TRANSACTION SOLUTIONS GHANA LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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CONTENTS

	PAGE REFERENCE
DIRECTORS, OFFICIALS AND REGISTERED OFFICE	-
REPORT OF DIRECTORS	2
REPORT OF INDEPENDENT AUDITORS	3 - 4
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF COMPREHENSIVE INCOME	6
STATEMENT OF CASH FLOW	7 - 8
STATEMENT OF CHANGES IN EQUITY	9
NOTES TO THE FINANCIAL STATEMENTS	10 -21

TRANSACTION SOLUTIONS GHANA LIMITED

DIRECTORS, OFFICIALS AND REGISTERED OFFICE

DIRECTORS	Paul Jacquaye Gaylord Kemevor George Prah Romeo Bugyei Fouad Chalabi
SECRETARY	Gaylord Kemevor
REGISTERED OFFICE	C172/3 Ahemansa House, 5 Lamb Road, Asylum Down P. O. Box CT 1003 Accra
AUDITORS	Voscon Chartered Accountants No. C806/4, Boundary Road, Tudu, Accra Adjacent to City Paints Supply P. O. Box A 476 La, Accra.
SOLICITORS	Alloh & Patners P. O. Box NT 478 Newtown - Accra
BANKERS	Ecobank Ghana Limited SG-SSB Limited Prudential Bank Ghana Limited United Bank for Africa (Ghana) Limited Ezi Savings & Loans Limited
REGISTRARS	NTHC Limited Martco House P. O. Box KA 9563 Airport, Accra Ghana

TRANSACTION SOLUTIONS GHANA LIMITED

REPORT OF DIRECTORS
FOR THE YEAR ENDED DECEMBER 31, 2010

The Directors have the pleasure in submitting to the shareholders the financial statements of the company for the year ended December 31, 2010.

RESULTS FOR THE YEAR

	GH¢
The company recorded a net loss after taxation of	(2,092,349)
to which is added balance on retained earnings of	(1,762,824)
Leaving a balance on retained earnings of	(3,855,173)

AUDITORS

In accordance with Section 134 (5) of the Companies code, 1963 Messrs Voscon Chartered Accountants have agreed to continue in office as the company auditors

NATURE OF BUSINESS

There was no change in the nature of business of the company during the year under review.

SIGNED
Paul Jacquaye

DIRECTOR

SIGNED
Fouad Chalabi

DIRECTOR

Date: June 14, 2011

TRANSACTION SOLUTIONS GHANA LIMITED

REPORT OF INDEPENDENT AUDITORS TO THE MEMBERS

We have audited the accompanying statement of financial position of Transaction Solutions Ghana Limited as at December 31, 2010 and the related statement of comprehensive income and statement of cash flow for the year then ended.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing these financial statements in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Ghana Companies Code, 1963 (Act 179). Our responsibility is to express an independent opinion on these financial statements based on our audit.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements have been prepared assuming the company will continue as a going concern. As discussed in Note 22 to the financial statements, the company has suffered recurring losses and has a material negative current ratio. This condition raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to this matter is also described in Note 22. The financial statements do not include any adjustments relating to recoverability and classification of asset carrying amounts and classification of liabilities that might result should the company be unable to continue as a going concern

Opinion

Except for the matters raised in paragraph four above, in our opinion proper books of account have been kept by the company and the accompanying statement of financial position and statement of comprehensive income which are in agreement therewith , present in all material respects, the financial position of Transaction Solutions Ghana Limited as at December 31, 2010 and the results of its operations and statement of cash flows for the year then ended in accordance with International Reporting Standards (IFRS) and comply with the companies Code , 1963, (Act 179).

REPORT ON OTHER LEGAL REQUIREMENTS

The Ghana Companies Code, 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 financial position and statement of comprehensive income are in agreement with the books of account.

