CLYDESTONE GROUP

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2016

Clydestone Group

Consolidated financial statements for the year ended 31 December, 2016

Contents

Clydestone Group

Financial statements for the year ended 31 December, 2016

Corporate information

Directors	Paul Jacquaye Robert Alloh Edward K.A. Amuh Tinawurah Satuh
Company secretary	Samuel Adjetey
Registered office	Adebeto Close North Labone P. O. Box CT 1003 Accra
Independent auditor's	UHY Voscon 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	Unibank Ghana Limited Fidelity Bank Limited UBA (Gh) Limited Firstrust Savings & Loans Limited Zenith Bank (Gh) Limited
Registrars	NTHC Limited Martco House P. O. Box KA 9563 Airport, Accra Ghana

Report of the Group Directors
to the Members of
Clydestone Group

The Group Directors have the pleasure in submitting to the shareholders their report together with the audited financial statements of Clydestone Group for the year ended 31 December, 2016.

Nature of business

The Group is engaged in Information and Communication Technology, specializing in payment systems-comprising Cheque Code Line Truncation, Transaction Processing and Switching Services to banks and independent service organisations system integration and outsourcing.

Financial results for the year

	GH¢
The Group recorded a total comprehensive profit of	109,442
which is added balance on the retained earnings brought forward of	(1,047,570)
leaving a balance on the retained earnings carried forward of	(938,128)

Going Concern

The Directors are satisfied that the underlying quality of the business is solid and that profitable returns can be earned in the foreseeable future and that the Group 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 Group as at 31 December 2016 were as follows:

Name	No. of shares
Paul Tse Jacquaye	20,389,500

Directors' interests in contracts

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

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 Group auditors.

Report of the Group Directors
to the Members of
Clydestone Group

Approval of financial statements

These financial statements of the Group were approved by the Board of Directors on 24th August, 2017.

SIGNED
PAUL TSE JACQUAYE
DIRECTOR

SIGNED
ROBERT ALLOH
DIRECTOR

Clydestone Group

Statement of Group Directors' responsibilities

Group Directors' responsibilities in respect of the financial statements

The Directors are required to ensure that adequate accounting records are maintained so as to disclose at reasonable adequacy, the financial position of the Group. They are also responsible for steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. They must present financial statements for each financial year, which give a true and fair view of the affairs of the Group, and the results for that period. In preparing these financial statements, they are required to:

- select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgment.
- state whether or not the Companies Act 1963 (Act 179) and International Financial Reporting Standards ("IFRS") have been adhered to and explain material departures thereto.
- use the going concern basis unless it is inappropriate.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with IFRS and the responsibility of external auditors to report on these financial statements. The Board is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business.

The financial statements are prepared from the accounting records on the basis of consistent use of appropriate records supported by reasonable and prudent judgments and estimates that fairly present the state of affairs of the Group. The financial statements have been prepared on a going concern basis and there is no reason to believe that the Group will not continue as a going concern in the next financial year. The Directors confirm that in preparing the financial statements, they have:

- selected suitable accounting policies and applied them consistently.
- made judgments and estimates that are reasonable and prudent
- followed the International Financial Reporting Standards
- prepared the financial statements on the going concern basis

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them ensure that the financial statements comply with the Companies Act 1963 (Act 179). They are also responsible for safe guarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By the order of the Board

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

Report of Independent Auditor's
to the Members of
Clydestone Group

Report on the audited financial statements

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group as at 31 December, 2016, 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) and in the manner required by the Group's Act, 1963. (Act 179)

What we have audited

We have audited the accompanying financial statements of Clydestone Group for the year ended 31 December, 2016.

The financial statements comprise:

- consolidated statement of profit or loss and other comprehensive income for the year then ended;
- consolidated statement of financial position as at 31 December, 2016;
- consolidated statement of changes in equity for the year ended;
- consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group within the meaning International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants. We have fulfilled our other ethical responsibilities with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with those charged with

governance but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

Intangibles

This represent G-Switch an electronic funds transfer platform, with which the Group uses to integrate with its global partners. It is constantly receiving upgrade and enhancement. However, the main purpose of it has not been fully realised to generate income and management has no provided strategies for implementation and usage for annual amortization.

How our audit addressed the key audit matter

In this area, our principal audit procedures tested the controls surrounding the intangibles and the correctness of the additional value, we also asses the adequacy of related disclosure in the financial statements and we refer to management to involve strategies for its implementation and its current status to revalue and incorporate in its financial statements.

