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PR. No 167/2018

MECHANICAL LLOYD COMPANY LIMITED (MLC) -
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

MLC has released its Annual Report and Financial Statements for the year ended December 31, 2017 as per the attached.

Issued in Accra, this 30th
day of April, 2018

- **E N D –**

Distribution:
1. All LDMs
2. General Public
3. Company Secretary, MLC
4. UMB Registrar, (Registrars for MLC shares)
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**JEB*

MECHANICAL LLOYD COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Contents

CORPORATE INFORMATION

Directors	Charles Bartels Kwesi Zwennes	(Chairman)	(Deceased)
	Terence Ronald Darko	(Managing Director)	
	Yaw Assah-Sam		
	Andrew Lawson		
	Kofi Asamoah		
	Kwesi Amonoo-Neizer		
	Joseph Hyde Jnr		
	Edward Kojo Annobil		
	Kalysta Darko O'Kell		
Secretary	Marigold Boakye Anamo		
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		
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
(All amounts are in Ghana cedis unless otherwise stated)

	2017	2016	% Change
Revenue	**34,552,736**	50,964,812	(32)
Loss before tax	**(4,119,049)**	(2,673,281)	54
Loss profit after tax	**(2,971,625)**	(2,803,118)	6
Shareholders' funds	**33,324,627**	38,868,208	(14)
Total assets	**66,656,999**	63,458,711	5

Loss per share (Ghana pesewas)	**(5.93)**	(5.60)	6
Net assets per share (Ghana pesewas)	**66.52**	77.59	(14)

REPORT OF THE DIRECTORS

The directors submit their annual report together with the audited financial statements of Mechanical Lloyd Company Limited ('the Company') for the year ended 31 December 2017.

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.

Going concern

We have no plans or intentions, for example to dispose of the business or cease operations that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements. The directors have no reason to believe the Company will not be a going concern for the next twelve months from the date of approval of the financial statements.

Nature of business

The Company is engaged in the sale and servicing of BMW vehicles, Ford vehicles, and Massey Ferguson agricultural machinery, and the related spare parts in Ghana. There was no change in the Company's business during the year.

Financial results

The financial results of the Company for the year ended 31 December 2017 are set out below:

	GH¢
Loss before income tax for the year	**(4,119,049)**
to which is added income tax credit of	**1,147,424**
giving a loss after income tax for the year of	**(2,971,625)**
to which is added balance brought forward on income surplus account of	**14,235,100**
leaving a balance carried forward on income surplus account of	**11,263,475**

Dividend

The directors do not recommend the payment of dividend for the year ended 31 December 2017 (2016: Nil).

REPORT OF THE DIRECTORS (continued)

Directors' and their interests in contracts

The present membership of the Board is set out on page 1. All directors served throughout the year.

Mr. Andrew Lawson, Mr. Yaw Assah-Sam and Mr. Kwesi Amonoo-Neizer retire by rotation and being eligible offer themselves for re-election as directors.

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

Directors' shareholding

The directors' interests in the ordinary shares of the Company at 31 December 2017 were as follows:

Name	No. of shares
Mr. Terence Ronald K. Darko	15,024,381
Mrs. Kalysta Y Darko O'Kell	2,052,000
Mr. Andrew Lawson	75,000
Mr. Charles B.K. Zwennes (jointly with Mrs Jacqueline Zwennes)	53,557
Mr. Yaw Assah-Sam	21,500
Mr Kofi Asamoah	10,000
Mr. Edward Kojo Annobil	6,400
Mr. Joseph Hyde Jnr	8,100

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: YAW ASSAH-SAM **Name of Director:** Joseph Hyde Jr

Signature: **Signature:**

Date: 16 April 2018

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 comprise 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 assessing its comprehensive risk and enhancing its system of internal control. This is aimed at both improving the mechanism for identifying and monitoring risk as well as strengthening 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MECHANICAL LLOYD COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Mechanical Lloyd Company Limited as at 31 December 2017, 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).

What we have audited

We have audited the financial statements of Mechanical Lloyd Company Limited (the "Company") for the year ended 31 December 2017.

The financial statements on pages 10 to 40 comprise:

- statement of financial position as at 31 December 2017;
- statement of comprehensive income for the year then ended;
- statement of changes in equity for the year then ended;
- 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Allowance for impairment of trade receivables - GH¢1,299,827	
Gross trade receivables at 31 December 2017 amounts to GH¢4,820,631 against which allowance for impairment provision GH¢1,299,827 were recognised.	Our audit procedures included evaluating the design of selected controls, and testing the operating effectiveness of selected controls over the extension of credit facilities to customers.
Allowance for impairment of trade receivables is a key area of focus due to the significant judgement management exercises in identifying whether there is any indicator of impairment and in determining the timing of recognition and the estimation of any impairment.	We obtained from management the basis for allowance for impairment on trade receivables at the reporting date. We assessed the adequacy of amount recognised as allowance for impairment on trade receivables by evaluating the reasonableness of management's estimate, and assessing payment history of selected customers.
As described in accounting policies (note 2.9) and disclosed in trade and other receivables (note 8) and credit risk management (note 30.2) of the financial statements, the Company fully provided for individually identified impaired trade receivables of GH¢1,299,827 at the balance sheet date.	We also assessed the recoverability of selected trade receivables by testing post year end receipts from customers.
The indicators the Company considers and critical judgements management exercises in providing for impaired trade receivables are disclosed in note 3.2 of the financial statements.	

Other information

The directors are responsible for the other information. The other information comprises the Financial Highlights, Report of Directors, Corporate Governance Report, Shareholders Information and Five Year Financial Summary 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 and the Chairman's Review, which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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 in this regard.

When we read the Chairman's Review and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors 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.

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to 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 a 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement 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 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 Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- 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 Company'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 Company to cease to continue as a going concern; and
- 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.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor's responsibilities for the audit of the financial statements (continued)

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 ON OTHER LEGAL AND REGULATORY 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 Company's profit and loss account (part of the statement of comprehensive income) are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Oseini Amui (ICAG/P/1139).