(Signed)
CHARTERED ACCOUNTANTS
Accra

June 14, 2011

TRANSACTION SOLUTIONS GHANA LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010

	NOTE	2010 GH¢	2009 GH¢
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,336,703	1,590,893
CURRENT ASSETS			
Inventories	5	-	258,532
Trade accounts receivable	6	7,147	344,957
Other accounts receivable	7	358,926	454,035
Cash and bank balances	8	1,763	21,600
Total Current Assets		367,836	1,079,124
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Bank Overdraft	9	1,988,305	981,795
Trade accounts payable		670,481	744,482
Other accounts payable	10	585,832	350,251
Taxation	11	(28,304)	(44,091)
Short term loan	12	149,699	157,271
Dividend payable	13	-	200,000
Total Current Liabilities		3,366,013	2,389,708
Net Current Assets		(2,998,177)	(1,310,584)
Total Assets		(1,661,474)	280,309
NON CURRENT LIABILITIES			
Finance Lease Obligation	14	43,699	222,658
EQUITY			
Stated capital	15	2,150,000	2,150,000
Retained earnings		(3,855,173)	(2,092,349)
Shareholders funds		(1,705,173)	57,651
Total Equity and Liabilities		(1,661,474)	280,309

SIGNED
Paul Jacquaye

DIRECTOR

SIGNED
Fouad Chalabi

DIRECTOR

Notes 1 to 23 form an integral part of these financial statements.

TRANSACTION SOLUTIONS GHANA LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010

	NOTE	2010 GH¢	2009 GH¢
TURNOVER		1,617,007	7,343,142
COST OF OPERATIONS	16	(1,656,759)	(7,284,942)
GROSS TRADING LOSS		(39,752)	58,200
GENERAL & ADMINISTRATIVE EXPENSES	17	1,770,405	1,653,181
OPERATING LOSS		(1,810,157)	(1,594,981)
OTHER INCOME		63,120	-
LOSS BEFORE TAXATION		(1,747,037)	(1,594,981)
TAXATION:			
Corporate tax	11	(15,787)	-
LOSS AFTER TAXATION		(1,762,824)	(1,594,981)

Notes 1 to 23 form an integral part of these financial statements.

TRANSACTION SOLUTIONS GHANA LIMITED

FOR THE STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2010

	2010 GH¢	2009 GH¢
CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before Tax	(1,747,037)	(1,594,981)
Reconciliation of profit to net cashflow from Operating activities		
Adjustment for Non-Cash Items:		
Depreciation	221,442	396,212
Profit on disposal	(63,120)	-
Net Interest Expense	194,293	141,138
	(1,394,422)	(1,057,631)
Changes in current assets and liabilities		
Decrease in trade accounts receivable	337,810	139,868
Increase in other accounts receivable	95,110	(186,404)
Decrease in Inventories	258,532	299,106
Increase in trade accounts payable	(74,001)	302,014
Increase in other accounts payable	235,580	80,161
	853,031	634,745
Tax paid: Corporate tax	-	-
	853,031	634,745
Net cash used in operating activities	(541,391)	(422,886)
Cash Flow from Investing Activities:		
Purchase of fixed assets	(9,500)	(2,000)
Proceed from Disposal	105,368	-
Net Cash used in Investing Activities:	95,868	(2,000)
Cash Flow from Financing Activities		
Divided Paid	(200,000)	-
Finance lease obligation-servicing	(186,531)	(149,697)
Interest expense	(194,293)	(141,138)

Net Cash used in financing activities	(580,824)	(290,835)
DECREASE IN CASH & CASH EQUIVALENTS	(1,026,347)	(715,721)

TRANSACTION SOLUTIONS GHANA LIMITED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2010 (CONT'D)

	2010 GH¢	**2009 GH¢**
DECREASE IN CASH & CASH EQUIVALENTS	(1,026,347)	(715,721)
CASH & CASH EQUIVALENTS:		
at beginning of year:-		
Cash and bank balances	(960,195)	(244,474)
at end of year	(1,986,542)	(960,195)

Analysis of balances of cash and cash equivalents as shown in the balance sheet.

