2013

ANNUAL REPORT &
FINANCIAL STATEMENTS

Mechanical Lloyd Co. Ltd.

MECHANICAL LLOYD COMPANY LIMITED

Annual Report and Financial Statements for the year ended 31 December 2013

CONTENTS

MISSION STATEMENT

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.

CORPORATE INFORMATION

Directors	Charles Bartels Kwesi Zwennes	(Chairman)
	Terence Ronald Darko	(Managing Director)
	Yaw Assah-Sam	
	Charles Sydney Aidoo	
	Napoleon Kpakpo Bulley	
	Andrew Lawson	
	Kofi Asamoah	
	Kwesi Amonoo-Neizer	(Appointed 20 March 2013)
Secretary	Caroline Darko	
Solicitor	Gaisie Zwennes Hughes & Co Carlton House Anumansa Street Osu Re P. O. Box 3238 Accra	
Registered office	No. 2 Adjuma Crescent Ring Road West South Industrial Area P O Box 2086 Accra	
Independent auditor	PricewaterhouseCoopers Chartered Accountants No. 12 Airport City Una Home, 3rd Floor PMB CT42, Cantonments Accra, Ghana	
Registrars	Merchant Bank (Ghana) Limited Registrar's Department 57 Examination Loop, North Ridge P. O. Box 401 Accra	
Principal bankers	Barclays Bank of Ghana Limited Stanbic Bank Ghana Limited Fidelity Bank (Ghana) Limited Merchant Bank (Ghana) Limited Standard Chartered Bank Ghana Limited Zenith Bank (Ghana) Limited	

NOTICE OF THE TWENTY-SECOND ANNUAL GENERAL MEETING OF MECHANICAL LLOYD CO. LTD.

Notice is hereby given that the **Twenty-Second** Annual General Meeting of 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, June 24, 2014** at **11.00 o'clock** in the forenoon for the following purposes:

Agenda

1. To receive and consider the Reports of the Directors and the Auditors and the Financial Statements of the Company for the year ended 31 December, 2013.

2. To declare a dividend for the year ended, 31 December, 2013.

3. Retirement of Directors.
   Mr. Napoleon K. Bulley and Mr. Charles S. Aidoo

4. To elect the following as Directors.
   i. Mr. Joseph Hyde Jnr.
   ii. Mr. Edward K. Annobil
   iii. Mrs. Kalysta Y. Darko-O'Kell

5. 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 17th day of April, 2014.

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

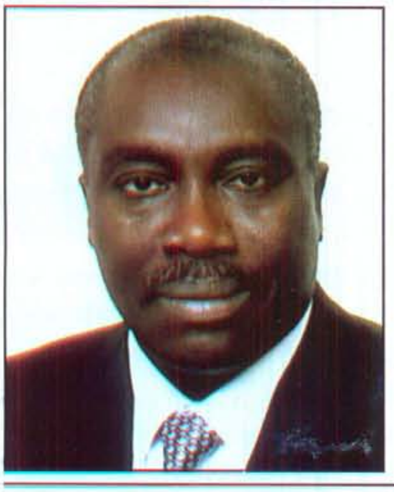
	2013	2012	%
	GH¢	GH¢	Change
Revenue	**38,410,856**	46,951,448	(18)
(Loss)/profit before income tax	**(1,461,297)**	7,778,406	(119)
(Loss)/profit for the year	**(1,027,171)**	6,214,660	(117)
Shareholders' funds	**38,395,610**	40,174,221	(4)
Capital expenditure			
(including intangible assets)	**2,531,713**	4,227,194	(40)
Total assets	**78,386,691**	81,678,410	(4)
Proposed dividend per share (GH¢)	**0.010**	0.0150	(33)
Earnings per share (GH¢)	**(0.0205)**	0.1241	(117)
Net assets per share (GH¢)	**0.7664**	0.8019	(4)

BOARD OF DIRECTORS PROFILE

CHARLES B.K. ZWENNES

Chairman

Mr. Zwennes is a Barrister at Law with over 50 years at the Bar and a Senior Advocate of Ghana (S.A.G.). He joined the Board in 1994 and was appointed Chairman of the Board of Directors in March 2008. He is a Director of J. Stanley Owusu & Co. Ltd., and African Concrete Products Ltd.. Previously held positions include, Chairman of the Board of Directors of the State Transport Corporation, Chairman of the Board of the State Housing Corporation and Chairman of the Board of Achimota School. He has served on several Public Commissions of Enquiry appointed by the Government of Ghana.



TERENCE RONALD DARKO

Managing Director

Mr. Darko has over 36 years experience in Management. He has been the Managing Director of the Company since 1977.

He is a member of the Private Sector Development Council, President of the Ghana Employers Association, member of the Governing Council of the Private Enterprise Federation, a Board Member of the Social Security and National Insurance Trust (SSNIT) and a Board Member of Ecobank Ghana Limited.

YAW ASSAH-SAM

Non-Executive Director

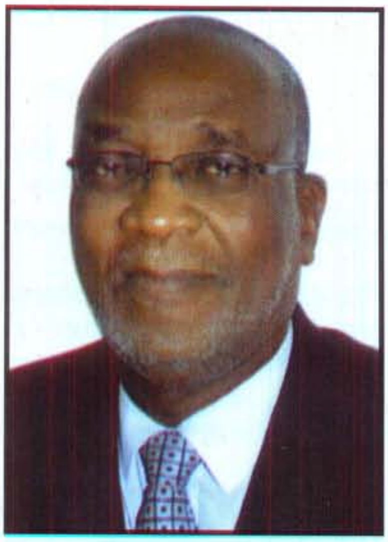
Mr. Assah-Sam was appointed on the Board of Mechanical Lloyd in 2005. He served as the Personnel Manager, General Manager, Resource and Planning and Director, Sales and Service before retiring on January 1, 2012. He worked with the Capital Investment Board and Ghana Food Distribution Corporation before joining Mechanical Lloyd in 1990. He also served on the Council of Ghana Employers' Association, the Boards of the National Accreditation Board and National Board for Professional and Technical Examinations. He holds a Bsc (Administration) Degree from the School of Administration, University of Ghana, Legon, and currently serves on the Boards of Asabre Construction Ltd. and the Quest Sports Management Company Limited.

BOARD OF DIRECTORS PROFILE

CHARLES SYDNEY AIDOO

Non-Executive Director

Mr. Aidoo, a Chartered Accountant since 1972, was a Senior Accountant with Coopers & Lybrand (now PricewaterhouseCoopers) 1972-1975, then Deputy Chief Accountant, Ghana Cargo Handling Company (1976-1979). He joined Mechanical Lloyd as Financial Controller in 1979. He was appointed Director of Finance & Administration in 1983 and Deputy Managing Director in 1989 which positions he held until December 2008. He is also a Director of UT Bank. Previous directorships held include those of Supreme Aluminum Company and Ghana International School.



NAPOLEON KPAKPO BULLEY

Non-Executive Director

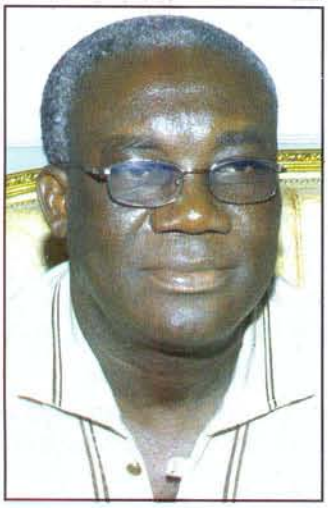
Mr. Bulley was until 2002, the Director of Sales & Service at Mechanical Lloyd. He had previously worked with P&T Corporation (now Vodafone) 1967-1972 and with Shell Ghana Ltd. from 1972-1980 where he rose to the position of Operations Manager. He was for many years the Chair of the Board of Directors of Mt. Olivet Methodist Academy, Dansoman. He was the erstwhile chairperson of the Board of The Council for Technical and Vocational Education and Training. He also previously served on the Board of Directors of the Driver and Vehicle Licensing Authority (DVLA) and the Governing Council of the Accra Polytechnic.