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2018/028)

Chartered Accountants

Accra, Ghana

23 April 2018

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

	Note	At 31 December 2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment	4	**33,577,609**	34,301,790
Intangible assets	5	**166,596**	234,339
Other prepayments	6	**2,056,425**	2,056,425
Other receivables	8	**877,409**	388,034
		36,678,039	36,980,588
Current assets			
Inventories	7	**22,345,678**	17,263,649
Trade and other receivables	8	**5,282,951**	5,846,059
Cash and bank balances	9	**2,350,331**	3,368,415
		29,978,960	26,478,123
Total assets		**66,656,999**	63,458,711
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	10	**3,623,277**	2,237,124
Current liabilities			
Trade and other payables	11	**25,508,318**	18,999,645
Current income tax liability	12	**1,804,862**	2,053,094
Borrowings	13	**2,395,915**	1,300,640
		29,709,095	22,353,379
Total liabilities		**33,332,372**	24,590,503
Net assets		**33,324,627**	38,868,208
EQUITY			
Stated capital	14	**2,771,486**	2,771,486
Capital surplus account	15	**19,289,666**	21,861,622
Income surplus account	16	**11,263,475**	14,235,100
Total equity		**33,324,627**	38,868,208

The notes on pages 14 to 40 are an integral part of these financial statements.

The financial statements on pages 10 to 40 were approved for issue by the Board of Directors on ....16 April.......... 2018 and signed on its behalf by:

Name of Director: YAW ASSAH - SAM

Name of Director: Joseph Ayele Jr

Signature:

Signature:

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in Ghana cedis)

		Year ended 31 December	
	Note	**2017**	2016
Revenue	17	**34,552,736**	50,964,812
Cost of sales	18	**(28,176,220)**	(43,574,702)
Gross profit		**6,376,516**	7,390,110
Administrative costs	19	**(12,394,315)**	(10,965,097)
Other income	20	**2,530,572**	1,279,092
Operating loss		**(3,487,227)**	(2,295,895)
Finance income	21	**305,439**	501,242
Finance costs	21	**(937,261)**	(878,628)
Loss before income tax		**(4,119,049)**	(2,673,281)
Income tax credit/(expense)	23	**1,147,424**	(129,837)
Loss after income tax		**(2,971,625)**	(2,803,118)
Other comprehensive income:			
Deferred income tax charge	10	**(2,571,956)**	-
Total comprehensive income for the year-(loss)		**(5,543,581)**	(2,803,118)
Loss per share			
Basic and diluted loss per share (Ghana pesewas)	24	**(5.93)**	(5.60)

The notes on pages 14 to 40 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
(All amounts are in Ghana cedis)

Year ended 31 December 2017	Stated capital	Capital surplus account	Income surplus account	Total
Balance at 1 January 2017	2,771,486	21,861,622	14,235,100	**38,868,208**
Loss for the year	-	-	(2,971,625)	**(2,971,625)**
Other comprehensive income – (loss)	-	(2,571,956)	-	**(2,571,956)**
Total comprehensive income for the year – (loss)	-	(2,571,956)	(2,971,625)	**(5,543,581)**
Balance at 31 December 2017	**2,771,486**	**19,289,666**	**11,263,475**	**33,324,627**

Year ended 31 December 2016	Stated capital	Capital surplus account	Income surplus account	Total
Balance at 1 January 2016	2,771,486	21,861,622	17,539,177	42,172,285
Loss for the year	-	-	(2,803,118)	(2,803,118)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(2,803,118)	(2,803,118)
Transaction with owners in their capacity as owners:				
Final dividend declared for 2015	-	-	(500,959)	(500,959)
Balance at 31 December 2016	2,771,486	21,861,622	14,235,100	38,868,208

The notes on pages 14 to 40 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(All amounts are in Ghana cedis)

	Note	Year ended 31 December 2017	2016
Cash flow from operating activities			
Cash (used in)/generated from operations	25	**(513,693)**	667,781
Interest received	21	**305,439**	501,242
Interest paid		**(903,020)**	(878,628)
Income tax paid	12	**(286,611)**	(426,173)
Net cash used in operating activities		**(1,397,885)**	(135,778)
Cash flow from investing activities			
Deposit for leasehold land	6	**-**	(399,500)
Purchase property, plant and equipment	4	**(755,899)**	(1,432,734)
Purchase of intangible assets	5	**(11,875)**	-
Proceeds from disposal of property, plant and equipment	4	**52,300**	232,910
Net cash used in investing activities		**(715,474)**	(1,599,324)
Cash flow from financing activities			
Dividend paid	26	**-**	(500,959)
Net cash used in financing activities		**-**	(500,959)
Net decrease in cash and cash equivalents		**(2,113,359)**	(2,236,061)
Cash and cash equivalents at start of year	27	**2,067,775**	4,303,836
Cash and cash equivalents at end of year	27	**(45,584)**	2,067,775

The notes on pages 14 to 40 are an integral part of these financial statements.

NOTES (continued)

1. General information

Mechanical Lloyd Company Limited (the "Company") is a public limited liability company, 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, and P. O. Box 2086, Accra.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

(i) Compliance with IFRS

The financial statements of Mechanical Lloyd Company Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared under the historical cost convention except for certain classes of property, plant and equipment which are measured at fair value.

(iii) New and amended standards adopted by the Company

A number of new and amended standards have become effective on or after 1 January 2017. The following are the standards which are applicable to the Company but do not have any material impact on the financial statements for the year ended 31 December 2017:

Amendments to IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify the accounting treatment for deferred tax assets of debt instruments measured at fair value for accounting but measured at cost for tax purposes and confirmed that a temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period. The adoption of this amendment did not have a material impact on the Company's financial statements.

Amendments to IAS 7, Statement of Cash Flows: Disclosure Initiative

The IASB issued amendments to IAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities' liquidity positions. Under the new requirements, entities are required to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (e.g. gains and losses due to foreign currency movements). The adoption of this amendment did not have a material impact on the Company's financial statements.

(iv) New and amended standards not yet adopted by the Company

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning or after 1 January 2017, and have not been applied in preparing these financial statement. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(iv) New and amended standards not yet adopted by the Company (continued)

Title of standard	**IFRS 9, Financial instruments**
Nature of change	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	The financial assets held by the Company include trade receivables currently classified as loans and receivables and measured at amortised cost which meets the conditions for classification at amortised cost under IFRS 9. The Company does not expect the new guidance to affect the classification and measurement of its financial assets. There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have been transferred from IAS *39 Financial Instruments: Recognition and Measurement* and have not been changed. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. The Company will assess the impact of the adoption of IFRS 9 on the Company's financial statements in 2018. The new standard also introduces expanded disclosure requirements and changes in presentation. Management is currently assessing the impact of IFRS 9 on the Company's financial statements.
Date of adoption by the Company	Mandatory for financial years commencing on or after 1 January 2018. Comparatives for 2017 will not be restated.
Title of standard	**IFRS 15, Revenue from Contracts with Customers**
Nature of change	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
Impact	Management's preliminary assessment of the effects of applying IFRS 15 identified the accounting of Ford's extended service plan (ESP) and BMW Service Inclusive (BSI) as areas that will be affected. However, based on the total amount received from customers for ESPs and BSIs, management believes accounting for ESPs and BSIs in accordance with IFRS 15 will not have any material impact on the Company's financial statements. The directors will have detailed assessment in 2018.
Date of adoption by the Company	Mandatory for financial years commencing on or after 1 January 2018. The Company intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in income surplus account as of 1 January 2018 and that comparatives will not be restated.

