Annual Report & Accounts 2000

Mechanical Lloyd Co. Ltd.

MECHANICAL LLOYD CO. LTD.

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CORPORATE MISSION

The Corporate Mission of Mechanical Lloyd is to establish itself as the leader in the Ghanaian Automotive Industry by:

- Providing good quality products and service, competitively priced, and delivered in the most courteous and professional manner.
- Securing for its shareholders the optimum return on their invested capital.
- Maintaining an environment where its human resource is provided with the opportunity to develop to its maximum potential.
- Contributing meaningfully to the welfare of the community in which it operates, and bringing a sense of responsibility to bear on its policies in order to promote what it believes to be in the public interest.

BOARD OF DIRECTORS,
OFFICIALS AND REGISTERED OFFICE

CHAIRMAN	YAW MANU SARPONG
MANAGING DIRECTOR	TERENCE RONALD DARKO
DIRECTORS	CHARLES SYDNEY AIDOO NAPOLEON KPAKPO BULLEY ANDREW LAWSON CHARLES BARTELS KWESI ZWENNES
SECRETARY	CAROLINE DARKO
SOLICITORS	GAISIE ZWENNES HUGHES & CO. 57 KOJO THOMPSON ROAD P.O. BOX 3238, ACCRA
REGISTERED OFFICE	NO. 2 ADJUMA CRESCENT, RING ROAD WEST, SOUTH INDUSTRIAL AREA, P. O. BOX 2086, ACCRA
AUDITORS	PRICEWATERHOUSECOOPERS CHARTERED ACCOUNTANTS GULF HOUSE, 4TH FLOOR ,LEGON ROAD PMB CT42, CANTONMENTS, ACCRA
REGISTRARS	MERCHANT BANK (GHANA) LTD. REGISTRAR'S DEPT. 57 EXAMINATION LOOP NORTH RIDGE P.O. BOX 401, ACCRA
BANKERS	BARCLAYS BANK OF GHANA LIMITED STANDARD CHARTERED BANK GH. LTD.

NOTICE OF THE NINTH ANNUAL GENERAL MEETING
OF MECHANICAL LLOYD COMPANY LIMITED.

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Members of Mechanical Lloyd Company Limited has been convened by the Board of Directors of the Company to be held at the ACCRA INTERNATIONAL CONFERENCE CENTRE, ACCRA on TUESDAY, 31 JULY, 2001 at 11.00 o'clock in the forenoon for the following purposes:

AGENDA

1) To receive and consider the Reports of the Directors and Auditors and the accounts for the year ended, 31 December, 2000.

2) To re-elect as a Director Mr. Andrew Lawson who is retiring by rotation.

3) To approve non-executive Directors' Fees.

4) To authorise the Directors to fix the remuneration of the Auditors.

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not also be a member. A form of proxy is attached and if it is to be valid for the purposes of the meeting, it must be completed and deposited with the REGISTRARS, MERCHANT BANK (GHANA) LIMITED, 57 EXAMINATION LOOP, NORTH RIDGE, P.O. BOX 401, ACCRA not less than 48 hours before the time for holding the Meeting.

Dated this 24th day of April, 2001.

BY ORDER OF THE BOARD

CAROLINE DARKO
SECRETARY

REGISTERED OFFICE:
No. 2 ADJUMA CRESCENT
RING ROAD WEST
SOUTH INDUSTRIAL AREA
P.O. BOX 2086
ACCRA

FINANCIAL HIGHLIGHTS

	2000 ¢'000	1999 ¢'000	% Change
TURNOVER	34,317,802	33,031,964	+ 3.89%
PROFIT BEFORE TAX	-1,652,987	1,177,580	-240.38%
PROFIT AFTER TAX	-1,652,987	529,569	-412.14%
DIVIDEND	-	-	0.00%
RETAINED PROFIT	-1,652,987	529,569	-412.14%
SHAREHOLDERS FUNDS	9,831,567	11,484,554	- 14.40%
CAPITAL EXPENDITURE	894,138	1,775,220	- 49.64%
TOTAL ASSETS	30,692,268	30,042,482	+ 2.17%
DIVIDEND PER SHARE	-	-	0.00%
EARNINGS PER SHARE	-¢41.25	¢13.21	-412.27%
NET ASSETS PER SHARE	¢245.33	¢286.57	- 14.39%

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER, 2000

The directors submit their report together with the audited financial statements of the company for the year ended 31 December 2000.

