MECHANICAL LLOYD COMPANY LIMITED

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

Contents **Pages**

CORPORATE INFORMATION

Directors	Charles Bartels Kwesi Zwennes	(Chairman)
	Terence Ronald Darko	(Managing Director)
	Yaw Assah-Sam	
	Andrew Lawson	
	Kofi Asamoah	
	Kwesi Amonoo-Neizer	
	Joseph Hyde Jnr	(Appointed 24 June 2014)
	Edward Kojo Annobil	(Appointed 24 June 2014)
	Kalysta Darko-O'Kell	(Appointed 24 June 2014)
	Charles Sydney Aidoo	(Resigned 24 June 2014)
	Napoleon Kpakpo Bulley	(Resigned 24 June 2014)
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	Universal Merchant Bank Limited Registrar's Department P. O. Box 401 Accra	
Principal bankers	Barclays Bank of Ghana Limited Stanbic Bank Ghana Limited Fidelity Bank (Ghana) Limited Universal Merchant Bank Limited Standard Chartered Bank Ghana Limited Zenith Bank (Ghana) Limited Ecobank (Ghana) Limited	

FINANCIAL HIGHLIGHTS

	2014	2013
	GH¢	GH¢
Revenue	**30,641,217**	38,410,856
Loss before income tax	**(4,075,999)**	(1,461,297)
Loss for the year	**(3,505,710)**	(1,027,171)
Shareholders' funds	**34,388,941**	38,395,610
Capital expenditure (including intangible assets)	**1,962,433**	2,531,713
Total assets	**80,650,900**	78,386,691
Proposed dividend per share (GH¢)	**-**	0.0100
Loss per share (GH¢)	**(0.0700)**	(0.0205)
Net assets per share (GH¢)	**0.6865**	0.7664

REPORT OF THE DIRECTORS

The directors submit their report for Mechanical Lloyd Company Limited ('the Company') for the year ended 31 December 2014.

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.

Financial results

The financial results of the Company are set out below:

	GH¢
Loss before tax for the year ended 31 December is	**(4,075,999)**
to which is added income tax credit of	**570,289**
giving loss for the year	**(3,505,710)**
to which is added balance brought forward on income surplus account of	**13,762,502**
giving a balance of	**10,256,792**
from which is deducted 2013 final dividend declared of	**(500,959)**
leaving a balance carried forward on income surplus account of	**9,755,833**

Dividend

The directors do not recommend the payment of dividend for the year ended 31 December 2014. The Company paid, during the year, total dividend of GH¢500,959 in respect of the year ended 31 December 2013 which was approved at the Annual General Meeting held on 24 June 2014.

REPORT OF THE DIRECTORS (continued)

Directors and their interests

The present membership of the Board is set out on page 1. Messrs. C.S. Aidoo and N.K. Bulley resigned as non-executive directors on 24 June 2014 and Messrs. Joseph Hyde Jnr, Edward Kojo Annobil and Mrs Kalysta Darko-O'Kell were appointed as executive directors on 24 June 2014.

Messrs Kwesi Amonoo-Neizer, Andrew Lawson and Yaw Assah-Sam 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 2014 were as follows:

Name	No. of shares
Mr. T.R.K. Darko	15,024,381
Mrs. Kalysta Y Darko O'Kell	1,925,000
Mr. A. Lawson	75,000
Mr. C.B.K. Zwennes (jointly with Mrs Jacqueline Zwennes)	53,557
Mr. Yaw Assah-Sam	21,375
Mr. Edward Kojo Annobil	6,400

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).

By order of the board

Name of Director: **Name of Director:**

Signature: **Signature:**

Date:

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 nine directors and include five 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 INDEPENDENT AUDITOR
TO THE MEMBERS 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 8 to 37. These financial statements comprise the statement of financial position as at 31 December 2014, and the 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 2014, 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 OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF MECHANICAL LLOYD COMPANY LIMITED (continued)

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.