Cash and bank balances	1,763	21,600
Bank overdraft	(1,988,305)	(981,795)
	(1,986,542)	(960,195)

Notes 1 to 23 form an integral part of these financial statements.

TRANSACTION SOLUTIONS GHANA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010

	Stated Capital GH ¢	Retained Earnings GH¢	Total GH¢
Balance as at January 1,	2,150,000	(2,092,349)	57,651
Loss for the year	-	(1,271,326)	(1,271,326)
Balance as at December 31	2,150,000	(3,363,675)	(1,213,675)

TRANSACTION SOLUTIONS GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 - NATURE OF BUSINESS

Transaction Solutions Ghana Limited was incorporated on July 8, 2002 and issued with a commencement certificate on July 9, 2002 with the following authorised business:

1. Transaction Switching and Processing Systems.
2. Electronic Funds Transfer Support Service.
3. Electronic Bill Payment Services.
4. Electronic Payroll Services.
5. Prepaid Utility and Telecommunication Services.
6. Information Technology Consultants.
7. Customer Payment Service Provider.

NOTE 2 - BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements of the company for the year ended 31 December 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention except as disclosed in the accounting policies below.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except as disclosed in the accounting policies below.

c) Functional and presentation Currency

The financial statements are presented in Ghana Cedis (GH¢) which is the company's functional currency.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

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

a - **Income recognition**

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

b – **Property, plant and equipment**

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

The annual rates used are:-

Motor Vehicles	20.0%
Furniture, Fixtures and Fittings	10%
Office equipment	20.0%
Computers	30.0%
Automated Teller Machines (ATMs)	10.0%

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

c - **Foreign currency translation**

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

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

d - **Trade and other accounts receivable**

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

e - **Cash and cash equivalents**

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

f - **Provisions**

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

g- **Income Tax**

Income tax comprises current tax and deferred tax.

(i) Current tax

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

(ii) Deferred Income Taxes

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

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

h) **Impairment of Assets**

Assets that have indefinite useful lives and are not subject to amortization are tested annually for impairment. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

i) **Post Balance sheet Events**

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

j) **Operating Segments**

A segment is a distinguishable component of the company that is engaged either providing products or services (business segments) or in providing products or services within a particular economic environment (geographical segment), which

is subject to risks and rewards that are different from those of other segments. The identification of operating segments on internal reports that are regularly reviewed by the company's chief operating decision maker in order to allocate resources to the segment and asses its performance.

k) **Determination of fair values**

The fair value of financial instruments traded in active markets is based on quoted market price at the balance sheet date. The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

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

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

l) Borrowing costs

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

It did not have an impact on the company.

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Computer/ Soft Ware	Furniture & Fittings	Work in Progress	Office Equipment	Total
COST	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**
At 1.1. 10	136,938	1,883,443	119,363	541,857	53,773	2,735,374
Disposal	(105,620)	-	-	-	-	(105,620)
Addition	-	9,500	-	-	-	9,500
At 31.12. 10	31,318	1,892,943	119,363	541,857	53,773	2,639,254
DEPRECIATION						
At 1.1.10	88,365	969,634	48,443	-	38,039	1,144,481
Disposal	(63,372)	-	-	-	-	(63,372)
Charge for the Year	6,264	192,487	11,936	-	10,755	221,442
At 1.1.10	31,257	1,162,121	60,379	-	48,794	1,302,551
NET BOOK VALUE						
At 31. 12. 10	61	730,822	58,984	541,857	4,979	1,336,703
At 31. 12. 09	48,573	913,809	70,920	541,857	15,734	1,590,893

NOTE 5 - INVENTORIES

	2010 GH¢	2009 GH¢
Phone cards /units	-	258,371
Starter packs	-	161
	-	258,532

NOTE 6 - TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable have been stated at their book value which approximates to their fair values, and in the opinion of the Directors are recoverable in full.

