Directors	**419**	448

28. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (mainly foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Financial risk management is carried out by the finance department under ABInBev policies approved by the Board of Directors. The finance department identifies and evaluates financial risks but does not hedge any risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

28.1 Market risk

Market risk is the risk that movements in market rates, foreign exchange rates, interest rates, and commodity prices will reduce the Company's income. The management of market risk is undertaken using policies approved by the Board of Directors.

(i) Foreign exchange risk

The Company seeks to reduce its foreign currency exposure through a policy of matching, as far as possible, assets and liabilities denominated in foreign currencies. The Company imports raw materials from overseas and therefore is exposed to foreign exchange risk arising from Euro, South African Rand (ZAR) and US dollar (USD) exposures. Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies and also making payment to suppliers as soon as possible.

28. Financial risk management (Continued)

At 31 December 2018, the Company's exposure was mainly against the USD, Euro and ZAR. If the Ghana cedi had weakened/strengthened by 1% against these currencies with all other variables held constant, post-tax profit for the year would have been GH¢5,793,165 lower/higher, mainly as a result of USD, ZAR and Euro denominated intercompany payables, trade payables and forex denominated (2017: Post-tax loss would have been higher/lower by GH¢4,664,283).

(ii) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term obligations with a floating interest rate. To manage this risk, the Company's policy is to contract for best interest rate in borrowing from banks and related parties. The Company regularly monitors financing options available to ensure optimum and attractive interest rates are obtained.

The sensitivity analysis for interest rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date.

The Company calculates the impact on profit or loss of a defined interest rate shift of an instantaneous increase or decrease of 1% (100 basis points) in market interest. Based on simulations performed, the impact on post-tax profit for the year of a hypothetical 1% increase/decrease in interest rates would be a maximum decrease/increase respectively in post-tax profit by GH¢46,947 (2017: Increase/decrease in post-tax loss by GH¢46,145).

(iii) Price risk

The Company does not hold any financial assets or liabilities subject to price risk.

28.2 Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The Company has dedicated policies and procedures to control and monitor all such risks. Although the Company is potentially exposed to credit loss in the event of non-performance by counterparties, such credit risk is controlled through credit control policy whereby credit sales are only made to institutional distributors to take advantage of market opportunities. Sales to other customers are mainly on cash basis.

The Company transacts business and hold funds with only reputable and well-established financial institutions.

The Company uses the services of professional debt collectors to follow up on collection of outstanding receivables as and when necessary. The Company does not believe it is exposed to any material concentrations of credit risk.

The amount that best represents the Company's maximum exposure to credit risk at 31 December 2018 and 31 December 2017 is the carrying value of trade receivables, staff receivables, amounts due from related parties, sundry receivables excluding prepayments, and bank balances in the statement of financial position. The Company does not hold any collateral as security. The Company does not grade the credit quality of trade and other receivables. All receivables that are neither past due nor impaired are within the approved credit limits, and no receivables have had their terms renegotiated.

28. Financial risk management (continued)

Ageing profile of trade receivables

Trade receivables comprise

	2018	2017
Not due	**44,043**	63,098
Past due up to 30 days	**59,282**	25,604
Past due more than 30 days but less than 60 days	**17,231**	4,883
Past due more than 60 but less than 90	**2,692**	644
Past due more than 90 days	**5,076**	2,665
	128,324	96,894
Allowance for impairment	**(5,424)**	(3,785)
	122,900	93,109

(ii) Staff and other receivables

Staff receivables are recovered through the monthly payroll in accordance with the payment plan. Outstanding staff receivables for employees who have resigned and those in default are recoverable against the employees' benefits under the Provident Fund Scheme. Staff receivables and other receivables are neither past due nor impaired.

(iii) Cash and cash equivalents

The Company manages credit risk relating to bank balances by having banking relationships with only reputable well established financial institutions licenced by the Bank of Ghana.

28.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company maintains a strong liquidity position and manages the liquidity profile of its assets, liabilities and commitments so that cash flows are appropriately balanced and all funding obligations are met when due.

The Company has overdraft facilities with its bankers which provide the Company with an option to maintaining liquidity and continuity in funding.