Chartered Accountants

Accra, Ghana

Date:

STATEMENT OF COMPREHENSIVE INCOME
(All amounts are expressed in Ghana cedis)

	Note	Year ended 31 December 2014	2013
Revenue	4	**30,641,217**	38,410,856
Cost of sales	5	**(22,612,347)**	(27,603,948)
Gross profit		**8,028,870**	10,806,908
Operating costs	6	**(11,063,118)**	(11,963,478)
Other income	7	**652,567**	1,032,981
Operating loss		**(2,381,681)**	(123,589)
Finance income	8	**1,219,443**	140,812
Finance costs	8	**(2,913,761)**	(1,478,520)
Loss before income tax		**(4,075,999)**	(1,461,297)
Income tax credit	10	**570,289**	434,126
Loss for the year		**(3,505,710)**	(1,027,171)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(3,505,710)**	(1,027,171)
Loss per share			
Basic and diluted loss per share	30	**(0.0700)**	(0.0205)

The notes on pages 12 to 37 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
(All amounts are expressed in Ghana cedis)

	Note	At 31 December 2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	11	**32,955,505**	32,337,877
Other prepayments	12	**674,631**	674,631
Intangible assets	13	**522,030**	632,359
		34,152,166	33,644,867
Current assets			
Inventories	14	**22,602,318**	18,643,018
Trade and other receivables	15	**3,549,529**	7,442,589
Current income tax asset	16	**318,629**	-
Cash and cash equivalents	26	**7,068,258**	5,696,217
		33,538,734	31,781,824
Non-current asset held for sale	17	**12,960,000**	12,960,000
Total assets		**80,650,900**	78,386,691
EQUITY AND LIABILITIES			
Equity			
Stated capital	18	**2,771,486**	2,771,486
Capital surplus account	19	**21,861,622**	21,861,622
Income surplus account	20	**9,755,833**	13,762,502
Total equity		**34,388,941**	38,395,610
LIABILITIES			
Non-current liabilities			
Borrowings	21	**2,455,555**	2,627,494
Deferred income tax liability	22	**4,365,978**	4,964,148
		6,821,533	7,591,642
Current liabilities			
Trade and other payables	23	**37,598,759**	24,472,148
Current income tax liability	16	-	841,610
Borrowings	21	**1,841,667**	7,085,681
		39,440,426	32,399,439
Total liabilities		**46,261,959**	39,991,081
Total equity and liabilities		**80,650,900**	78,386,691

The notes on pages 12 to 37 are an integral part of these financial statements.

The financial statements on pages 8 to 37 were approved for issue by the Board of Directors on …….....….....…. 2015 and signed on its behalf by:

Name of Director: **Name of Director:**

Signature: **Signature:**

STATEMENT OF CHANGES IN EQUITY

(All amounts are expressed in Ghana cedis)

	Stated capital	Capital surplus account	Income surplus account	Total
Year ended 31 December 2014				
At 1 January 2014	2,771,486	21,861,622	13,762,502	**38,395,610**
Loss for the year	-	-	(3,505,710)	**(3,505,710)**
Total comprehensive income for the year	-	-	(3,505,710)	**(3,505,710)**
Transaction with owners:				
Dividend declared for 2013	-	-	(500,959)	**(500,959)**
At 31 December 2014	**2,771,486**	**21,861,622**	**9,755,833**	**34,388,941**
Year ended 31 December 2013				
At 1 January 2013	2,771,486	21,861,622	15,541,113	40,174,221
Loss for the year	-	-	(1,027,171)	(1,027,171)
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

The notes on pages 12 to 37 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(All amounts are expressed in Ghana cedis)