MR. ANDREW LAWSON

Non-Executive Director

Former Lecturer at the School of Administration University of Ghana, Mr. Lawson worked as the General Works Manager and later as Director of Engineering at Mechanical Lloyd Co. Ltd. between 1978 and 1990. He was the Factory Manager at Meridian Tobacco Co. Ltd. as well as the Manager in charge of the Tobacco Farms. He became the Integration Manager and Non-Executive Director when Meridian and BAT Ghana merged and is currently the Chairman of the Board of BAT Ghana. He was a Founding Member of the Executive Council of the Energy Foundation and a former Commissioner of the Public Utilities Regulatory Commission. He retired at the end of the first quarter of 2010 as the Executive Director of the Energy Foundation.

BOARD OF DIRECTORS PROFILE

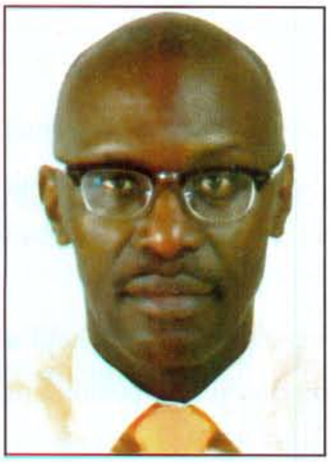


MR. KOFI ASAMOAH

Non-Executive Director

Mr. Kofi Asamoah started his working career with the Ghana Ports and Harbours Authority in 1977. In 1988, he was elected the Deputy General Secretary of the Maritime and Dockworkers Union of the TUC. In 1996, he was elected the General Secretary of the Maritime and Dockworkers Union. From 2000 to 2008 he was the Deputy Secretary General (Operations) of the Ghana TUC. In 2008, he was elected as the Secretary General of the TUC.

Mr. Asamoah serves on several boards including, Titular Member - Governing Body of the international Labour Organisation (ILO), Member - National Tripartite Committee, Member - National Health Insurance Authority Board Member - SSNIT Board of Directors. He was elected to the Mechanical Lloyd Board of Directors in 2011.



MR. KWESI AMONOO-NEIZER

Director

Mr. Kwesi Amonoo-Neizer joined the Mechanical Lloyd Board of Directors in 2013. He studied for his degree in Electrical Engineering at KNUST, Kumasi. He obtained an MSc. in Power Engineering from Strathclyde University (Glasgow) and an MBA from the Cranfield School of management (UK). His early working career was with Power Grid Plc (UK) and the Volta River Authority (VRA).

In 1993 he joined Databank Financial Services as a Senior Analyst. He pioneered and spearheaded the establishment of Databank Asset Management during the 13 years he was with Databank. He was instrumental in setting up EPACK which he grew to become one of the largest African Funds. Mr. Amonoo-Neizer had risen to the position of Executive Director when he left Databank in 2008 to set up OAK Partners Ltd., where he is in charge of investments. He also manages investments in three other funds.

He is currently the Chairman of the Board of Omega Capital Ltd., a Board member of the Metropolitan Insurance Co. Ltd, Mega African Capital, Haradali Capital Ltd. (Tanzania) and Zigma Investment Club.

MS. CAROLINE DARKO

Secretary to the Board

Ms. Darko, a lawyer by training, joined the Company in 1987 as a Management Trainee in the then Commercial Department. She was appointed Company Secretary in 1997.

PROFILE OF INCOMING DIRECTORS

MR. JOSEPH HYDE JNR.

Mr Joseph Hyde Jnr., joined Mechanical Lloyd in March 1998 as a Senior Accounts Manager. Before then he was with KPMG in Dusseldorf Germany and Flemings PLC UK. He is currently the General Manager, Aftersales with responsibility for the five Aftersales branch operations of the Company.

He is a Fellow of the Association of Chartered Certified Accountants (FCCA) with over twenty years' post-qualification experience.

Mr. Hyde has extensive knowledge and experience in industry, accounting, consulting and audit.

Mr. Hyde serves on the Board of St. Martin De Pores School, Accra.

MR. EDWARD K. ANNOBIL

Edward Kojo Annobil graduated with BSc in Agric Engineering from the Kwame Nkrumah University of Science and Technology in 1992. He had his early working experince with Quans Intercontinental Associates Ltd.

Mr. Annobil joined Mechanical Lloyd Company Ltd. over 15 years ago. He has held a variety of positions in the service and sales function - culminating in his current position of General Manager, Sales and Marketing.

He has a wealth of experience and knowledge in the automobile industry and is curently the Vice President of Ghana Automobile Dealers Association. He is also a full member of the Chartered Institute of Marketing, Ghana (CIMG). He holds the Chartered Post Graduate Diploma in Marketing.

MRS. KALYSTA Y. DARKO-O'KELL

Mrs. Kalysta Darko-O'Kell is currently the General Manager Finance & Administration. She is a fully qualified member of the Association of Chartered Certified Accountants, UK (ACCA). She also holds a BA Economics and Law degree from the University of Durham UK.

Mrs. Darko-O'Kell worked with Hanson UK (Heidelberg Cement Group), Bristol, Merrill Lynch, London and PricewaterhouseCoopers (Ghana) before joining Mechanical Lloyd.

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of Mechanical Lloyd Company Limited ('the Company') for the year ended 31 December 2013.

Statement of directors' responsibilities

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

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

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. The Company also acquires properties for rental.

Financial results

The financial results of the Company are set out below:

	2013 GH¢
Loss before tax for the year ended 31 December is	(1,461,297)
from which is deducted income tax credit of	434,126
giving loss for the year	(1,027,171)
to which is added balance brought forward on income surplus account of	15,541,113
giving a balance of	14,513,942
from which is deducted 2012 final dividend declared of	(751,440)
leaving a balance carried forward on income surplus account of	13,762,502

REPORT OF THE DIRECTORS (CONT'D.)

The Company's equity attributable to owners decreased from GH¢40.2 million as at 1 January 2013 to GH¢38.4 million at 31 December 2013.

Dividend

The directors recommend the payment of a dividend for the year ended 31 December 2013 of GH¢0.010 per share amounting to GH¢500,959 (2012: GH¢0.015 per share amounting to GH¢751,440) at the next annual general meeting. Dividend per share of GH¢0.015 amounting to GH¢751,440, which was approved at the 2013 Annual General Meeting, was paid during the year.

Directors and their interests

The present membership of the Board is set out on page 4. All directors served throughout the year with the exception of Mr. Kwesi Amonoo-Neizer who was appointed a non-executive director on 20 March 2013. Mr. C.B.K. Zwennes and Mr. Kofi Asamoah retire by rotation and being eligible offer themselves for re-election as Directors.

The directors' interests in the ordinary shares of the Company at 31 December 2013 were as follows:

Name		No. of shares
Mr. T.R.K. Darko	-	15,024,381
Mr. C.S. Aidoo	-	488,000
Mr. A. Lawson	-	75,000
Mr. C.B.K. Zwennes(jointly with Mrs. Jacqueline Zwennes)	-	53,557
Mr. N.K. Bulley	-	33,376
Mr. Yaw Assah-Sam	-	21,500
Mr. N.K. Bulley(jointly with Mrs. Agnes Bulley)	-	20,600

Directors' interests in contracts

The directors have no material interest in contracts entered into by the Company.

Auditor

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

C.B.K. ZWENNES
CHAIRMAN

T.R. DARKO
MANAGING DIRECTOR

29 April, 2014

CHAIRMAN'S REVIEW OF 2013

The strong growth of the Ghanaian economy in 2011 at 14.3% per annum bolstered mainly by the first full year of crude oil exports, was expected to remain robust in 2012. However, large public sector pay increases and under-performing tax revenue saw the deficit balloon to 11.9% of GDP against a target of 6.6%. The Government also ended 2012 carrying huge arrears on goods and services that had been provided.

In an effort to correct the fiscal imbalance, the Government's 2013 budget targeted an end year deficit of 9.5% and 7.5% by the end of 2014.

The general business environment in 2013 was extremely harsh and Mechanical Lloyd experienced the most challenging times in the Company's history.