Value Added Tax (VAT)

Monthly returns for value added tax were submitted, however, these returns were not in agreement with ledger balances as most were deferred.

How our audit addressed the key audit matter

Management was informed of the regulatory risk associated with non-payments. Management has agreed to put in place plans to settle all arrears.

Capital surplus

The Group has not recognized capital surplus appropriately in the financial statements.

How our audit addressed the key audit matter

Our audit procedures involved discussions with relevant management and personnel to revalue the balance and recognize it appropriately in the financial statements.

Deposit

Circularisation response on the risk reserve deposit of GH¢210,000 equivalent of US$50,000 with China Union Pay and GH¢42,000 of US$10,000 with Chase Bank - Kenswitch as stated in note 12 to the financial statements have not been received this year end balances have not been revalued

How our audit addressed the key audit matter

Our audit procedure tested the internal controls and the fairness of the balance on account but circularization response has not been received thus the disclosure in the financial statements.

Bank overdraft

The overdraft balance has remained the same over the years due to non-response to our confirmation as a result of current litigation between the former majority shareholder of Ezi Savings & Loans (Paul Jacquaye) and new owners of FirsTrust Savings and Loans, Ideal Financial Holdings.

How our audit addressed the key audit matter

We tested the accuracy of the balance in question and wrote for confirmation, however the non-response attest to our disclosure in note 15 to the financial statement.

Going concern and the Directors' assessment of the principal risks that will threaten the solvency or liquidity of the Group.

We have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting contained in page 2 and the Statement of Directors' responsibilities on page 4.

We are required to state whether we have anything material to add or draw attention to:

- the directors' confirmation on page 2, that they have carried out a robust assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity;

- the disclosures in Note 21 that describe those risks and explain how they are being managed or mitigated;

- The Directors' statement on page 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least of twelve months from the date of the approval of the financial statements;

- the Directors' explanation in Note 21 as to how they have assessed the prospects of the Group over what period they have done so and why they consider that period to be appropriate and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the Directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern

Other information

The Directors are responsible for the other information. The other information comprises the report of Directors and chairman's report and any other information not subject to audit, which are expected to be made available to us after that date but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we have nothing to report in this regard.
In connection with our audit of the financial statements, our responsibility is to read the other information published with the financial statements to identify areas of material inconsistency between the unaudited information and the audited financial statements and obvious misstatements of fact to other information.

Inconsistency is when other information contradicts information contained in the audited financial statements. A material inconsistency may raise doubt about the audit conclusions drawn from audit evidence previously obtained and, possibly, about the basis for the auditor's opinion on the financial statements.

Misstatement of fact is when other information that is unrelated to matters appearing in the audited financial statements is incorrectly stated or presented. A material misstatement of fact may undermine the credibility of the document containing audited financial statements.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report on this regard.

When we read the other information like Managing Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.
.

Report of Independent Auditor's
to the Members of
Clydestone Group (continued)

Directors' responsibilities for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 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 misstatement, whether due to fraud or error.

Going concern

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

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

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among others the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

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

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

Report of Independent Auditor's
to the Members of
Clydestone Group (continued)

Report on other legal and regulatory requirements

The 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 Group, so far as appears from our examination of those books; and

3. the consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income of the Group are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is **Emmanuel K.D. Abbey (ICAG/P/1167).**

For and on behalf of:
UHY Voscon (ICAG/F/2017/086)
Chartered Accountants
No. C806/4, Boundary Road, Tudu, Accra
P.O. Box LA 476,
La -Accra

Date: 24th August,2017

Clydestone Group

Financial statements for the year ended 31 December, 2016
Consolidated statement of profit or and other comprehensive income

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

	Note	2016	2015
Revenue	3a	2,531,638	1,984,892
Cost of operations	5	(1,367,841)	(877,711)
Gross operating profit		1,163,797	1,107,181
General and administrative expenses:	6	(1,099,858)	(972,093)
Operating profit		63,939	135,088
Other income	7	24,414	29,843
Profit before taxation		88,353	164,931
Taxation			
Income tax expense	8	(35,424)	(32,749)
Profit for the year		52,929	132,182
Attributable to: - Equity holders		56,082	129,349
Non-controlling interest		(3,153)	2,833
Other comprehensive income (loss)			
Exchange difference on translation		53,360	(41,227)
Other comprehensive income/(loss) for the year		-	(41,227)
Total comprehensive income/(loss) for the year		109,442	88,122

Notes 1 to 29 form an integral part of these financial statements.