Statement of directors' responsibilities

The directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss and cash flows for that period. In preparing those financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed Ghana Accounting Standards.

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

Nature of business

The company is engaged in the distribution and marketing of motor vehicles and farm machinery and in the repair, servicing and maintenance of same.

Financial results

The financial results of the company are set out below:	2000	1999
	¢'000	¢'000
(Loss)/profit for the year ended 31 December 2000 before tax is	(1,652,987)	1,177,580
from which is deducted tax of	-	(648,011)
giving a (loss)/profit for the year after tax of	(1,652,987)	529,569
to which is added balance brought forward on income surplus account of	2,207,114	1,677,545
giving a balance carried forward on income surplus account of	554,127	2,207,114

The company's net worth decreased from ¢11.4 billion as at 1 January 2000 to ¢9.8 billion at the end of 2000.

Dividend

The directors do not recommend the payment of dividend for the year ended 31 December 2000.

Auditors

PricewaterhouseCoopers will continue in office as auditors of the company in accordance with Section 134(5) of the Ghana Companies Code, 1963 (Act 179).

By order of the board

Y. M. SARPONG
CHAIRMAN

T. R. DARKO
MANAGING DIRECTOR

24 April 2001

CHAIRMAN'S REVIEW: 2000

In my 1999 report, a gloomy picture of the macro-economic outlook for 2000 was painted. A dismal profit warning for your Company for 2000 was also given. As it turned out, the actual outcome of both forecasts was a lot worse.

From the last quarter of 1999, there was a set of unplanned economic events which created a severe shortage of foreign currency for the country. The world prices of Ghana's two major exports - gold and cocoa, collapsed. There was also a sharp upward movement in the world price of crude oil; and the country's situation was not helped by the late disbursement of external donor funds. The year 2000 alone experienced a massive depreciation of the Cedi of around 100% against the major currencies. The rate of inflation increased from 13.8% in December 1999 to 40.5% in December 2000. The free-fall of the Cedi, together with higher bank borrowing rate and higher inflation combined to create the most difficult conditions ever in which your Company has had to operate.

Your company had to resort to more bank borrowing at higher interest rate to shore up its fast eroding capital base and also have enough working capital to operate with. But by far the most devastating impact on the operations of the company was that wreaked by the depreciation of the Cedi, which resulted in the Company incurring an exchange loss of 3.53 billion cedis, which was 10.3% of gross turnover. This combined with a Bank interest burden of 3.43 billion cedis to completely nullify our modest increase of 3.89% in Turnover, a more appreciable increase of 7.07% in Gross Profit and a hefty increase of 133% in Other Income, to result in a Net Loss of 1.65billion cedis for the Company for the year.

During the last quarter of the year however, we instituted policies and strategies that began to stem the tide of loss-making and erosion of capital. Even though these strategies took effect too late to rescue the year 2000, they hold promise of improving our performance markedly in 2001.

Our Turnover for the year increased marginally by 3.89% to 34.3 billion cedis, yielding a gross profit of 10.06% which was 7.07% above that of 1999. Selling, General & Administrative expenses amounted to 9.53 billion cedis out of which 3.43 billion cedis (1999: 2.2 billion cedis) was attributable to Bank Interest and 1.32 billion cedis (1999: 1.28 billion) to depreciation. After adjusting for Exchange Loss of 3.53 billion cedis and other income of 1.35 billion cedis, we ended the year with a Net Loss of 1.65 billion cedis.

CAPITAL EQUIPMENT SALES

The 100% depreciation in the Cedi over the year resulted in an increase in the Cedi prices of our products of roughly the same magnitude; and this naturally led to a fall in demand, as the disposable income of our customers did not go up by the same extent over the same period. It is therefore not surprising that in 2000 we achieved only 63.9% of the total number of units of vehicles sold in 1999, with varying degrees of success among the various franchises. BMW achieved only 52% of the units of 1999. Land Rover did better with 66%. Massey Ferguson did better still with 78.5% of the 1999 units. The worst problem area was Honda where the depreciation of the Cedi was further worsened by a continuing high value Yen. We achieved only 44% of the 1999 sales figure of 163.

