CLYDESTONE GROUP

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2014

CONTENTS	PAGE REFERENCE

CORPORATE INFORMATION

DIRECTORS	Paul Jacquaye George Prah Robert Alloh
COMPANY SECRETARY	Samuel Adjetey
REGISTERED OFFICE	16 Adebeto Close North Labone P. O. Box CT 1003 Accra
INDEPENDENT AUDITOR	UHYVoscon Chartered Accountants No. C806/4, Boundary Road, Tudu, Accra Adjacent to City Paints Supply P. O. Box LA 476 La, Accra.
SOLICITORS	Alloh & Partners P. O. Box NT 478 New Town, Accra
BANKERS	Bank of Africa Fidelity Bank Limited United Bank of Africa FirsTrust Savings & Loans Limited Zenith Bank (GH) Limited
REGISTRARS	NTHC Limited Martco House P. O. Box KA 9563 Airport, Accra Ghana

FINANCIAL HIGHLIGHTS

	2014 GH¢	2013 GH¢	Percentage change %
Revenue	1,500,113	1,239,043	21.07
Profit /loss before tax	(747,184)	(148,934)	401.69
Income tax expense	(5,668)	1,385	(509.24)
Profit /loss after tax	(752,852)	(150,319)	400.84
Total assets	2,144,515	1,736,281	23.51
Total current liabilities	3,071,046	1,878,518	63.48
Retained earnings	(2,057,997)	(946,449)	117.44
Total equity and liabilities	(926,531)	(142,237)	551.40

REPORT OF THE DIRECTORS

The Directors submit their report of Clydestone (Ghana) Limited ("the Company") for the year ended 31 December, 2014.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparation of financial statements for each 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 and loss and cash flows for the period. In preparing these financial statements, the Directors have selected suitable accounting policies and then applied them consistently, made judgments and estimates that are reasonable and prudent, followed the 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.

Financial results for the year

	GH¢
The Company recorded a total comprehensive loss of	(1,111,548)
to which is added balance on the retained earnings brought forward of	(985,439)
leaving a balance on the retained earnings carried forward of	(2,057,997)

Nature of business

The company is an information and communication technology company, specializing in payments systems – comprising Cheque Code Line and Truncation, Transaction Processing and switching services to Banks and Independent Service Organizations, Systems Integration and Outsourcing.

Going concern

The Group made a loss during the year, however, the directors are satisfied that the underlying quality of business is sound, and that profitable returns can be earned within the foreseeable future and that the company will continue as a going concern.

Directors and their interests

The Present membership of the Board is set out in page 1.

The Directors' interests in the ordinary shares of the Company as at 31 December 2014 were as follows:

Name	No. of shares
Paul Tse Jacquaye	20,389,500
George Prah	50,000

Directors' interests in contracts

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

Auditors

In accordance with Section 134 (5) of the Companies Act, 1963 (Act 179) Messrs UHYVoscon Chartered Accountants have agreed to continue in office as the Company auditor's.

The financial statements of the Company as indicated above were approved by the board of directors on 11th of June, 2015 and are signed on their behalf by:

SIGNED	**SIGNED**
PAUL TSE JACQUAYE	**ROBERT ALLOH**
DIRECTOR	**DIRECTOR**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

SIGNED	**SIGNED**
PAUL TSE JACQUAYE	**ROBERT ALLOH**
DIRECTOR	**DIRECTOR**

REPORT OF THE INDEPENDENT AUDITORS

We have audited the accompanying Consolidated Financial Statements of Clydestone Group on pages 7 to 27 which comprise the statement of financial position as at 31 December, 2014, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, together with the summary of significant accounting policies and other explanatory notes, and have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Act, 1963 (Act 179) and International Financial Reporting Standards (IFRS). These responsibilities include designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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 judgment, 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 and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing 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 management as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion , the Group has kept proper accounting records and the financial statements are in agreement with the records in all material respects and report in the prescribed manner, information required by the Companies Act, 1963 (Act 179). The financial statements give a true and fair view of the financial position of the company as at 31 December, 2014, and of its financial performance and statement of cash flow for the year then ended and are drawn up in accordance with the International Financial Reporting Standards, issued by the International Accounting Standards Board (IASB).