Clydestone Group

Financial statements for the year ended 31 December, 2016
Consolidated statement of financial position

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

	Note	2016	2015
Non-current assets			
Property, plant and equipment	10a	1,240,164	1,155,807
Intangible assets	9	119,122	106,134
		1,359,286	1,261,941
Current assets			
Inventories		58,229	-
Trade accounts receivable	11	925,149	217,744
Deposit	12	252,000	227,586
Other accounts receivable	13	694,485	555,474
Cash and cash equivalents	14.1	70,567	34,797
		2,000,430	1,035,601
Total assets		3,359,716	2,297,542
Current liabilities			
Bank overdraft	15	515,291	515,291
Trade accounts payable		1,077,911	520,862
Other accounts payable	16	1,783,096	1,376,838
Taxation	17	(201,687)	(173,615)
Deferred tax	18	(5,584)	(26,234)
Total current liabilities		3,169,027	2,213,142
Equity			
Stated capital	19	554,850	554,850
Capital reserve		213,037	213,037
Deposit for shares	20	328,683	328,683
Retained earnings		(938,128)	(1,047,570)
Non-controlling interest	22	32,247	35,400
Total equity		190,689	84,400
Total liabilities and equity		3,359,716	2,297,542

SIGNED
PAUL TSE JACQUAYE
DIRECTOR

SIGNED
ROBERT ALLOH
DIRECTOR

Notes 1 to 29 form an integral part of these financial statements.

Clydestone group

Financial statements for the year ended 31 December, 2016
Statement of changes in equity

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

For the year ended 31 December, 2016

	Stated capital	Capital surplus	Deposit for shares	Non Controlling interest	Retained earnings	Total
Balance as at 1 January	554,850	213,037	328,683	35,400	(1,047,570)	84,400
Deposit for shares -	-					
Total recognized income and expense	-	-	-	(3,153)	109,442	106,289
Balance as at 31 December	554,850	213,037	328,683	32,247	(938,128)	190,689

For the year ended 31 December, 2015

	Stated capital	Capital surplus	Deposit for shares	Non Controlling interest	Retained earnings	Total
Balance as at 1 January	554,850	213,037	328,683	32,567	(2,057,997)	(928,860)
Prior year adjustment	-	-	-	-	922,305	922,305
Other comprehensive income	-	-	-	-	(41,227)	(41,227)
Total recognized income and expense	-	-	-	2,833	129,349	132,182
Balance as at 31 December	554,850	213,037	328,683	35,400	(1,047,570)	84,400

Notes 1 to 29 form an integral part of these financial statements.

Clydestone Group

Financial statements for the year ended 31 December, 2016
Consolidated cash flow statement

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

Cash flow from operating activities:	**2016**	**2015**
Profit before taxation	88,353	164,931
Reconciliation of profit to net cash flows from operating activities		
Adjustment for non-cash items:		
Net Interest expense	-	-
Depreciation	57,754	44,826
Exchange difference	56,749	(41,227)
	202,876	168,530
Changes in working capital		
Inventories	(58,229)	-
Trade accounts receivable	(707,405)	(83,747)
Deposit	24,414	(35,586)
Other accounts receivable	(139,011)	(49,057)
Trade accounts payable	557,049	23,193
Other accounts payable	406,258	22,491
	34,247	(122,706)
Tax paid		
Corporate tax	(8,698)	(16,361)
	15,716	(139,067)
Net cash provided by operating activities	194,178	29,462
Cash flow from investing activities:		
Fixed assets purchased	(74,051)	(2,450)
Intangible asset	(84,357)	(158,631)
Net cash used in investing activities	(158,408)	(161,081)
Cash flow from financing activities		
Deposit for shares	-	-
Interest expense	-	922,305
Dividend payable reclassified	-	-
Net cash used in financing activities	-	922,305

Notes 1 to 29 form an integral part of these financial statements.

Clydestone Group

Financial statements for the year ended 31 December, 2016
Cash flow statement (continued)

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

	Note	2016	2015
Increase in cash and cash equivalents		35,770	790,686
Cash and cash equivalents:			
at beginning of year: -			
Cash and cash equivalents		34,797	166,415
Bank overdraft		(515,291)	(1,437,595)
at end of year: -	14.2	(444,724)	480,494

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

Cash and bank balance	70,567	34,797
Bank overdraft	(515,291)	(515,291)
	(444,724)	480,494

Notes 1 to 29 form an integral part of these financial statements.