	Note	Year ended 31 December 2014	2013
Cash flows from operating activities			
Cash generated from/ (used in) operations	25	**11,903,167**	(4,402,913)
Interest received		**1,219,443**	140,812
Interest paid		**(100,353)**	(873,380)
Income tax paid	16	**(1,188,120)**	(424,178)
Net cash generated from/(used in) operating activities		**11,834,137**	(5,559,659)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	**(1,839,407)**	(1,862,550)
Purchase of intangible asset – computer software	13	**(123,026)**	(669,163)
Proceeds from disposal of property, plant and equipment	11	**230,657**	132,027
Net cash used in investing activities		**(1,731,776)**	(2,399,686)
Cash flows from financing activities			
Repayment of loans	21	**(7,305,526)**	(12,592,700)
Drawdown of loans	21	**-**	19,844,000
Dividend paid	24	**(500,959)**	(751,440)
Net cash (used in)/generated from financing activities		**(7,806,485)**	6,499,860
Net increase/(decrease) in cash and cash equivalents		**2,295,876**	(1,459,485)
Movement in cash and cash equivalents			
At start of year		**4,772,382**	6,231,867
Net increase/(decrease) during the year		**2,295,876**	(1,459,485)
At end of year	26	**7,068,258**	4,772,382

The notes on pages 12 to 37 are an integral part of these financial statements.

NOTES

1. General information

Mechanical Lloyd Company Limited is a public limited company, which is listed on the Ghana Stock Exchange and incorporated and domiciled in Ghana. 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 standards, amendments and interpretations adopted by the Company

The following standards which are effective for the first time for financial year beginning on or after 1 January 2014 do not have material impact on the Company:

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Company's financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment did not have a significant effect on the Company's financial statements.

Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting.

The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. This amendment did not have any significant impact on the Company's financial statements as there are no derivatives and hedge accounting in place. The amendment did not have a significant effect on the Company's financial statements.

NOTES

2. **Summary of significant accounting policies (continued)**

2.1 **Basis of preparation (continued)**

(i) New standards, amendments and interpretations adopted by the Company (continued)

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Company is not currently subjected to significant levies so the impact on the Company is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Company.

(ii) New standards, amendments and interpretations not yet 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. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Company is yet to assess the impact of IFRS 15.

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

3. **Summary of significant accounting policies (continued)**

2.2 **Revenue recognition (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 'operating costs'.

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.

Cost of an item of property, plant and equipment includes its purchase price and any direct attributable costs. Cost includes the cost of replacing part of an existing property, plant and equipment at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day- to-day servicing of an item of property, plant and equipment.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.4 Property, plant and equipment (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.

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	$2^1/_2$ – 4%
Plant and machinery	10%
Furniture and equipment	10%
Computers	$33^1/_3$%
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

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.

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 held for sale

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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.8 Leases

Leases on 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.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average cost. 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. The cost of work in progress comprises cost of spares, direct labour and other direct costs. 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.

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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

(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.

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, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

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.

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

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

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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.18 Income tax (continued)

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 or 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.

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 pension scheme, which is a defined contribution plan.

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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.20 Employee benefits (continued)

(ii) Termination benefits

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

2.21 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”.

NOTES (continued)
(All amounts in the notes are shown 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.

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 property, plant and equipment

Management has adopted a 5 year cycle to assess fair values of property, plant and equipment. Property, plant and equipment were last fair valued in 2012. The fair value was determined by using the higher of replacement cost and income valuation techniques. The calculation of fair value using income valuation technique is subject to the following key assumptions: Discount rate of 8.5% and forced sale value at 70%. Management is of the opinion that the recoverable amount of property, plant and equipment is in excess of the carrying amount at the reporting date.

3.2 Critical judgements in applying the entity's accounting policies

Non-current asset held for sale

Non-current asset held for sale is in respect of investment property in the course of disposal. The disposal process commenced in November 2013 and the transaction met the recognition and measurement criteria under IFRS 5. As of 31 December 2014, the investment property has been presented as non-current asset held for sale because the directors are of the opinion that the transfer of title will be concluded before the end of 2015 financial year.