NOTES (continued)

3. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(iv) New and amended standards not yet adopted by the Company (continued)

Title of standard	**IFRS 16, Leases**
Nature of change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	The standard will affect primarily the accounting for the Company's operating leases. As at the reporting date, the Company has non-cancellable operating lease commitments of GH¢435,840 (Note 33). Other operating leases relate to payments in respect of rental agreements which are usually up to one year and considered short-term and of low value and as such will be recognised on a straight-line basis as an expense in profit or loss. However, for non-cancellable operating lease commitments, the Company has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Company's profit or loss and classification of cash flows going forward. The Company will carry assessment in 2018.
Date of adoption by the Company	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption, even in instances where the leases qualify to be recognised on the balance sheet.
Title of interpret-tation	**IFRIC 22, Foreign Currency Transactions and Advance Consideration**
Nature of change	The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt. Entities can choose to apply the interpretation: • retrospectively for each period presented • prospectively to items in scope that are initially recognised on or after the beginning of the reporting period in which the interpretation is first applied, or • prospectively from the beginning of a prior reporting period presented as comparative information.
Impact	It is unlikely that the interpretation will have any material impact on the Company's financial statements.
Date of adoption by the Company	Mandatory for financial years commencing on or after 1 January 2018.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 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 and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates 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 generally 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'.

2.3 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 at reasonable intervals 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.

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%

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

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.

2.4 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.

2.5 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 separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.6 Leases

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

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average method. 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.8 Financial assets

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.

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.

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.

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.

2.9 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.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.10 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.

2.11 Stated capital and dividend

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

2.12 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.

2.13 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.

2.14 Income tax

The income tax expense or credit 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 laws enacted or substantively enacted at the reporting date. Management periodically evaluates 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)

2.14 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 income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition or if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the 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.

2.15 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.

2.16 Employee benefits

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

Retirement benefit obligations

The Company and all its employees contribute to a defined contribution plan.

A defined contribution plan is a pension scheme 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.

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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Company's activities.

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 customer's acceptance of the products. Delivery does not occur until the transfer of risks and rewards, and 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.

2.18 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.

2.19 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 are in Ghana cedis unless otherwise stated)

3. Critical estimates, judgements and errors

3.1 Critical accounting estimates and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

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 five 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 carrying amount of property, plant and equipment is not impaired and not materially different from its fair value at the reporting date.

3.2 Critical judgements in applying the entity's accounting policies

Trade receivables

Management exercises judgements in determining recoverable amount of impaired receivables when there is objective evidence to suggest that trade accounts receivable balance is impaired. The impairment assessment is carried out on cases by case basis with focus on customers who had defaulted on their payment terms. Management determines whether there are observable data indicating that a trade receivable balance is impaired. This evidence may include information and data indicating that there has been an adverse change in the payment status of customers and a review of accounts history of customers. Management uses estimates based on historical loss experience for credit customers. Estimates are reviewed at least once a year to reduce any differences between loss estimates and actual loss experience.

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

4. Property, plant and equipment

	Buildings	Plant and machinery	Furniture and equipment	Computers	Motor vehicles	Total
Cost/valuation						
At 1 January 2017	33,623,512	497,170	2,953,388	1,059,408	2,303,698	**40,437,176**
Additions	-	65,950	134,256	60,973	494,720	**755,899**
Disposals	-	-	-	-	(40,041)	**(40,041)**
At 31 December 2017	**33,623,512**	**563,120**	**3,087,644**	**1,120,381**	**2,758,377**	**41,153,034**
Accumulated depreciation						
At 1 January 2017	3,317,193	235,254	1,337,131	620,555	625,253	**6,135,386**
Charge for year	841,150	26,255	170,299	151,943	272,889	**1,462,536**
Released on disposal	-	-	-	-	(22,497)	**(22,497)**
At 31 December 2017	**4,158,343**	**261,509**	**1,507,430**	**772,498**	**875,645**	**7,575,425**
Net book amount						
At 31 December 2017	**29,465,169**	**301,611**	**1,580,214**	**347,883**	**1,882,732**	**33,577,609**
Cost/valuation						
At 1 January 2016	33,475,709	338,861	2,879,696	789,171	1,728,495	39,211,932
Additions	147,803	158,309	73,692	273,516	779,414	1,432,734
Disposals	-	-	-	(3,279)	(204,211)	(207,490)
At 31 December 2016	33,623,512	497,170	2,953,388	1,059,408	2,303,698	40,437,176
Accumulated depreciation						
At 1 January 2016	2,442,592	206,516	1,162,241	450,945	529,507	4,791,801
Charge for year	874,601	28,738	174,890	172,889	151,114	1,402,232
Released on disposal	-	-	-	(3,279)	(55,368)	(58,647)
At 31 December 2016	3,317,193	235,254	1,337,131	620,555	625,253	6,135,386
Net book amount						
At 31 December 2016	30,306,319	261,916	1,616,257	438,853	1,678,445	34,301,790

The buildings were revalued on 30 November 2012 by independent professional valuers. Valuation is on the basis of open market value. If buildings were stated on historical cost basis, the amounts would be as follows:

	2017	2016
Cost	**3,618,200**	3,618,200
Accumulated depreciation	**(1,597,078)**	(1,534,569)
Net book amount	**2,021,122**	2,083,631

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

4. Property, plant and equipment (continued)

	2017	2016
Profit on disposal of property, plant and equipment		
Cost	**40,041**	207,490
Accumulated depreciation	**(22,497)**	(58,647)
Net book amount	**17,544**	148,843
Disposal proceeds	**(52,300)**	(232,910)
Gains on disposal	**(34,756)**	(84,067)

Fair values of buildings

The buildings were revalued on 30 November 2012 by independent professional valuers to determine the fair value at 31 December 2012. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income for the year ended 31 December 2012. The net revaluation surplus is currently shown in capital surplus account in equity (Note 15). The directors are of the view that the fair value of buildings at 31 December 2017 is not materially different from its carrying value. The fair value levels of hierarchy are defined as follows:

- Quoted prices (unadjusted) in active markets for identifiable assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value hierarchy for buildings carried at fair value is shown below:

	2017	2016
Fair value measurement using other observable input (Level 2)	**29,465,169**	30,306,319

Valuation techniques used to derive level 2 fair values

Level 2 fair values of buildings have been derived using the income approach. Rental values of similar properties within the locality of the Company's buildings were used and adjusted per square meter. The most significant input into this valuation approach is rental values per square meter.