SERVICE

Our expectation enunciated in the report on our 1999 operations that the investment we had made in equipment, facilities, human resource and Information Technology for purposes of improving our service delivery would lead to enhanced customer confidence and hence increased throughput, is being realised. Though workshop throughput dropped by 7% at the Engineering Complex and 5% at the Accra Service Centre, when this is set against a near doubling of the cost of spare parts because of the depreciation of the Cedi, and a substantial increase in the labour charge rate, as a means of recovering the high cost of investment in infastructure, this was appreciable - especially as it resulted in an increase of 2.8% in revenue over the budgeted figure.

In the coming years we will continue with our efforts to give value to our customers. We shall take steps to fine-tune our systems with the objective of improving the efficiency of our operations and shortening the turn-around time for customers' vehicles.

The training of our staff is an important element in achieving the envisaged improvements in efficiency and productivity levels. In this regard, several tailor-made specialist training programmes were held for staff during the year.

INFORMATION TECHNOLOGY

Last year we informed you that the Company had installed a BMW- approved Dealership management Software (Autoplus) as well as the Importer Communication System (ICS) which allows direct on-line access to and communication with BMW systems. We feel we need to apprise you of the further progress we have made in the area of the provision of up-to-date Information Technology systems in spite of the financial difficulties we underwent in the year.

In 2000 the Company completed the installation of JD Edwards Enterprise-wide Management (Accounting) Information Software otherwise known as One World. This made Mechanical Lloyd the first Ghanaian private company to have an enterprise management system.

The project team - which includes Delloitte & Touche Consulting, our partners on this project, also successfully integrated One World with Autoplus, thus allowing the two systems to exchange information. This is also the first of its kind and has been hailed as a model by BMW for adoption by some of its other dealerships.

Our Information Technology system is now capable of delivering ultra quick and accurate information on all quantifiable aspects of the Company's operations; an invaluable asset in decision taking.

In recognition of this, BMW extended an invitation and partly sponsored our participation in the BMW Group Information Technology Conference in Germany where we were the only Sub-Saharan participant in this demanding session, and our experience and support were sought to assist other overseas importer markets in this venture.

We should all feel justifiably proud of our project team whom we hereby thank most profusely.

STAFF

Our thanks also go to our entire Management and Staff of the Company who worked tirelessly in the face of enormous difficulties and at great personal sacrifice to see your Company through a very trying year.

We deem it appropriate to apprise shareholders of one of the ways in which quietly over the years, the Company has been rewarding its staff and showing its appreciation for their dedication to work. In 1985, we instituted a Company Scholarship Scheme under which the second cycle education of promising children of both Senior and Junior Staff is paid for by the Company. A maximum of five scholarships every year, two for Senior Staff and three for Junior Staff, are awarded to the wards of staff. To date 55 wards of staff have benefited from the scheme.

OUTLOOK FOR 2001

The determination of the new Government, forcefully enunciated in the budget statement, to drastically cut down Government expenditure and at the same time enhance internal revenue mobilisation in order to reduce the budget deficit, should lead to a reduction in bank interest rate. This, together with the relative stabilisation of the Cedi which we are already seeing, leads us to expect a more conducive and business-friendly macro-economic environment for the year 2001. We therefore expect to make a healthy profit in 2001 and go back to paying dividends again after a 2-year hiatus.

There are also very interesting developments in the offing which will impact very positively on the fortunes of your Company from 2002. You will be kept informed of these developments as they unfold in the coming months.

Thank you.

Y.M. Sarpong,
Chairman.

PRICEWATERHOUSECOOPERS

REPORT OF THE AUDITORS TO THE MEMBERS OF MECHANICAL LLOYD COMPANY LIMITED

*PricewaterhouseCoopers
Chartered Accountants
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Tetteh Quarshie Roundabout
Legon Road
PMB CT 42, Cantonments
Accra, Ghana
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We have audited the financial statements on pages 13 to 21 . We have obtained all the information and explanation which is to the best of our knowledge and belief were necessary for the purpose of our audit.

Respective responsibilities of directors and auditors

As stated on page 7, the directors are responsible for the preparation of the financial statements.Our responsibility is to express an independent opinion on these financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

Opinion

In our opinion proper books of account have been kept and the financial statements which are in agreement therewith give a true and fair view of the state of affairs of the Company at 31 December 2000 and of its loss and cash flows for the year then ended and comply with Ghana Accounting Standards and the Ghana Companies Code, 1963 (Act 179).