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

4. Revenue

	2014	2013
Motor vehicles and farm machinery sales	**22,701,814**	30,276,418
Spare parts sales and workshop earnings	**7,590,888**	7,633,217
Rental income from non-current asset held for sale	**348,515**	-
Rental income from investment properties	**-**	501,221
	30,641,217	38,410,856

5. Cost of sales

Vehicles and farm machinery	**14,963,873**	21,635,496
Spare parts	**4,288,201**	3,574,771
Staff costs (Note 9)	**1,891,472**	1,028,502
Other direct expenses	**867,408**	1,054,492
Overheads	**601,393**	310,687
	22,612,347	27,603,948

6. Operating costs

Operating costs include:

Bad debts written off	**-**	16,674
Staff costs	**2,913,393**	3,454,218
Directors' emoluments - fees (Note 27)	**109,700**	144,200
- other emoluments (Note 27)	**604,376**	319,489
Depreciation (Note 11)	**1,135,228**	1,151,679
Amortisation of intangible asset (Note 13)	**233,356**	36,804
Auditor's remuneration	**109,920**	77,960
Net exchange losses	**1,504,892**	2,937,769
Provision for doubtful debts	**445,214**	20,871
Donations	**2,000**	20,698

7. Other income

Miscellaneous income	**96,248**	112,387
Income from clinic services	**341,045**	300,490
Bad debt written off recovered	**-**	4,979
Commission and fees earned on special projects	**71,168**	604,786
Profit on disposal of property, plant and equipment (Note 11)	**144,106**	10,339
	652,567	1,032,981

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

8. Finance income and costs

	2014	2013
Finance income		
Interest on treasury bills	**1,030,387**	106,981
Interest income on credit sales	**189,056**	33,831
	1,219,443	140,812
Finance costs		
Interest on loans	**100,353**	873,380
Exchange loss on loans	**2,813,408**	605,140
	2,913,761	1,478,520

9. Staff costs

Wages and salaries (including executive directors' salaries)	**4,872,846**	4,321,685
Pension contributions	**536,395**	480,524
	5,409,241	4,802,209

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

	2014	2013
Cost of sales	**1,891,472**	1,028,502
Operating costs	**3,517,769**	3,773,707
	5,409,241	4,802,209

10. Income tax expense

Current income tax charge (Note 16)	**27,881**	330,306
Deferred income tax credit (Note 22)	**(598,170)**	(764,432)
	(570,289)	(434,126)

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 as follows:

	2014	2013
Loss before income tax	**(4,075,999)**	(1,461,297)
Tax charged at corporate tax rate of 25% (2013:25%)	**(1,019,000)**	(365,324)
Expenses not deductible for tax purposes	**21,482**	20,865
Income taxed at different rate	**(59,248)**	(85,207)
Utilisation of previous unrecognised tax losses	**-**	(4,460)
Tax losses for which no deferred income tax asset was recognised	**486,477**	-
	(570,289)	(434,126)

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

11. **Property, plant and equipment**

	Buildings	Plant, machinery, equipment, furniture and vehicles	Capital work-in-progress	Total
Cost/valuation				
At 1 January 2014	26,661,739	3,996,104	4,382,648	**35,040,491**
Additions	365,299	761,819	712,289	**1,839,407**
Disposals	-	(140,788)	-	**(140,788)**
At 31 December 2014	**27,027,038**	**4,617,135**	**5,094,937**	**36,739,110**
Accumulated depreciation				
At 1 January 2014	901,366	1,801,248	-	**2,702,614**
Charge for year	781,816	353,412	-	**1,135,228**
Released on disposal	-	(54,237)	-	**(54,237)**
At 31 December 2014	**1,683,182**	**2,100,423**	**-**	**3,783,605**
Net book amount				
At 31 December 2014	**25,343,856**	**2,516,712**	**5,094,937**	**32,955,505**
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 amount				
At 31 December 2013	25,760,373	2,194,856	4,382,648	32,337,877

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

	2014	2013
Profit on disposal of property, plant and equipment		
Cost	**140,788**	334,941
Accumulated depreciation	**(54,237)**	(213,253)
Net book value	**86,551**	121,688
Disposal proceeds	**(230,657)**	(132,027)
Profit on disposal	**(144,106)**	(10,339)

Borrowings are secured on property, plant and equipment (Note 20).