5. Intangible assets

The intangible assets represents capitalised computer software.

	2017	2016
Cost		
At 1 January	**792,189**	792,189
Additions	**11,875**	-
At 31 December	**804,064**	792,189
Amortisation		
At 1 January	**557,850**	442,429
Charge for the year	**79,618**	115,421
At 31 December	**637,468**	557,850
Net book amount 31 December	**166,596**	234,339

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

6. Other prepayments

Other prepayments represent part payment for lands in the course of acquisition for which the Company is yet to secure all the legal registration requirements. The carrying amounts of lands for which the Company has secured all the legal registration requirements are transferred to property, plant and equipment.

	2017	2016
At 1 January	**2,056,425**	1,656,925
Additions	-	399,500
At 31 December	**2,056,425**	2,056,425

7. Inventories

	2017	2016
Vehicles	**12,338,014**	9,450,111
Spare parts	**6,331,555**	6,041,814
Goods in transit	**3,147,058**	1,343,795
Work-in-progress	**382,834**	316,928
Non-trade inventories	**146,217**	111,001
	22,345,678	17,263,649

The cost of inventories recognised as an expense and included in cost of sales amount to GH¢24,157,339 (2016: GH¢38,895,169). No amount was charged to profit or loss for damaged and obsolete inventories during the year (2016: Nil).

8. Trade and other receivables

	2017	2016
Trade receivables - gross	**4,820,631**	6,535,174
Less provision for impairment of trade receivables	**(1,299,827)**	(1,207,816)
Trade receivables - net	**3,520,804**	5,327,358
Staff receivables	**1,206,866**	679,385
Other receivables	**1,358,717**	112,037
Prepayments	**73,973**	115,313
	6,160,360	6,234,093

The maximum amount of staff indebtedness during the year did not exceed GH¢1,210,000 (2016: GH¢680,000).

The fair values of trade receivables, other receivables (excluding recoverable VAT and prepayments) and staff receivables approximates their carrying values.

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

	2017	2016
At 1 January	**1,207,816**	1,207,816
Increase during the year	**92,011**	-
At 31 December	**1,299,827**	1,207,816

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

8. Trade and other receivables (continued)

	2017	2016
Current		
Trade receivables	**3,520,804**	5,327,358
Staff receivables	**329,457**	291,351
Other receivables	**1,358,717**	112,037
Prepayments	**73,973**	115,313
	5,282,951	5,846,059
Non-current		
Staff receivables	**877,409**	388,034
	6,160,360	6,234,093

9. Cash and bank balances

Cash in hand	**45,038**	49,014
Cash at bank	**2,305,293**	3,319,401
	2,350,331	3,368,415

10. Deferred income tax

Year ended 31 December 2017	At 1 January	Charged/ (credited) to profit or loss	Charged to other comprehensive income	At 31 December
Property, plant and equipment				
- on historical cost basis	117,202	79,359	-	**196,561**
- on revaluation surpluses	3,857,933	-	2,571,956	**6,429,889**
Intangible assets	48,333	(8,662)	-	**39,671**
Carry forward tax losses	(1,282,615)	(980,804)	-	**(2,263,419)**
Provision for doubtful debts	(301,954)	(23,003)	-	**(324,957)**
Other provisions	(201,775)	154,786	-	**(46,989)**
Finance cost	-	(407,479)	-	**(407,479)**
	2,237,124	(1,185,803)	2,571,956	**3,623,277**
Comprising:				
Deferred income tax asset	(1,786,344)	(1,256,500)	-	**(3,042,844)**
Deferred income tax liability	4,023,468	70,697	2,571,956	**6,666,121**
	2,237,124	(1,185,803)	2,571,956	**3,623,277**

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

10. Deferred income tax (continued)

Year ended 31 December 2016	At 1 January	Charged/ (credited) to profit or loss	Charged to other comprehend-sive income	At 31 December
Property, plant and equipment				
- on historical cost basis	(381,003)	498,205	-	117,202
- on revaluation surpluses	3,857,933	-	-	3,857,933
Intangible assets	66,936	(18,603)	-	48,333
Carry forward tax losses	-	(1,282,615)	-	(1,282,615)
Provision for doubtful debts	(301,954)	-	-	(301,954)
Other provisions	(722,050)	520,275		(201,775)
Unrealised exchange losses	(411,088)	411,088	-	-
	2,108,774	128,350	-	2,237,124
Comprising:				
Deferred income tax asset	(1,816,095)	29,751	-	(1,786,344)
Deferred income tax liability	3,924,869	98,599	-	4,023,468
	2,108,774	128,350	-	2,237,124

Deferred income tax charged to other comprehensive income represents the impact of change in capital gains tax rate applicable to corporate entities from 15% to 25% during the year.

11. Trade and other payables

	2017	2016
Trade payables	**24,228,809**	17,584,996
Accrued charges and provisions	**827,865**	1,167,773
Sundry payables	**451,644**	246,876
	25,508,318	18,999,645

The fair values of trade payables, accrued expenses and sundry payables (excluding advance receipts and indirect taxes) approximate to their carrying values.

12. Current income tax

Year ended 31 December 2017	**At 1 January**	**Charge for the year**	**Payments during the year**	**At 31 December**
Corporate income tax:				
Up to 2016	(754,514)	38,379	-	**(716,135)**
2017	-	-	(286,611)	**(286,611)**
	(754,514)	38,379	(286,611)	**(1,002,746)**
Capital gains tax:				
Up to 2016	2,807,608	-	-	**2,807,608**
	2,053,094	38,379	(286,611)	**1,804,862**

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

12. Current income tax (continued)

	At 1 January	Charge for the year	Payments during the year	At 31 December
Year ended 31 December 2016				
Corporate income tax:				
Up to 2015	(428,348)	-	(61,568)	(489,916)
2016	-	1,487	(266,085)	(264,598)
	(428,348)	1,487	(327,653)	(754,514)
Capital gains tax:				
Up to 2015	2,906,128	-	-	2,906,128
2016	-	-	(98,520)	(98,520)
	2,477,780	1,487	(426,173)	2,053,094

All tax liabilities are subject to the agreement of the Ghana Revenue Authority.