Clydestone Group

Financial statements for the year ended 31 December, 2016
Notes to the financial statements

Note

1. Reporting entity

Clydestone (Ghana) Limited ("the company") and its subsidiaries ("forming the group") is a company domiciled in Ghana and initially incorporated as a Private Limited Liability Company on 16 June 1989 and issued with a commencement certificate on 19 June, 1989. It was later converted into a Public Limited Liability Company in August 2003. It was listed on the Ghana Stock Exchange in March 2004.

The nature of authorized business as amended in December 2002 are as follows

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

For Companies Act, 1963 (Act 179) reporting purposes, the balance sheet is represented by the statement of financial position and the profit or loss account by part of the statement of profit or loss and other comprehensive income, in these financial statements.

2. Basis of preparation and consolidation

i. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and buildings classified as property and equipment, derivative financial instruments and available-for-sale financial assets that have been measured at fair value. The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

ii. Basis of consolidation

The consolidated financial statements comprise the financial statements of De Simone Limited, the parent, and her subsidiaries as at 31 December 2015. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using

consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full. Total comprehensive income within a subsidiary is attributed to the non-controlling interest (NCI) even if it results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary
- derecognizes the carrying amount of any non-controlling interest
- derecognizes the cumulative translation differences, recorded in equity
- recognizes the fair value of the consideration received
- recognizes the fair value of any investment retained
- recognizes any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate

2.2 Basis of measurement and accounting

The measurement basis applied is the historical cost basis, except as modified by the revaluation of land and building, revaluation of financial assets and financial liabilities at fair value through profit or loss. The financial statements are presented in Ghana cedi (GHC).

(a) Significant judgments and sources of estimation uncertainty

In preparing these financial statements in conformity with IFRS, management makes judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, incomes and expenses. It also requires the use of accounting estimates and assumptions that may affect disclosures in the financial statements. 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. The actual results could, by definition therefore, often differ from the related accounting estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting policies and estimates are recognized retrospectively and prospectively respectively

Certain accounting policies have been identified where management has applied a higher degree of judgment that have a significant effect on the amounts recognised in the financial statements, or estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Fair value of financial instruments

The fair value of a financial asset is determined by reference to the quoted bid price or asking price (as appropriate) in an active market. Where the fair value of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from an active market, it is determined using a variety of valuation techniques including the use of prices obtained in recent arm length transactions, comparison to similar Instruments for which market observable prices exist, net present value techniques and mathematical models. Input to these mathematical models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

ii) Estimates of assets economic useful life and residual values

Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual economic useful lives of the assets and residual values are assessed at each financial year-end and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, pre-cut life cycles and maintenance programs are taken into account.

iii) Judgments in determining provisions, contingent liabilities and contingent assets.

iv) Deferred tax assets

Deferred tax assets are recognised to the extent it is probable that taxable income will be available in the future against which they can be utilized. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation, tax rates and competitive forces.

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of anyone-controlling interest in the acquiree. For each business combination, the Group elects to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated teach of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.
Where goodwill has been allocated to a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the f the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b) Interests in joint ventures

The Group has interests in joint ventures that are jointly controlled entities, whereby the venturers have contractual arrangement that establishes joint control over the economic activities of the entity. The arrangement requires unanimous agreement for financial and operating decisions among the venturers. The Group recognizes its interests in joint ventures using the proportionate consolidation method.

The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

The Group's share of intra-group balances, transactions and unrealized gains and losses on such transactions between the Group and its joint venture are eliminated on consolidation.

Losses on transactions are recognized immediately if there is evidence of a reduction in the net realizable value of current assets or an impairment loss. The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

Upon loss of joint control, the Group measures and recognizes its remaining investment at its fair value. The difference between the carrying amount of the investment upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as an investment in an associate.

c) Investment in associates

The Group's investment in its associate, an entity in which the Group has significant influence, is accounted for using the equity method. Under the equity method, the investment in the associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. The income statement reflects the Group's share of the results of operations of the associate. When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of an associate is shown on the face of the income statement and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss as Share of losses of an associate in the income statement. Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amounts of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

2.2 New and amended standards and interpretations

At the date of authorisation of these financial statements the following new standards and amendments to existing standards were in issue, but not yet effective:

• **IFRS 9 "Financial instruments"** (effective for annual periods beginning on or after 1 January 2018).

IFRS 9 "Financial instruments" issued on 24 July 2015 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

Classification and measurement - IFRS 9 introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

Impairment - IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge accounting - IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

Own credit - IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

• **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016).

IFRS 14 "Regulatory Deferral Accounts" issued by IASB on 30 January 2015. This Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

• **IFRS 15 "Revenue from Contracts with Customers"** and further amendments (effective for annual periods beginning on or after 1 January 2018).