The Company evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Company implements strategies to manage its liquidity risk.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available through an adequate amount of committed credit facilities.

Details of bank overdrafts and loan facilities taken on by the Company are disclosed in note 12 to the financial statements.

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed below are the contractual undiscounted cash flows.

28. Financial risk management (continued)
28.3 Liquidity risk (continued)

At 31 December 2018	Due within one year	Due after one year	Total
Related party loans	189,532	456,714	646,246
Bank overdrafts	39,798	-	39,798
Trade and other payables	98,042	-	98,042
	327,372	456,714	784,086
At 31 December 2017			
Related party loans	174,454	420,382	594,836
Bank overdrafts	33,678	-	33,678
Trade and other payables	155,026	-	155,026
	363,158	420,382	783,540

28.4 Capital management

The primary objectives of the Company's capital management are to ensure that the Company is able to meet its debt as they fall due and to maximise shareholder value. The Company's capital is primarily the shareholders' funds. No changes were made in the objectives, policies and processes from previous years.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

There are no externally imposed capital requirements.

The Company's strategy, which remained unchanged during the year, was to maintain a gearing ratio of less than 50%. The gearing ratios at 31 December 2018 and 31 December 2017 were as follows:

	2018	2017
Borrowings (Note 12)	**675,946**	626,043
Less: Cash and cash equivalents (excluding overdrafts)	**(16,479)**	(5,414)
Net debt	**659,467**	620,629
Total equity	**(10,644)**	(25,535)
Total capital	**648,823**	595,094
Gearing ratio	**102%**	104%

29. Basic and diluted earnings

Basic loss per share are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2018	2017
Profit/(loss) for the year	**14,891**	(2,952)
Weighted average number of ordinary shares in issue (in '000)	**249,447**	249,447
Profit/(loss) per share	**0.0597**	(0.0118)

There were no potentially dilutive shares outstanding at 31 December 2018 or 31 December 2017. Dilutive earnings per share are therefore the same as basic earnings per share.

30. Dividend

The directors do not recommend the payment of dividend for the year ended 31 December 2018 (2017: Nil).

31. Contingencies

There were a number of legal proceedings outstanding against the Company at 31 December 2018. Management has assessed the likelihood of these legal proceedings resulting in financial commitments and payments by the Company and concluded that this is not probable. No provision has been made in the financial statements following professional advice and management's assessment of these proceedings.

32. Commitments

There were no capital or other commitments at the financial reporting date (2017: Nil).

33. Events after reporting period

There were no significant events after the reporting date that need to be adjusted or disclosed.

34. Comparative financial information

Where necessary, comparatives have been restated to conform to changes in presentation of the current year.

NOTES Continued

SHAREHOLDERS' INFORMATION

1. Number of shareholders

The Company had 3,028 ordinary shareholders at 31 December 2018 with equal voting rights distributed as follows:

Holding	No. of holders	Holders %	No. of shares	% of Holding
1 - 1,000	2,181	72.03	754,239	0.30
1,001 - 5,000	653	21.56	1,440,851	0.58
5,001 - 10,000	109	3.60	815,318	0.33
10,001 - and over	85	2.81	246,436,256	98.79
	3,028	100.00	249,446,664	100.00

2. 20 Largest shareholdings at 31 December 2018

Shareholders	Number of shares	% Holding
1. OVERSEAS BREWERIES LIMITED	240,971,757	96.60
2. STARLIFE ASSURANCE CO LTD	1,920,000	0.77
3. HOTZ HERMAN	369,884	0.15
4. AMENUVOR	303,262	0.12
5. GAMBRAH FRANCIS THOMPSON	267,000	0.11
6. STAR ASSURANCE COMPANY LIMITED	184,980	0.07
7. UNIQUE TRUST FINANCIAL SERVICE	176,000	0.07
8. AMISSA-FURBERT TONESAN	162,930	0.07
9. DJIN YAW ABOA	100,000	0.04
10. ANDOH OBED ERNEST	97,220	0.04
11. YEBOAH EMMANUEL KWAME	91,616	0.04
12. SAWYERR HENRY ROMULUS	75,000	0.03
13. QUARSHIE SAMUEL OKAI	74,175	0.03
14. ANIN THEOPHILUS ERNEST	69,000	0.03
15. ABABIO ALEXANDER RANSFORD	50,000	0.02
16. ASIEDU EMMANUEL HERMAN	46,000	0.02
17. KWAKYE ROBERT YEMPEW	46,000	0.02
18. QUANSAH ELIZABETH	46,000	0.02
19. AGYEMAN JOSEPH KWESI	43,329	0.02
20. E. N. GANDAA	41,400	0.02
Reported total	245,135,553	98.28
Not reported	4,311,111	1.72
	249,446,664	100.00