13. Borrowings

	2017	2016
Current		
Bank overdrafts	**2,395,915**	1,300,640

Bank overdraft

The Company's overdraft facilities not exceeding GH¢4 million (2016: GH¢4 million) are secured by a debenture over the floating assets of the Company, registered and stamped to cover GH¢8 million.

Letters of credits

There were no approved letters of credit at the reporting date. The Company had approved letters of credit facilities not exceeding GH¢23,055,000 at 31 December 2016. The facilities are secured by a legal mortgage over specified properties of the Company, registered and tamped to cover GH¢6.7 million.

14. Stated capital

Stated capital represents share capital of the Company. The authorised ordinary shares of the Company is 100,000,000 ordinary shares of no par value out of which 50,095,925 (2016: 50,095,925) have been issued as follows:

	No. of shares	**Proceeds**
Issued for cash consideration	**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 (2016: 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 are in Ghana cedis unless otherwise stated)

15. Capital surplus account

	2017	2016
At 1 January	21,861,622	21,861,622
Deferred income tax charge (Note 10)	(2,571,956)	-
At 31 December	19,289,666	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.

16. Income surplus account

The income surplus account represents earnings retained by the Company. Movements in the income surplus account are shown in the statement of changes in equity on page 12 of these financial statements.

17. Revenue

	2017	2016
Sale of goods – motor vehicles and farm equipment	22,554,290	39,323,040
– spare parts	9,740,398	9,728,271
Total revenue from sale of goods	32,294,688	49,051,311
Revenue from services	2,258,048	1,913,501
	34,552,736	50,964,812

18. Cost of sales

	2017	2016
Vehicles and farm machinery	17,046,576	29,880,266
Spare parts	7,110,763	9,014,903
Staff costs (Note 22)	2,472,293	2,766,737
Other direct expenses	802,393	1,033,130
Overheads	744,195	879,666
	28,176,220	43,574,702

19. Administrative costs

Administrative costs include:

	2017	2016
Staff costs(excluding executive directors' emoluments)	3,263,707	3,322,553
Executive directors' emoluments (Note 28)	1,233,951	1,108,630
Non-executive directors' emoluments (Note 28)	119,000	114,300
Depreciation (Note 4)	1,462,536	1,402,232
Amortisation of intangible assets (Note 5)	79,618	115,421
Auditor's remuneration	164,880	150,244
Other consultant fees	33,681	46,193
Bank charges	783,651	942,357
Electricity and power	787,806	812,348
Net exchange losses	820,214	-
Donations	2,000	20,376

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

20. Other income

	2017	2016
Miscellaneous income	**494,469**	240,714
Income from clinic services	**216,934**	286,615
Commission and fees earned on special projects	**1,771,131**	125,506
Net exchange gains	-	529,214
Rental income	**13,282**	12,976
Gains on disposal of property, plant and equipment (Note 4)	**34,756**	84,067
	2,530,572	1,279,092

21. Finance income and costs

	2017	2016
Finance income:		
Interest on treasury bills	-	254,492
Interest income on credit sales	**305,439**	246,750
	305,439	501,242
Finance costs:		
Interest on loans	**170,019**	98,536
Interest charges on outstanding payables	**767,242**	780,092
	937,261	878,628

22. Staff costs

	2017	2016
Wages and salaries (including executive directors' salaries)	**6,107,095**	6,271,650
Pension contributions	**862,856**	926,270
	6,969,951	7,197,920

The number of persons employed by the Company at the year-end was 157 (2016: 178).

Remuneration of staff and technicians who work in workshop are charged to cost of sales.

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

	2017	2016
Cost of sales	**2,472,293**	2,766,737
Administrative costs	**4,497,658**	4,431,183
	6,969,951	7,197,920

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

23. Income tax expense

	2017	2016
Current income tax charge (Note 12)	38,379	1,487
Deferred income tax (credit)/charge (Note 10)	(1,185,803)	128,350
	(1,147,424)	129,837

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

	2017	2016
Loss before income tax	(4,119,049)	(2,673,281)
Tax charged at corporate tax rate of 25% (2016:25%)	(1,029,762)	(668,320)
Expenses not deductible for tax purposes	77,834	376,525
Income taxed at different rate	-	(2,206)
Utilisation of previously unrecognised temporary difference	(228,875)	-
Adjustment in respect of prior years	33,379	423,838
	(1,147,424)	129,837

24. Loss per share

	2017	2016
Loss for the year	(2,971,625)	(2,803,118)
Number of ordinary shares (Number)	50,095,925	50,095,925
Basic and diluted loss per share (Ghana pesewas)	(5.93)	(5.60)

There were no potentially dilutive shares outstanding at 31 December 2017 or 2016. Diluted earnings per share are the same as basic earnings per share.

25. Cash (used in)/generated from operations

	2017	2016
Loss before income tax	(4,119,049)	(2,673,281)
Depreciation charge (Note 4)	1,462,536	1,402,232
Amortisation of intangible assets (Note 5)	79,618	115,421
Gains on disposal of property, plant and equipment (Note 4)	(34,756)	(84,067)
Finance income (Note 21)	(305,439)	(501,242)
Finance costs (Note 21)	937,261	878,628
(Increase)/decrease in inventories	(5,082,029)	5,002,296
Decrease in trade and other receivables	73,733	859,309
Increase/(decrease) in trade and other payables	6,474,432	(4,331,515)
Cash (used in)/generated from operations	(513,693)	667,781

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

26. Dividend

	2017	2016
At 1 January	-	-
Final Dividend declared for 2015	-	500,959
Payment	-	(500,959)
At 31 December	-	-

No dividends were declared for the years ended 31 December 2017 and 31 December 2016. At the annual general meeting of 16 June 2016, a final dividend of GH¢0.0010 per share amounting to GH¢500,959 was declared for the year ended 31 December 2015. The dividend was paid in 2016.

27. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2017	2016
Cash and bank balances (Note 9)	**2,350,331**	3,368,415
Bank overdrafts (Note 13)	**(2,395,915)**	(1,300,640)
	(45,584)	2,067,775

28. Related party transactions

The managing director owns 29.99% (2016: 29.99%) of the Company's issued shares as of the reporting date.