IFRS 15 "Revenue from Contracts with Customers" issued by IASB on 28 May 2015 (on 11 September 2015 IASB deferred effective date of IFRS 15 to 1 January 2018). IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the Group expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple element arrangements.

• **IFRS 16, Leases**
The International Accounting Standard Board (IASB) issued IFRS 16 Leases in January 2016. IFRS 16 sets out the principles for the recognition, measurement presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor').

IFRS 16 is effective from 1 January, 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15. Revenue from contracts with customers, IFRS 16 complete the IASB's project to improve the financial reporting of lease; IFRS 16 replaces the previous lease standard, IAS 17 leases, and related interpretation.

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

The standard should be applied in an entity's IFRS financial statements for annual reporting periods beginning on or after 1 January, 2018. Earlier application is permitted. An entity that chooses to apply IFRS 15 earlier than 1 January, 2018 should disclose this fact in its relevant financial statements.

When first applying IFRS 15, entities should apply the standard in full for the current period, including retrospective application to all contracts that were not yet complete at the beginning of that period. In respect of prior periods, the transition guidance allows entities an option to either:

apply IFRS 15 in full to prior periods (with certain limited practical expedients being available); or retain prior period figures as reported under the previous standards, recognizing the cumulative effect of applying IFRS 15 as an adjustment to the opening balance of equity as at the date of initial application (beginning of current reporting period).

• **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded).

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by IASB on 11 September 2015 (on 17 December 2015 IASB deferred indefinitely effective date). The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

• **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016).

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" – Investment Entities: Applying the Consolidation Exception issued by IASB on 18 December 2015. The narrow scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances.

• **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016).

Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations issued by IASB on 6 May 2015. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

• **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative issued by IASB on 18 December 2015. The amendments to IAS 1 are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that

companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

• **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"**- Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation issued by IASB on 12 May 2015. Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.
• **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants issued by IASB on 30 June 2015. The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.

• **Amendments to IAS 27 "Separate Financial Statements"** - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements issued by IASB on 12 August 2015. The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

• **Amendments to various standards "Improvements to IFRSs (cycle 2012-2015)"** issued by IASB on 25 September 2015. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. Changes include new or revised requirements regarding:

(i) changes in methods of disposal; (ii) servicing contracts; (iii) applicability of the amendments to IFRS 7 to condensed interim financial statements; (iv) discount rate: regional market issue; (v) disclosure of information 'elsewhere in the interim financial report'. The amendments are to be applied for annual periods beginning on or after 1 January, 2016.

The Entity has elected not to adopt these new standards and amendments to existing standards in advance of their effective dates. The Entity anticipates that the adoption of these standards and amendments to existing standards will have no material impact on the financial statements of the Entity in the period of initial application.

2.5 Consolidation

2.5.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any Asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquirer's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.
Any contingent consideration to be transferred by the group is recognized at fair value at the acquisition date.
Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.
Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity. Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated.

Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.5.2 Changes in ownership interests in subsidiaries without change of control.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions– that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded inequity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Changes in ownership interests in subsidiaries without change of control (continued)

2.5.3 Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is premeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.
In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized another comprehensive income are reclassified to profit or loss.

2.5.4 Separate financial statements

In the separate financial statements, investments in subsidiaries and associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

2.6 Foreign currency transaction

2.6.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Cedi (GH¢), which is the Group's presentation currency.

2.6.2 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 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 recognized in the income statement.

Foreign exchange gains and losses that relates to cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income'.

3. Significant Accounting Policies

The accounting policies set out below have been adopted and applied where necessary in these financial statements by the Group.

a. Revenue recognition

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

Gains and losses arising from changes in the fair value of financial assets and liabilities held at fair value through profit or loss, as well as any interest receivable or payable, is included in the income statement in the year in which they arise. Gains and losses arising from changes in the fair value of available – for-sale financial assets, other than foreign exchange gains and losses from monetary items, are recognized directly in equity, until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity is recognized in the income statement. Dividends are recognized in the income statement when the Group's right to receive payments is established.

b Property, plant and equipment (PPE)

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and
any other costs directly attributable to bringing the asset to a working condition for its intended use." Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components)".

ii. Subsequent cost

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

Depreciation

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.
The estimated useful lives for the current and comparative years are as follows:

Class of assets	**Rate of depreciation**
Motor Vehicles/Cycles	20%
Furniture, Fixtures & Fittings	7.5%
Office Equipment & Machinery	20%
Computer and Accessories	30%

Gains and losses on disposal of PPE are determined by comparing proceeds from disposal with the carrying amounts of PPE and are recognized in the income statement as other 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.