Report on other legal and regulatory requirements

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

1. 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;

2. In our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and

3. The statement of financial position and statement of comprehensive income of the Group are in agreement with the books of account.

Signed by:
Emmanuel K.D. Abbey (ICAG/P/1167)
For and on behalf of:
UHYVoscon (ICAG/F/2014/086)
Chartered Accountants
No. C806/4, Boundary Road, Tudu, Accra
P.O. Box LA 476,
La -Accra
12th June, 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER, 2014

	NOTE	2014	2013
		GH¢	GH¢
REVENUE	3a	1,500,113	1,239,043
COST OF OPERATIONS	5	(449,121)	(466,072)
GROSS OPERATING PROFIT		1,050,992	772,971
General and administrative expenses:	6	(2,220,630)	(961,634)
Operating loss		(1,169,638)	(188,663)
Other income	7	60,000	39,729
LOSS BEFORE TAXATION		(1,109,638)	(148,934)
TAXATION			
Income tax expense	8	(5,668)	(1,385)
Loss for the year		(1,115,306)	(150,319)
Attributable to:- Equity holders		(1,115,306)	(145,329)
Non-controlling interest		(3,758)	(4,990)
OTHER COMPREHENSIVE INCOME (LOSS)			
Exchange difference on deposit		-	34,000
Total other comprehensive income/(loss) for the year		-	34,000
Total comprehensive income/(loss) for the year		(1,111,548)	(111,329)
Group basic earnings/(loss) per share		GH¢ (0.03)	GH¢ (0.04)
Group diluted earnings/(loss) per share		GH¢ (0.03)	GH¢ (0.04)

Notes 1 to 26 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2014

	NOTE	2014	2013
ASSETS		**GH¢**	**GH¢**
INTANGIBLE ASSETS	9	997,176	571,164
NON-CURRENT ASSETS			
Property, plant and equipment	10a	148,510	162,464
CURRENT ASSETS			
Trade accounts receivable	11	133,997	294,535
Deposit	12	192,000	132,000
Other accounts receivable	13	506,417	449,142
Cash and cash equivalents	14	166,415	126,976
		998,829	1,002,653
TOTAL ASSETS		2,144,515	1,736,281
CURRENT LIABILITIES			
Bank overdraft	15	1,437,595	570,419
Trade accounts payable		497,669	337,110
Other accounts payable	16	1,354,347	1,164,928
Taxation	17	(169,138)	(155,621)
Deferred tax	18	(47,098)	(38,318)
TOTAL CURRENT LIABILITIES		3,073,375	1,878,518
SHAREHOLDERS FUNDS			
Stated capital	19	554,850	554,850
Capital reserve	20	213,037	213,037
Deposit for shares	21	328,683	-
Retained earnings		(2,057,997)	(946,449)
Non controlling interest	22	32,567	36,325
Total shareholders fund		(928,860)	(142,237)
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		2,144,515	1,736,281

SIGNED
PAUL TSE JACQUAYE
DIRECTOR

SIGNED
ROBERT ALLOH
DIRECTOR

Notes 1 to 26 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER, 2014

2014

	Stated capital GH ¢	Capital surplus GH¢	Deposit for shares GH¢	Non-controlling interest GH¢	Retained earnings GH¢	Total GH¢
Balance as at 1 January	554,850	213,037	-	36,325	946,449)	(142,237)
Deposit for shares	-		328,683			328,683
Total comprehensive loss for the year	-	-	-	(3,758)	(1,111,548)	(1,115,306)
Balance as at 31 December	554,850	213,037	328,683	32,567	(2,057,997)	(928,860)

2013

	Stated capital GH ¢	Capital surplus GH¢	Deposit for shares GH¢	Non-Controlling interest GH¢	Retained earnings GH¢	Total GH¢
Balance as at 1 January	554,850	213,037	-	41,315	(835,120)	(25,918)
Total comprehensive loss for the year	-	-	-	(4,990)	(111,329)	(116,319)
Balance as at 31 December	554,850	213,037	-	36,325	(946,449)	(142,237)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER, 2014