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

12. Other prepayments

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

	2014	2013
At 1 January and 31 December	**674,631**	674,631

13. Intangible assets – software package

Cost		
At 1 January	**669,163**	-
Additions	**123,026**	669,163
At 31 December	**792,189**	669,163
Amortisation		
At 1 January	**36,804**	-
Charge for the year	**233,355**	36,804
At 31 December	**270,160**	36,804
Net book amount 31 December	**522,030**	632,359

14. Inventories

	2014	2013
Trade inventories	**20,774,744**	17,714,457
Goods in transit	**1,340,757**	610,639
Work-in-progress	**348,660**	271,471
Non-trade inventories	**138,157**	46,451
	22,602,318	18,643,018

The cost of inventories recognised as an expense and included in cost of sales amount to GH¢19,252,074 (2013: GH¢25,210,267). No amount was charged to profit and loss for damaged and obsolete inventories during the year (2013: Nil).

15. Trade and other receivables

	2014	2013
Trade receivables	**3,176,726**	6,895,561
Less provision for impairment of trade receivables	**(466,085)**	(20,871)
Trade receivables - net	**2,710,641**	6,874,690
Staff receivables	**384,389**	483,545
Other receivables	**322,797**	21,100
Prepayments	**131,702**	63,254
	3,549,529	7,442,589

The maximum amount of staff indebtedness during the year did not exceed GH¢483,545 (2013: GH¢500,000).

The fair value of trade receivables, other receivables and staff receivables approximates their carrying value.

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

15. Trade and other receivables

Movements on the provision for impairment of trade receivables are as follows:

	2014	2013
At 1 January	**20,871**	20,871
Increase during the year	**445,214**	-
At 31 December	**446,085**	20,871

16. Current income tax

	At 1 January	**Charge for the year**		**At 31 December**
Year ended 31 December 2014				
Up to 2013	841,610	-	-	**841,610**
2014	-	27,881	(1,188,120)	**(1,160,239)**
	841,610	27,881	(1,188,120)	**(318,629)**
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

17. Non-current asset held for sale

	2014	2013
Investment properties	**12,960,000**	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.

18. Stated capital

The Company has 100,000,000 authorised ordinary shares of no par value out of which 50,095,925 (2013: 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 (2013: Nil).

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

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

19. Capital surplus account

	2014	2013
At 1 January and 31 December	**21,861,622**	21,861,622

The capital surplus account is the unrealised appreciation from 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. Capital surplus is not available for distribution to the shareholders of the Company at the reporting date.

20. Income surplus account

	2014	2013
At 1 January	**13,762,502**	15,541,113
Loss for the year	**(3,505,710)**	(1,027,171)
Dividend declared for 2013	**(500,959)**	-
Dividend declared for 2012	**-**	(751,440)
At 31 December	**9,755,833**	13,762,502

21. Borrowings

Current		
Bank overdrafts	**-**	923,835
Loans	**1,841,667**	6,161,846
	1,841,667	7,085,681
Non-current		
Loans	**2,455,555**	2,627,494
Total borrowings	**4,297,222**	9,713,175

(i) Bank overdraft

The Company has certain overdraft facilities not exceeding GH¢2.5 million (2013: GH¢2.5 million). These facilities are secured by a debenture over the floating assets of the Company, a legal mortgage over specified properties and lien over trading stocks.

The Company's bankers have provided guarantees not exceeding €2 million (2013: €2 million) and US$3.975 million (2013: US$12.3 million). The Company is liable to the banks in the event of default.