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. **Taxation**

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 substantively or enacted at the year end 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.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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.

i **Events after 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) **Operating segments**

A segment is a distinguishable component of the Group 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 Group'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 Group 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 Group 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.

Vi **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 active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each financial position 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 Group for future similar financial instruments.

k **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.

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 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 Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

- interest risk
- credit risk
- liquidity risk
- market risk
- operational risk
- Regulatory 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 Group at the reporting date is the same as the trade accounts receivables and other accounts receivables in the Financial Statements as at 31 December, 2016.

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 the 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 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 Group 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 and also invoice some sales in foreign currency.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with company 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.

Regulatory risk

The Group is subject to laws and regulations which relates to its operations and investment in Ghana as a listed company.

5. Cost of operations	**2016**	**2015**
Purchases	1,262,908	830,673
Clearing and delivery	163,162	47,038
	1,426,070	877,711
Closing inventories	(58,229)	-
	1,367,841	877,711

6. General and administrative expenses	**2016**	**2015**
include: -		
Interest and financial charges	13,544	17,370
Directors remuneration	92,000	90,000
Auditors remuneration	42,931	26,953
Depreciation	57,753	44,826
Salaries & wages	337,765	329,433
Rent	106,928	112,868
Utilities	95,401	30,070
Communication	36,904	22,353
Repairs and maintenance	13,270	20,504
Travel and transport	43,734	53,473
Security	8,003	44,001
Annual general meeting expense	-	17,620
Others	251,625	162,622
	1,099,858	972,093

7. Other income

	2016	2015
Exchange gain	24,414	24,597
Interest received	-	5,246
	24,414	29,843

8. Income tax expense

	2016	2015
Current tax	(14,774)	(11,885)
Deferred tax	(20,650)	(20,864)
Charge to statement of comprehensive income	(35,424)	(32,749)

9. Intangible assets

Switch software	2016	2015
Cost		
Balance at 1 January	1,155,807	997,176
Additions	84,357	158,631
	1,240,164	1,155,807
Amortisation		
Balance at 1 January	-	-
Charge for the year	-	-
Carrying amount	-	-
Balance at 31 December	1,240,164	1,155,807

Software

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

Clydestone Group

Financial statements for the year ended 31 December, 2016
Notes to the financial statements (continued)

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

10a- Property, plant and equipment
2016

	Furniture and Fixtures	Office equipment	Motor vehicles	Computers	Workshop equipment	Storage container	Total
Cost							
At 1 January	111,973	100,116	328,542	391,463	5,971	7,160	945,225
Disposal/revaluation	(6,522)	(2,459)		(5,769)	-	-	(14,750)
Additions	-	6,850	62,000	5,200	-	-	74,050
At 31 December	105,451	104,507	390,542	390,894	5,971	7,160	1,004,525
Depreciation							
At 1 January	85,504	89,536	275,808	375,112	5,971	7,160	839,091
Disposal	(6,522)	(1,076)	-	(3,844)	-	-	(11,442)
Charge for the year	6,068	3,719	38,766	9,201	-	-	57,754
At 31 December	85,050	92,179	314,574	380,469	5,971	7,160	885,403
Carrying amount							
At 31 December	20,401	12,328	75,968	10,425	-	-	119,122
At 31 December	26,469	10,580	52,734	16,351	-	-	106,134

Clydestone Group

Financial statements for the year ended 31 December, 2016
Notes to the financial statements (continued)

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

10b- Property, plant and equipment
2015

	Furniture and Fixtures	Office equipment	Motor vehicles	Computers	Workshop equipment	Storage container	Total
Cost							
At 1 January	111,973	97,666	328,542	391,463	5,971	7,160	942,775
Disposal - -		-	-	-	-		
Additions	-	2,450	-	-	-	-	2,450
At 31 December	111,973	100,116	328,542	391,463	5,971	7,160	945,225
Depreciation							
At 1 January	79,436	86,654	249,442	365,602	5,971	7,160	794,265
Disposal -	-	-	-	-	-	-	
Charge for the year	6,068	2,882	26,366	9,510	-	-	44,826
At 31 December	85,504	89,536	275,808	375,112	5,971	7,160	839,091
Carrying amount							
At 31 December	26,469	10,580	52,734	16,351	-	-	106,134
At 31 December	32,537	11,012	79,100	25,861	-	-	48,510

Clydestone Group

Financial statements for the year ended 31 December, 2016
Notes to the financial statements (continued)