For 2013, we achieved a turnover of GHS38.41 million which was 18.19% below the figure of GHS46.95 million for 2012. Selling, General and Administrative Expenses as a proportion of revenue was 31.15% as against 16.6% for 2012. This was a direct result of the markedly lower revenue figure for 2013. After adjusting for Other Income of GHS1,032,981.00 (2012: GHS4,569,487.00), we ended the year with an Operating Loss of GHS123,589.00 which after adding Finance Income and deducting Finance Costs, resulted in a Loss Before Tax of GHS1,461,297.00 and after adjusting for an Income Tax Credit of GHS434,126.00, we ended the year with a Loss of GHS1,027,171.00.

FORD

Ford whole goods sales in 2013 only achieved 53% of the sales recorded for 2012. These low sales resulted in a build-up of stock with its attendant costs.

BMW

2012 was a challenging year for BMW and saw BMW achieving only 74% of its target. However, in 2013, we were able to claw back the lost ground and achieved 40% increase over the 2012 numbers.

MF

MF only managed to achieve 25% of its set target. This was due to the ending of various aid programmes in 2013 which would be renewed in 2014.

CHAIRMAN'S REVIEW OF 2013 (CONT'D.)

AFTER SALES

Even though the general business climate was not conducive to the growth in sales of whole goods, our aftersales grew in various areas:

1. The Company continued to make progress with the development of the full branch in Takoradi. The construction of the building super structure was completed and in December the sub-contractors were advancing with the laying of the tiles, installation of fittings and equipment.

2. Recruitment of the first set of staff for the Takoradi branch took place successfully. The five new members are currently undergoing intensive training at the Accra Service Centre and will join the current team in Takoradi once the branch opens later this year.

3. Extensive technical training was given to both BMW and Ford technicians on site by visiting trainers who delivered hands-on as well as lecture-based coaching sessions at the Company's state of the art BMW Regional Training Centre in Accra.

4. The new fully integrated Dealership Management Software Incadea was installed and deployed at all five (5) branches in the latter part of the year to replace the current Autoplus system. It is hoped that this will bring about uniformity and higher efficiency in the Company's operations in the coming years.

SALE OF INVESTMENT PROPERTY

In September 2013, your Company, announced pursuant to Rule 54(1), 54(2) and 54(5)(c) of the Ghana Stock Exchange Listing Rules, that your Board of Directors had approved the sale of the Company's residential property located at Plot No. D43, 4th Circular Road, Cantonments, Accra known as Yaa Kobe Gardens for the following purposes:

1. To undertake the modernisation and enlargement of the Company's Branches at Takoradi, Tamale, Kumasi and Adenta, Accra. This programme of modernisation and enlargement is to be executed over the next five years; and

2. To enhance shareholders value by a declaration of a special dividend payable to shareholders.

The sale of the properties will be concluded in 2014 and will thus be captured in the 2014 accounts.

CHAIRMAN'S REVIEW OF 2013 (CONT'D.)

DIVIDEND

The Board of Directors have proposed a dividend of GHS0.01 (One Ghana Pesewa) per share. This would amount to GHS500,959.25.

CHANGES IN THE BOARD OF DIRECTORS

In line with the succession plan of your Company, Mr. Napoleon K. Bulley and Mr. Charles S. Aidoo will retire from the Board at the AGM to be held on 24th June, 2014. On behalf of the Board of Directors and Management of the Company, I thank them for their immense contribution to the Company. Mr. Joseph Hyde Jnr, Mr. Edward K. Annobil and Mrs. Kalysta Y. Darko-O'Kell have been appointed as Directors with effect from 24th June, 2014. As required by the Regulations of the Company, they will be seeking election as Directors at the AGM.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to thank our Shareholders and Customers for their support. I also wish to express my gratitude to Management and Staff of the Company for their hard work in a very challenging year. I am confident that 2014 will be better.

Thank you for your attention.

C.B.K. ZWENNES (CHAIRMAN)

CORPORATE GOVERNANCE REPORT

Introduction

Mechanical Lloyd Company Limited ('the Company') recognises the importance of good corporate governance as a means of sustained long-term viability of the business and therefore always seeks to align the attainment of the business objectives with good corporate behaviour.

In line with our corporate vision, values and business principles, the Company's vision is to be first or among the first in its field. Planning takes place and resources are allocated towards achievement of accountability and reporting standards. The business adopts standard accounting practices and ensures sound internal control to facilitate transparency in the disclosure of information and to give assurance to the reliability of the financial statements.

Board of directors

The responsibility of good corporate governance is placed in the hands of the Board of Directors and the Management Team. The Board comprises eight directors and includes seven non-executive directors. The directors are knowledgeable individuals with experience in the auto industry as well as in their fields of discipline.

The Audit Committee

The Audit Committee is made up of four non-executive directors, all of whom have a strong background in business and finance. The committee is charged to meet on a quarterly basis to review both the operational and financial performance of the Company. It reviews the Company's risk management practices, compliance with policies, applicable laws and regulations, and assesses the adequacy of systems of internal control in the Company.

Systems of internal control

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

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

Code of business ethics

The Company continues to reinforce communication on a regular basis together with the development and application of complementary procedures so as to eliminate the potential for corrupt and illegal practices on the part of employees and contractors.

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF MECHANICAL LLOYD COMPANY LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Mechanical Lloyd Company Limited set out on pages 18 to 48. These financial statements comprise the statement of financial position as at 31 December 2013, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility 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 with the requirements of the Companies Act, 1963 (Act 179) and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Mechanical Lloyd Company Limited as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

REPORT ON OTHER LEGAL REQUIREMENTS

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

i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii. in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
iii. the Company's balance sheet (statement of financial position) and profit and loss account (income statement) are in agreement with the books of account.

pwc PricewaterhouseCoopers

Chartered Accountants
Accra
April 29, 2014
Oseini Amui (ICAG/P/1139)

INCOME STATEMENT

(All amounts are expressed in Ghana cedis)

	Note	Year ended 31 December 2013	2012
Revenue	4	**38,410,856**	46,951,448
Cost of sales	5	**(27,603,948)**	(35,792,259)
Gross profit		**10,806,908**	11,159,189
Operating costs	6	**(11,963,478)**	(8,140,154)
Other income	7	**1,032,981**	4,569,487
Operating (loss)/ profit		**(123,589)**	7,588,522
Finance income	8	**140,812**	257,580
Finance costs	8	**(1,478,520)**	(67,696)
(Loss)/ Profit before income tax		**(1,461,269)**	7,778,406
Income tax credit/ (expense)	18	**434,126**	(1,563,746)
(Loss)/ Profit for the year		**(1,027,171)**	6,214,660
Earnings per share			
Basic and diluted earnings per share	23	**(0.0205)**	**0.1241**

The notes on pages 23 to 48 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Note	2013	2012
(Loss)/profit for the year		**(1,027,171)**	6,214,660
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Gains on revaluation of buildings	10	-	19,858,700
Deferred income tax relating to other comprehensive income	17(b)	-	(2,978,805)
Other comprehensive income, net of tax		-	16,879,895
Total comprehensive income for the year		**(1,027,171)**	23,094,555

The notes on pages 23 to 48 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

(All amounts are expressed in Ghana cedis)

	Note	At 31 December 2013	2012
ASSETS			
Non-current assets			
Property, plant and equipment	10	**32,337,877**	31,748,694
Other prepayments	11	**674,631**	674,631
Intangible assets	12	**632,359**	-
Investment properties	13	**-**	12,960,000
		33,644,867	45,383,325
Current assets			
Inventories	15	**18,643,018**	22,606,934
Trade and other receivables	16	**7,442,589**	7,456,284
Cash and cash equivalents	27	**5,696,217**	6,231,867
		31,781,824	36,295,085
Non-current asset held for sale	14	**12,960,000**	-
Total assets		**78,386,691**	81,678,410
EQUITY AND LIABILITIES			
Equity			
Stated capital	22	**2,771,486**	2,771,486
Capital surplus account	24	**21,861,622**	21,861,622
Income surplus account	25	**13,762,502**	15,541,113
Total equity		**38,395,610**	40,174,221
LIABILITIES			
Non-current liabilities			
Borrowings	21	**2,627,494**	932,900
Deferred income tax	17(b)	**4,964,148**	5,728,580
		7,591,642	6,661,480
Current liabilities			
Trade and other payables	20	**24,472,148**	33,907,227
Current income tax	17(a)	**841,610**	935,482
Borrowings	21	**7,085,681**	-
		32,399,439	34,842,709
Total Liabilities		**39,991,081**	41,504,189
Total equity and liabilities		**78,386,691**	81,678,410