PricewaterhouseCoopers

Chartered Accountants
4th May 2001

Resident Partners: F E Addo, C A Egan, J A Y Kilnogo, W Okine Non Resident Partners: N Harrison

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER, 2000
(All amounts expressed in thousands of Cedis)

	NOTES	2000	1999
TURNOVER	1	**34,317,802**	33,031,964
Cost of Sales		**(24,260,792)**	(23,639,459)
		10,057,010	9,392,505
Selling, General and Administrative Expenses	2	**(9,528,917)**	(6,976,701)
OPERATING PROFIT		**528,093**	2,415,804
Exceptional Item	3	**(3,531,956)**	(1,816,799)
Other Income	4	**1,350,876**	578,575
(LOSS)/PROFIT BEFORE TAX		**(1,652,987)**	1,177,580
Tax	10	**-**	(648,011)
NET (LOSS)/PROFIT TRANSFERRED TO INCOME SURPLUS ACCOUNT		**(1,652,987)**	529,569

INCOME SURPLUS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER, 2000

	2000	1999
Balance at 1 January	**2,207,114**	1,677,545
Net (loss)/Profit for the year	**(1,652,987)**	529,569
Balance at 31 December	**554,127**	2,207,114

- The accounting policies and notes on pages 17 to 21 form an integral part of these financial statements.

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BALANCE SHEET AS AT 31 DECEMBER, 2000

(All amounts expressed in thousands of Cedis)

	NOTES	2000	1999
FIXED ASSETS	6	**11,422,544**	11,915,033
Investment at Cost	7	**5,733**	5,733
CURRENT ASSETS			
Stocks	8	**12,359,154**	11,773,948
Debtors	9	**4,088,594**	5,749,014
Taxation	10	**205,740**	-
Bank & Cash balances		**2,610,503**	598,754
		19,263,991	18,121,716
CURRENT LIABILITIES			
Creditors	11	**7,232,703**	12,964,984
Bank Overdraft	12	**4,151,857**	3,111,913
Tax payable		**-**	112,248
Current Portion of Loans	13	**7,076,141**	1,172,761
		18,460,701	17,361,906
NET CURRENT ASSETS		**803,290**	759,810
Loans	13	**(2,400,000)**	(1,196,022)
Net Assets		**9,831,567**	11,484,554
Shareholders' Funds:			
Stated Capital	14	**2,666,894**	2,666,894
Capital Surplus	15	**6,610,546**	6,610,546
Income Surplus account		**554,127**	2,207,114
		9,831,567	11,484,554

The financial statements on pages 13 to 21 were approved by the Board of Directors on 24 APRIL, 2001 and were signed on its behalf by:

Y. M. SARPONG	T. R. DARKO
CHAIRMAN	MANAGING DIRECTOR

The Accounting Policies and notes on pages 17 to 21 form an integral part of these financial statements.

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(All amounts are expressed in thousands of cedis)

Year ended 31 December 2000	Stated capital	Capital surplus	Income surplus	Total
Balance at 1 January 2000	2,666,894	6,610,546	2,207,114	11,484,554
Net loss	-	-	(1,652,987)	(1,652,987)
Balance at 31 December 2000	2,666,894	6,610,546	554,127	9,831,567
Year ended 31 December 1999				
Balance at 1 January 1999	2,666,894	6,610,546	1,677,545	10,954,985
Net profit	-	-	529,569	529,569
Balance at 31 December 1999	2,666,894	6,610,546	2,207,114	11,484,554

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER, 2000

(All amounts expressed in thousands of Cedis)	NOTES	2000	1999
OPERATING ACTIVITIES			
Cash (used in) / generated from operations	16	**(1,301,974)**	2,210,759
Interest received		**161,420**	140,093
Interest paid		**(3,433,130)**	(2,208,877)
Tax paid	10	**(317,988)**	(289,071)
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES		(4,891,672)	147,096
INVESTING ACTIVITIES			
Purchase of tangible fixed assets	6	**(894,138)**	(1,775,220)
Proceeds from sale of fixed assets	6	**60,257**	231,134
NET CASH USED IN INVESTING ACTIVITIES			
FLOWS FROM FINANCING ACTIVITIES		**(833,881)**	(1,544,086)
Loans received	13	**8,074,000**	1,910,022
Repayment of loans	13	**(1,376,642)**	(264,678)
Dividend paid		**-**	(280,537)
NET CASH/(USED IN) FINANCING ACTIVITIES		**6,697,358**	1,364,807
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**971,805**	362,375
At start of year		**(2,513,159)**	(2,150,784)
(Decrease)/increase		**971,805**	362,375
At end of year	17	**(1,541,354)**	(2,513,159)