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

11. Trade accounts receivable	**2016**	**2015**
These have been stated at their fair values.	925,149	217,744

12. Deposit	**2016**	**2015**
This represent risk reserve deposit with		
China Union Pay	210,000	189,655
Chase Bank Kenswitch	42,000	37,931
	252,000	227,586

13. Other accounts receivable

	2016	**2015**
Staff debtors	64,380	86,837
Prepaid rent	-	16,384
Directors current account	297,222	298,961
Others	332,883	153,292
	694,485	555,474

14. Cash and cash equivalents	**2016**	**2015**
14.1 Cash and bank balance		
Cash on hand	92	3,735
Ecobank Ghana Limited	1,988	1,998
Standard Chartered Bank Limited	48	48
Zenith Bank Ghana Limited	336	55
Unibank Ghana Limited	15,703	21,432
United Bank of Africa Limited	16,873	856
Guaranty Trust Bank Limited	1,042	484
Fidelity Bank Limited	30,418	7
Bank of Africa	666	666
First Bank/PLC Nigeria	1,623	3,749
Universal Merchant Bank	263	262
National Investment Bank Limited	1,505	1,505
	70,567	34,797

14.2 Cash and cash equivalents for the purpose of cash flow include:

Cash and bank balance	70,567	34,797
Bank overdraft	(515,291)	(515,291)
	444,724	480,494

15. Bank overdraft

This represents overdrawn balance	**2016**	**2015**
FirsTrust Savings and Loans Limited	515,291	515,291

The above balance has not been confirmed by the bank due to current litigation between the majority shareholder (Paul Jacquaye) and the new owners of FirsTrust Savings and Loans Limited, Ideal Finance Holdings.

16. Other accounts payable	**2016**	**2015**
Audit fees	87,482	30,483
National reconstruction levy	4,740	4,740
Rent	100,916	153,706
Others	1,589,958	1,187,909
	1,783,096	1,376,838

17.Taxation

YA	**Balance 1/1/16**	**Payments/ Tax credits**	**Charge for the year**	**Balance 31/12/16**
Up to 2010	(151,322)	-	-	151,322
2011	(9,555)	-	-	(9,555)
2012	(500)	(3,240)		(3,740)
2013	(26,401)	(3,124)		(29,525)
2014	1,031	(13,936)	-	12,905
2015	13,132	(12,474)		758
2016	-	(10,172)	14,774	4,602
	(173,615)	(42,946)	14,774	(201,687)

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

18.(i) Deferred tax	**2016**	**2015**
The balance is derived as follows		
Balance as at 1 January	(26,234)	(47,098)
Applied to current year	20,650	20,864
Balance as at 31 December	(5,584)	(26,234)

18.(ii) Recognised deferred tax assets and liabilities	**2016**	**2015**
Deferred tax assets and liabilities are attributed to the following:		
Property and equipment	20,650	20,864
Net tax asset	20,650	20,864

19. Stated capital

	2016		**2015**	
	Number	**Amount**	**Number**	**Amount**
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.

20. Deposit for shares

These represent the acquisition of interest in Clydestone Nigeria.

21. Going concern consideration

Remittance Processing (Ghana) Limited, a subsidiary made a net loss of (GH¢19,419) (2015 profit of GH¢23, 319) for the year ended 31 December, 2016. However, its sales revenue has been declining for the past two years and has a negative analytical trend for the reporting period.

Remittance Processing (Ghana) Limited is also having liquidity problems in meeting its financial obligations. This has resulted in all statutory obligations not been met and been accrued as outstanding in the books of accounts.

A review after the reporting date indicates a straddling first quarter with no income and active operations. This position indicates uncertainty which casts significant doubts on Remittance Processing (Ghana) Limited's ability to continue as a going concern.

However, the Directors are of the opinion that it will be able to expand its operations to support its current scope of collecting payments for DSTV if it embarks on a new platform.

22. Non-controlling interest	**2016**	**2015**
Share of net assets of subsidiary		
At 1 January	35,400	32,567
Share of loss-subsidiary	(3,153)	2,833
At 31 December	32,247	35,400

23. Related party transactions

The majority shareholder in the Group 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.