The financial statements on pages 18 to 48 were approved for issue by the Board of Directors on 29 April, 2014 and signed on its behalf by:

C.B.K. Zwennes (Chairman) **T.R. Darko (Managing Director)**

The notes on pages 23 to 48 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Stated capital	Capital surplus account	Income surplus account	Total
Year ended 31 December 2013				
At 1 January 2013	2,771,486	21,861,622	15,541,113	**40,174,221**
Profit for the year	-	-	(1,027,171)	**(1,027,171)**
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(1,027,171)	**(1,027,171)**
Transaction with owners:				
Dividend declared for 2012	-	-	(751,440)	**(751,440)**
At 31 December 2013	**2,771,486**	**21,861,622**	**13,762,502**	**38,395,610**
Year ended 31 December 2012				
At 1 January 2012	2,771,486	4,981,727	9,727,220	17,480,433
Profit for the year	-	-	6,214,660	6,214,660
Other comprehensive income:				
Gains on revaluation of buildings, net of tax	-	16,879,895	-	16,879,895
Total comprehensive income for the year	-	16,879,895	6,214,660	23,094,555
Transaction with owners:				
Dividend declared for 2011	-	-	(400,767)	(400,767)
At 31 December 2012	2,771,486	21,861,622	15,541,113	40,174,221

The notes on pages 23 to 48 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(All amounts are expressed in Ghana cedis)

	Note	2013	2012
Cash flows from operating activities			
Cash (used in)/generated from operations	26	(4,402,913)	9,968,884
Interest received		140,812	257,580
Interest paid		(873,380)	(67,696)
Income tax paid	17(a)	(424,178)	(299,694)
Net (cash used in)/generated from operating activities		(5,559,659)	9,859,074
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(1,862,550)	(4,227,194)
Purchase of intangible asset – computer software	12	(669,163)	-
Proceeds from disposal of property, plant & equipment	10	132,027	26,297
Net cash used in investing activities		(2,399,686)	(4,200,897)
Cash flows from financing activities			
Repayment of loans	21	(12,592,700)	-
Drawdown of loans	21	19,844,000	932,900
Dividend paid	19	(751,440)	(400,767)
Net cash generated from financing activities		6,499,860	532,133
Net (decrease)/increase in cash and cash equivalents		(1,459,485)	6,190,310
Movement in cash and cash equivalents			
At start of year		6,231,867	41,557
(Decrease) / increase during the year		(1,459,485)	6,190,310
At end of year	27	4,772,382	6,231,867

The notes on pages 23 to 48 form an integral part of these financial statements.

NOTES

1. General information

Mechanical Lloyd Company Limited is a company incorporated and domiciled in Ghana under the Companies Act, 1963 (Act 179) and listed on the Ghana Stock Exchange. The address of its registered office is:

No. 2 Adjuma Crescent
Ring Road West
South Industrial Area
P O Box 2086
Accra

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and land and buildings. The financial statements are presented in Ghana cedis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.1.1 Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Company

The following standards have been adopted by the Company for the first time for the financial year beginning on 1 January 2013 and have a material impact on the Company: Amendment to IAS 1, 'Presentation of Financial Statements' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment only affects presentation on the face of the statement of comprehensive income.

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The impact has been increased disclosure in the financial statements.

NOTES [CONT'D.]

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The adoption of IFRS 13 has increased the extent of fair value disclosures in the financial statements.

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on 1 January 2013 that would be expected to have a material impact on the Company.

(ii) *New standards and interpretations that are not yet effective and have not been early adopted*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. Issued in November 2009 and October 2012, it replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The directors are yet to assess IFRS 9's full impact and intend to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The directors will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The impact of this on the Company relates to the payment of the National Fiscal Stabilisation Levy.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax (VAT), rebates and discounts.

NOTES (CONT'D.)

2. Summary of significant accounting policies (continued)

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below.

Revenue is recognised as follows:

(i) Sales of vehicles and parts are recognised in the period in which the Company has delivered products to the customer, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery does not occur until the products have been accepted by the customer.

No element of financing is deemed present as the sales are made within credit terms, which is consistent with the market practice. The Company does not operate any loyalty programmes.

(ii) Service revenues are recognised in the period in which the services are rendered.
(iii) Interest income is recognised on a time proportion basis using the effective interest method.
(iv) Rental income is recognised on a straight line basis over the lease period.

2.3 Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ghana cedi which is the Company's functional currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where the items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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

2.4 Property, plant and equipment

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment loss. Historical cost includes the expenditure that is directly attributable to the acquisition of the items.

NOTES (CONT'D.)

2. Summary of significant accounting policies (continued)

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

Assets in the course of construction are carried at cost less any recognised impairment loss. Cost includes professional fees and other directly attributable costs which are capitalised in accordance with the company's accounting policy.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as capital surplus account in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the capital surplus account directly in equity. All other decreases are charged to profit or loss.

Land is not depreciated (unless it is leasehold). Depreciation on other assets is calculated using the reducing balance method balance as follows:

Leasehold land	2%
Buildings	2½ – 4%
Plant and machinery	10%
Furniture and equipment	10%
Computers	33⅓%
Motor vehicles	15% – 20%

Depreciation commences when the assets are ready for their intended use.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income in profit or loss.

When revalued assets are sold, the amounts included in the capital surplus account are transferred to the income surplus account.

2.5 Intangible assets

Computer software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and put to use specific software. These costs are amortised on the basis of expected useful lives. Software has a maximum expected useful life of 3 years. Software are carried at cost less any amortisation and impairment losses, if any.

NOTES (CONT'D.)

2. Summary of significant accounting policies (continued)

2.6 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.7 Non-current assets

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

2.8 Leases

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

2.9 Investment properties

Investment properties are land and/or buildings which are held to earn rental income and/or for capital appreciation, and which are not occupied by the Company. Property that is being constructed or developed for future use as investment property is classified as investment property.

Investment properties are stated in the statement of financial position at fair value, based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset, determined annually by independent qualified valuers. The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2.2.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences between the carrying amount and the fair value of the item arising at the date of transfer is recognised directly in equity if it is a gain. Upon disposal of the item, the gain is transferred to income surplus account. Any loss arising in this manner is recognised immediately in profit or loss.

NOTES (CONT'D.)

2. Summary of significant accounting policies (continued)

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of spare parts, trade and non-trading inventories comprises invoice value, freight, insurance, customs duty and all other costs incurred in bringing the inventories to their present location, less provision for impairment, if any. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Borrowing costs are not included in the cost of inventories.

Work in progress is valued at materials cost.

2.11 Financial assets

(i) Classification

All financial assets of the Company are classified as loans and receivables, based on the purpose for which the financial assets were acquired. The directors determine the classification of the financial assets at initial recognition.

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

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(iv) Impairment of financial assets

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

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

NOTES (CONT'D.)

2. Summary of significant accounting policies (continued)

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

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

2.12 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are a classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment is made on a case by case basis and when there is evidence that the amount due will not be fully recovered at the original cost.

2.13 Cash and cash equivalents

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

2.14 Stated capital and dividend

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

2.15 Borrowings

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

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

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

NOTES (CONT'D.)

2. Summary of significant accounting policies (continued)

2.16 Borrowing costs

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

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

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

2.17 Trade payables

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

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

2.18 Income tax

Current income tax

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

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition or if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

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

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

NOTES (CONT'D.)

2. Summary of significant accounting policies (continued)

2.19 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

2.20 Employee benefits

The Company operates defined contribution retirement benefit schemes for its employees.

(i) Retirement benefit obligations

The Company and all its employees contribute to the appropriate National Social Security Fund, which is a defined contribution scheme.

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

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

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director. The Managing Director, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the "Chief operating decision maker".

2.22 Post balance sheet events

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

NOTES (CONT'D.)