	2014 GH¢	2013 GH¢
CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before taxation	(1,109,638)	(148,934)
Reconciliation of profit to net cash flows from operating activities		
Adjustment for non-cash items:		
Net Interest expense	922,305	114,084
Depreciation	70,119	39,507
Exchange difference	-	34,000
	(117,214)	38,657
Changes in working capital		
Inventories	-	74,970
Trade accounts receivable	160,538	51,292
Deposit	(60,000)	(34,000)
Other accounts receivable	(57,275)	33,775
Trade accounts payable	160,559	140,129
Other accounts payable	189,419	49,427
	393,241	315,593
Tax paid		
Corporate tax	(20,268)	(25,797)
Net cash provided by operating activities	248,062	328,453
CASH FLOW FROM INVESTING ACTIVITIES:		
Fixed assets purchased	(56,165)	(134,936)
Intangible asset	(426,012)	(70,362)
Net cash used in investing activities	(482,177)	(205,298)
CASH FLOW FROM FINANCING ACTIVITIES		
Deposit for shares	328,683	-
Interest expense	(922,305)	(114,084)
Dividend payable reclassified	-	(34,158)
Net cash used in financing activities	(593,622)	(148,242)

CASH FLOW STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER, 2014

	2014	2013
	GH¢	**GH¢**
DECREASE IN CASH AND CASH EQUIVALENTS	(827,737)	(25,087)
CASH AND CASH EQUIVALENTS:		
at beginning of year:-		
Cash and cash equivalents	126,976	81,376
Bank overdraft	(570,419)	(499,732)
at end of year:-	(1,271,180)	(443,443)

Analysis of balances of cash and cash equivalents as shown in the statement of financial position.

Cash and cash equivalents	166,415	126,976
Bank overdraft	(1,437,595)	(570,419)
	(1,271,180)	(443,443)

Notes 1 to 26 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2014

NOTE 1 - NATURE OF BUSINESS

Clydestone Group was incorporated in June 1989 with the following objectives as amended on 12 December, 2002.

- Payment Systems
- System Integration
- Outsourcing
- Networking
- Computer and Communication Technology
- Consultancy

The company commenced business in July, 1989.

NOTE 2 - BASIS OF PREPARATION

Statement of compliance

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

Basis of measurement

The financial statements are presented in Ghana cedi which is the Group's functional currency rounded up to the nearest cedi. They are prepared on the historical cost basis except for the following assets and liabilities that are stated at their fair value.

Use of estimates and judgment

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

Accounting standards	**Issued/ amendments and effective date**
IFRS 14 Regulatory Deferred Accounts	Issued in January 2014 and effective period beginning on or after 1 January, 2016
IFRS 15 Revenue from contracts with customer	Issued in May 2014 and effective period beginning on or after January 2017

IFRS 9 Financial Instruments	IFRS 9 (2014) was issued as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment charges to the classification and measurements requirements for financial assets. The amendment is effective periods beginning on or after 1 January, 2018 with earlier adoption permitted.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The following is a summary of the significant accounting policies adopted in the presentation of these financial statements. The policies set out below have been consistently applied to all years presented.

a – **Sales revenue**

Sales comprise invoiced value of goods and services that are measured at the fair value of the consideration received or receivable.

b. - Property, plant and equipment are stated at cost less subsequent depreciation and impairment. Depreciation is provided on a straight line basis at annual rates estimated to write-off values over their useful economic lives.

The annual rates used for this purpose are:-

Motor vehicle	20.0%
Computers and accessories	30.0%
Office furniture and fittings	7.5%
Office equipment	20.0%

Depreciation methods, useful lives and residual values are reassessed at each reporting date. Gains and losses on disposal of property, plant and equipment are included in the statement of comprehensive income.

c - **Foreign currency translation**

i. Transactions in foreign currencies are converted at market rates ruling at the dates of such transactions. Exchange differences realised are accounted for through the statement of comprehensive income.

ii. Assets and liabilities, which are denominated in other currencies, are translated into the reporting currency at the period end rates of exchange. Exchange differences arising on such translations are treated through the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

d - **Trade and other accounts receivable**

Trade accounts receivable are recognized initially at fair value and subsequently at amortised cost less any provision for impairment. Specific provisions for doubtful debts are made for receivables of which recovery is doubtful. Other receivables are stated at their cost less impairment losses.

e - **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdraft.

f –**Provisions**

Provisions are recognized when a legal or constructive obligation as a result of past transaction exists at the reporting date, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.

g- **Income tax**

Income tax comprises current tax and deferred tax.