Payable to related party	**Company 2016**	**Group 2016**	**Company 2015**	**Group 2015**
FirsTrust Savings and Loans Limited	-	-	922,305	922,305

24. Fair values of financial assets and liabilities

	Fair Value		Carrying Amount	
	2016	**2015**	**2016**	**2015**
Financial assets				
Trade accounts receivable	925,149	217,744	925,149	217,744
Deposit	252,000	227,586	252,000	227,586
Other accounts receivable	694,485	555,474	694,485	555,474
Cash and cash equivalents	70,567	34,797	70,567	34,797
Intangibles	1,240,164	1,155,807	1,240,164	1,155,807
Financial liabilities				
Trade accounts payable	1,707,911	520,863	1,707,911	520,863
Other accounts payable	1,783,096	1,376,838	1,783,096	1,376,838
Bank overdraft	515,291	515,291	515,291	515,291

25. Segmental reporting

The Group 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.

26. Disclosure on going concern on Remittance Processing Ghana Limited's operations.

Operations of Remittance Processing Ghana Limited a subsidiary over the last five years have seen a downward trend with no income was earned in last year and a review of the operations in the first quarter of 2017 has shown no signs of changes in the fortunes of the Company despite assurances from Management of a turnaround of the Group. The Group's investment in the Group is GHS178,483.

27. Contingent liabilities and capital commitments

There is a contingent liability in legal and any other restated costs on the judgment debt against Electricity Company of Ghana in respect of abrogation of contract.

There was no capital commitment at the end of the year. (2015: Nil)

This disclosure note applies to Remittance Processing Ghana Limited (a subsidiary of the Group).

Clydestone Group

Financial statements for the year ended 31 December, 2016
Notes to the financial statements (continued)

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

28. Twenty largest Shareholders as at 31 December, 2016

Number	Shareholders	Number of shares	Percentage of shareholding
1.	Jacquaye Tse Paul	20,389,500	59.97
2.	GSD Clydestone Account	7,619,377	22.41
3.	SCGN/NTHC Horizon Fund Ltd	648,000	1.91
4.	Starlife Assurance Company Limited	532,000	1.56
5.	NTHC Trading Account	516,800	1.52
6	Akoto-Bamfo Edmund	412,000	1.21
7	Mawuenyega, Danny Easmon	412,000	1.21
8	GSE Securities Depository	230,923	0.68
9	Vanguard Assurance Co. Ltd.	212,000	0.62
10.	Ecobank Stockbrokers Limited	185,263	0.54
11.	Star Assurance Company	141,824	0.42
12.	Hutchful Nana Benyin	135,000	0.4
13.	Akosah-Bempah Kwaku	125,000	0.37
14.	CDH Asset Management Ltd	123,000	0.36
15.	Issaka Nicholas Gbana	110,000	0.32
16.	Catholic Archdiocese of Cape Coast	110,000	0.32
17.	Gogo Benjamin Akuete	105,000	0.31
18.	Holden Christopher Mark Mr	100,000	0.29
19.	Dadzie Samuel	82,608	0.24
20.	CDH Securities Ltd.	80,000	0.24

Shareholders distribution as at 31 December, 2016

Category of holdings	No. of Shareholders	%	No. Shares	Percentage holding
1 to 1,000	2,038	57.51	1,075,430	2.56
1,001 to 5,000	1,102	31.09	2,913,138	6.94
5,001 to 10,000	239	6.74	2,044,141	4.89
Over 10,000	165	4.66	35,959,290	85.63
	3,544	**100.00**	**41,991,999**	**100.00**

Clydestone Group

Financial statements for the year ended 31 December, 2016
Notes to the financial statements (continued)

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

29. Five-year financial summary

	2016	2015	2014	2013	2012
Revenue	2,531,638	1,984,892	1,500,113	1,239,043	1,229,301
Profit/ (Loss) before tax	88,353	164,931	(1,109,638)	(148,934)	(329,721)
Income tax expense	(35,424)	(32,749)	(5,668)	(1,385)	(4,493)
Profit/ (Loss) after tax	52,929	132,182	(1,115,306)	(150,319)	(334,214)
Financial Position					
Non-current assets					
Intangible	1,240,164	1,155,807	997,176	571,164	500,802
Property, plant and equipment	119,112	106,134	148,510	162,464	67,035
Current assets	2,000,430	1,035,601	998,829	1,002,653	1,083,090
Total assets	3,359,716	2,297,542	2,144,515	1,736,281	1,650,927
Total current liabilities	3,169,027	2,213,142	3073,375	1,878,518	1,676,845
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	328,683	328,683		
Non-controlling interest	32,247	35,400	32,567	36,325	41,315
Retained earnings	(938,128)	(1,047,570)	(2,057,997)	(946,449)	(835,120)
Total liabilities and shareholders' equity	3,359,716	2,297,542	2,144,515	1,736,281	1,650,927