(ii) Bank loans

(a) Stanbic medium term loan 1 (MTL1) 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 branch office. 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 branch office under construction with funds from the facility.

NOTES (continued)
(All amounts in the notes are shown 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 in 2013 to augment its working capital. The principal amount was 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 branch office under construction with funds from the facility.

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

The Company secured a short term loan facility of GH¢3.5 million in 2013 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.

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

The Company secured a short term loan facility of US$3.5 million in 2013 from Ecobank Ghana Limited to augment working capital. 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 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 2014					
Stanbic medium term loan 1	3,557,590	-	(1,252,351)	1,991,983	**4,297,222**
Stanbic medium term loan 2	5,231,750	-	(6,053,175)	821,425	**-**
Total	8,789,340	-	(7,305,526)	2,813,408	**4,297,222**
Current portion of loans	(6,161,846)				**(1,841,667)**
Non-current portion of loans	2,627,494				**2,455,555**
Year ended 31 December 2013					
Stanbic medium term loan 1	932,900	2,384,250	-	240,440	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

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

22. Deferred income tax

	At 1 January	Charged/ (credited) to profit or loss	At 31 December
Year ended 31 December 2014			
Property, plant and equipment			
- on historical cost basis	1,037	(294,680)	**(293,643)**
- on revaluation surpluses	3,857,933	-	**3,857,933**
Intangible assets	55,764	(1,980)	**53,784**
Investment properties	1,944,000	-	**1,944,000**
Provision for doubtful debts	(8,858)	(107,663)	**(116,521)**
Unrealised exchange losses	(885,728)	(193,847)	**(1,079,575)**
	4,964,148	**(598,170)**	**4,365,978**
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
Provision for doubtful debt	(5,218)	(3,640)	(8,858)
Unrealised exchange losses	(216,285)	(669,443)	(885,728)
	5,728,580	(764,432)	4,964,148

23. Trade and other payables

	2014	2013
Trade payables	**15,852,123**	13,787,107
Accrued charges	**320,763**	115,968
Sundry payables	**159,932**	456,611
Advance receipts	**21,265,941**	10,112,462
	37,598,759	24,472,148

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

24. Dividend

	2014	2013
At 1 January	**-**	-
Dividend declared for 2013	**500,959**	-
Dividend declared for 2012	**-**	751,440
Payment	**(500,959)**	(751,440)
At 31 December	**-**	-

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

25. Cash generated from/(used in) operations

	2014	2013
Loss before income tax	**(4,075,999)**	(1,461,297)
Depreciation charge	**1,135,228**	1,151,679
Amortisation of intangible assets	**233,355**	36,804
Profit on disposal of property, plant and equipment	**(144,106)**	(10,339)
Finance income	**(1,219,443)**	(140,812)
Finance costs	**2,913,761**	1,478,520
Increase/(decrease) in inventories	**(3,959,300)**	3,963,916
Decrease in trade and other receivables	**3,893,060**	13,695
Increase/(decrease) in trade and other payables	**13,126,611**	(9,435,079)
Cash generated from/(used in) operations	**11,903,167**	(4,402,913)

26. Cash and cash equivalents

Cash in hand	**9,763**	8,630
Cash at bank	**2,428,171**	5,687,587
Treasury bills (maturing within the 90 days purchase)	**4,630,324**	-
	7,068,258	5,696,217

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

	2014	2013
Cash and cash equivalents	**7,068,258**	5,696,217
Bank overdrafts	**-**	(923,835)
	7,068,258	4,772,382

27. 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:

	2014	2013
Salaries	**1,055,337**	944,606
Defined contributions scheme	**62,326**	50,885
	1,117,663	995,491

Directors' remuneration

Fees for services as a director	**109,700**	144,200
Other emoluments (included in key management compensation above)	**604,376**	319,489
	714,076	463,689