(i) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

(ii) Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the financial position date are used to determine deferred income tax.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

h) **Impairment of assets**

Assets that have indefinite useful lives and are not subject to amortization are tested annually for impairment. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 cost to sell and value in use.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

i) **Events after the reporting period**

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

j) **Dividend distribution.**

Dividend distribution to company's shareholders is recognized as a liability in the Group's financial statement in the period in which the dividends are declared by the Group's Board of Directors.

k) **Operating segments**

A segment is a distinguishable component of the company that is engaged either providing products or services (business segments) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The identification of operating segments on internal reports that are regularly reviewed by the company's chief operating decision maker in order to allocate resources to the segment and asses its performance.

Financial assets and liabilities

i **Offsetting**

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the company has a legal right to set off the amounts and intends with to settle on a net basis or to realize the asset and settle the liability simultaneously.

ii. **Amortised cost measurement**

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

iii **Impairment of financial assets**

The Company assesses at each year end date 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 if, and 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.

iv **Determination of fair values**

The fair value of financial instruments traded in active markets is based on quoted market price at the balance sheet date. The fair value of financial assets that are not traded in an

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

active market is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for future similar financial instruments.

l) **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made.

It did not have an impact on the company.

m) **Investments in subsidiary**

The fair value of investment in subsidiary (unlisted) approximates its cost as its fair value cannot be reliably measured.

n) **Intangible assets – switching software**

Costs incurred to acquire and bring to use specific computer software licenses are capitalized. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any impairment losses. The amortization period and method for an intangible asset, in this case computer software, are reviewed at least at each reporting date. Changes in the expected useful life in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

The amortisation expense on the intangible assets is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

Amortisation is calculated using the straight line method on the basis of the expected useful lives of the assets.

The carrying values of intangible assets are reviewed for indications of impairment annually or when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of intangible assets is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

4 - Financial risk management

This note presents information about the Group's exposure to each of the following risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

- interest risk
- credit risk
- liquidity risk
- market risk
- operational risk

Interest risk

The Group is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates. All debt included in the category of financial liabilities at fair value through profit or loss has fixed interest rates.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The credit risk of the company at the reporting date is the same as the trade accounts receivables and other accounts receivables in the Financial Statements as at 31 December, 2014.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's activities are being funded by its Shareholders, nevertheless the Group is exposed to liquidity risk as it cannot maintain funding to its expired overdraft obligation which is causing high operational expenses through its profit and loss.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is exposed to currency risks on its purchases as it is mainly denominated in US Dollars which is different from the functional currency of the Group.
In respect of this monetary assets and liabilities denominated in foreign currencies are managed in a way that the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with Group processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. However this responsibility is supported by any significant concentration on controls and procedure to address it identified risk, and has no risk mitigation strategy in place.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. The financial instrument held by the group that are affected by market risk are principally its bank overdraft which is at a fixed rate.

NOTE 5	**COST OF OPERATIONS**	**2014**	**2013**
		GH¢	**GH¢**
	Opening inventories	-	74,970
	Purchases	427,991	378,129
	Clearing and delivery	21,170	12,973
		449,121	466,072
	Closing inventories	-	-
		449,121	466,072

NOTE 6-	**GENERAL AND ADMINISTRATIVE EXPENSES**	**2014**	**2013**
		GH¢	**GH¢**
	General and administrative expenses include:-		
	Interest and financial charges	935,927	126,954
	Directors remuneration	90,000	124,992
	Auditors remuneration	43,761	12,500
	Depreciation	70,119	39,508

