QUANTUM TERMINALS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2019

QUANTUM TERMINALS PLC
ANNUAL REPORTS AND FINANCIAL STATEMENTS

INDEX

QUANTUM TERMINALS PLC

CORPORATE INFORMATION

BOARD OF DIRECTORS	Emmanuel Egyei-Mensah - *Executive Chairman* Felix Gyekye Amma Addo-Fening Abena Amoah
REGISTERED OFFICE	E17/9 Ablade Road, Kanda P. O. Box CT 4377 Cantonments Accra
SECRETARY	Damaris Tanoh-Rivers E17/9 Ablade Road, Kanda P. O. Box CT 4377 Cantonments Accra
AUDITOR	KPMG Chartered Accountants 13 Yiyiwa Drive Abelenkpe P. O. Box GP 242 Accra
BOND TRUSTEES	Guaranty Trust Bank Ghana Limited
BANKERS	Stanbic Bank Ghana Limited Standard Chartered Bank Ghana Limited

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
QUANTUM TERMINALS PLC

The Directors present their report and the financial statements of the Company for the year ended 31 December 2019.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

NATURE OF BUSINESS/ PRINCIPAL ACTIVITIES

The Company is registered to build, own and operate petroleum tank farms in Ghana, and also to process and blend petroleum products. There was no change in the nature of business of the Company during the year.

OBJECTIVES OF THE COMPANY

The objective(s) of the company is to construct and manage petroleum tank farms.

HOLDING COMPANY

The Company is a wholly owned subsidiary of the Quantum Terminals Group Limited, a company incorporated in Ghana. Its ultimate parent is Arch Holding limited.

SUBSIDIARIES OF THE COMPANY

The Company does not directly or indirectly own any subsidiary as at 31 December, 2019

REPORT OF THE DIRECTORS TO THE MEMBERS OF QUANTUM TERMINALS PLC- (CONT'D)

FINANCIAL STATEMENTS/ BUSINESS REVIEW

The financial results for the year ended 31 December 2019 is reflected in the accompanying financial statements. The directors consider the state of the company's affairs to be satisfactory despite challenges faced during the year. The directors project a positive business outlook for the coming year following the resolution of the challenges faced during the current year.

Five year financial highlights

	2019	2018	2017	2016	2015
Operating results:	GH¢	GH¢	GH¢	GH¢	GH¢
Revenue	24,439,795	25,115,812	38,094,126	23,738,368	15,494,56
EBITDA	18,159,313	18,504,022	33,449,658	19,389,405	9,740,228
(Loss)/Profit after tax	(2,277,874)	8,551,543	17,895,978	4,925,022	(811,817)
EPS	(0.03)	0.12	0.26	0.07	(81.18)
Financial position results					
Property, Plant & Equipment	114,829,885	125,100,524	81,973,134	101,153,705	102,075,290
Other Non-Current Assets	52,820,599	44,623,005	132,856,735	99,391,975	78,395,955
Current Assets	31,703,803	30,088,584	8,393,429	8,184,670	6,868,421
Total Assets	199,354,287	199,812,113	223,223,298	208,730,350	187,339,666
Non-current Liabilities	101,090,825	108,296,648	23,574,700	30,270,964	120,877,584
Current Liabilities	22,850,557	13,824,686	15,468,638	24,368,162	3,395,879
Equity	75,412,905	77,690,779	184,179,960	154,091,224	63,066,203
Total Equity and Liabilities	199,354,287	199,812,113	223,223,298	208,730,350	187,339,666

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
QUANTUM TERMINALS PLC- (CONT'D)

PARTICULARS OF ENTRIES IN THE INTERESTS REGISTER DURING THE FINANCIAL YEAR

No Director had any interest in contracts and proposed contracts with the Company during the year under review, hence there were no entries recorded in the Interests Register as required by 194(6),195(1)(a) and 196 of the Companies Act 2019, (Act 992).

RELATED PARTY TRANSACTIONS

No Director has any interest in any shares or loan stock of the company. No director had a material interest in any contract to which the company was a party during the year. Related party transactions and balances are also disclosed in note 18 to the financial statements.

CORPORATE SOCIAL RESPONSIBILITY AND CODE OF ETHICS

QTPLC incurred a total expenditure of GH¢116,369 (2018:GH¢73,196) on its various corporate social responsibility (CSR) activities. The Company focus its CSR activities on educational improvement and community safety. The educational programmes include teacher motivation allowances, provision of learning materials, improvement of existing school buildings, provision of water and electricity for selected schools within the community. In the area of community safety, the Company engages at its own cost traffic wardens who directs the movement of LPG Bulk Road Vehicles and human traffic within the communities to ensure road safety. The company on regularly basis undertakes community sensitization programs that creates awareness of the impact of the company's operations on the community and the emergency management plan in the event of any adverse incident.

In addition to the above, the company embarks on a jointly managed CSR programs with Sage Distribution Limited and Ghana National Gas Company in the various communities within the Ellembelle District Assembly in the Western Region. In the year 2019, the joint CSR completed and commissioned three projects in the area of education namely; Teachers' Quarters and a Nursery at Asem-Nda and another teachers quarters at Anokyi.

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
QUANTUM TERMINALS PLC- (CONT'D)

BOARD OF DIRECTORS

PROFILE

Executive	Qualification	Outside board and management position
Emmanuel Egyei-Mensah	Master of Science degree in Business Administration from the University of Ghana, Legon. Member of the Institute of Chartered Accountants (Ghana) and the Chartered Institute of Taxation (Ghana)	Director on the Board of all related companies disclosed in Note 18
Non-executive		
Abena Amoah	Bachelor of Science degree in Business Administration from the University of Ghana Business School	-
Amma Addo-Fening	Master of Law degree in Oil & Gas from the University of Ghana, Legon. She was called to the Ghana Bar in 2010	-
Felix Gyekye	Master of Science degree in Business Administration. Member of the Institute of Chartered Accountants (Ghana) and a fellow of the Association of Chartered Certified Accountants (United Kingdom)	Director, Cardinal Petroleum Limited. Director, Glory Oil Company Limited Director, Association of Oil Marketing Companies

Biographical information of directors

Age category	Number of directors
41 – 60 years	4

ROLE OF THE BOARD

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

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
QUANTUM TERMINALS PLC- (CONT'D)

INTERNAL CONTROL SYSTEMS

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

DIRECTORS' PERFORMANCE EVALUATION

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

CONFLICT OF INTEREST

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

BOARD BALANCE AND INDEPENDENCE

The composition of the board of directors and its Committees is regularly reviewed to ensure that the balance and mix of skills, independence, knowledge and experience is maintained. The Board considers that the Chairman is independent on appointment and all non-Executive Directors are independent as it pertains to the management of the company. The continuing independent and objective judgement of the non-Executive Directors has been confirmed by the Board of Directors

PROFESSIONAL DEVELOPMENT AND CAPACITY BUILDING OF DIRECTORS TO DISCHARGE THEIR DUTIES

On appointment to the Board, directors are provided with a full, formal and tailored programme of induction, to familiarise them with the Company's business, the risks and strategic challenges it faces, and the economic, competitive, legal and regulatory environment in which the Company operates. A programme of strategic and other reviews during the year, together with other trainings provided from time to time, ensures that directors continually update their skills, their knowledge and familiarity with the Company's business, and their awareness of sector, risk, regulatory, legal, financial and other developments to enable them to fulfil effectively their role on the Board and committees of the Board.

AUDITOR

The audit committee has responsibility delegated from the board of directors for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor. KPMG has been the auditor of Quantum Terminals PLC for six (6) years. KPMG does not provide non-audit services to the Company.

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
QUANTUM TERMINALS PLC- (CONT'D)

AUDIT FEES

As at 31 December 2019, the amount payable in respect of audit fees was GH¢150,000.

APPROVAL OF THE REPORT OF DIRECTORS

The report of the directors of Quantum Terminals PLC, was approved by the board of directors on ...15 May..., 2020 and signed on their behalf by:

....	....
Signature	**Signature**
EMMANUEL EGYEI-MENSAH	AMMA ADDO-FENING
Name of Executive Chairman	**Name of Director**

KPMG

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
QUANTUM TERMINALS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Quantum Terminals PLC ("the Company"), which comprise the statement of financial position at 31 December 2019 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 64.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

KPMG

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
QUANTUM TERMINALS PLC (CONT'D)

Revenue [GH¢24,439,795] Refer to Note 6 to the financial statements	
The key audit matter	How the matter was addressed in our audit
The Company generates revenue from storage services, rack loading services and development cost reimbursement. The Company depends solely on a related party, for all its revenues. The relationship between the Company and its related party poses an opportunity for management to inappropriately recognise revenue to show a favourable financial performance. Given the significance of the amount generated as revenue from the related party who is also a sole customer, we consider recognition of revenue as a key audit matter.	In this area, our audit procedures included the following -Testing of the design and implementation and operating effectiveness of relevant controls within the revenue recognition process which includes key IT application and manual controls. -Agreeing underlying documents in support of revenue to the recorded amount in the general ledger. -Re-computing revenue recognised in the year taking into consideration the volume of Liquefied Petroleum Gas stored and the agreed prices. -Performing procedures to ensure revenue was recorded in the appropriate accounting period. -Evaluating the adequacy of the Company's disclosures on revenue recognition in the financial statements in accordance with the applicable financial reporting framework.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 2019 (Act 992) and Corporate Information but does not include the financial statements and our auditor's report thereon.