(All amounts are expressed in Ghana cedis unless otherwise stated)

3. Critical accounting estimates and judgements

3.1 Critical accounting estimates and assumptions

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. In addition, significant estimates are involved in the determination of provisions related to taxes and litigation risks. These estimates are subject to change as new information becomes available and changes subsequent to these estimates may significantly affect future operating results.

The following critical accounting estimates were made in the preparation of Company's financial statements.

Property, plant and equipment
Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment. The rates used are set out in note 2.4.

Were the actual useful lives of the property, plant and equipment to differ by 1% from management's estimates, the carrying amount of the property, plant and equipment would be an estimated GH¢3,476 (2012: GH¢5,462) higher or lower.

Income taxes
Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Fair value of investment property
The Company has investment property which is measured at fair value with changes in fair value accounted through profit or loss. The fair value of investment property is determined by an independent valuer. A variety of factors are considered in determining the fair value of investment property.

Changes in assumptions about these factors could affect the reported fair value of investment property.

3.2 Critical judgements in applying the entity's accounting policies

In the process of applying the Company's accounting policies, management has made judgement in determining:

- the classification of non-current assets;
- whether land and buildings meet the criteria to be classified as investment property;
- whether assets are impaired; and
- provisions.

NOTES (CONT'D.)

(All amounts are expressed in Ghana cedis unless otherwise stated)

4. Revenue	2013	2012
Motor vehicles and farm machinery sales	**30,276,418**	39,392,072
Spare parts sales and workshop earnings	**7,633,217**	7,077,442
Rental income from investment properties	**501,221**	481,934
	38,410,856	46,951,448

5. Cost of sales		
Vehicles and farm machinery	**21,635,496**	29,717,793
Spare parts	**3,574,771**	3,573,476
Staff costs (Note 9)	**1,028,502**	1,275,906
Other direct expenses	**1,054,492**	1,043,634
Overheads	**310,687**	181,450
	27,603,948	35,792,259

6. Operating costs		
Operating costs include:		
Provision for doubtful debts	-	337,282
Bad debts written off	**16,674**	19,541
Staff costs (excluding executive directors' emoluments)	**3,454,218**	2,417,076
Directors' emoluments - fees (Note 32)	**144,200**	129,035
- other emoluments (Note 32)	**319,489**	270,887
Depreciation (Note 10)	**1,151,679**	546,161
Amortisation of intangible asset (Note 12)	**36,804**	-
Auditors' remuneration	**77,960**	59,500
Operating lease rentals	-	64,626
Loss on disposal of property, plant and equipment (Note 10)	-	93,515
Exchange loss	**2,937,769**	548,734
Donations	**20,698**	57,040

7. Other income		
Miscellaneous income	**112,387**	188,444
Fair value gain on investment property	-	3,807,900
Income from clinic services	**300,490**	206,601
Bad debt written off recovered	**4,979**	
Commission and fees earned on special projects	**604,786**	366,542
Profit on disposal of property, plant and equipment (Note 10)	**10,339**	-
	1,032,981	4,569,487

NOTES (CONT'D.)

(All amounts are expressed in Ghana Cedis unless otherwise stated)

8. Finance income and costs

	2013	2012
(a) Finance income		
Interest on treasury bills	**106,981**	207,260
Interest income on credit sales	**33,831**	24,104
Interest income from staff loans	**-**	26,216
	140,812	257,580
(b) Finance costs		
Interest on loans	**873,380**	67,696
Exchange loss on loans	**605,140**	-
	1,478,520	67,696

9. Staff costs

Wages and salaries (including executive directors' salaries)	**4,321,685**	3,566,549
Social security contributions	**480,524**	397,320
	4,802,209	3,963,869

The average number of persons employed by the Company at the year end was 191 (2012: 174).

Staff costs are charged to cost of sales and operating costs as shown below:

	2013	2012
Cost of sales	**1,028,502**	1,275,906
Operating costs	**3,773,707**	2,687,963
	4,802,209	3,963,869

10. Property, plant and equipment

	Buildings	Plant, machinery, equipment, furniture and vehicles	Capital work-in-progress	Total
Cost/valuation				
At 1 January 2013	26,585,868	3,506,398	3,420,616	**33,512,882**
Additions	75,871	824,647	962,032	**1,862,550**
Disposals	-	(334,941)	-	**(334,941)**
At 31 December 2013	**26,661,739**	**3,996,104**	**4,382,648**	**35,040,491**
Accumulated depreciation				
At 1 January 2013	98,458	1,665,730	-	**1,764,188**
Charge for year	802,908	348,771	-	**1,151,679**
Disposals	-	(213,253)	-	**(213,253)**
At 31 December 2013	**901,366**	**1,801,248**	-	**2,702,614**
Net book value				
At 31 December 2013	**25,760,373**	**2,194,856**	**4,382,648**	**32,337,877**

NOTES (CONT'D.)

(All amounts are expressed in Ghana cedis unless otherwise stated)

10. Property, plant and equipment (continued)

	Buildings	Plant, machinery, equipment, furniture and vehicles	Capital work-in-progress	Total
Cost/valuation				
At 1 January 2012	7,654,841	2,895,006	344,711	10,894,558
Additions	274,554	876,735	3,075,905	4,227,194
Revaluation surplus	19,858,700	-	-	19,858,700
Release on revaluation	(1,202,227)	-	-	(1,202,227)
Disposals	-	(265,343)	-	(265,343)
At 31 December 2012	26,585,868	3,506,398	3,420,616	33,512,882
Accumulated depreciation				
At 1 January 2012	1,028,785	1,537,000	-	2,565,785
Charge for year	271,900	274,261	-	546,161
Release on revaluation	(1,202,227)	-	-	(1,202,227)
Disposals	-	(145,531)	-	(145,531)
At 31 December 2012	98,458	1,665,730	-	1,764,188
Net book amount				
At 31 December 2012	26,487,410	1,840,668	3,420,616	31,748,694

The buildings were revalued on 30 November 2012 by independent professional valuers. Valuation is on the basis of open market value:

	2013	2012
(Profit) / loss on disposal of property, plant and equipment		
Cost	**334,941**	265,343
Accumulated depreciation	**(213,253)**	(145,531)
Net book value	**121,688**	119,812
Disposal proceeds	**(132,027)**	(26,297)
(Profit)/loss on disposal	**(10,339)**	93,515

Borrowings are secured on properties, plant and equipment (Note 21).

11. Other prepayments

Other prepayments represent land in the course of acquisition for which the Company is yet to secure all the legal registration requirements.

	2013	2012
At 1 January and 31 December	**674,631**	674,631

NOTES [CONT'D.]

(All amounts are expressed in Ghana cedis unless otherwise stated)

12. Intangible assets – software package

Cost	**2013**	2012
At 1 January	**-**	-
Additions	**669,163**	-
At 31 December	**669,163**	-
Amortisation		
At 1 January	**-**	-
Charge for the year	**36,804**	-
At 31 December	**36,804**	-
Net book value		
31 December	**632,359**	-

13. Investment properties

At 1 January and 31 December	**12,960,000**	9,152,100
Fair value gains	**-**	3,807,900
Transfer to non-current held for sale	**(12,960,000)**	-
At 31 December	**-**	12,960,000

Investment properties were revalued on 30 November 2012 by independent professional valuers. Valuation is on the basis of open market value.

14. Non-current asset held for sale

	2013	2012
Investment properties (Note 13)	**12,960,000**	-

Investment properties have been presented as non-current asset held for sale following the commencement of the sale process in November 2013. The directors of the Company consider the fair value less costs to sell to be higher than the carrying amount.

15. Inventories

	2013	2012
Trade inventories	**17,714,457**	17,554,586
Goods in transit	**610,639**	4,802,002
Work-in-progress	**271,471**	163,063
Non-trade inventories	**46,451**	87,283
	18,643,018	22,606,934

The cost of inventories recognised as an expense and included in cost of sales amount to GH¢25,210,267 (2012: GH¢33,291,269). No amount was charged to profit and loss for damaged and obsolete inventories during the year (2012: Nil).

NOTES (CONT'D.)

(All amounts are expressed in Ghana cedis unless otherwise stated)

16. Trade and other receivables

	2013	2012
Trade receivables	**6,874,690**	6,990,986
Staff receivables	**483,545**	420,505
Prepayments	**84,354**	44,793
	7,442,589	7,456,284

The maximum amount of staff indebtedness during the year did not exceed GH¢500,000 (2012: GH¢500,000).