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 OTHER INCOME

	2014 GH¢	2013 GH¢
Exchange gain	60,000	-
Interest received	-	39,729
	60,000	39,729

NOTE 8 INCOME TAX EXPENSE

	2014 GH¢	2013 GH¢
Current tax	(14,448)	(9,932)
Deferred tax	8,780	8,547
Charge to statement of comprehensive income	(5,668)	(1,385)

NOTE 9 – INTANGIBLE ASSETS

Switch software	2014 GH¢	2013 GH¢
Cost		
Balance at 1 January	571,164	500,802
Additions	-	70,362
Reclassification	426,012	-
	997,176	571,164
Amortisation		
Balance at 1 January	-	-
Charge for the year	-	-
Carrying amount	-	-
Balance at 31 December	997,176	571,164

Software

This represents the G-Switch platform with which the company does its technical integration with its global partners. It is constantly receiving upgrades and enhancement to meet current operational levels.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 10a-2014 **PROPERTY, PLANT AND EQUIPMENT**

COST	Furniture and fixtures GH¢	Office equipment GH¢	Motor vehicles GH¢	Computers GH¢	Workshop equipment GH¢	Storage container GH¢	Total GH¢
At 1 January	100,871	84,017	346,132	364,304	5,971	7,160	908,455
Disposal	(4,255)	-	(17,590)	-	-	-	(21,845)
Additions	15,537	13,649	-	27,159	-	-	56,165
At 31 December	11,973	97,666	328,542	391,463	5,971	7,160	942,775
DEPRECIATION							
At 1 January	60,303	84,017	240,666	347,874	5,971	7,160	745,991
Disposal	(4,255)	-	(17,590)	-	-	-	(21,845)
Charge for the year	23,888	2,637	26,366	17,728	-	-	70,119
At 31 December	79,436	86,654	249,442	365,602	5,971	7,160	794,265
CARRYING AMOUNT							
At 31 December	32,537	11,012	79,100	25,861	-	-	148,510
At 31 December	40,568	-	105,466	16,430	-	-	162,464

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 10b-2013 **PROPERTY, PLANT AND EQUIPMENT**

COST	**Furniture and fixtures GH¢**	**Office equipment GH¢**	**Motor vehicles GH¢**	**Computers GH¢**	**Workshop equipment GH¢**	**Storage container GH¢**	**Total GH¢**
At 1 January	100,871	84,017	214,300	361,200	5,971	7,160	773,519
Additions	-	-	131,832	3,104	-	-	134,936
At 31 December	100,871	84,017	346,132	364,304	5,971	7,160	908,455
DEPRECIATION							
At 1 January	54,236	84,017	214,300	342,112	5,971	5,848	706,484
Charge for the year	6,067	-	26,366	5,762	-	1,312	39,507
At 31 December	60,303	84,017	240,666	347,874	5,971	7,160	745,991
CARRYING AMOUNT							
At 31 December	40,568	-	105,466	16,430	-	-	162,464
At 31 December	46,635	-	-	19,089	-	1,312	67,035

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 - TRADE ACCOUNTS RECEIVABLE

These have been stated at their fair values.

NOTE 12 - DEPOSIT

	2014	2013
This represent risk reserve deposit with	GH¢	GH¢
China Union Pay	160,000	110,000
Chase Bank	32,000	22,000
	192,000	132,000

NOTE 13 - OTHER ACCOUNTS RECEIVABLE

	2014	2013
	GH¢	GH¢
Staff debtors	82,534	5,250
Prepaid rent	15,724	-
Others	408,159	443,892
	506,417	449,142

NOTE 14 - CASH AND CASH EQUIVALENTS

	2014	2013
	GH¢	GH¢
Cash on hand	2,455	4,541
Ecobank Ghana Limited	1,998	1,935
Standard Chartered Bank Limited	48	48
Zenith Bank Ghana Limited	660	7,457
Unibank Ghana Limited	2,740	1,604
United Bank of Africa Limited	23,842	-
Guaranty Trust Bank Limited	619	59,652
Fidelity Bank Limited	21,396	41,514
Bank of Africa	666	163
Ghana Commercial Bank Limited	402	8,557
First Bank Nigeria	110,084	-
National Investment Bank Limited	1,505	1,505
	166,415	126,976