Key management compensation

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:

	2017	2016
Key management		
Salaries	**1,951,713**	1,109,777
Defined contributions scheme	**81,013**	87,638
	2,032,726	1,197,415
Directors' remuneration		
Fees for services as a director	**119,000**	114,300
Other emoluments (included in key management compensation above)	**1,233,951**	1,108,630
	1,352,951	1,222,930

Car loans to key management

At 1 January	**491,653**	338,721
Loans advanced during the year	**1,401,147**	372,117
Interest charged	**70,345**	89,525
Loan repayments received	**(956,330)**	(308,710)
	1,006,815	491,653

Car loans are recovered through the monthly payroll in accordance with the payment plan. No provision were required in 2017 (2016: Nil) for car loans given to key management personnel.

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

29. Segmental reporting

Management has determined the operating segments based on the reports reviewed by the Managing Director that are used to make strategic decisions. 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 2017	**BMW**	**Ford**	**Massey Fergusson**	**Servicing**	**Total**
Revenue	9,088,036	12,551,742	914,512	11,998,446	**34,552,736**
Cost of sales	(7,133,486)	(9,641,451)	(722,050)	(10,679,233)	**(28,176,220)**
Gross profit	1,954,550	2,910,291	192,462	1,319,213	**6,376,516**
Administrative costs					**(12,394,315)**
Other income					**2,530,572**
Operating loss					**(3,487,227)**
Finance income					**305,439**
Finance costs					**(937,261)**
Loss before income tax					**(4,119,049)**
Income tax credit					**1,147,424**
Loss for the year					**(2,971,625)**
Year ended 31 December 2016					
Revenue	13,724,305	22,486,351	3,112,384	11,641,772	50,964,812
Cost of sales	(10,466,440)	(17,352,999)	(2,060,827)	(13,694,436)	(43,574,702)
Gross profit	3,257,865	5,133,352	1,051,557	(2,052,664)	7,390,110
Administrative costs					(10,965,097)
Other income					1,279,092
Operating loss					(2,295,895)
Finance income					501,242
Finance costs					(878,628)
Loss before income tax					(2,673,281)
Income tax expense					(129,837)
Loss for the year					(2,803,118)

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 are in Ghana cedis unless otherwise stated)

30. Financial risk management

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

Risk management is carried out by the management of the Company under policies approved by the board of directors. Management identifies, evaluates and designs policies to manage the company's exposures to financial risks.

30.1 Market risk

Market risk is the risk that movements in market rates, foreign exchange rates, interest rates, and 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.

Foreign exchange 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 mainly Euro and US dollar (USD) denominated liabilities. Management manages its foreign exchange risk by holding foreign currency bank accounts which act as a natural hedge for purchases of motor vehicles and farm machinery equipment. Currency exposure arising from liabilities denominated in foreign currencies is also managed by processing payments of foreign currency denominated payables as early as possible.

At 31 December 2017, if the currency had weakened/strengthened by 1% against the Euro with all other variables held constant, post-tax loss for the year would have been GH¢82,252 (2016: GH¢56,225) lower/higher, mainly as a result of Euro denominated trade payables and bank balances.

At 31 December 2017, if the currency had weakened/strengthened by 1% against the US dollar with all other variables held constant, post-tax loss for the year would have been GH¢51,060 (2016: GH¢722) higher/lower mainly as a result of US dollar denominated trade payables and bank balances.

At 31 December 2017, if the currency had weakened/strengthened by 1% against the pound with all other variables held constant, post-tax loss for the year would have been GH¢658 (2016: GH¢1,058 higher/lower) mainly as a result of pound denominated trade payables and bank balances.

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

Year ended 31 December 2017	USD (US$)	GBP (£)	EURO (€)	GHS (GH¢)	Total
Financial assets					
Trade and other receivables				5,978,427	**5,978,427**
Cash and bank balances	1,488,500	65,854	306,848	489,129	**2,350,331**
Total financial assets	**1,488,500**	**65,854**	**306,848**	**6,467,556**	**8,328,758**
Financial liabilities					
Trade and other payables	5,319,796	21,905	10,660,118	8,728,402	**24,730,221**
Bank overdrafts	-	-	-	2,395,915	**2,395,915**
Total financial liabilities	**5,319,796**	**21,905**	**10,660,118**	**11,124,317**	**27,126,136**

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

30. Financial risk management (continued)

30.1 Market risk (continued)

Foreign exchange risk (continued)

Year ended 31 December 2016	USD (US$)	GBP (£)	EURO (€)	GHS (GH¢)	Total
Financial assets					
Trade and other receivables	-	-	-	6,009,427	6,009,427
Cash and bank balances	1,783,096	141,261	806,690	637,368	3,368,415
Total financial assets	1,783,096	141,261	806,690	6,646,795	9,377,842
Financial liabilities					
Trade and other payables	1,683,049	20,355	8,303,606	7,970,014	17,977,024
Bank overdrafts	-	-	-	1,300,640	1,300,640
Total financial liabilities	1,683,049	20,355	8,303,606	9,270,654	19,277,664

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt 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 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¢1,700 (2016: GH¢985) per annum.

Price risk

The Company does not hold any financial assets or liabilities subject to price risk.

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

30. Financial risk management (continued)

30.2 Credit risk

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 Company extends credit to customers up to one year.

The Company does not hold any collateral as security. The amount that best represents the Company's maximum exposure to credit risk is the carrying value of the trade receivables and other receivables (excluding non-financial assets) and bank balances as follows:

	2017	2016
Trade and other receivables	**5,978,427**	6,009,427
Bank balances	**2,305,293**	3,319,401
	8,283,720	9,328,828

Trade receivables

Analysis of gross trade receivables by credit quality is as follows:

	2017	2016
Neither past due nor impaired	**1,019,733**	2,337,584
Past due but not impaired	**2,501,071**	2,989,774
Impaired	**1,299,827**	1,207,816
	4,820,631	6,535,174

At 31 December 2017, trade receivables of GH¢1,299,827 (2016: GH¢1,207,816) were impaired and have been fully provided for.

Staff receivables

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

Other receivables

Sundry receivables are neither past due nor impaired.

Bank balances

The Company manages credit risk relating to bank balances by having banking relationships with only financial institutions licensed by the Bank of Ghana.

30.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company maintains 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 banks which provides the Company with an option to maintaining liquidity and continuity in funding.

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

30. Financial risk management (continued)

30.3 Liquidity risk (continued)

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 13.

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.