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

28. 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 2014	**BMW**	**Ford**	**Massey Fergusson**	**Servicing**	**Total**
Revenue	7,933,252	12,219,206	2,549,356	7,590,888	**30,292,702**
Rental income					**348,515**
Cost of sales	(6,252,227)	(8,252,637)	(1,213,822)	(6,893,661)	**(22,612,347)**
Gross profit	1,681,025	3,966,569	1,335,534	697,227	**8,028,870**
Operating costs					**(11,063,118)**
Other income					**652,567**
Operating loss					**(2,381,681)**
Finance income					**1,219,443**
Finance costs					**(2,913,761)**
Loss before income tax					**(4,075,999)**
Income tax credit					**570,289**
Loss for the year					**(3,505,710)**
Year ended 31 December 2013					
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)

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.

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

29. 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 2014, 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¢62,201 (2013: GH¢42,051) lower/higher, mainly as a result of Euro denominated trade payables and bank balances.

At 31 December 2014, 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¢4,926 (2013: GH¢100,233) 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.

The table below shows financial assets and liabilities categorised by currency at their carrying amount.

Year ended 31 December 2014	**USD (US$)**	**GBP (£)**	**EURO (€)**	**GHS (GH¢)**	**Total**
Financial assets					
Trade and other receivables	-	-	-	3,104,721	**3,104,721**
Cash and cash equivalents	1,322,634	129,971	98,648	5,517,005	**7,068,258**
Total financial assets	**1,322,634**	**129,971**	**98,648**	**8,621,726**	**10,172,979**
Financial liabilities					
Trade and other payables	2,057,275	20,242	8,678,515	5,511,087	**16,267,119**
Borrowings	4,297,222	-	-	-	**4,297,222**
Total financial liabilities	**6,354,497**	**20,242**	**8,678,515**	**5,511,087**	**20,564,341**

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

29. **Financial risk management**

(a) Market risk management (continued)

(i) Sensitivity analysis – currency risk (continued)

Year ended 31 December 2013	USD (US$)	GBP (£)	EURO (€)	GHS (GH¢)	Total
Financial assets					
Trade and other receivables	-	-	-	7,358,235	7,358,235
Cash and cash equivalents	3,415,673	5,661	103,798	2,171,085	5,696,217
Total financial assets	3,415,673	5,661	103,798	9,529,320	13,054,452
Financial liabilities					
Trade and other payables	4,573,126	-	5,606,802	3,607,179	13,787,107
Borrowings	8,789,340	-	-	923,835	9,713,175
Total financial liabilities	13,362,466	-	5,606,802	4,531,014	23,500,282

(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.

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¢4,316 (2013: GH¢8,734) 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 2014 and 2013 is the carrying value of the trade receivables, staff receivables and cash and cash equivalents in the statement of financial position.

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

29. **Financial risk management (continued)**

(b) Credit risk management (continued)

Analysis by credit quality is as follows:

(i) Trade receivables

Gross value of trade receivables comprise:

	2014	2013
Neither past due nor impaired	**2,421,001**	6,171,658
Past due but not impaired	**289,640**	703,032
Impaired	**466,085**	20,871
	3,176,726	6,895,561

As of 31 December 2014, trade receivables of GH¢2,421,001 (2013: GH¢16,171,658) were fully performing.

As of 31 December 2014, trade receivables of GH¢289,640 (2013: GH¢703,032) were past due but not impaired. Trade receivables past due but not impaired were in arrears up to 6 months.

At 31 December 2014, trade receivables of GH¢466,085 (2013: GH¢20,871) were impaired and fully provided for.

The Company extends credit to customers up to one year. Irrecoverable debts are assessed on case by case basis. As of 31 December 2014, trade receivables amounting to GH¢1,371 (2013: GH¢16,674) 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.

(c) Liquidity risk management

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.

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

29. **Financial risk management (continued)**

(c) Liquidity risk management (continued)

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.