NOTE 15- BANK OVERDRAFT

	2014	2013
This represent overdrawn balance	GH¢	GH¢
FirsTrust Savings and Loans Limited	1,437,595	570,419

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 16- OTHER ACCOUNTS PAYABLE

	2014 GH¢	2013 GH¢
SSNIT	83,462	51,370
IRS	348,083	277,217
Audit fees	52,528	19,484
National reconstruction levy	4,740	4,740
VAT	514,245	448,940
Rent	99,646	116,686
Others	249,314	246,491
	1,352,018	1,164,928

NOTE 17- TAXATION

YA Up to	Balance 1/1/14 GH¢	Payments/ Tax credits GH¢	Charge for the year GH¢	Balance 31/12/14 GH¢
2009	(166,034)	-	-	(166,034)
2010	20,017	-	-	20,017
2011	(4,122)	(1,084)	-	(5,206)
2012	5,054	(1,382)	-	3,672
2013	(10,536)	(8,803)	-	(19,339)
2014	-	(16,696)	14,448	(2,248)
	(155,621)	(27,965)	14,448	(169,138)

The tax charge for the year at 22% is subject to agreement with Domestic Tax Revenue Division of the Ghana Revenue Authority.

NOTE 18- DEFERRED TAX

	2014 GH¢	2013 GH¢
The balance is derived as follows		
Balance as at 1 January	(38,318)	(29,771)
Applied to current year	(8,780)	(8,547)
Balance as at 31 December	(47,098)	(38,318))

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 18 (ii) RECONCILIATION OF EFFECTIVE TAX RATE

	2014 GH¢	2013 GH¢
Loss before taxation	(1,109,638)	(148,934)
Income tax using domestic tax rate at (22%)	-	9,932
Non-deductible expenses	-	45,453
Tax incentive not recognized in the income statement	-	(36,761)
Deferred tax charges	(8,780)	(8,547)
Current tax charge	(8,780)	10,077
Effective tax rate	0%	0%

(iii) **Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributed to the following:

	2014 GH¢	2013 GH¢
Property and equipment	(8,780)	8,547
Net tax asset	(8,780)	8,547

NOTE 19 - STATED CAPITAL

	2014 Number	GH¢	2013 Number	GH¢
Authorised number of shares of no par value:-	100,000,000		100,000,000	
Issued and fully paid:-				
Issued for cash	34,000,000	554,850	34,000,000	554,850

There are no treasury shares. There are no unpaid calls on any share.

NOTE 20 - CAPITAL SURPLUS

	2014 GH¢	2013 GH¢
Balance 31 December	213,037	213,037

NOTE 21- DEPOSIT FOR SHARES

These represent the acquisition of interest in Clydestone Nigeria Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 22- NON CONTROLLING INTEREST

	2014 GH¢	2013 GH¢
Share of net assets of subsidiary		
At 1 January	36,325	41,315
Share of loss-subsidiary	(3,758)	(4,990)
At 31 December	32,567	36,325

NOTE 23 RELATED PARTY TRANSACTIONS

The majority shareholder in the company also has substantial interests in Clydestone Ghana Limited and FirsTrust Savings and Loans Limited (Formerly Ezi Savings and Loans Limited.)
The interests in Ezi Savings and loans Limited, now FirsTrust Savings and Loans Limited have been sold. During the previous year the following related party transactions took place as detailed below which were at arms-length.

	Company 2014 GH¢	Group 2014 GH¢	Company 2013 GH ¢	Group 2013 GH¢
Payable to related party				
FirsTrust Savings and Loans Limited	-	-	575,415	575,415
Sale of goods/services				
FirsTrust Savings and Loans Limited	-	-	119,110	119,110

NOTE 24 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

	Fair value		Carrying amount	
	2014 GH ¢	2013 GH ¢	2014 GH ¢	2013 GH¢
Financial assets				
Trade accounts receivable	133,997	294,535	133,997	294,535
Deposit	192,000	132,000	192,000	132,000
Other accounts receivable	506,417	449,142	506,417	449,142
Cash and cash equivalents	166,415	126,976	166,415	126,976
Intangibles	997,176	571,164	997,176	571,164
Financial liabilities				
Trade accounts payable	497,669	337,110	497,669	337,110
Other accounts payable	1,354,347	1,164,928	1,354,347	1,164,928
Bank overdraft	1,437,595	570,419	1,437,595	570,419

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 25- SEGMENTAL REPORTING

The company operates in Ghana and Nigeria, the key business being undertaken relates to payment and system integration net working and computer/communication technology and debt collection. The Nigeria operation is yet to take off fully her business operations.