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

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

KPMG

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
QUANTUM TERMINALS PLC (CONTD)

Responsibilities of the Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

KPMG

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
QUANTUM TERMINALS PLC (CONTD)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Nathaniel D. Harlley (ICAG/P/1056).

....

For and on behalf of:
KPMG: (ICAG/F/2020/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

15 May, 2020

QUANTUM TERMINALS PLC
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	Note	2019 GH¢	2018 GH¢
ASSETS			
Property, plant and equipment	12	114,829,885	125,100,524
Amount due from related parties	18(c)(ii)	52,820,599	44,623,005
Non-current assets		167,650,484	169,723,529
Inventories	13	15,796	53,733
Trade and other receivables	14	4,341,245	6,032,173
Other assets	14(b)	8,876,085	7,738,847
Cash and cash equivalents	15	18,470,677	16,263,831
Current assets		31,703,803	30,088,584
TOTAL ASSETS		199,354,287	199,812,113
EQUITY			
Share capital	19(a)	70,000,000	70,000,000
Deposit for shares	19(b)	47,292,758	47,292,758
Revaluation reserve	19(c)	58,159,327	63,862,283
Retained earnings	19(d)	35,452,197	39,504,417
Fair valuation reserve	19(e)	(135,491,377)	(142,968,679)
Total equity		75,412,905	77,690,779
LIABILITIES			
Deferred tax liability	11(d)	21,839,531	25,023,500
Loans and borrowings	16	79,251,294	83,273,148
Non-current Liabilities		101,090,825	108,296,648
Loans and borrowings	16	15,975,149	5,967,512
Trade and Other payables	17	2,810,903	1,966,787
Amount due to related parties	18(c)(i)	712,931	2,422,187
Current tax liabilities	11(b)	3,351,574	3,468,200
Current liabilities		22,850,557	13, 824,686
Total liabilities		123,941,382	122,121,334
TOTAL EQUITY AND LIABILITIES		199,354,287	199,812,113

These financial statements were approved by the Board of Directors on ..15 May.., 2020 and signed ~~on their behalf~~ by

.... **Signature**	.... **Signature**
EMMANUEL EGYEI-MENSAH	AMMA ADDO-FENING
Name of Executive Chairman	**Name of Director**

The notes on pages 18 to 64 are an integral part of these financial statements.

QUANTUM TERMINALS PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 GH¢	2018 GH¢
Revenue	6	24,439,795	25,115,812
Direct costs	7	(10,845,780)	(6,444,416)
Gross profit		13,594,015	18,671,396
Other income	8	3,381,453	1,874,560
General and administrative expenses	9(a)	(9,337,316)	(8,175,772)
Impairment reversal/(loss) on trade receivables	20(i)	13,739	(3,798)
Operating profit		7,651,891	12,366,386
Impairment reversal on related party receivable	20(i)	801,840	2,383,588
Finance income		8,300,669	5,647,264
Finance cost		(22,182,869)	(11,868,702)
Net finance costs	10	(13,882,200)	(6,221,438)
(Loss)/Profit before tax		(5,428,469)	8,528,536
Income tax charge	11(a)	3,150,595	23,007
(Loss)/Profit after tax		(2,277,874)	8,551,543
Other Comprehensive income			
Items that may not be reclassified to profit or loss			
Revaluation of property, plant and equipment	19(c)	-	47,921,032
Related tax	11(d)	-	(11,980,258)
		-	35,940,774
Total Comprehensive income for the year		(2,277,874)	44,492,317
Earnings per share			
Basic earnings per share	21	(0.03)	0.12
Diluted earnings per share	21	(0.03)	0.12
EBITDA	22	18,159,313	18,504,022

The notes on pages 18 to 64 are an integral part of these financial statements.

QUANTUM TERMINALS PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

2019	Stated Capital GH¢	Deposit for Shares GH¢	Revaluation Reserve GH¢	Retained Earnings GH¢	Fair value Reserve GH¢	Total GH¢
Balance at 1 January	70,000,000	47,292,758	63,862,283	39,504,417	(142,968,679)	77,690,779
Total Comprehensive Income						
Loss for the year	-	-	-	(2,277,874)	-	(2,277,874)
Total Comprehensive Income	-	-	-	(2,277,874)	-	(2,277,874)
Transfers within equity						
Transfer to retained earnings for excess depreciation on Revalued property, plant and equipment	-	-	(5,702,956)	5,702,956	-	-
Transfer to retained earnings for unwinding of related party receivables	-	-	-	(7,477,302)	7,477,302	-
Total transfers within equity	-	-	(5,702,956)	1,774,346	7,477,302	
Balance at 31 December 2019	70,000,000	47,292,758	58,159,327	35,452,197	(135,491,377)	75,412,905

The notes on pages 18 to 64 are an integral part of these financial statements.

QUANTUM TERMINALS PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

2018

	Stated Capital GH¢	Deposit for Shares GH¢	Revaluation Reserve GH¢	Retained Earnings GH¢	Fair value Reserve GH¢	Total GH¢
Balance at 1 January	70,000,000	47,292,758	31,456,150	35,431,052	-	184,179,960
Adjustment on initial application of IFRS 9	-	-	-	(3,672,384)	-	(3,672,384)
Restated balance at 1 January	70,000,000	47,292,758	31,456,150	31,758,668	-	180,507,576
Total Comprehensive Income						
Profit for the year	-	-	-	8,551,543	-	8,551,543
Revaluation gain, net tax	-	-	35,940,774	-	-	35,940,774
Total Comprehensive Income	-	-	35,940,774	8,551,543	-	44,492,317
Transactions with owners of the company						
Fair valuation of related party receivables	-	-	-	-	(147,309,114)	(147,309,114)
Total transactions with owners of the company	-	-	-	-	(147,309,114)	(147,309,114)
Transfers within equity						
Transfer to retained earnings for excess depreciation on Revalued property, plant and equipment	-	-	(3,534,641)	3,534,641 -		-
Transfer to retained earnings for unwinding of related party receivables	-	-	-	(4,340,435)	4,340,435	-
Total transfers within equity	-	-	(3,534,641)	(805,794)	4,340,435	-
Balance at 31 December 2018	70,000,000	47,292,758	63,862,283	39,504,417	(142,968,679)	77,690,779

The notes on pages 18 to 64 are an integral part of these financial statements.

QUANTUM TERMINALS PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 GH¢	2018 GH¢
Cash flows from operating activities			
(Loss)/Profit after tax		(2,277,874)	8,551,543
Adjustments for:			
Depreciation	12	10,521,161	6,133,838
Tax expense	11(a)	(3,150,595)	(23,007)
Impairment (reversal)/ loss on trade receivables	20(i)	(13,739)	3,798
Reversal of impairment of related party receivables	20(i)	(801,840)	(2,383,588)
Finance cost	10	22,182,869	11,868,702
Imputed interest on related party receivables	10	(7,477,302)	(4,340,435)
Effect of movement in exchange rates on cash held		(2,184,688)	(469,553)
		16,797,992	19,341,298
Changes in working capital:			
Inventories	13	37,937	(9,784)
Trade and other receivables	14	1,704,667	(81,802)
Other assets	14(b)	(1,137,238)	(5,813,477)
Trade and other payables	17	844,116	(262,991)
Amount due to related parties	18(c)(i)	(1,709,256)	2,280,749
Cash generated from operating activities		16,538,218	15,453,993
Tax paid	11(b)	(150,000)	(2,941,958)
Interest paid		(16,204,768)	(7,805,026)
Net Cash from Operating Activities		183,450	4,707,009
Cash flows from Investing Activities			
Acquisition of property, plant and equipment	12	(56,915)	(1,340,197)
Funds received/(provided) to related parties	18(b)	2,965,520	(55,992,299)
Net Cash from/ (used in) investing activities		2,908,605	(57,332,496)
Cash flows from financing activities			
Repayment of borrowings	16(d)	(3,038,697)	(17,328,330)
Proceeds from borrowings	16(d)	-	85,699,314
Payment on lease liabilities		(31,200)	-
Net cash (used in)/ from financing activities		(3,069,897)	68,370,984
Net Increase in Cash and Cash Equivalents		22,158	15,745,497
Effect of movement in exchange rates on cash held		2,184,688	469,553
Cash and Cash Equivalents at 1 January		16,263,831	48,781
Cash and cash equivalents at 31 December	15	18,470,677	16,263,831

The notes on pages 18 to 64 are an integral part of these financial statements.