FIVE YEAR FINANCIAL SUMMARY

	Year ended 31 December		Nine-month period ended 31 December	Year ended 31 March	
	2018	2017	2016	2016	2015
Income Statement					
Gross revenue	**703,513**	627,640	399,849	426,202	287,451
Less taxes	**(225,002)**	(202,821)	(130,019)	(136,114)	(94,285)
Excise duty	**(117,345)**	(107,652)	(69,623)	(72,106)	(50,804)
Sales tax/VAT	**(107,657)**	(95,169)	(60,396)	(64,008)	(43,481)
Net revenue	**478,511**	424,819	269,830	290,088	193,166
Profit/(loss) before income tax and national fiscal stabilisation levy	**40,800**	9,727	(9,880)	13,994	(61,345)
Profit/(loss) for the period	**14,891**	(2,952)	(7,915)	9,564	(45,651)
No. of shares in thousands	**249,447**	249,447	249,447	249,447	249,447
Earnings/(loss)per share	**0.0597**	(0.0118)	(0.0317)	0.0383	(0.1830)
Statement of financial position					
Gross property, plant and equipment	**833,414**	724,231	569,553	505,154	375,682
Accumulated depreciation	**(167,079)**	(114,509)	(81,553)	(62,085)	(45,752)
Property, plant and equipment - net	**666,335**	609,722	488,000	443,069	329,930
Other non-current assets	**5,187**	7,341	24,370	25,787	26,627
Current assets	**213,750**	158,758	147,688	110,860	138,003
Total assets	**885,272**	775,821	660,058	579,716	494,560
Total liabilities	**(895,916)**	(801,356)	(682,641)	(594,384)	(518,792)
Shareholders' funds – (deficit)	**(10,644)**	(25,535)	(22,583)	(14,668)	(24,232)
Net liabilities per share (in pesewas)	**(0.0427)**	(0.1024)	(0.0905)	(0.0588)	(0.0971)