The notes on pages 17 to 21 form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2000
(All amounts in the notes are shown in thousands of Cedis unless otherwise stated)

ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) **Basis of accounting**

The financial statements are prepared in accordance with and comply with the Ghana Accounting Standards. They are prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

(b) **Fixed assets and depreciation**

All property, plant and machinery, furniture, equipment and motor vehicles are initially recorded at cost. Land and buildings are subsequently shown at market value based on valuation by external independent valuer less subsequent depreciation.

All furniture, equipment and motor vehicles are stated at historical cost less depreciation.

Depreciation is calculated on the reducing balance method to write off the cost of each asset other than leasehold buildings or the revalued amounts, to their residual values over their estimated useful lives as follows.

Plant and machinery 10%	
Furniture and equipment	10%
Motor vehicles:	
- Saloon Cars	15%
- Others	20%

Leasehold buildings are amortised by equal annual installments over the life of the lease.

(c) **Stock and work-in-progress**

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost of trading and non-trading stocks includes freight, insurance, customs duty and all other costs incurred in bringing the stocks to their present location.

Work in progress is valued at materials cost.

(d) **Trade debtors**

Trade debtors are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

(e) **Deferred income tax**

No provision is made in the financial statements for the contingent capital gains tax and income tax liabilities in respect of chargeable gains that would arise on the disposal of leasehold land and buildings at their present enhanced values.

(f) **Foreign currencies**

Transactions in foreign currencies during the year are converted into cedis at prevailing rates at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into cedis at the rates of exchange ruling at the balance sheet date. The resulting gains and losses are dealt with in the profit and loss account.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2000

(g) **Investments**

Investments are shown at cost and provision is only made where in the opinion of the directors there is a permanent diminution in the value. Where there has been a permanent diminution in the value of investment, it is recognised as an expense in the period in which the diminution is identified.

(h) **Revenue recognition**

Sales are recognised upon delivery of products and customer acceptance, if any, or on the performance of services. Sales are shown net of value added tax and discounts.

(i) **Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts.

1. **Turnover**

	2000	1999
Motor vehicles and farm machinery sales	**24,676,585**	27,614,691
Spare parts sales and workshop earnings	**9,641,217**	5,417,273
	34,317,802	33,031,964

2. **Selling, general and administrative expenses**

Selling, general and administrative expenses include:	2000	1999
Directors' emoluments	**277,542**	222,755
Auditors' remuneration	**70,000**	35,000
Depreciation	**1,326,370**	1,286,483
Donations	**32,474**	18,861
Interest payable	**3,433,130**	2,208,877

3. **Exceptional item**

Exceptional item represents exchange loss arising from severe depreciation of the cedi during the year.

4. **Other income**

	2000	1999
Profit on disposal of fixed assets	-	46,659
Interest income	**730,773**	104,093
Commissions and fees	**610,661**	409,335
Rental income	**9,442**	18,488
	1,350,876	578,575

5. **Staff costs**

	2000	1999
Wages, Salaries and Social Security	**1,410,014**	1,169,491

The average number of persons employed by the company during the year was 140 (1999: 174).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2000

6. **Fixed Assets**

	Leasehold land and buildings	Plants and machinery furniture, equipment and vehicles	Capital work in progress	Total
Cost/valuation				
At 1 January 2000	9,688,009	5,376,075	36,108	**15,100,192**
Additions	-	825,439	68,699	**894,138**
Disposals	-	(94,852)	-	**(94,152)**
Reclassification	104,807	-	(104,807)	**-**
At 31 December 2000	9,792,816	6,107,362	-	**15,900,178**
Depreciation				
At 1 January 2000	1,763,917	1,421,242	-	**3,185,159**
Charge during year	668,251	658,119	-	**1,326,370**
Disposals	-	(33,895)	-	**(33,895)**
At 31 December 2000	2,432,168	2,045,466	-	**4,477,634**
Net book value at 31 December 2000	7,360,648	4,061,896	-	**11,422,544**
31 December 1999	7,924,092	3,954,833	36,108	**11,915,033**