QUANTUM TERMINALS PLC
NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Quantum Terminals PLC is incorporated in Ghana under the Companies Act 1963 (Act 179) as a Public Limited Company and is domiciled in Ghana. The address of the company's registered office and principal place of business can be found on page 2. The company is primarily involved in the building, ownership and operation of petroleum tank farms in Ghana and also in the processing and blending of petroleum products. These financial statements comprise the individual financial statements of the Company as at and for the year ended 31 December 2019.

The Company is listed on the Ghana Stock Exchange.

2. BASIS OF PREPARATION

a. Statement of compliance

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

Details of the Company's accounting policies during the year are included in Note 4.

This is the first set of the Company's annual financial statements in which IFRS 16 *Leases* have been applied. The related changes to significant accounting policies are described in Note 3.

b. Basis of measurement

These financial statements have been prepared on the historical cost basis except for some classes of property, plant and equipment which is measured on revaluation basis.

c. Functional and presentation currency

These financial statements are presented in Ghana cedis (GH¢) which is the company's functional currency. All amounts have been rounded to the nearest Ghana cedi, unless otherwise indicated.

d. Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

2. BASIS OF PREPARATION (CONT'D)

d. Use of estimates and judgments (Cont'd)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities in the year ending 31 December 2019 is set out below and in the following note:

Note 20(i) – measurement of expected credit loss allowance for trade receivables and amount due from related parties; key assumptions in determining the weighted-average loss rate.

Note 12- determining the fair value of some classes of property, plant and equipment.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has initially applied IFRS 16 from 1 January 2019. A number of other new standards are also effective from 1 January 2019, but they do not have a material effect on the Company's financial statements.

The Company applied IFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated –i.e. it is presented as previously reported under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

a) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease.* The Company now assesses whether a contract is or contains a lease based on the definition of a lease as explained in Note 4(e).

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

b) As a lessee

As a lessee, the Company mainly leases property. The Company previously classified as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases –i.e. these leases are on-balance sheet.

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

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) As a lessee (Cont'd)

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company

- did not record a lease liability or right-of-use asset for leases with a remaining term of less than 12 months as at 1 January 2019
- used hindsight in determining the lease term
- exclude initial direct cost from the measurement of the right-of-use asset at the date of initial application

Impact on transition

On transition to IFRS 16, the Company recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

In Ghana cedis	1 January 2019
Right-of-use assets – property, plant and equipment	68,950
Prepayment	(68,950)
Lease liabilities	(31,200)

The lease liabilities for leases that were classified as operating leases represent undiscounted accrued lease at 1 January 2019.

The Company has presented right-of-use of asset that do not meet the definition of investment property within property, plant and equipment.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except if mentioned otherwise.

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency (GH¢) of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates prevailing on the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency gains and losses are reported on a net basis under general and administrative expenses or other income. However, net foreign exchange gains on loans and borrowings are recognized as part of the net finance cost.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

Financial assets

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

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

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments (Cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets - Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

QUANTUM TERMINALS PLC
NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments (Cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest

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

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

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

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

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

Financial liabilities - Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost. The Company's financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments (Cont'd)

(iii) Derecognition

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

Financial liabilities
The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.
On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

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

(c) Impairment

(i) Non-derivative financial assets

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for amounts due from related parties which are measured at 12-month ECLs.
Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.
The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Impairment (Cont'd)

(ii) Non-derivative financial assets(Cont'd)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.
12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

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

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

Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax asset) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount.
Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(d) Property, Plant and Equipment

(i) Recognition and measurement

Property, plant and equipment are carried at revalued amounts less subsequent accumulated depreciation and any accumulated impairment except for motor vehicles which are carried at cost less accumulated depreciation and any accumulated impairment. The fair values are determined every three (3) years by external, independent, professional valuers. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.
An increase in the carrying amount of the asset as a result of revaluation is recognized in other comprehensive income and accumulated in equity under revaluation reserve.

However, a decrease in the carrying amount of the asset as a result of revaluation is recognized in profit or loss. The decrease is recognized in other comprehensive to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

Subsequent to revaluation, relevant portions of the revaluation reserve is transferred to retained earnings as the asset is depreciated, with the balance being transferred on ultimate disposal.

The cost of self-constructed assets includes the cost of materials and direct labour, capitalised borrowing costs and any other costs directly attributable to bringing the asset into a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives they are accounted for as separate items (major components) of property, plant, and equipment.
Any gain or loss on the disposal of an item of property, plant and equipment is recognized in profit or loss

(ii) Subsequent costs

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value.
Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives of the right of use assets. Owned undeveloped land is not depreciated
The estimated useful lives for the current and comparative periods are as follows:

Buildings	-	50 years
Right of Use Assets	-	2-50 years
Motor Vehicles	-	3 years
Furniture and Fittings	-	2-5 years
Civil Works	-	50 years
Plant and Machinery	-	2-25 years

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

(e) Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in Note 3.

Policy applicable from 1 January 2019

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

- the contract involves the use of identified asset- this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
    - the Company the right to operate the asset; or
    - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into or changed, on or after 1 January 2019.

QUANTUM TERMINALS PLC
NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Company as a Lessee

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

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

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

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

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

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

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

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

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

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

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

Short term leases and leases of low-value assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Policy applicable before 1 January 2019

The Company as a Lessee

The leases entered into by the Company are primarily operating leases. The total payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Where the Company is a lessee under finance leases, the leased assets are capitalized and included in property and equipment with a corresponding liability to the lessor recognised in other liabilities.

Financing charges payable are recognised over the period of the lease based on the interest rate implicit in the lease to give a constant periodic rate of return.

(f) Revenue from contract with customer

Revenue is recognised when the customer obtains control of the fuel storage service provided by the company over time. Revenue is recognised based on the stage of completion. The stage of completion for determining the amount of revenue to recognise is assessed based on the quantity of LPG stored in their facility.
Revenue is measured at the fair value of the consideration received or receivable, net of sales taxes, discounts, and other similar deductions.

(g) Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Income tax (Cont'd)

Deferred tax (Cont'd)

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

(h) Segment reporting

A segment is a distinguishable component of the company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(i) Employee Benefits

Short term benefits
Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the company has a present legal and constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contributions plans (Social Security)
Under a National Pension Scheme, the company contributes 13% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions under the terms of the Pension Act 2008 (Act 766). The company's obligation is limited to the relevant contributions, which have been provided in these financial statements. The pension liabilities and obligations, however, rest with SSNIT.

(j) Finance income and finance cost

The Company's finance income and finance cost includes interest income on funds invested or held in bank accounts, interest expenses on borrowings, foreign currency gain or loss on borrowings, bank charges and unwinding of day-one gains or losses arising on fair vale measurement

Interest income and expense is recognised, as it accrues in profit or loss, using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

(k) Earnings per Share

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Earnings per Share (Cont'd)

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

(l) Stated Capital

Ordinary shares

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

(m) Subsequent Events

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

(n) Operating profit

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

(o) Capital work in progress

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

(p) New standards and interpretations not yet adopted

At the date of authorisation of the financial statements of the Company for the year ended 31 December 2019, the following Standards and Interpretations were in issue but are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not early adopted them in preparing this financial statements. Those that are relevant to the Company's financial statements are:

Standard/Interpretation		**Effective date Periods beginning on or after**
Conceptual Framework	Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
IAS 1 and IAS 8	Definition of Material	1 January 2020

Amendments to References to Conceptual Framework in IFRS Standards

Conceptual Framework

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

Although we expect this to be rare, some companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

The Company does not intend to use the Framework as a reference for selecting its accounting policies in the absence of specific IFRS requirements and therefore does not expect this to impact the Company significantly.

Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.
The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."
The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality and would, therefore, not have a significant impact on the Company.

5. DETERMINATION OF FAIR VALUES

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.
When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If transaction is with the Shareholder, then the difference between the transaction price and the fair value is recognised directly in equity.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

Some of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The Company regularly reviews significant unobservable inputs and valuation adjustments. When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in the fair value hierarchy based on inputs used in the valuation techniques as follows:

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

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

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

Further information about the assumptions made in determining fair values is included in note 20 financial instrument – fair value and risk management.

QUANTUM TERMINALS PLC
NOTES TO THE FINANCIAL STATEMENTS

6. REVENUE

	2019	2018
Throughput Fees:	**GH¢**	**GH¢**
Storage services	1,729,933	1,808,825
Rack loading Service	2,421,905	2,532,356
	4,151,838	4,341,181
Other Revenue		
Development cost reimbursement*	20,287,957	20,774,631
	24,439,795	25,115,812

*This relates to payments made by Sage Distribution Limited (a related party) to Quantum Terminals PLC (QTPLC) above NPA approved comparative charges by other operators of US$12/MT. This is required by the financing agreements signed between Sage, QTPLC and its Lenders in order for the company to meet its financial obligations arising from the development of the company's tank farm at Anokyi which is used exclusively by Sage Distribution Limited.