	Total
At 31 December 2017	
Bank overdrafts	**2,934,996**
Trade and other payables	**24,730,221**
Total financial liabilities	**27,665,217**
At 31 December 2016	
Bank overdrafts	1,632,303
Trade and other payables	17,977,024
Total financial liabilities	19,609,327

All financial liabilities are payable within twelve months.

31. Capital management

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.

There is no externally imposed capital requirement.

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 gearing ratios at 31 December 2017 and 2016 were as follows:

	2017	2016
Borrowings (Note 13)	**2,395,915**	1,300,640
Less: Cash and bank balances (Note 9)	**(2,350,331)**	(3,368,415)
Net debt	**45,584**	(2,067,775)
Total equity	**33,324,627**	38,868,208
Total capital	**33,370,211**	36,800,433
Gearing ratio	**0.14%**	Nil

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

32. Fair values 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 2017 and 31 December 2016 with information regarding the methods and assumptions used to calculate fair values are summarised as follows:

Current assets and liabilities

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

Staff loans

The fair values of staff loans are based on discounted cash flows using 22.5% (2016: 25.5%) at the reporting date.

Borrowings

At the reporting date, borrowings comprise mainly bank overdraft with floating interest rates and expiring dates not exceeding one year. The carrying values approximate fair values due to short term nature and financial liabilities having floating rates.

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

At 31 December 2017	**Loans and receivables**	**Other liabilities amortised cost**	**Total**	**Fair value**
Financial assets				
Trade and other receivables	5,978,427	-	**5,978,427**	**5,662,072**
Cash and bank balances	2,350,331	-	**2,350,331**	**2 350,331**
Financial liabilities				
Trade and other payables	-	24,730,221	**24,730,221**	**24,730,221**
Bank overdrafts	-	2,395,915	**2,395,915**	**23,95,915**
At 31 December 2016				
Trade and other receivables	6,009,427	-	6,009,427	5,718,307
Cash and bank balances	3,368,415	-	3,368,415	3,368,415
Financial liabilities				
Trade and other payables	-	17,977,024	17,977,024	17,977,024
Bank overdrafts	-	1,300,640	1,300,640	1,300,640

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

33. Commitments

Capital commitments

Capital commitments at the reporting date amounted to nil (2016: nil)

Operating lease commitments

The Company leases 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:

	2017	2016
Not later than 1 year	**108,960**	101,280
Later than 1 year and not later than 5 years	**326,880**	405,120

34. Contingent liabilities

Claims

The Company is defending legal actions brought by various persons for claims of GH¢1,665,150 (2016: GH¢2,727,083). Management has assessed the likelihood of these legal proceedings resulting in financial commitments and payments by the Company and concluded that this is not probable. No provision has been made in the financial statements following professional advice and management's assessment of these proceedings.

35. 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 2017 are as follows:

Names	Number of shares	% Shareholding
Mr. Terence R.K. Darko	15,024,381	29.99
Mega African Capital Ltd	3,774,500	7.53
Mr. Michael O. Darko	2,441,600	4.87
Mr. D. M. Darko	2,052,000	4.10
Mr. G. A. Darko	2,052,000	4.10
Mrs. K. Y. Darko – O'Kell	2,052,000	4.10
Mr. T. R. Darko (Jnr)	2,052,000	4.10
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	581,700	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	39,977,576	79.81
Not reported	10,118,349	20.19
	50,095,925	100.00

2. Number of shareholders

The number and distribution of ordinary shareholders with equal voting rights as at 31 December 2017 was as shown below:

	No. of holders	Total holding	% Holdings
1 - 1,000	3,147	1,289,371	2.57
1,001 - 5,000	695	1,528,202	3.05
5,001 - 10,000	103	813,772	1.63
10,001 and above	121	46,464,580	92.75
	4,066	50,095,925	100.00

SHAREHOLDERS INFORMATION (continued)

3. Five year financial summary

(All amounts are thousands of Ghana cedis unless stated otherwise)

Statement of comprehensive income	2017	2016	2015	2014	2013
Revenue	**34,553**	50,965	46,827	30,641	38,410
(Loss)/profit before income tax	**(4,119)**	(2,673)	9,632	(4,076)	(1,461)
(Loss)/profit after income tax	**(2,972)**	(2,803)	8,785	(3,506)	(1,027)
Other comprehensive income – (loss)	**(2,572)**	-	-	-	-
Total comprehensive income – (loss)	**(5,544)**	(2,803)	8,785	(3,506)	(1,027)
No. of shares in thousands	**50,095**	50,095	50,095	50,095	50,095
Earnings per share:					
Basic and diluted (loss)/earnings per share (Ghana pesewas)	**(5.93)**	(5.60)	17.54	(7.00)	(2.05)
Statement of financial position					
Assets					
Non-current assets					
Property, plant and equipment	**33,578**	34,302	34,420	32,955	32,338
Intangible assets	**167**	234	350	522	632
Other prepayments	**2,056**	2,057	1,657	675	675
Other receivables	**877**	388	-	-	-
Total non-current assets	**36,678**	36,981	36,427	34,152	33,645
Current assets	**29,979**	26,478	33,874	33,539	31,782
Non-current asset held for sale	**-**	-	-	12,960	12,960
Total assets	**66,657**	63,459	70,301	80,651	78,387
Liabilities					
Non-current liabilities	**3,623**	2,237	2,109	6,822	7,592
Current liabilities	**29,709**	22,354	26,020	39,440	32,399
Total liabilities	**33,332**	24,591	28,129	46,262	39,991
Net assets	**33,325**	38,868	42,172	34,389	38,396
Equity					
Stated capital	**2,771**	2,771	2,771	2,771	2,771
Capital surplus account	**19,290**	21,862	21,862	21,862	21,862
Income surplus account	**11,264**	14,235	17,539	9,756	13,763
Total equity	**33,325**	38,868	42,172	34,389	38,396
Dividend paid per share (Ghana pesewas	**-**	1.00	2.00	1.00	1.50
Net assets per share (Ghana pesewas)	**66.52**	77.59	84.18	68.65	76.64

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MECHANICAL LLOYD COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Mechanical Lloyd Company Limited as at 31 December 2017, 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).

What we have audited

We have audited the financial statements of Mechanical Lloyd Company Limited (the "Company") for the year ended 31 December 2017.