The fair value of trade receivables or staff receivables approximates their carrying value.

17. Income tax

(a) Current income tax

	At 1 January	Charge for the year	Payments for the year	At 31 December
Year ended 31 December 2013				
Up to 2012	935,482	-	(44,685)	**890,797**
2013	-	330,306	(379,493)	**(49,187)**
	935,482	330,306	(424,178)	**841,610**
Year ended 31 December 2012				
Up to 2011	5,194	-	-	5,194
2012	-	1,229,982	(299,694)	930,288
	5,194	1,229,982	(299,694)	935,482

(b) Deferred income tax

	At 1 January	Charged/ (credited) to profit or loss	Charged/ (credited) to other comprehensive income	At 31 December
Year ended 31 December 2013				
Property, plant and equipment				
- on historical cost basis	148,150	(147,113)	-	**1,037**
- on revaluation surpluses	3,857,933	-	-	**3,857,933**
Intangible assets	-	55,764	-	**55,764**
Investment properties	1,944,000	-	-	**1,944,000**
Other timing differences	(221,503)	(673,083)	-	**(894,586)**
	5,728,580	(764,432)	-	**4,964,148**

NOTES (CONT'D.)

(All amounts are expressed in Ghana cedis unless otherwise stated)

17. Income tax (continued)

(b) Deferred income tax (continued)

Year ended 31 December 2012	At 1 January	Charged/ (credited) to profit or loss	Charged/ (credited) to other comprehensive income	At 31 December
Property, plant and equipment				
- on historical cost basis	137,339	10,811		148,150
- on revaluation surpluses	879,128	-	2,978,805	3,857,933
Investment properties	1,372,815	571,185	-	1,944,000
Other timing differences	26,729	(248,232)	-	(221,503)
	2,416,011	333,764	2,978,805	5,728,580

18. Income tax expense

	2013	2012
Current income tax (Note 17(a))	**330,306**	1,229,982
Deferred income tax (Note 17(b))	**(764,432)**	333,764
	(434,126)	1,563,746

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the statutory income tax rate applicable to profits. This is explained as follows:

	2013	2012
(Loss)/profit before income tax	**(1,461,297)**	7,778,406
Tax charged at corporate tax rate of 25% (2012:25%)	**(365,324)**	1,944,602
Expenses not deductible for tax purposes	**20,865**	81,863
Income taxed at different rate	**(85,207)**	(462,719)
Utilisation of previous unrecognised tax losses	**(4,460)**	-
	(434,126)	1,563,746

19. Dividend

Payment of dividend is subject to the deduction of withholding taxes at the rate of 8%. At the next Annual General Meeting, a dividend per share of GH¢0.010 amounting to GH¢500,959 is to be proposed for the year ended 31 December 2013.

Dividend per share of GH¢0.015 (2011: GH¢0.0080) amounting to GH¢751,440 (2011: GH¢400,767) was declared for the year ended 31 December 2012 and paid during the year.

	2013	2012
At 1 January	**-**	-
Dividend declared for 2012	**751,440**	-
Dividend declared for 2011	**-**	400,767
Payment	**(751,440)**	(400,767)
At 31 December	**-**	-

NOTES (CONT'D.)

(All amounts are expressed in Ghana cedis unless otherwise stated)

20. Trade and other payables

	2013	2012
Trade payables	**13,787,107**	33,517,908
Accrued charges	**115,968**	362,328
Sundry payables	**456,611**	26,991
Advance receipts	**10,112,462**	-
	24,472,148	33,907,227

The carrying amount of the above payables and accrued expenses approximate to their fair values.

21. Borrowings

	2013	2012
Current		
Bank overdrafts	**923,835**	-
Loans	**6,161,846**	-
	7,085,681	-
Non-current		
Loans	**2,627,494**	932,900
Total borrowings	**9,713,175**	932,900

(i) Bank overdrafts

At the financial reporting date, the Company had certain overdraft facilities not exceeding GH¢2.5 million (2012: GH¢2.5 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.

The Company's bankers have provided guarantees not exceeding €2 million (2012: €2 million) and US$12.3 million (2012: US$12.3 million).

(ii) Bank loans

(a) Stanbic medium term loan 1 (MTL 1) facility of US$2 million

The Company secured a term loan facility of US$2.0 million in 2012 from Stanbic Bank Ghana Limited to finance the construction of a full branch operational office in Takoradi. The facility is to be repaid in thirty-six (36) equal instalments after two years principal moratorium period. The facility attracts interest at 3 months LIBOR plus 6.25% per annum. The facility is secured by a floating charge over the Company's inventories, and a first legal mortgage over the Takoradi operational office under construction with funds from the facility.

As of 31 December 2013, US$1.7 million had been drawn down. The repayment of principal will commence in May 2014.

NOTES (CONT'D.)

(All amounts are expressed in Ghana cedis unless otherwise stated)

21. Borrowings (continued)
(ii) Bank loans (continued)

(b) Stanbic medium term loan 2 (MTL 2) facility of US$3.5 million

The Company secured an additional term loan facility of US$3.5 million from Stanbic Bank Ghana Limited during the year for the Takoradi branch operational office. The principal amount is to be repaid in four quarterly equal instalments of US$875,000 commencing from March 2014. Interest is payable monthly in arrears. The facility attracts interest at 3 months LIBOR plus 6.25% per annum. The facility is secured by a floating charge over the Company's inventories, and a first legal mortgage over the Takoradi operational office under construction with funds from the facility. As at 31 December 2013, US$2.5 million remained outstanding.

(c) Stanbic short term loan facility of GH¢ 3.5 million

The Company secured a short term loan facility of GH¢3.5 million from Stanbic Bank Ghana Limited to augment its working capital. The facility had a maximum tenor of six months commencing from the date of acceptance. The facility attracted interest at Stanbic Bank's base rate. The facility was repaid during the year.

(d) Ecobank short term loan facility of US$3.5 million

The Company secured a short term loan facility of US$3.5 million from Ecobank Ghana Limited to finance stocks, payment of operational and trade bills. The facility had a maximum tenor of twelve months commencing from the date of acceptance. The facility attracted interest at Ecobank's USD base rate. The facility was secured by a legal mortgage over a residential property in Cantonments. The facility was repaid during the year.

The movement in loan account during the year is as follows:

	At 1 January	Drawdown	Repayment	Exchange rate adjustment	At 31 December
Year ended 31 December 2013					
Stanbic medium term loan 1	932,900	2,384,250	-	240,400	**3,557,590**
Stanbic medium term loan 2	-	6,987,750	(2,092,700)	336,700	**5,231,750**
Stanbic short term loan	-	3,500,000	(3,500,000)	-	-
Ecobank short term loan	-	6,972,000	(7,000,000)	28,000	-
Total	932,900	19,844,000	(12,592,700)	605,140	**8,789,340**
Current portion of loans	-				**(6,161,846)**
Non-current portion of loans	932,900				**2,627,494**
Year ended 31 December 2012					
Stanbic medium term loan 1	-	932,900	-	-	932,900
Current portion of loans	-				-
Non-current portion of loans	-				932,900

The Company had the following undrawn bank loan facility at the reporting date:

	2013	2012
Floating rate loan	**627,810**	2,801,850

NOTES (CONT'D.)

(All amounts are expressed in Ghana cedis unless otherwise stated)

22. Stated capital

The Company has 100,000,000 authorised ordinary shares of no par value out of which 50,095,925 (2012: 50,095,925) have been issued as follows:

	No. of shares	Proceeds
Issued for cash	**11,426,643**	**47,792**
Rights issue	**34,011,865**	**2,708,790**
Transfer from income surplus	**4,657,417**	**14,904**
	50,095,925	**2,771,486**

There was no change in stated capital during the year (2012: Nil).

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

23. Earnings per share

	2013	2012
(Loss)/profit for the year	**(1,027,171)**	6,214,660
Number of ordinary shares (Number)	**50,095,925**	50,095,925
Basic and diluted earnings per share (GH¢)	**(0.0205)**	0.1241

There were no potentially dilutive shares outstanding at 31 December 2013 or 2012. Diluted earnings per share are the same as basic earnings per share.