7. DIRECT COSTS

	2019	2018
	GH¢	**GH¢**
Utilities	242,219	272,808
Staff Costs (Note 9b)	2,055,037	1,565,244
Operational Supplies and Consumables	15,859	8,214
Depreciation of plant and machinery	8,532,665	4,598,150
	10,845,780	6,444,416

8. OTHER INCOME

	2019	2018
	GH¢	**GH¢**
Residual gas	837,088	1,144,192
Net foreign exchange gain	2,544,365	674,847
Hiring/rental fees	-	55,521
	3,381,453	1,874,560

QUANTUM TERMINALS PLC
NOTES TO THE FINANCIAL STATEMENTS

9(a). GENERAL AND ADMINISTRATIVE EXPENSES

	2019 GH¢	2018 GH¢
Staff costs (Note 9b)	948,172	1,225,719
Advertising and Promotions	7,168	3,450
Consultancy Services	587,651	670,550
Donations	73,720	96,200
IT service charge	585,136	476,998
Rent and rates	90,162	130,003
Repairs and maintenance	265,958	498,864
Utilities	115,602	120,609
Auditor's Remuneration	154,800	136,000
Corporate social responsibility	116,369	73,196
Foreign Exchange Loss	-	356,293
Communication services	28,466	22,623
Travel and Accommodation Expenses	273,938	390,689
Security expenses	315,015	310,036
Insurance expenses	299,438	316,170
Fuel expenses	151,149	133,597
Tax charges and penalties*	794,469	-
Other expenses (Note 9c)	2,212,823	1,326,069
Health and safety	131,690	174,555
Depreciation	1,988,496	1,535,688
Licenses and Fees	197,094	163,463
Registrations and Documentations	-	15,000
	9,337,316	8,175,772

* The tax authorities carried out a tax audit relating to 2014 to 2017 years of assessment. The audit resulted in an additional accepted tax liability of GH¢ 794,469 relating to VAT liability of GH¢ 383,743, PAYE and Withholding Liability Tax of GH¢ 410,726. These additional liabilities which include interest have been incorporated into the 2019 financial statements.

9(b). STAFF COSTS

	2019 GH¢	2018 GH¢
Staff bonus	142,641	55,500
Staff training and development	25,503	72,392
Salaries and wages	2,057,165	1,866,365
Social Security contribution	210,376	186,935
Meals and canteen	567,524	609,771
Total Staff Cost	3,003,209	2,790,963
Direct Staff Cost	2,055,037	1,565,244
Indirect Staff Cost	948,172	1,225,719
	3,003,209	2,790,963

The number of persons employed by the Company at the end of the year was 53 (2018: 46).

9(c) OTHER EXPENSES

	2019 GH¢	2018 GH¢
General office expenses	309,882	345,496
Group cost recovery expense	1,869,228	934,614
Office supplies and consumables	33,713	45,959
	2,212,823	1,326,069

10. NET FINANCE COSTS

	2019 GH¢	2018 GH¢
Bank charges	(26,796)	(15,423)
GFIM bond interest and charges	(11,953,668)	(9,516,902)
EAIF loan interest and charges	(6,278,951)	(2,336,377)
Net exchange loss on borrowings	(3,923,454)	-
Finance cost	(22,182,869)	(11,868,702)
Net exchange gain on borrowings	-	688,134
Imputed finance income on related party receivable***	7,477,302	4,340,435
Interest income	823,367	618,695
Finance income	8,300,669	5,647,264
Net finance cost	(13,882,200)	(6,221,438)

***The imputed interest relates to the fair value interest income on the interest-free related party receivables in note 18(cii). The amount was derived by multiplying the present value of the receivables by the market rate of interest of 20% on the cedi receivable and 10% on the dollar receivable. This interest is non-cash and not receivable. The imputed interest amount increases the amortised cost of the receivable as at the year-end.

11. TAXATION

	2019 GH¢	2018 GH¢
(a) Amount recognized in profit or loss		
Current tax expense		
Current year	-	881,601
Changes in estimate from prior year	33,374	-
	33,374	881,601
Deferred tax charge	(3,183,969)	(904,608)
	(3,150,595)	(23,007)

11. TAXATION (CONT'D)

(b) Current tax liabilities

2019	Balance at 1/1 GH¢	Payments during the year GH¢	Charge for the year GH¢	Balance at 31/12 GH¢
Up to 2017	2,586,599	(100,000)	33,374	2,519,973
2018	881,601	-	-	881,601
2019	-	(50,000)	-	(50,000)
	3,468,200	(150,000)	33,374	3,351,574

2018	Balance at 1/1 GH¢	Payments during the year GH¢	Charge for the year GH¢	Balance at 31/12 GH¢
2017	5,173,197	(2,586,598)	-	2,586,599
2018	-	-	881,601	881,601
	5,173,197	(2,586,598)	881,601	3,468,200

The above tax position is subject to agreement with the Ghana Revenue Authority (GRA).
The tax authorities carried out a tax audit covering 2014 to 2017 years of assessment. The audit resulted in additional corporate income tax liability of GH¢1,079,662. The company accepted corporate income tax liability of GH¢33,374 and it's contesting corporate income tax liability of GH¢ 1,046,288. The company has written to the Tax Authorities relating to this issue and the final position is yet to be agreed.

(c) Reconciliation of effective tax rate

	2019 GH¢	2018 GH¢
(Loss)/Profit before taxation	(5,428,469)	8,528,536
Income tax using the statutory rate of 25%	(1,357,117)	2,132,134
Effect of non- deductible expenses	42,474	(477,585)
Effect of non-taxable income	(1,869,326)	(1,677,556)
Changes in estimates related to prior years	33,374	-
Tax charge	(3,150,595)	(23,007)
Effective Tax Rate	58%	(0.27%)

QUANTUM TERMINALS PLC
NOTES TO THE FINANCIAL STATEMENTS

11. TAXATION (CONT'D)

(d) Deferred tax liability

	2019 GH¢	2018 GH¢
Balance at 1 January	25,023,500	13,947,850
Charge to profit or loss	(3,183,969)	(904,608)
Charge to other comprehensive income	-	11,980,258
Balance at 31 December	21,839,531	25,023,500

(e) Movement in deferred tax liabilities

Deferred tax liabilities are attributable to the following

2019

Deferred Tax (Assets)/Liabilities	Net Balance At 1/1 GH¢	Recognised in Profit and Loss GH¢	Recognised in OCI GH¢	Balance at 31/12 GH¢
Property, plant and equipment	25,023,500	(1,568,683)	-	23,454,817
Carried Forward losses	-	(1,615,286)		(1,615,286)
	25,023,500	(3,183,969)	-	21,839,531

Recognition of deferred tax assets of GH¢1,615,286 (2018:Nil) is based on management's profit forecasts,(which are based on the available evidence, including historical levels of profitability), which indicates that it is probable that the Company will have future taxable profits against which these assets can be utilised.

2018

Deferred Tax (Assets)/Liabilities	Net Balance At 1/1 GH¢	Recognised in Profit and Loss GH¢	Recognised in OCI GH¢	Balance at 31/12 GH¢
Property, plant and equipment	13,947,850	(904,608)	11,980,258	25,023,500
	13,947,850	(904,608)	11,980,258	25,023,500

(f) Tax Losses Carried Forward

Tax losses for which no deferred tax asset was recognised expire as follows.

	2019 GH¢	Expiry Date	2018 GH¢	Expiry Date
Losses carried forward	1,615,286	2019-2022	-	-

QTPLC incurred tax losses which they expect to recover in within three years based on the Income Tax Act , 2015 (Act 895) which stipulates that a person operating in a sector other than a priority sector is allowed to deduct an unrelieved loss for any of the three (3) previous years of assessment in ascertaining the person's income from business or from investment for a year of assessment.