NOTE 7 - OTHER ACCOUNTS RECEIVABLE

	2010 GH¢	2009 GH¢
Staff debtors	5,206	11,446
Security deposit	85,312	85,312
Rent prepaid	-	4,800
VAT	224,879	229,257
Others	43,529	123,220
	358,926	454,035

NOTE 8 - CASH AND BANK BALANCES

	2010 GH¢	2009 GH¢
Cash on hand	1,084	6,454
Cash at bank	679	12,468
Cash-in-transit	-	2,678
	1,763	21,600

NOTE 9- BANK OVERDRAFT	2010	2009
	GH¢	GH¢
ECOBANK GHANA LIMITED	453,243	366,726
On the 8th of October 2007 Ecobank Ghana Limited approved an overdraft facility of GH¢150,000 to supplement company's working capital over a period of 12 months. Interest rate currently is 19.25% plus a spread of 3.0% per annum payable monthly in arrears.		
A further Guarantee line of credit of GH¢150,000 was also granted on October 8, 2007 over a period of 12 months. The purpose was a guarantee on behalf of Transol in favour of of Scancom Limited in respect of purchase of MTN recharge voucher. Interest rate is 19.25% plus a spread of 5% per annum payable monthly in arrears.		
Security		
1. Assignment of company's Treasury bill		
2. Personal guarantee of the principal shareholder.		
UNITED BANK FOR AFRICA (GHANA) LIMITED	41	41
On 28th December 2007 UBA granted a facility of GH¢40,000 interest rate is at Inter bank ruling.		
Ezi SAVINGS & LOANS LIMITED	712,071	216,572
An overdraft facility of GH¢150,000 was granted on 31st May 2007 over a period of twelve months (12). Interest rate is 24% per annum. Security offered is Stock Hypothecation and a cash build up of GH¢5,000 per month.		
Ecobank III (overdrawn Balance)	438	1,445
Ecobank A/C II	816,108	396,917
This represents overdue balance made up of principal and interest repayments on financial lease transaction.		
Prudential Bank Limited (overdrawn Balance)	3,400	94
SG SSB II (overdrawn Balance)	517	-
Ecobank III (overdrawn balance)	1,937	-
United Bank for Africa (Ghana) Ltd. (overdrawn balance)	550	-
	1,988,305	981,795

NOTE 10 - OTHER ACCOUNTS PAYABLE

	2010 GH¢	2009 GH¢
Auditors remuneration	12,799	10,024
SSF	54,326	36,518
PAYE	62,405	54,821
Rent	12,220	30,819
Directors fees	18,900	21,900
Withholding taxes payable	22,702	6,728
Others	402,480	189,441
	585,832	350,251

NOTE 11- TAXATION

Y/A	Balance 1/1/10 GH¢	Tax Credits/ Payments GH¢	Income Statement GH¢	Adjustment GH¢	Balance 31/12/10 GH¢
2007	(80,761)		-	-	(80,761)
2008	(25,000)	-	-	-	(25,000)
2009	-	-	-	-	-
2010	-	-	15,787	-	15,787
	(105,761)	-	15,787	-	(89,974)
Deferred Tax Accelerated Depreciation	61,670	-	-	-	61,670
	(44,091)	-	15,787	-	(28,304)

The 2010 tax computation is subject to agreement with the Domestic Tax Revenue Division of the Ghana Revenue Authority.

NOTE 12-	SHORT TERM LOAN	2010 GH¢	2009 GH¢
	ECOBANK GHANA LIMITED.		
	(i) Current portion of Finance lease Obligation (Notes 14)	149,699	157,271

NOTE 13 -	DIVIDEND PAYABLE	2010 GH¢	2009 GH ¢
	Balance	-	200,000

Payment of dividend is subject to the deduction of withholding taxes at the appropriate rate.