24. Capital surplus account

	2013	2012
At 1 January	**21,861,622**	4,981,727
Revaluation surplus	-	19,858,700
Deferred income tax charge (Note 17 (b))	-	(2,978,805)
At 31 December	**21,861,622**	21,861,622

The capital surplus account is the reserve account for the revaluation of the Company's land and buildings. The revaluation surplus arose from an independent professional valuation of the Company's land and buildings. The latest valuation was performed on 30 November 2012. The reserve was not available for distribution to the shareholders of the Company at the reporting date.

25. Income surplus account

	2013	2012
At 1 January	**15,541,113**	9,727,220
(Loss)/profit for the year	**(1,027,171)**	6,214,660
Dividend declared for 2012	**(751,440)**	-
Dividend declared for 2011	-	(400,767)
At 31 December	**13,762,502**	15,541,113

NOTES (CONT'D.)

(All amounts are expressed in Ghana cedis (GHS) unless otherwise stated)

26. Cash (used in)/generated from operations

	2013	2012
(Loss)/profit before income tax	**(1,461,297)**	7,778,406
Depreciation charge	**1,151,679**	546,161
Amortisation of intangible assets	**36,804**	-
(Profit)/loss on disposal of property, plant and equipment	**(10,339)**	93,515
Finance income	**(140,812)**	(257,580)
Finance costs	**1,478,520**	67,696
Fair value gains on investment properties	**-**	(3,807,900)
Decrease/(increase) in inventories	**3,963,916**	(13,729,654)
Decrease/(increase) in trade and other receivables	**13,695**	(987,605)
(Decrease)/increase in trade and other payables	**(9,435,079)**	20,265,845
Cash (used in)/generated from operations	**(4,402,913)**	9,968,884

27. Cash and cash equivalents

	2013	2012
Cash in hand	**8,630**	11,650
Cash at bank	**5,687,587**	4,012,959
Treasury bills	**-**	2,207,258
	5,696,217	6,231,867

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

	2013	2012
Cash and cash equivalents	**5,696,217**	6,231,867
Bank overdrafts	**(923,835)**	-
	4,772,382	6,231,867

28. Commitments

Capital commitments

There were no capital commitments at the reporting date (2012: Nil).

Operating lease commitments

The Company leases various outlets under non-cancellable operating lease. The lease terms are between 5 and 10 years, and the majority of the lease agreements are renewable at the end of the lease period at market rates.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2013	2012
Not later than 1 year	**66,234**	65,021
Later than 1 year and not later than 5 years	**200,899**	197,059
Later than 5 years	**150,674**	182,515

NOTES (CONT'D.)

(All amounts are expressed in Ghana cedis (GHS) unless otherwise stated)

29. Contingent liabilities

There were no contingent liabilities at the reporting date (2012: Nil).

30. Financial risk management

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, the effects of changes in foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The primary risks faced by the Company are exchange rate risk and credit risk.

Risk management is carried out by the management of the Company under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks.

(a) Market risk management

Market risk is the risk that movements in market rates, foreign exchange rates, interest rates, equity and commodity prices will reduce the Company's income or the value of its portfolios. The management of market risk is undertaken using policies approved by the board of directors.

(i) Sensitivity analysis – currency risk

The Company seeks to reduce its foreign currency exposure through a policy of matching, as far as possible, assets and liabilities denominated in foreign currencies. The Company imports vehicles, spare parts and equipment from overseas and therefore is exposed to foreign exchange risk arising from Euro, GBP and USD exposures. Management's policy to manage foreign exchange risk is to hold foreign currency bank accounts which act as a natural hedge for purchases of motor vehicles and farm machinery. Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies.

At 31 December 2013, if the currency had weakened/strengthened by 1% against the Euro with all other variables held constant, post tax profit for the year would have been GH¢42,051 (2012: GH¢46,619) lower/higher, mainly as a result of Euro denominated trade payables and bank balances.

At 31 December 2013, if the currency had weakened/strengthened by 1% against the US dollar with all other variables held constant, post-tax profit for the year would have been GH¢100,233 (2012: GH¢153,912) higher/lower, mainly as a result of US dollar denominated trade payables and bank balances.

The Company hedges the currency risk using the practice stated above in order to mitigate currency risk as a result of changes in foreign exchange rates.

(ii) Sensitivity analysis - interest rate risk

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

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

NOTES (CONT'D.)

(All amounts are expressed in Ghana cedis (GHS) unless otherwise stated)

30. Financial risk management (continued)
(ii) Sensitivity analysis - interest rate risk (continued)

The Company has used sensitivity analysis technique to measure the estimated impact in the profit or loss from an instantaneous increase or decrease of 1% (100 basis points) in market interest.

The Company calculates the impact on profit or loss of a defined interest rate shift. Based on the simulation performed, the impact on post-tax profit of a 1% shift would be a maximum increase or decrease in finance cost of GH¢8,734 (2012: GH¢677) per annum.

(b) Credit risk management
Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The Company has dedicated policies and procedures to control and monitor all such risks. Although the Company is potentially exposed to credit loss in the event of non-performance by counterparties, such credit risk is controlled through credit control policy whereby credit sales are only made to government agencies and institutional customers.

The amount that best represents the Company's maximum exposure to credit risk at 31 December 2013 and 2012 is the carrying value of the trade receivables, staff receivables and cash and cash equivalents in the statement of financial position.

(i) Trade receivables

The carrying value of trade receivables comprise:

	2013	2012
Neither past due nor impaired	**6,171,658**	6,402,788
Past due but not impaired	**703,032**	588,198
	6,874,690	6,990,986

At 31 December 2013, trade receivables of GH¢20,871 (2012: GH¢337,282) were impaired and fully provided for. Trade receivables past due but not impaired were in arrears up to 6 months.

The Company extends credit to customers up to one year. Irrecoverable debts are assessed on case by case basis. As of 31 December 2013, trade receivables amounting to GH¢16,674 (2012: GH¢19,541) were written off as irrecoverable debt in profit or loss.

(ii) Staff receivables
Staff receivables are recovered through the monthly payroll in accordance with the payment plan. Staff receivables are neither past due nor impaired.

(iii) Cash and cash equivalents
The Company manages credit risk relating to cash and cash equivalents by having banking relationships with only financial institutions licensed by the Bank of Ghana.

NOTES (CONT'D.)

(All amounts are expressed in Ghana cedis (GHS) unless otherwise stated)

30. Financial risk management (continued)
(c) Liquidity risk management (continued)

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

The Company has an overdraft facility with a local bank which provides the Company with an option to maintaining liquidity and continuity in funding.

The Company has incurred debts but also hold liquid assets to meet immediate cash requirements. The Company evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Company implements strategies to manage its liquidity risk.

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

Details of bank overdrafts and loan facilities taken on by the Company are shown in Notes 21.

Maturity analysis of financial liabilities
The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed below are the contractual undiscounted cash flows.

	Lee than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
At 31 December 2013				
Bank loan	1,969,398	4,552,463	1,521,734	1,196,036
Bank overdraft	923,835	-	-	-
Trade and other payables	23,899,569	-	-	-
	26,792,802	**4,552,463**	**1,521,734**	**1,196,036**
At 31 December 2012				
Bank loan	15,791	47,372	872,293	103,773
Trade and other payables	33,517,908	-	-	-
	33,533,699	47,372	872,293	103,773

NOTES (CONT'D.)

(All amounts are expressed in Ghana cedis (GHS) unless otherwise stated)

30. Financial risk management (continued)

(d) Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may limit the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

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

The Company's strategy, which remained unchanged during the year, was to maintain a gearing ratio of less than 45%. The gearing ratios at 31 December 2013 and 2012 were as follows:

	2013	2012
Borrowings (Note 21)	**9,713,175**	932,900
Less: Cash and cash equivalents (excluding overdrafts)	**(5,696,217)**	(6,231,867)
Net (cash)/debt	**4,016,958**	(5,298,967)
Total equity	**38,395,610**	40,174,221
Total capital	**42,412,568**	34,875,254
Gearing ratio	**9.48%**	Nil

(e) Fair value of financial assets and liabilities

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in an arms-length transaction between willing parties. The methods and assumptions used to calculate fair values can be summarised as follows:

Current assets and liabilities

Financial instruments included within current assets and current liabilities (excluding cash and borrowings) are generally short term in nature and accordingly their fair values approximate to their book values.