QUANTUM TERMINALS PLC
NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

2019
Cost/Valuation

	Land and Building GH¢	Civil Works GH¢	Motor Vehicles GH¢	Office Equipment GH¢	Plant and Machinery GH¢	Capital work -in- Progress GH¢	Total GH¢
At 1/1/2019	15,939,191	45,287,235	852,564	982,908	63,229,051	1,516,827	127,807,776
Recognition of RoU asset on initial application of IFRS 16	68,950	-	-	-	-	-	68,950
Adjusted balance at 1 January 2019	16,008,141	45,287,235	852,564	982,908	63,229,051	1,516,827	127,876,726
Additions	149,323	-	-	23,446	8,063	740	181,572
At 31/12/2019	16,157,464	45,287,235	852,564	1,006,354	63,237,114	1,517,567	128,058,298
Accumulated Depreciation							
At 1/1/2019	57,646	163,788	576,563	81,960	1,827,295	-	2,707,252
Charge for the year	412,676	982,724	98,517	494,579	8,532,665	-	10,521,161
At 31/12/2019	470,322	1,146,512	675,080	576,539	10,359,960	-	13,228,413
Carrying amounts							
At 31/12/2019	15,687,142	44,140,723	177,484	429,815	52,877,154	1,517,567	114,829,885
Comprising of							
Surplus on revaluation	12,599,522	27,124,791	-	232,551	36,457,807	-	76,414,671
Cost of assets revalued	3,087,620	17,015,932	177,484	197,264	16,419,347	1,517,567	38,415,214
	15,687,142	44,140,723	177,484	429,815	52,877,154	1,517,567	114,829,885

QUANTUM TERMINALS PLC
NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2018
Cost/Valuation

	Land and Building GH¢	Civil Works GH¢	Motor Vehicles GH¢	Office Equipment GH¢	Plant and Machinery GH¢	Capital work -in- Progress GH¢	Total GH¢
At 1/1/2018	10,033,442	38,434,844	557,013	1,635,798	43,821,533	1,656,320	96,138,950
Additions	-	-	-	65,506	-	1,274,691	1,340,197
Transfers	-	164,813	295,551	69,621	884,199	(1,414,184)	-
Revaluation	5,905,749	6,687,578	-	(788,017)	18,523,319	-	30,328,629
At 31/12/2018	15,939,191	45,287,235	852,564	982,908	63,229,051	1,516,827	127,807,776
Accumulated Depreciation							
At 1/1/2018	451,514	2,109,924	557,012	1,107,280	9,940,086	-	14,165,816
Charge for the year	204,194	847,791	19,551	463,898	4,598,404	-	6,133,838
Released on Revaluation	(598,062)	(2,793,927)	-	(1,489,218)	(12,711,195)	-	(17,592,402)
At 31/12/2018	57,646	163,788	576,563	81,960	1,827,295	-	2,707,252
Carrying amounts							
At 31/12/2018	15,881,545	45,123,447	276,001	900,948	61,401,756	1,516,827	125,100,524
Comprising of							
Surplus on revaluation	12,880,030	27,728,683	-	511,611	42,898,287	-	84,018,611
Cost of assets revalued	3,001,515	17,394764	276,001	389,337	18,503,469	1,516,827	41,081,913
	15,881,545	45,123,447	276,001	900,948	61,401,756	1,516,827	125,100,524

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

In compliance with the company's asset revaluation policy, Leasehold Land and Buildings, Civil Works, Plant and Machinery and Office Equipment were revalued by Assenta Property Consulting (International Property and Development Consultants, Valuers and Property Managers) in October, 2018 on the basis of their open market values. These figures were incorporated in the financial statements at 31 October 2018. The company's property, plant and equipment has been used as security for loans and borrowings as disclosed in note 16.

The following table shows the valuation technique used in measuring the fair value of plant& machinery as well as significant unobservable inputs used.

Valuation Technique	**Significant unobservable inputs**
Valuation technique used to value the property is open market values. which compares the sale of similar properties with respect to location, quality, design, date of sale, and interest where necessary. Based on these factors, an appropriate rate is established to reflect the quality, location and interest.	The valuation was carried out with the following assumptions. • No deleterious or hazardous materials or technique have been used, that there is no contamination in or from the ground, and it is not land filled ground • That the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing and that good title can be shown.

The following is the revalued amount and fair value hierarchy for each class of revalued property, plant and equipment.

	Fair value Level 3 GH¢
Leasehold Land and Buildings	15,939,191
Civil Works	45,287,235
Office Equipment	982,908
Plant and Machinery	63,229,051
	125,438,385

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

12(b) Leases

(i) Leases as a lessee

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

(ii) Right-of-use assets

Right-of-use assets

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

2019	**Land GH¢**	**Buildings GH¢**	**Total GH¢**
Balance at 1 January	3,264,168	68,950	3,333,118
Additions to right-of-use assets	-	124,657	124,657
Depreciation charge for the year	(71,089)	(66,757)	(137,846)
Balance at 31 December	3,193,079	126,850	3,319,929

(iii) Amounts recognised in the statement of comprehensive income

2019- Leases under IFRS 16

	GH¢
Expenses relating to short-term leases	90,162

2018- Operating leases under IAS 17

Leases expense	130,003

(iv) Amount recognised in statement of cashflows

Total cash outflow for leases	31,200

(v) Lease liabilities

Lease liabilities payable within one year	100,515

QUANTUM TERMINALS PLC
NOTES TO THE FINANCIAL STATEMENTS

13. INVENTORIES

	2019 GH¢	2018 GH¢
Fuel stock	15,796	53,733
	15,796	53,733

14(a) TRADE AND OTHER RECEIVABLES

	2019 GH¢	2018 GH¢
Trade receivables*	3,383,309	4,608,874
Other receivables**	893,033	914,779
Staff loans	33,200	78,200
Prepayments***	31,703	430,320
	4,341,245	6,032,173

*Trade receivables consist of amount receivable from Sage Distribution Limited, a related party.
**Other receivables includes staff imprest, advances and withholding tax receivables.
***Prepayments includes rent, insurance, and license prepaid.

The maximum amount due from staff of the Company at the end of the year was GH¢33,200(2018; GH¢78,200).,

(b). OTHER ASSETS

	2019 GH¢	2018 GH¢
GHS Debt Service Account-Bond	3,032,005	2,648,539
USD Debt Service Account –EAIF	5,844,080	5,090,308
	8,876,085	7,738,847

The Company issued a bond of GH¢ 45,000,000 on the Ghana Fixed Income Market (GFIM) in March 2018 and USD 10,000,000 from Emerging Africa Infrastructure Fund (EAIF) in December 2018 both for a period of ten (10) years. As part of the security for both debts, cash were deposited into the debt service reserve accounts at GT bank (bond trustees) and Stanbic Bank (the account bank) for the Bond and EAIF loans respectively. The cash is not available for use by the company.

15. CASH AND CASH EQUIVALENTS

	2019 GH¢	2018 GH¢
Bank balances	18,447,290	16,247,016
Cash balances	23,387	16,815
Cash and cash equivalents in the statement of cashflows	18,470,677	16,263,831

16. LOANS AND BORROWINGS

Non-current liabilities	2019 GH¢	2018 GH¢
GFIM Bond (a)	40,000,000	45,000,000
GFIM Transaction Cost Unamortized	(2,739,550)	(3,096,812)
	37,260,450	41,903,188
EAIF Secured Loan (b)	46,137,500	45,544,889
EAIF Transaction Cost Unamortized	(4,146,656)	(4,174,929)
	41,990,844	41,369,960
Total non-current	79,251,294	83,273,148

Current liabilities	2019 GH¢	2018 GH¢
GFIM bond**	5,000,000	-
EAIF secured loan**	6,151,667	2,679,111
Loan interest payable	4,823,482	3,288,401
	15,975,149	5,967,512

**This relates to the principal repayment due in year 2020 for both EAIF and GFIM bond.

16. LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

				31 December 2019		31 December 2018	
	Nominal interest	Currency	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
				GH¢	GH¢	GH¢	GH¢
GFIM(a)	22.25%	GH¢	2028	45,000,000	45,672,236	45,000,000	45,007,611
EAIF(b)	7%-10%+LIBOR	US$	2028	52,289,167	49,554207	48,224,000	44,233,049

a. *Ghana Fixed Income Market Bond (GFIM) Bond*

The company issued a bond of GH¢ 45,000,000 in March 2018 on the Ghana Fixed Income Market (GFIM) for a period of (10) years. The bond was partially (75%) guaranteed by Guarantco, a member of Private Infrastructure Development Group (PIDG) which has the objective of assisting local firms to overcome constraints in accessing local finance for infrastructure development.

The purpose of the bond was to repay the then existing loan from Standard Chartered Bank Ghana Limited, to finance the expansion of the LPG tank farm at Atuabo and for the payment of transaction cost for both the Bond and the EAIF facility. The GFIM bond attracts a coupon rate of 22.250% per annum and payable every six (6) months. There is also a guarantee fee of 4% per annum (which will reduce to 3.5% in three years) on the 75% of the loan outstanding payable on quarterly basis. The principal repayment of GH¢ 5,000,000 will commence in March 2020 and payable annually ending in March, 2028. The effective interest rate on the bond is 29.96%.

The securities provided for the bond include debenture over all the QTPLC assets and plant and machinery, Mortgage over the QTPLC land and all charged accounts on a pari passu basis with the EAIF loan in 'b' below.

	GH¢
Carrying amount of total assets pledge as security for liabilities	199,354,287

16. LOANS AND BORROWINGS (CONT'D)

b. Emerging Africa Infrastructure Fund (EAIF) Loan

The company obtained a long term loan facility of USD 10,000,000.00 from EAIF in December 2018 for a period of (10) years. The loan was on-lent to Quantum Gas Holdco; a related party to QTPLC. Quantum Gas Holdco used the loan proceeds to meet its shareholder investment in Quantum Gas Terminals Limited, a related company developing LPG infrastructure to enable the supply of propane to a power plant.