The leasehold land and buildings were last revalued at 31st December 1996 by independent valuers. Valuations were made on the basis of open market value. If land and buildings were stated on the historical cost basis, the amounts would be as follows:

Cost	**3,295,330**	3,190,523
Accumulated depreciation	**932,238**	644,279
Net book amount	**2,363,092**	2,546,244
Profit and loss on disposal of fixed assets		
Cost	**94,152**	275,573
Accumulated depreciation	**(33,895)**	(91,098)
Net book value	**60,257**	184,475
Proceeds of sales	**60,257**	231,134
Profit	**-**	46,659

7. **Investments**

At 1 January and 31 December	**5,733**	5,733

8. **Stocks**

Trade stock	**9,741,581**	8,873,314
Non trade stock	**223,940**	149,846
Goods in transit	**2,283,770**	2,563,632
Work in-progress	**109,863**	187,156
	12,359,154	11,773,948

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2000**

9. **Debtors**

Trade debtors	**3,788,389**	5,493,751
Staff debtors	**220,420**	221,728
Other debtors and prepayments	**79,786**	33,535
	4,088,595	5,749,014

The maximum amount of staff debtors during the year did not exceed ¢**220,420** (1999: ¢298,209).

10. **Tax**

Year of assessment Current tax	Balance at 1/1/00	Payments	Charge for the Year	**Balance at 31/12/00**
1999	(246,692)	(289,071)	648,011	**112,248**
2000	-	(317,988)	-	**(317,988)**
	(246,692)	**(607,059)**	648,011	**(205,740)**

The Company has no tax charge for the year ended 31 December 2000. Unutilised capital allowances at the balance sheet date amount to ¢211 million (1999 : ¢ nil).The unutilised capital allowances can be carried forward indefinitely.

11. **Creditors**

	2000	1999
Trade creditors	**6,623,555**	11,521,254
Sundry creditors	**430,889**	443,142
Accrued charges	**153,368**	242,809
Bills payable	**24,891**	757,779
	7,232,703	12,964,984

12. **Bank overdrafts**

The Company had as at the balance sheet date certain banking facilities not exceeding ¢4,000 million (1999: ¢4,852 million). The facilities are secured by a debenture over the floating assets of the Company, a legal mortgage over specified properties and a lien over trading stocks.

13. **Loans**

	Balance at 1/1/00	Drawdown	Repayment	Exchange Rate Adjustment	**Balance at 31/12/00**
Bank loans	2,368,783	8,074,000	(1,376,642)	410,000	**9,476,141**
Current portion of loans	(1,172,761)				**(7,076,141)**
Non-current portion of loans	1,196,022				**2,400,000**

The bank loans comprise the following facilities:
(a) US$1,000,000 to be paid by July 2002.
(b) US$150,000 to be paid by September 2001.
(c) A Stock loan of ¢1.196 million to be paid by February 2001.

The loans attract interest at two points above the Banks' base rate and are secured by a floating charge on certain fixed assets of the company.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2000

14. Stated capital

The number of authorised shares of the company is 100,000,000 ordinary shares of no par value out of which 40,076,740 (1999: 40,076,740) have been issued as follows:

	2000	1999	2000	1999
Issued for cash	**11,426,643**	11,426,643	**477,920**	477,920
Rights issue	**23,992,680**	23,992,680	**2,039,937**	2,039,937
Transfer from income surplus	**4,657,417**	4,657,417	**149,037**	149,037
	40,076,740	40,076,740	**2,666,894**	2,666,894

There is no unpaid liability on any share and there are no calls or installments unpaid. There are no treasury shares.

15. Capital surplus

The capital surplus arose from a professional revaluation of the company's fixed assets as at 31 December 1996.