Borrowings

The estimated fair value of bank loans not quoted in an active market is based on discounted cash flows using three months LIBOR (USD) plus 6.25% at the reporting date. The estimated fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

(All amounts in the notes are shown in Ghana cedis unless otherwise stated)

30. Financial risk management (continued)
(e) Fair value of financial assets and liabilities (continued)

The table below sets out the Company's classification of each class of financial assets and liabilities, and their fair values:

At 31 December 2013	**Loans and receivables**	**Other liabilities amortised cost**	**Total**	**Fair value**
Trade and other receivables	7,358,235	-	**7,358,235**	**7,358,235**
Cash and bank balances	5,696,217	-	**5,696,217**	**5,696,217**
Total financial assets	13,054,452	-	**13,054,452**	**13,054,452**
Trade and other payables	-	23,899,569	**23,899,569**	**23,899,569**
Bank overdraft	-	923,835	**923,835**	**923,835**
Bank loans	-	8,789,340	**8,789,340**	**8,706,599**
Total financial liabilities	-	33,612,744	**33,612,744**	**33,530,003**
At 31 December 2012				
Trade and other receivables	7,411,491	-	7,411,491	7,411,491
Cash and bank balances	6,231,867	-	6,231,867	6,231,867
Total financial assets	13,075,323	-	13,643,358	13,643,358
Trade and other payables	-	33,517,908	33,517,908	33,517,908
Bank loans	-	923,835	923,835	932,462
Total financial liabilities	-	34,441,743	34,441,743	34,450,370

31. Segmental reporting

Management has determined the operating segments based on the franchise held at each reporting date. The Company's primary reporting segments are based on products under the franchise, namely BMW, Ford, Massey Fergusson, and servicing of vehicles.

Year ended 31 December 2013	**BMW**	**Ford**	**Massey Fergusson**	**Servicing**	**Total**
Revenue	8,762,722	20,875,119	638,577	7,633,217	**37,909,635**
Rental income	-	-	-	-	**501,221**
Cost of sales	(6,055,976)	(15,153,302)	(426,236)	(5,968,434)	**(27,603,948)**
Gross profit	2,706,746	5,721,817	212,341	1,664,783	**10,806,908**
Operating costs					**(11,963,478)**
Other income					**1,032,981**
Operating loss					**(123,589)**
Finance income					**140,812**
Finance costs					**(1,478,520)**
Loss before income tax					**(1,461,297)**
Income tax credit					**434,126**
Loss for the year					**(1,027,171)**

(All amounts in the notes are shown in Ghana cedis unless otherwise stated)

31. Segmental reporting (continued)

Year ended 31 December 2012

Revenue	4,470,597	31,162,037	3,719,998	7,116,882	46,469,514
Rental income	-	-	-	-	481,934
Cost of sales	(3,394,164)	(23,532,994)	(2,790,635)	(6,074,466)	(35,792,259)
Gross profit	1,076,433	7,629,043	929,363	1,042,416	11,159,189
Operating costs					(8,140,154)
Other income					4,569,487
Operating profit					7,588,522
Finance income					257,580
Finance costs					(67,696)
Profit before income tax					7,778,406
Income tax expense					(1,563,746)
Profit for the year					6,214,660

The Chief operating decision maker in assessing the performance of the reportable segments does not allocate assets and liabilities to these segments but rather manages the financial position in totality.

There is no revenue from a single customer which exceeds 10% of total revenue.

32. Related party transactions

Key management includes directors (executive and non-executive) and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2013	2012
Salaries	**944,606**	871,373
Defined contributions scheme	**50,885**	62,417
	995,491	933,790
Directors' remuneration		
Fees for services as a director	**144,200**	129,035
Other emoluments (included in key management compensation above)	**319,489**	270,887
	463,689	399,922

SHAREHOLDERS INFORMATION

1. Details of 20 largest shareholders

The twenty largest shareholders in the Company and the respective number of shares held at 31 December 2013 are as follows:

Names	Number of shares	% Shareholding
Mr. Terence R.K. Darko	15,024,381	29.99
Mega African Capital Ltd	3,700,000	7.39
Mr. Michael O. Darko	2,441,600	4.87
Ms. Danielle M. Darko	1,925,000	3.84
Ms. Gillian A. Darko	1,925,000	3.84
Mrs. Kalysta Y. Darko – O'Kell	1,925,000	3.84
Mr. Terence R. A. Darko	1,925,000	3.84
SCBN/ Mega African Capital	1,862,700	3.72
Mr. Christian N. Darko	1,198,752	2.39
Mr. Stephen A. Darko	1,198,745	2.39
Ms. Rodaline J. Darko	961,305	1.92
Ms. Caroline B. Darko	845,967	1.69
Ms. Emma A. Darko	600,000	1.20
Coco-Mutual Fund Trust	583,200	1.16
Mr. Daniel Ofori	554,300	1.11
Alpine Properties Limited	550,700	1.10
Zigma Investment Club	526,600	1.05
Ms. Lucy S. Darko	508,465	1.01
Ms. Esther S. Darko	504,561	1.01
Mr. Charles S. Aidoo	488,000	0.97
Reported totals	**39,249,276**	**78.35**
Not reported	**10,846,649**	**21.65**
Grand Totals	**50,095,925**	**100.00**

2. Number of shareholders

The number and distribution of Ordinary Shareholders with equal voting rights as at 31 December 2013 was as shown below:

	No. of holders	Total holding	% Holdings
1 - 1000	3,187	1,313,266	2.62
1,001 - 5000	709	1,560,118	3.11
5,001 - 1000	104	820,572	1.64
10,001 and above	131	46,401,969	92.63
	4,131	**50,095,925**	**100.00**

REMARKS

PROXY FORM

Annual General Meeting to be Held at 11.00 am. On Tuesday 24 June, 2014 at Accra **International Conference Centre,** Accra.

I / We...

....

of ....
being a member(s) of Mechanical Lloyd and entitled to attend and vote at Annual / Extra-Ordinary General Meetings of the Company hereby appoint:

....

of...
as my proxy to attend and vote for me and on my behalf at the Annual General Meeting of the Company to be held on Tuesday 24 June, 2014.

Dated this .... Day of 2014

....
Shareholder's Signature

This Proxy form should not be completed and sent to the Registrar's if the member will be attending the meeting.

Note:
Please sign the above Proxy Form and post it so as to reach the address shown below not later than 48 hrs. before the meeting.

Registrar's Dept.
Merchant Bank(Ghana) Limited,
57 Examination Loop,
North Ridge, P.O. Box 401,Accra

For Company's Use	No. of Shares	
Resolution	**For**	**Against**
1. To recieve the Accounts		
2. To declare a dividend		
3. To elect Mr. Joseph Hyde Jnr. as Director		
4. To elect Mr. Edward K. Annobil as Director.		
5. To elect Mrs. Kalysta Y. Darko-O'Kell as Director.		
6. To authorise the Directors to fix the remuneration of the Auditors.		

Please indicate with an "X" in the space above how you wish your votes to be cast on each of the above resolutions.

MECHANICAL LLOYD COMPANY LIMITED

Admission Form

Annual General Meeting to be held at **Accra International Conference Centre,** Accra on **Tuesday 24 June, 2014** at 11.00 o'clock in the forenoon.

Full name and address of shareholder ....

....

Number of shares held ....

IMPORTANT: This Admission Form must be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.

Second Fold Here

First Fold Here

Please Affix
Stamp

Merchant Bank(Ghana) Limited,
Registrar's Dept.
57 Examination Loop,
North Ridge,
P.O. Box 401,Accra

Postal Address: P.O. Box GP 2086, Accra
Street Address: No.2 Adjuma Crescent
Ring Road West South Ind. Area
Phone: 0302 229312 / 0302 229318
E-mail: enquiries@mechlloyd.com
Website: www.mechlloyd.com