The EAIF loan interest is variable and calculated as margin plus 6-month LIBOR. The margin is dependent on the leverage ratio the company achieves at each calculation date and it's from 7% to 10%. The current margin for the interest payable in March 2020 was set at 8.5% and the LIBOR was 2.063% given a total interest rate of 10.563%. The interest is payable every six (6) months. The principal amount due as at 30 June 2019 of US$ 555,555.56 was paid in September 2019 and is repayable semi-annually ending in March, 2028. The current effective interest rate on the loan is 13.87%.

The securities provided for the loan includes debenture over all QTPLC assets and plant and machinery, Mortgage over the QTPLC land and all charged accounts on a pari passu basis with the GFIM bond in 'a' above.

c. *Reconciliation of movements of liabilities to cash flows arising from financing activities*

The reconciliation represents the movement in the principal amount of loans and borrowings.

2019

	Balance at 1/1/19 GH¢	Transaction cost amortised GH¢	Repayment of borrowings GH¢	Exchange difference GH¢	Balance at 31/12/19 GH¢
GFIM 10 Year Partial Guarantee Bond (b)	41,903,188	357,262	-	-	42,260,450
EAIF 10 Year Secured Loan (c)	44,049,071	28,273	(3,038,697)	7,103,864	48,142,511
	85,952,259	385,535	(3,038,697)	7,103,864	90,402,961

16. LOANS AND BORROWINGS (CONT'D)

d. Reconciliation of movements of liabilities to cash flows arising from financing activities (Cont'd)

2018

	Balance at 1/1/18 GH¢	Loan* drawdowns GH¢	Transaction* cost paid GH¢	Transaction cost amortised GH¢	Repayments of borrowings GH¢	Balance at 31/12/18 GH¢
Standard Chartered Bank Loan (a)	17,328,330	-	-	-	(17,328,330)	-
GFIM 10 Year Partial Guarantee Bond (b)	-	45,000,000	(3,118,620)	21,808	-	41,903,188
EAIF 10 Year Secured Loan (c)/(e)	-	48,224,000	(4,406,066)	231,137	-	44,049,071
	17,328,330	93,224,000	(7,524,686)	252,945	(17,328,330)	85,952,259

*The proceeds from borrowings shown in the statement of cash flows is the loan drawdowns less transaction cost paid.

17. TRADE AND OTHER PAYABLES

	2019 GH¢	2018 GH¢
Project Payables	147,413	256,452
Accruals	176,006	31,783
Statutory Payables	949,514	169,995
Lease liabilities	100,515	-
Other payables	1,437,455	1,508,557
	2,810,903	1,966,787

18. RELATED PARTY TRANSACTIONS

(a) Nature of transactions with related parties

The Company is a wholly owned subsidiary of The Quantum Terminals Group Limited, a company incorporated in Ghana. Arch Holdings Limited is the ultimate parent of the Group.

The following are other parties related to the group. Transactions with related parties include;

Quantum Gas Holdco Limited (QGHCL), Quantum Oil Terminals Limited (QOTL) and Quantum LPG Logistics Limited (QLLL) are companies under a common shareholding as Quantum Terminals PLC (QTPLC). Transactions with QTPLC include on-lending of EAIF loan to QGHCL to be used as shareholder investment in Quantum Gas Terminals Limited, another related party.

The Quantum Group Limited (TQGL) is a member of Arch Holdings Limited's Group. Transactions with QTPLC includes provision of IT and management support to QTPLC.

The Quantum Terminals Group Limited (TQTGL) is a member of Arch Holdings Limited's Group and the parent company of QTPLC, QGHCL, QOTL and QLLL. Transaction with QTPLC is repayment of loan.

Sage Distribution Limited (SDL), a member of Arch Holdings Limited's Group is currently the only customer of QTPLC using the Atuabo facility. SDL also pays developmental cost re-imbursement to QTPLC to enable the company meet its financial obligations.

Power Fuel Distribution Co. Ltd (PFDC) is a member of Cardinal Group - a subsidiary of Arch Holdings Limited. During the year, PFDC provided fuel to QTPLC for its operations at Atuabo.

Glory Oil Company Limited, is a member of Cardinal Group - a subsidiary of Arch Holding Limited. During the year, Glory provided fuel to QTPLC for its operations in Accra and Tema.

(b) Transactions

The following transactions were carried out with related parties:

	2019 GH¢	2018 GH¢
The Quantum Terminals Group Limited-loan repayment/(loan advanced)	2,965,520	(7,768,300)
Sage Distribution Limited- (Revenue)	24,439,795	25,115,812
Quantum Gas Holdco Limited-(loan advanced)	-	(48,224,000)

(c) Outstanding balance arising from related party transactions:

All outstanding balances resulted from transactions with related parties in the normal course of business. They are settled through either cash payments or offsets between the parties under legally enforceable rights. Related party balances have not been secured.

(i) Amount due to related parties (current liabilities)

	2019 GH¢	2018 GH¢
Cardinal Logistics Limited	87,617	87,617
Power Fuel Distribution Company Limited	360,376	342,684
Glory Oil Company Limited	53,308	43,401
The Quantum Group Limited	-	1,948,485
Quantum Logistics Limited	211,630	-
	712,931	2,422,187

(ii) Amount due from related parties (Long-term receivables)

	2019 GH¢	2018 GH¢
Balance at 1 January	45,880,356	-
Fair value at initial recognition	-	41,539,921
Imputed finance income on related party receivable	7,477,302	4,340,435
Repayment-The Quantum Terminals Group Limited	(2,965,520)	-
Exchange gain on revaluation of related party receivables	2,883,972	-
Total related party receivables	53,276,110	45,880,356
Less Expected credit loss	(455,511)	
	(1,257,351)	
Balance at 31 December	52,820,599	44,623,005

18. RELATED PARTY TRANSACTIONS (CONT'D)

These related party receivables are interest free long-term related party receivables. The gross amount due from The Quantum Terminals Group Limited (GH¢137,659,615) and Quantum Gas Holdco Limited (US$10,000,000) are expected to be repaid on 31 December 2027 and 17 December 2028 respectively.

The receivable from The Quantum Terminals Group as at 31st December, 2018 of GH¢132,856,835 was created from the corporate restructuring that occurred in November 2017 that resulted in the Group taking over the investments in the then subsidiaries (Quantum Oil Terminals Ltd and Quantum Gas Terminals Ltd). The addition in year 2018 of GH¢7,768,300 were additional funds provided to support the Group's activities for the year. In year 2019, The Quantum Terminals Group Ltd repaid an amount of GH¢2,965,520 through a corporate settlement arrangement with The Quantum Group Ltd.
The receivable from Quantum Gas Holdco Ltd is the EAIF loan of US$ 10,000,000 on-lent to Holdco as stated in note 16 (b) above.

(d) Transactions with key management personnel

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

	2019 GH¢	2018 GH¢
Short term benefits	267,917	373,200
Defined Contribution (SSNIT)	28,070	48,573

Compensation of the Company's key management personnel includes salaries, and contributions to a post-employment defined contribution plan.

19. CAPITAL AND RESERVES

(a) Stated capital

	No. of Shares		Proceeds	
	2019 '000	2018 '000	2019 GH¢	2018 GH¢
Authorised				
Ordinary shares of no par value	500,000	500,000		
Issued				
For cash	70,000	70,000	70,000,000	70,000,000

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

19. CAPITAL AND RESERVES (CONT'D)

(b) Deposit for Shares

The Quantum Terminals Group Limited made a deposit for shares amounting to GH¢ 47,292,758 as at 31 December 2019 (2018: GH¢ 47,292,758). The necessary formalities required to issue the shares were yet to be completed at the reporting date.

(c) Revaluation reserve

The revaluation reserve relates to revaluation of property, plant and equipment are set out below:

	2019 GH¢	2018 GH¢
Balance at 1 January	63,862,283	31,456,150
Revaluation of property, plant and equipment, net of tax	-	35,940,774
Transfer from revaluation to retained earnings	(5,702,956)	(3,534,641)
Balance at 31 December	58,159,327	63,862,283

This is not available for distribution except when there is a sale of the assets by the asset owners.

(d) Retained earnings

This represents the residual of cumulative annual profits or losses that are available for distribution to shareholders except for the transfers from undistributable reserves.

QUANTUM TERMINALS PLC
NOTES TO THE FINANCIAL STATEMENTS

19. CAPITAL AND RESERVES (CONT'D)

(e) Fair Valuation Reserve

This represents the difference between the transaction price of interest-free related party loans receivable and the fair value at initial recognition. The amount of imputed interest unwound on the related party receivables for the period and recorded in profit or loss is also transferred from the fair valuation reserve to retained earnings. The fair value reserve will reduce progressively to zero (0) by the end of the tenth (10th) year.