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
At 31 December 2014				
Borrowings	608,165	1,769,544	2,050,841	-
Trade and other payables	16,267,119	-	-	-
Total financial liabilities	**16,875,284**	**1,769,544**	**2,050,841**	**-**
At 31 December 2013				
Borrowings	2,893,233	4,552,463	1,521,734	1,196,036
Trade and other payables	13,787,107	-	-	-
Total financial liabilities	16,680,340	4,552,463	1,521,734	1,196,036

(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 2014 and 2013 were as follows:

	2014	2013
Borrowings (Note 21)	**4,297,222**	9,713,175
Less: Cash and cash equivalents (excluding overdrafts)	**(7,068,258)**	(5,696,217)
Net (cash)/debt	**(2,771,036)**	4,016,958
Total equity	**34,388,941**	38,395,610
Total capital	**31,617,905**	42,412,568
Gearing ratio	**Nil**	9.47%

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

29. **Financial risk management (continued)**

(e) Fair value of financial assets and liabilities

The fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments utilised by the Company during the years ended 31 December 2014 and 31 December 2013 with information regarding 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.

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

At 31 December 2014	**Loans and receivables**	**Other liabilities amortised cost**	**Total**	**Fair value**
Trade and other receivables	3,104,721	-	**3,104,721**	**3,104,721**
Cash and cash equivalents	7,068,258	-	**7,068,258**	**7,068,258**
Total financial assets	**10,172,979**	**-**	**10,172,979**	**10,172,979**
Trade and other payables	-	16,267,119	**16,267,119**	**16,267,119**
Borrowings	-	4,297,222	**4,297,222**	**4,275,571**
Total financial liabilities	**-**	**20,564,341**	**20,564,341**	**20,542,690**
At 31 December 2013				
Trade and other receivables	7,358,235	-	7,358,235	7,358,235
Cash and cash equivalents	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	-	13,787,107	13,787,107	13,787,107
Borrowings	-	9,713,175	9,715,175	9,630,434
Total financial liabilities	-	23,500,282	23,500,282	23,417,541

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

30. Loss per share

	2014	2013
Loss for the year	**(3,505,710)**	(1,027,171)
Number of ordinary shares (Number)	**50,095,925**	50,095,925
Basic and diluted loss per share (GH¢)	**(0.0700)**	(0.0205)

There were no potentially dilutive shares outstanding at 31 December 2014 or 2013. Diluted earnings per share are the same as basic earnings per share.

31. Commitments

Capital commitments

There were no capital commitments at the reporting date (2013: 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:

	2014	2013
Not later than 1 year	**113,100**	66,234
Later than 1 year and not later than 5 years	**312,000**	200,899
Later than 5 years	**156,000**	150,674

32. Contingent liabilities

There were no contingent liabilities at the reporting date (2013: Nil).

33. Subsequent events

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

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 2014 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
Mr. D. M. Darko	1,925,000	3.84
Mr. G. A. Darko	1,925,000	3.84
K. Y. Darko – O'Kell	1,925,000	3.84
Mr. T. R. Darko	1,925,000	3.84
SCBN/ Mega African Capital	1,862,700	3.72
Mr. C. N. Darko	1,198,752	2.39
Ms. S. A. Darko	1,198,745	2.39
Ms. R. J. Darko	961,305	1.92
Ms. Caroline B. Darko	845,967	1.69
Mr. P. K. Abosi-Appeadu	635,300	1.27
Ms. E. 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
Reported totals	39,396,576	78.64
Not reported	10,699,349	21.36
	50,095,925	100.00

2. Number of shareholders

The number and distribution of ordinary shareholders with equal voting rights as at 31 December 2014 was as shown below:

	No. of holders	Total holding	% Holdings
1 - 1,000	3,188	1,306,845	2.61
1,001 - 5,000	698	1,542,179	3.08
5,001 - 10,000	104	820,277	1.64
10,001 and above	127	46,426,624	92.67
	4,117	50,095,925	100.00