The financial statements on pages 10 to 40 comprise:

- statement of financial position as at 31 December 2017;
- statement of comprehensive income for the year then ended;
- statement of changes in equity for the year then ended;
- 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Allowance for impairment of trade receivables - GH¢1,299,827	
Gross trade receivables at 31 December 2017 amounts to GH¢4,820,631 against which allowance for impairment provision GH¢1,299,827 were recognised.	Our audit procedures included evaluating the design of selected controls, and testing the operating effectiveness of selected controls over the extension of credit facilities to customers.
Allowance for impairment of trade receivables is a key area of focus due to the significant judgement management exercises in identifying whether there is any indicator of impairment and in determining the timing of recognition and the estimation of any impairment. As described in accounting policies (note 2.9) and disclosed in trade and other receivables (note 8) and credit risk management (note 30.2) of the financial statements, the Company fully provided for individually identified impaired trade receivables of GH¢1,299,827 at the balance sheet date. The indicators the Company considers and critical judgements management exercises in providing for impaired trade receivables are disclosed in note 3.2 of the financial statements.	We obtained from management the basis for allowance for impairment on trade receivables at the reporting date. We assessed the adequacy of amount recognised as allowance for impairment on trade receivables by evaluating the reasonableness of management's estimate, and assessing payment history of selected customers. We also assessed the recoverability of selected trade receivables by testing post year end receipts from customers.

Other information

The directors are responsible for the other information. The other information comprises the Financial Highlights, Report of Directors, Corporate Governance Report, Shareholders Information and Five Year Financial Summary 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 and the Chairman's Review, which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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 in this regard.

When we read the Chairman's Review and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors 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.

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to 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 a 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement 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 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 Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- 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 Company'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 Company to cease to continue as a going concern; and
- 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.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor's responsibilities for the audit of the financial statements (continued)

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 ON OTHER LEGAL AND REGULATORY 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 Company's profit and loss account (part of the statement of comprehensive income) are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Oseini Amui (ICAG/P/1139).

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2018/028)

Chartered Accountants

Accra, Ghana

23 April 2018

pwc

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

	Note	At 31 December 2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment	4	**33,577,609**	34,301,790
Intangible assets	5	**166,596**	234,339
Other prepayments	6	**2,056,425**	2,056,425
Other receivables	8	**877,409**	388,034
		36,678,039	36,980,588
Current assets			
Inventories	7	**22,345,678**	17,263,649
Trade and other receivables	8	**5,282,951**	5,846,059
Cash and bank balances	9	**2,350,331**	3,368,415
		29,978,960	26,478,123
Total assets		**66,656,999**	63,458,711
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	10	**3,623,277**	2,237,124
Current liabilities			
Trade and other payables	11	**25,508,318**	18,999,645
Current income tax liability	12	**1,804,862**	2,053,094
Borrowings	13	**2,395,915**	1,300,640
		29,709,095	22,353,379
Total liabilities		**33,332,372**	24,590,503
Net assets		**33,324,627**	38,868,208
EQUITY			
Stated capital	14	**2,771,486**	2,771,486
Capital surplus account	15	**19,289,666**	21,861,622
Income surplus account	16	**11,263,475**	14,235,100
Total equity		**33,324,627**	38,868,208

The notes on pages 14 to 40 are an integral part of these financial statements.

The financial statements on pages 10 to 40 were approved for issue by the Board of Directors on ....16 April.......... 2018 and signed on its behalf by:

Name of Director: YAW ASSAH - SAM

Name of Director: Joseph Siaw Agyepong

Signature:

Signature:

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

	Note	Year ended 31 December 2017	2016
Revenue	17	**34,552,736**	50,964,812
Cost of sales	18	**(28,176,220)**	(43,574,702)
Gross profit		**6,376,516**	7,390,110
Administrative costs	19	**(12,394,315)**	(10,965,097)
Other income	20	**2,530,572**	1,279,092
Operating loss		**(3,487,227)**	(2,295,895)
Finance income	21	**305,439**	501,242
Finance costs	21	**(937,261)**	(878,628)
Loss before income tax		**(4,119,049)**	(2,673,281)
Income tax credit/(expense)	23	**1,147,424**	(129,837)
Loss after income tax		**(2,971,625)**	(2,803,118)
Other comprehensive income:			
Deferred income tax charge	10	**(2,571,956)**	-
Total comprehensive income for the year-(loss)		**(5,543,581)**	(2,803,118)
Loss per share			
Basic and diluted loss per share (Ghana pesewas)	24	**(5.93)**	(5.60)

The notes on pages 14 to 40 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
(All amounts are in Ghana cedis)

Year ended 31 December 2017	Stated capital	Capital surplus account	Income surplus account	Total
Balance at 1 January 2017	2,771,486	21,861,622	14,235,100	**38,868,208**
Loss for the year	-	-	(2,971,625)	**(2,971,625)**
Other comprehensive income – (loss)	-	(2,571,956)	-	**(2,571,956)**
Total comprehensive income for the year – (loss)	-	(2,571,956)	(2,971,625)	**(5,543,581)**
Balance at 31 December 2017	**2,771,486**	**19,289,666**	**11,263,475**	**33,324,627**
Year ended 31 December 2016				
Balance at 1 January 2016	2,771,486	21,861,622	17,539,177	42,172,285
Loss for the year	-	-	(2,803,118)	(2,803,118)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(2,803,118)	(2,803,118)
Transaction with owners in their capacity as owners:				
Final dividend declared for 2015	-	-	(500,959)	(500,959)
Balance at 31 December 2016	2,771,486	21,861,622	14,235,100	38,868,208

The notes on pages 14 to 40 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(All amounts are in Ghana cedis)

	Note	Year ended 31 December 2017	2016
Cash flow from operating activities			
Cash (used in)/generated from operations	25	**(513,693)**	667,781
Interest received	21	**305,439**	501,242
Interest paid		**(903,020)**	(878,628)
Income tax paid	12	**(286,611)**	(426,173)
Net cash used in operating activities		**(1,397,885)**	(135,778)
Cash flow from investing activities			
Deposit for leasehold land	6	**-**	(399,500)
Purchase property, plant and equipment	4	**(755,899)**	(1,432,734)
Purchase of intangible assets	5	**(11,875)**	-
Proceeds from disposal of property, plant and equipment	4	**52,300**	232,910
Net cash used in investing activities		**(715,474)**	(1,599,324)
Cash flow from financing activities			
Dividend paid	26	**-**	(500,959)
Net cash used in financing activities		**-**	(500,959)
Net decrease in cash and cash equivalents		**(2,113,359)**	(2,236,061)
Cash and cash equivalents at start of year	27	**2,067,775**	4,303,836
Cash and cash equivalents at end of year	27	**(45,584)**	2,067,775

The notes on pages 14 to 40 are an integral part of these financial statements.