	2019 GH¢	2018 GH¢
Balance at 1 January	(142,968,679)	-
Fair Value Adjustment on initial recognition	-	(147,309,114)
Transfer of net imputed finance cost to retained earnings	7,477,302	4,340,435
Balance at 31 December	(135,491,377)	(142,968,679)

20. FINANCIAL RISK MANAGEMENT

Overview

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

- credit risk
- liquidity risk
- market risks

These risks have been explained below together with the necessary measures put in place by management to mitigate the impact of such risks on the company.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. Management of the company also has the responsibility for developing and monitoring the company's risk management policies.
The company's risk management policies are established to identify and analyse risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.
The company's Board of Directors is responsible for monitoring compliance with the company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the company.

(i) Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risks arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposure to customers and related parties. The Company's exposure to credit risk is minimised as all revenue are generated from Sage Distribution Limited, a related company. The Company has transacted business with this entity over the years and there has been no default in the payment of outstanding debts.

QUANTUM TERMINALS PLC
NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT (CONT'D)

The carrying amounts of financial assets represent the maximum credit exposure.

Maximum exposure to credit risk are as follows

	2019 GH¢	2018 GH¢
Amount due from related parties	52,820,599	44,623,005
Trade receivables *	3,383,309	4,608,874
Other receivables**	926,233	992,979
Other assets	8,876,085	7,738,847
Cash and cash equivalents	18,470,677	16,263,831
	84,476,903	74,227,536

* The trade receivables includes impairment loss allowance of GH¢21,504 (2018: GH¢35,243)
** This excludes prepayments.

20. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Credit Risk - (Cont'd)

Impairment losses

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

	2019	2018
	GH¢	GH¢
Impairment gain/(loss) on trade receivables	13,739	(3,798)
Impairment gain on amounts due from related parties	801,840	2,383,588
	815,579	2,379,790

The movement in the allowance for impairment in respect of trade receivables and amount due from related parties are as follows.

2019	Trade Receivables	Amount due from related parties	Total
	GH¢	GH¢	GH¢
Balance at 1 January	35,243	1,257,351	1,292,594
Reversal of impairment loss allowance	(13,739)	(801,840)	(815,579)
	21,504	455,511	477,015

2018	Trade Receivables	Amount due from related parties	Total
	GH¢	GH¢	GH¢
Balance at 1 January	31,445	3,640,939	3,672,384
Additional impairment allowance	3,798	-	3,798
Reversal of impairment loss allowance	-	(2,383,588)	(2,383,588)
	35,243	1,257,351	1,292,594

Amount due from related parties

The company recognised impairment allowance of GH¢ 455,511 as at 31 December 2019 (2018: 1,257,351). The company used a probability of default (PD) of 1.90% based on Moody's annual default rating and Loss Given Default (LGD) parameter of 45%. In management's assessment the LGD of 45% is the possible future loss the company is likely to incur in the event of default. This assessment resulted in an impairment allowance of GH¢455,511 as at 31 December 2019. The expected credit loss of GH¢ 801,840 was reversed in 2019 due to the reduction in impairment loss.

Trade receivables

Expected credit loss assessment for individual customers as at 31 December 2019 is GH¢ 21,504 (2018: 35,243). The company uses an allowance matrix to measure the Expected Credit Loss (ECLs) of trade receivables from its customer. Loss rates are calculated using the roll rate method based on the probability of receivable progressing through successive stages of delinquency of write- off.
A reduction in impairment loss of GH¢ 13,739 was recognised during the year resulting in a total impairment loss of GH¢ 21,504 as at 31 December 2019.

20. FINANCIAL RISK MANAGEMENT – CONT'D

(i) Credit Risk - (Cont'd)

The following tables provides information about the exposure to credit risk and ECLs for trade receivables from its customer.

As at 31 December 2019

	Weighted average loss rate	Trade receivables GH¢	Impairment allowance GH¢	Credit impaired
Current	0.53%	2,752,267	14,587	No
1-30 days past due	1.06%	652,546	6,917	No
Total		**3,404,813**	**21,504**	

As at 31 December 2018

	Weighted average loss rate	Trade receivables GH¢	Impairment allowance GH¢	Credit impaired
Current	0.53%	2,638594	13,985	No
1-30 days past due	1.06%	2,005,523	21,258	No
Total		**4,644,117**	**35,243**	

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of the economic conditions over the expected lives of the receivables. The factors considered include gross domestic product and inflation rate.

Other receivables

The Company has determined that no expected credit loss will be recognised on amounts due from related parties because the expected credit loss is not significant to the financial statements.

Bank balance and other assets

For banks and financial institutions, only reputable banks are accepted by the company for its banking transactions. The company is not exposed to credit risks from its operating activities and banking activities. The company did not recognise any impairment allowance as at 31 December 2019 (2018: Nil).

QUANTUM TERMINALS PLC
NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT – CONT'D

(ii) Liquidity risk

Liquidity risk is the risk that the company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The company's approach to managing liquidity is to ensure that it will maintain adequate liquidity to meet its liabilities when due. The Company monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on borrowings, trade and other payables.

The following are contractual maturities of financial liabilities at the reporting date

31 December 2019

	Carrying Amount GH¢	6mths or less GH¢	6-12 mths GH¢	More than one year GH¢
Non-derivative financial liabilities				
Trade and other Payables	2,810,903	2,810,903	-	-
Loans and borrowings	95,226,443	12,899,315	3,075,834	151,979,977
Due to Related Parties	712,931	712,931	-	-
Balance at 31 December 2019	98,750,277	164,23,149	3,075,834	151,979,977

31 December 2018

	Carrying Amount GH¢	6mths or less GH¢	6-12 mths GH¢	More than one year GH¢
Non-derivative financial liabilities				
Trade and Other Payables	1,966,787	1,966,787	-	-
Loans and borrowings	89,240,660	4,627,957	1,339,555	174,920,304
Due to Related Parties	2,422,187	1,211,093	1,211,094	-
Balance at 31 December 2018	93,629,634	7,805,837	2,550,649	174,920,304

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Majority of the company's transactions are denominated in US$ hence a way of the firm managing its market risk.

QUANTUM TERMINALS PLC
NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT – CONT'D

(iii) Market risk - (Cont'd)

(a) Currency risk

The company is exposed to transactional foreign currency risk on purchases that are denominated in currencies other than the functional currency. The currency in which these transactions are primarily denominated is US Dollar (US$). Management currently does not have any currency risk management practices in place to manage exposure to this risk.

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

	31/12/19 US$	31/12/18 US$
Assets		
Trade and other receivables	614,976	976,630
Due from related parties	4,254,739	3,865,560
Bank balances	2,003,930	1,079
	6,873,645	4,843,269
Liabilities		
Trade and other payables	(339,234)	(139,500)
Loans and borrowings	(9,444,444)	(10,000,000)
	(9,783,678)	(10,139,500)
Net exposure	(2,910,033)	(5,296,231)

QUANTUM TERMINALS PLC
NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT – CONT'D

(iii) Market risk - (Cont'd)

(a) Currency risk - (Cont'd)

The following significant exchange rates applied during the year:

Rates of exchange (ROE)

	Average Rate		Year-end spot rate	
	2019	2018	2019	2018
	GH¢	GH¢	GH¢	GH¢
US$ to GH¢	5.2177	4.5881	5.5365	4.8224

Sensitivity analysis

A reasonably possible strengthening or weakening of the US dollar as at 31 December 2019 would be affected by the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates remains constant and ignores impact of forecast sales and purchases. The analysis is performed on the same basis for 2018.

As of 31 Dec	2019				2018		
In GH¢	% Change	Statement of comprehensive income impact: Strengthening	Statement of comprehensive income impact: Weakening		% Change	Statement of comprehensive income impact: Strengthening	Statement of comprehensive income impact: Weakening
		GH¢	GH¢			GH¢	GH¢
USD	14.8%	(2,385,773)	2,385,773		9.16%	(2,338,475)	2,338,475

As of 31 Dec	2019				2018		
In GH¢	% Change	Equity, net of tax: Strengthening	Equity, net of tax: Weakening		% Change	Equity, net of tax: Strengthening	Equity, net of tax: Weakening
		GH¢	GH¢			GH¢	GH¢
USD	14.8%	(1,789,330)	1,789,330		9.16%	(1,753,856)	1,753,856

20. FINANCIAL RISK MANAGEMENT – CONT'D

(iii) Market risk - (Cont'd)

(b) Interest rate risk

Interest rate risk is the exposure of current and future earnings and capital to adverse changes in interest rates. The Company currently has long term financial instruments that would be susceptible to interest rate risks. Management currently does not have any interest rate risk management practices in place to manage exposure to this risk. At the reporting date the interest rate profile of the Company's interest- bearing financial instruments were:

	2019 GH¢	2018 GH¢
Variable rate instruments	48,142,511	44,049,071
Fixed rate instruments	42,260,450	41,903,188

Cash flow sensitivity for variable rate instrument

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

31 December 2019	**100bp Increase**	**100bp Decrease**
Effect on profit or loss	**GH¢**	**GH¢**
Variable rate instrument	(556,716)	556,716
Effect on equity, net of tax		
Variable rate instrument	(417,537)	417,537
31 December 2018		
Effect on profit or loss		
Variable rate instrument	(509,320)	509,320
Effect on equity, net of tax		
Variable rate instrument	(381,990)	381,990

QUANTUM TERMINALS PLC

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT – CONT'D

(iii) Market risk - (Cont'd)

(b) Interest rate risk(Cont'd)

Cash flow sensitivity for fixed rate instrument

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

31 December 2019	**100bp Increase**	**100bp Decrease**
Effect on profit or loss	**GH¢**	**GH¢**
Fixed rate instrument	(450,000)	450,000
Effect on equity, net of tax		
Fixed rate instrument	(337,500)	(337,500)
31 December 2018		
Effect on profit or loss		
Fixed rate instrument	(358,767)	358,767
Effect on equity, net of tax		
Fixed rate instrument	(269,075)	(269,075)

(c) Accounting classifications and fair values

The carrying amounts of the Company's financial assets and financial liabilities are an approximation of their fair values hence no fair value disclosure has been provided in these financial statements. The table below shows the carrying amounts of the Company's financial assets and financial liabilities.