PROXY FORM

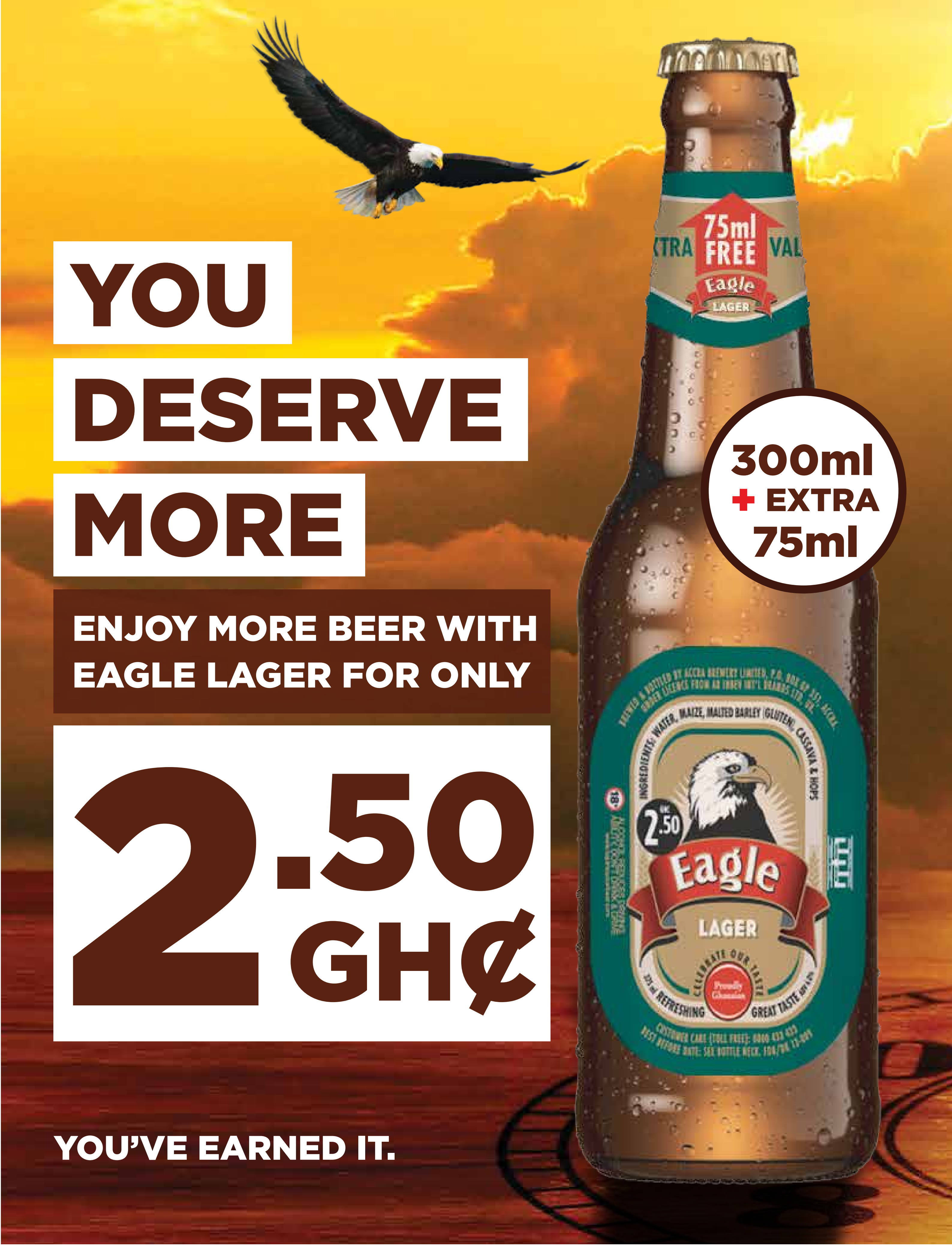
A proud part of the ABInBev family

ANNUAL GENERAL MEETING	FOR COMPANY'S USE NO. OF SHARES		
To be held at Osu Ebenezer Presbyterian Church Conference hall, Osu, Accra on Wednesday, September 25, 2019 at 10.00 a.m.	RESOLUTIONS	FOR	AGAINST
I/We………………..............................……………… [insert full name(s)]	1. To receive the Report of the Directors, the Financial Statements as at December 31, 2018 and the Report of the Independent Auditors thereon.		
being a member(s) of Accra Brewery Limited hereby appoint: -	2. To elect as a Director, Mr. Michael Daramola		
………………….......................………………………..	3. To elect as a Director, Mr. Paul Asamoah		
[insert full name]	4. To approve Directors' Fees		
or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company	5. To authorize the Directors to fix the remuneration of the Auditors		
to be held on Wednesday, September 25, 2019 and at any and every adjournment thereof.	6. To approve the Renounceable Rights Offer & Tender Offer.		
Dated this 2nd day of September, 2019 Shareholder's Signature ……………………………	Please indicate an 'X' in the appropriate square how you wish your votes to be cast on the resolutions referred to above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.		

THIS PROXY FORM SHOULD NOT BE COMPLETED AND SENT TO THE REGISTRAR IF HE MEMBER WILL BE ATTENDING THE MEETING

NOTES

1. A member [shareholder] who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The above 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 wish you may insert in the blank space marked * 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 of the meeting.
3. In the case of joint shareholders, each joint holder should sign.
4. If executed by a corporation, the Proxy Form should 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 48 hours before the meeting.
6. The Proxy must produce the admission card sent with the Report and Accounts to obtain entrance to the meeting.



FOR PEOPLE OVER THE AGE OF 18 ONLY
www.tapintoyourbeer.com

ACCRA BREWERY LIMITED

A proud part of the ABInBev family