16. Cash generated from operations

	2000	1999
Operating (loss)/profit before tax	**(1,627,986)**	1,177,580
Depreciation charge	**1,326,370**	1,286,483
Exchange loss on bank borrowings	**410,000**	155
Loss on disposal of fixed assets	**-**	(46,659)
Interest paid	**3,433,130**	2,208,877
Interest received	**(161,420)**	(104,093)
Net increase in stock and work-in-progress	**(585,206)**	(2,571,818)
Net decrease in debtors	**1,660,419**	(1,026,900)
Net increase in creditors	**(5,732,281)**	1,287,134
Cash (used in)/generated from operations	**(1,301,974)**	2,210,759

17. Cash and cash equivalents

For purposes of the cash flow statement, the year end cash and cash equivalents comprise the following:

	2000	1999
Bank and cash balances	**2,610,503**	598,754
Bank overdrafts	**(4,151,857)**	(3,111,913)
	(1,541,354)	(2,513,159)

18. Capital commitments

There were no capital commitments at the balance sheet date. (1999 : nil)

19. Contingent Liabilities

There were no contingent liabilities at the balance sheet date. (1999 : nil)

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FINANCIAL SUMMARIES

	31.12.96	31.12.97	31.12.98	31.12.99	31.12.00
	¢'000	¢'000	¢'000	¢'000	¢'000
Turnover	12,105,928	18,765,092	29,519,780	33,031,964	34,317,802
P/(L) before Taxation	1,211,434	486,736	744,444	1,177,580	-1,652,987
Taxation	347,522	133,587	322,518	648,011	-
P/(L) after Taxation	863,912	353,149	421,926	529,569	-1,652,987
Dividends	200,384	240,460	280,537	0	0
P/(L) Transferred	663,528	112,689	141,389	529,569	-1,652,987
BALANCE SHEET					
Fixed Assets	8,196,613	10,288,519	11,610,771	11,915,033	11,422,544
Cash/Investments	164,522	151,230	288,898	604,487	2,616,236
Other Current Assets	5,783,541	9,496,546	14,170,936	17,522,962	16,653,488
Total Assets	14,144,676	19,936,295	26,070,605	30,042,482	30,692,268
Less C/Liabilities	5,434,247	9,115,770	14,714,173	17,361,906	18,460,701
TOTAL NET ASSETS	**8,710,429**	**10,820,525**	**11,356,432**	**12,680,576**	**12,231,567**
Financed as follows:					
Stated Capital	676,416	2,666,894	2,666,894	2,666,894	2,666,894
Capital Surplus	6,610,546	6,610,546	6,610,546	6,610,546	6,610,546
Income Surplus	1,423,467	1,536,156	1,677,545	2,207,114	554,127
	8,710,429	10,813,596	10,954,985	11,484,554	9,831,567
Medium Term Loans	0	0	401,447	1,196,022	2,400,000
Deferred Income	13,858	6,929	0	0	0
	8,724,287	**10,820,525**	**11,356,432**	**12,680,576**	**12,231,567**

STATISTICS	1996	1997	1998	1999	2000
Earnings/Share	¢32.33	¢8.81	¢10.53	¢13.21	-¢41.25
Net Assets/Share	¢326.01	¢269.82	¢273.36	¢268.57	¢245.33
Current Assets/Current Liabilities	1.10	1.06	0.98	1.04	1.05
Return on S/Holders' Funds	9.92%	3.27%	3.85%	4.61%	-16.82%
Return on Turnover	7.14%	1.88%	1.43%	1.60%	-4.82%

SHAREHOLDING ANALYSIS AS AT 31 DECEMBER 2000

CATEGORIES OF SHARES	NO. OF HOLDERS	HOLDING	% OF TOTAL HOLDING
1 – 1,000	2,892	1,251,846	3.12
1,001 – 5,000	642	1,375,491	3.43
5,001 – 10,000	76	592,831	1.48
10,001 and over	86	36,856,572	91.97
	3,696	40,076,740	100.00

DIRECTORS' SHAREHOLDINGS

The following Directors held shares as at 31 December, 2000

NAME		NO. OF SHARES
1) Mr. Y.M. Sarpong	–	12,000
2) Mr. T.R. Darko	–	6,950,795
3) Mr. C.S. Aidoo	–	340,918
4) Mr. N.K. Bulley	–	15,000
Mr. N.K. Bulley (jointly with Mrs. Agnes Jane Bulley)	–	20,600
5) Mr. A. Lawson	–	20,000
6) Mr. C.B.K Zwennes (jointly with Mrs. Jacqueline Zwennes)	–	53,557