31 December 2019	**Carrying amount Financial assets at amortized Cost**	**Fair value Level 3**	**Total**
Financial assets not measured at fair value			
Amount due from related parties	52,820,599	52,820,599	52,820,599
Trade and other receivables	4,309,542	4,309,542	4,309,542
Other assets	8,876,085	8,876,085	8,876,085
Cash and Cash Equivalents	18,470,677	18,470,677	18,470,677
Total financial assets	84,476,903	84,476,903	84,476,903

20. FINANCIAL RISK MANAGEMENT – CONT'D

(c) Accounting classifications and fair values cont'd

	Carrying amount Other financial liabilities	Fair value Level 3	Total
Financial liabilities not measured at fair value			
Trade and other payables	2,810,903	2,810,903	2,810,903
Loans and borrowings	95,226,443	95,226,443	95,226,443
Amount due to related parties	712,931	712,931	712,931
Total financial liabilities	98,750,277	98,750,277	98,750,277

31 December 2018	Carrying amount Financial assets at amortized Cost	Fair value Level 3	Total
Financial assets not measured at fair value			
Amount due from related parties	44,623,005	44,623,005	44,623,005
Trade and other receivables	5,601,853	5,601,853	5,601,853
Other assets	7,738,847	7,738,847	7,738,847
Cash and cash equivalents	16,263,831	16,263,831	16,263,831
Total financial assets	74,227,536	74,227,536	74,227,536

	Carrying amount Other financial liabilities	Fair value Level 3	Total
Financial liabilities not measured at fair value			
Trade and Other payables	1,966,787	1,966,787	1,966,787
Loans and borrowings	89,240,660	89,240,660	89,240,660
Amount due to related parties	2,422,187	2,422,187	2,422,187
Total financial liabilities	93,629,634	93,629,634	93,629,634

Valuation Technique

For all financial assets and financial liabilities not measured at fair value, the discounted cash flows method was used. The valuation model considers the present value of expected payments or receipts, discounted using a risk-adjusted discount rate.

Capital Management

The Company monitors capital using the ratio of adjusted net debt to equity. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less deferred tax liabilities and cash and cash equivalents. Adjusted equity comprises all components of equity. The primary objective of the company's capital management policies are to ensure that the company complies with Ghana's regulations as far as public companies are concerned, and that the company operations achieve the returns on gross investment and to maintain a strong capital ratio in order to support its business and to maximise shareholders value.

QUANTUM TERMINALS PLC
NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT – CONT'D

	2019 GH¢	2018 GH¢
Total liabilities	123,941,382	122,121,333
Less: Cash and Cash equivalents	(18,470,677)	(16,263,831)
Less: Deferred Tax Liability	(21,839,531)	(25,023,500)
Adjusted net debt	83,631,174	80,834,002
Total equity	75,412,905	77,690,779
Adjusted net debt to equity	1.1:1	1.04:1

21. EARNINGS PER SHARE (EPS)

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

	2019 GH¢	2018 GH¢
(Loss)/Profit attributable to ordinary shareholders	(2,277,874)	8,551,543
Weighted average number of ordinary shares in issue	70,000,000	70,000,000
Basic earnings per share (expressed in GH¢ per share)	(0.03)	0.12

Diluted
Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares, to assume of all dilutive potential ordinary shares. At 31 December 2019 and 2018, the company had no dilutive potential ordinary shares.

22. DEBT SERVICE COVER RATIO

The debt service cover ratio is used to measure the ability of the company to meet its debt payment obligations during the period. This is the ratio of Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) to The Debt Service Cost falling due during the period. The Debt Service Cover Ratio for the period 2019 was **0.95** times (2018:1.52 times). The company could therefore pay its debt obligations 0.95 times using its earnings for the period. The detailed computation has been disclosed in sub-note a-c.

a) Adjusted Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

The Directors of the Company monitor the performance measure EBITDA and they believe this measure is relevant to gaining an understanding of the Company's financial performance. EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net finance costs, foreign exchange differences, depreciation and amortisation.

QUANTUM TERMINALS PLC
NOTES TO THE FINANCIAL STATEMENTS

22. DEBT SERVICE COVER RATIO – CONT'D

Reconciliation of EBITDA to profit from operations

	2019 GH¢	2018 GH¢
(Loss)/Profit before tax	(5,428,469)	8,528,536
Add Depreciation	10,521,161	6,133,838
Add Net finance costs	13,882,200	6,221,438
Less Impairment reversal on financial assets	(815,579)	(2,379,790)
Adjusted EBITDA	18,159,313	18,504,022

b) Debt Service Cost

	2019 GH¢	2018 GH¢
Net finance cost	13,882,200	6,221,438
Add: Imputed Interest Income on related party receivables	7,477,302	4,340,435
Loan exchange difference	(3,923,454)	688,134
Less: Non-Cash finance cost	(1,292,393)	(998,021)
Add Principal Repayments Due from earnings	3,038,697	1,926,270
Total Debt Service Cost	19,182,352	12,178,256

c) Debt Service Cover Ratio

Adjusted EBITDA (Note 22a)	18,159,313	18,504,022
Total Debt Service Cost (Note 22b)	19,182,352	12,178,256
Debt Service Cover Ratio	**0.95**	**1.52**

23. CONTINGENT LIABILITIES

The Ghana Revenue Authority carried out a tax audit covering 2014 to 2017 years of assessment. The audit resulted in additional corporate tax liability of GH¢1,046,288which the company disagreed with. The company has duly written to the Authority raising key matters on areas it disagrees with the Authority. The Authority is yet to respond on its final position on the key matters raised by the company. The amount has been disclosed as contingent liabilities pending the final determination of the matter. There were no other contingent liabilities (2018:Nil).

24. CAPITAL COMMITMENTS

The Company has capital commitments in respect of the purchase of LPG Bulk Road Vehicles tanks to aid in the evacuation of LPG at Anokyi to the tune of GH¢1,910,093 outstanding as at the reporting date (2018; GH¢ 1,663,728).

25. SEGMENT REPORTING

Quantum Terminals PLC has only one reportable segment. Required disclosure information is listed below for this segment.

a. Information about reportable segment

	2019 GH¢	2018 GH¢
Revenue	24,439,795	25,115,812
(Loss)/Profit before taxation	(5,428,469)	8,528,536
Net finance cost	(13,882,200)	(6,221,438)
Depreciation and amortisation	(10,521,161)	(6,133,838)
Other material non-cash items:		
Impairment reversal on related party receivable	801,840	2,383,588
Imputed interest on unwinding of related party receivable	7,477,302	4,340,435
Total assets	199,354,287	199,812,113
Total liabilities	123,941,382	122,121,334

b. Geographical information

Quantum Terminals PLC operates an LPG storage and loading facility at Anokyi within the Western Region of Ghana. The Company provides storage and rack loading services to Sage Distribution Limited as the company's sole customer.

c. Major customer

Total revenue of GH¢ 24,439,795 is from Sage Distribution Limited, the sole customer of the company (2018: GH¢ 25,115,812)

26. SUBSEQUENT EVENTS

On 30 January 2020, the World Health Organisation (WHO) declared an international health emergency due to the outbreak of a novel coronavirus, which originated in December 2019 in Hubei province, China. The WHO declared the coronavirus outbreak to be a pandemic on 11 March 2020 in recognition of its rapid spread across the globe, with over 150 countries, including Ghana and other African countries, now affected.

The outbreak of COVID-19 and the necessary containment measures, which include travel bans, quarantines and social distancing protocols, have resulted in disruption to business and economic activity globally. At the date of authorization of the financial statements, Quantum Terminals PLC is operating as normal. The ultimate severity of the COVID-19 outbreak is uncertain at this time and therefore we cannot currently assess the impact it may have on the Company's future operations. The Company will continue to closely monitor the spread of COVID-19 and assess its impact on the business.

No other events have occurred since the end of the reporting period that would have had a material effect on the financial statements or require disclosure.