NOTE 14-	FINANCE LEASE OBLIGATION	2010 GH¢	2009 GH¢
	ECOBANK LEASING COMPANY LIMITED.		
	In May 2008, Ecobank Ghana Limited granted the company a sale and lease back of five hundred & ten thousand Ghana cedis (GH¢510,000.00) to finance up to 70% of the cost of 25 ATMs and 375 POS Devices to release funds to the company to Improve cashflows and liquidity. Interest is at 21.2% per annum plus a spread of 1.0% per annum payable monthly in arrears. Repayment is over four years. The balance represents outstanding principal at the year end	158,611	308,126
	In March 2007 Ecobank Leasing Company Limited granted the company a finance lease facility of one hundred and fifty seven thousand three hundred and forty nine dollars (157,349 US $ equivalent to GH ¢146,334.57).Repayment is over a period of sixty (60) months. The balance represents outstanding principal at the year end.	34,787	71,803
		-	-
		193,398	379,929
	Less: Current portion (Note 12)	(149,699)	(157,271)
		43,699	222,658

NOTE 15 - STATED CAPITAL

	2010 Number '000	GH¢	2009 Number '000	GH¢
Authorized No. of shares of no par value:-	1,000,000		100,000	
Issued and fully paid:				
Issued for cash	60,000	150,000	60,000	150,000
Issued for cash	20,000	2,000,000	20,000	2,000,000
	80,000	2,150,000	80,000	2,150,000

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

NOTE 16- COST OF OPERATIONS

	2010 GH¢	2009 GH¢
Opening inventories	258,532	557,638
Purchases	1,398,227	6,985,836
	1,656,759	7,543,474
Closing inventories	-	(258,532)
Cost of Operations	1,656,759	7,284,942

NOTE 17 GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses includes:

	2010 GH¢	2009 GH¢
Interest and financial charges	649,432	456,081
Auditors remuneration	4,275	4,275
Depreciation	221,442	396,212

NOTE 18	OTHER INCOME	2010 GH¢	2009 GH¢
	Income on disposal	63,120	-

NOTE 19 RELATED PARTY TRANSACTIONS

The majority shareholder in the company also has substantial interests in Clydestone Ghana Limited and Ezi Savings and Loans Limited.

During the year under review the following related party transactions took place as detailed below.

	2010 GH ¢	2009 GH¢
Purchase of goods and services		
Clydestone Gh. Ltd.	-	-
Credit facilities		
Ezi Savings and Loans Limited	419,191	28,638
Receivable from related party		
Ezi Savings and Loans Limited	28,106	31,093
Payable to related party		
Clydestone Gh. Ltd	140,912	140,912
Remittance Processing Limited	48,084	31,316

NOTE 20 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the fair values and carrying amounts of the various financial assets and liabilities. The carrying amounts of the financial assets and liabilities are a reasonable approximation of their fair values, as they are short term in nature.

	Fair Value		Carrying Amount	
	2010 GH ¢	2009 GH ¢	2010 GH ¢	2009 GH ¢
Financial Assets				
Trade accounts receivable	7,147	344,957	7,147	344,957
Other accounts receivable	358,926	454,035	454,035	454,035
Cash and bank balances	1,763	21,600	21,600	21,600
Inventories	-	258,532	-	258,532
Financial Liabilities				
Trade accounts payable	670,481	744,482	670,481	744,482
Other accounts payable	585,832	350,251	585,832	350,251
Bank overdraft	1,988,305	981,795	1,988,305	981,795

NOTE 21 - SEGMENTAL REPORTING

The company operates only in Ghana and the key business being undertaken relates to payment and system integration net working and computer/communication technology and debt collection. These categories are managed by a single management team. Reporting the financial segments along these categories will involve subjective allocation of cost which will not give useful information for decision making purposes.

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

NOTE 22 - CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities or capital commitments as at

December 31, 2010.

NOTE 23 - GOING CONCERN

The company has suffered recurring loses from operations and has a material negative current ratio. This raises substantial doubt about its ability to continue as a going concern,

However, management has plans underway for the restructuring of the company.