Segmental reporting has therefore not been adopted in the presentation of these financial statements.

NOTE 26- CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no known outstanding contingent liabilities or capital commitments at 31 December, 2014.

Share Holder Ranking

Showing top 20 share holder(s) of Clydestone Ghana Limited as at 31/12/2014

Rank	Shareholder	Holdings
1	JACQUAYE TSE PAUL	20,389,500
2	SCGN/NTHC HORIZON FUND LTD	648,000
3	STARLIFE ASSURANCE COMPANY LIMITED	532,000
4	NTHC TRADING ACCOUNT	516,800
5	AKOTO-BAMFO EDMUND	412,000
6	MAWUENYEGA, DANNY EASMON	412,000
7	VANGUARD ASSURANCE CO. LTD.	212,000
8	ECOBANK STOCKBROKERS LIMITED	185,263
9	STAR ASSURANCE COMPANY	141,824
10	HUTCHFUL NANA BENYIN	135,000
11	AKOSAH-BEMPAH KWAKU	125,000
12	CDH ASSET MANAGEMENT LTD	123,000
13	ISSAKA NICHOLAS GBANA	110,000
14	CATHOLIC ARCHDIOCESE OF CAPE COAST	110,000
15	GOGO BENJAMIN AKUETE	105,000
16	HOLDEN CHRISTOPHER MARK MR	100,000
17	DADZIE SAMUEL	82,608
18	CDH SECURITIES LTD	80,000
19	AKOSAH-BEMPAH OPHELIA FIFUITERA	70,700
20	CDH-AM/LIPTIN VENTURES	70,000
20	COBBINAH PHILIP	70,000

CLYDESTONE SHAREHOLDER DISTRIBUTION AS AT 31 DECEMBER 2014

Category of Holdings	No. of Shareholder	Holders %	No. Shares	Percentage Holding
1 to 1,000	2,039	57.55	1,096,142	3.22
1,001 to 5,000	1,099	31.02	2,893,296	8.51
5,001 to 10,000	245	6.92	2,103,419	6.19
Over 10,000	160	4.52	27,907,143	82.08
	3,543	**100.00**	**34,000,000**	**100.00**

FIVE YEAR FINANCIAL SUMMARY

	2014	**2013**	**2012**	**2011**	**2010**
	GH ¢	**GH ¢**	**GH ¢**	**GH ¢**	**GH ¢**
Revenue	1,500,113	1,239,043	1,229,301	950,616	1,456,778
Profit/Loss before taxes	(1,109,638)	(148,934)	(329,721)	25,169	76,203
Income tax expense	(5,668)	(1,385)	(4,493)	687	(6,561)
Loss after tax	(1,115,306)	(150,319)	(334,214)	25,856	69,642
Financial Position					
Intangible assets	997,176	571,164	500,802	458,222	-
Property, plant and equipment	148,510	162,464	67,035	71,200	488,895
Financial assets (current assets)	998,829	1,002,653	1,083,090	1,373,071	1,319,220
Total assets	2,144,515	1,736,281	1,650,927	1,902,493	1,808,115
Total liabilities	3,073,375	1,878,518	1,676,845	1,578,429	1,509,907
Stated capital	554,850	554,850	554,850	554,850	554,850
Capital reserve	213,037	213,037	213,037	213,037	213,037
Deposit for shares	328,683	-	-	-	-
Non controlling interest	32,567	36,325	41,315	38,488	36,386
Retained earnings	(2,057,997)	(946,449)	(835,120)	(482,311)	(506,065)
Total equity and liabilities	2,144,515	1,736,281	1,650,927	1,902,493	1,808,115