



## **REPORT OF THE AUDITORS**

### **TO THE SHAREHOLDERS OF MECHANICAL LLOYD COMPANY LIMITED**

#### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Mechanical Lloyd Company Limited set out on pages 18 to 48. These financial statements comprise the statement of financial position as at 31 December 2013, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Directors' responsibility for the financial statements**

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, 1963 (Act 179) and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

#### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Mechanical Lloyd Company Limited as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

#### **REPORT ON OTHER LEGAL REQUIREMENTS**

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

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii. the Company's balance sheet (statement of financial position) and profit and loss account (income statement) are in agreement with the books of account.

**pwc**

*Ricewat@houselopes*  
**Chartered Accountants**

Accra

April 29, 2014

Oseini Amui (ICAG/P/1139)



## **INCOME STATEMENT**

(All amounts are expressed in Ghana cedis)

**Year ended 31 December**

	Note	2013	2012
Revenue	4	<b>38,410,856</b>	46,951,448
Cost of sales	5	<b><u>(27,603,948)</u></b>	<u>(35,792,259)</u>
<b>Gross profit</b>		<b>10,806,908</b>	11,159,189
Operating costs	6	<b>(11,963,478)</b>	(8,140,154)
Other income	7	<b><u>1,032,981</u></b>	<u>4,569,487</u>
<b>Operating (loss)/ profit</b>		<b>(123,589)</b>	7,588,522
Finance income	8	<b>140,812</b>	257,580
Finance costs	8	<b><u>(1,478,520)</u></b>	<u>(67,696)</u>
<b>(Loss)/ Profit before income tax</b>		<b>(1,461,269)</b>	7,778,406
Income tax credit/ (expense)	18	<b><u>434,126</u></b>	<u>(1,563,746)</u>
<b>(Loss)/ Profit for the year</b>		<b><u><u>(1,027,171)</u></u></b>	<u><u>6,214,660</u></u>
<b>Earnings per share</b>			
Basic and diluted earnings per share	23	<b><u><u>(0.0205)</u></u></b>	<b><u><u>0.1241</u></u></b>

The notes on pages 23 to 48 form an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME**

	Note	2013	2012
(Loss)/profit for the year		<u>(1,027,171)</u>	<u>6,214,660</u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Gains on revaluation of buildings	10	-	19,858,700
Deferred income tax relating to other comprehensive income	17(b)	-	<u>(2,978,805)</u>
Other comprehensive income, net of tax		-	<u>16,879,895</u>
Total comprehensive income for the year		<u>(1,027,171)</u>	<u>23,094,555</u>

The notes on pages 23 to 48 form an integral part of these financial statements.




**STATEMENT OF FINANCIAL POSITION**

(All amounts are expressed in Ghana cedis)

		At 31 December	
	Note	2013	2012
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	10	32,337,877	31,748,694
Other prepayments	11	674,631	674,631
Intangible assets	12	632,359	-
Investment properties	13	-	12,960,000
		<u>33,644,867</u>	<u>45,383,325</u>
Current assets			
Inventories	15	18,643,018	22,606,934
Trade and other receivables	16	7,442,589	7,456,284
Cash and cash equivalents	27	5,696,217	6,231,867
		<u>31,781,824</u>	<u>36,295,085</u>
Non-current asset held for sale	14	<u>12,960,000</u>	-
Total assets		<u>78,386,691</u>	<u>81,678,410</u>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Stated capital	22	2,771,486	2,771,486
Capital surplus account	24	21,861,622	21,861,622
Income surplus account	25	13,762,502	15,541,113
Total equity		<u>38,395,610</u>	<u>40,174,221</u>
<b>LIABILITIES</b>			
Non-current liabilities			
Borrowings	21	2,627,494	932,900
Deferred income tax	17(b)	4,964,148	5,728,580
		<u>7,591,642</u>	<u>6,661,480</u>
<b>Current liabilities</b>			
Trade and other payables	20	24,472,148	33,907,227
Current income tax	17(a)	841,610	935,482
Borrowings	21	7,085,681	-
		<u>32,399,439</u>	<u>34,842,709</u>
Total Liabilities		<u>39,991,081</u>	<u>41,504,189</u>
Total equity and liabilities		<u>78,386,691</u>	<u>81,678,410</u>

The financial statements on pages 18 to 48 were approved for issue by the Board of Directors on 29 April, 2014 and signed on its behalf by:

  
C.B.K. Zwennes (Chairman)

  
T.R. Darko (Managing Director)

The notes on pages 23 to 48 form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**

	Stated capital	Capital surplus account	Income surplus account	Total
<b>Year ended 31 December 2013</b>				
At 1 January 2013	<u>2,771,486</u>	<u>21,861,622</u>	<u>15,541,113</u>	<u>40,174,221</u>
Profit for the year	-	-	<u>(1,027,171)</u>	<u>(1,027,171)</u>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	<u>(1,027,171)</u>	<u>(1,027,171)</u>
<b>Transaction with owners:</b>				
Dividend declared for 2012	-	-	<u>(751,440)</u>	<u>(751,440)</u>
<b>At 31 December 2013</b>	<u><u>2,771,486</u></u>	<u><u>21,861,622</u></u>	<u><u>13,762,502</u></u>	<u><u>38,395,610</u></u>
<b>Year ended 31 December 2012</b>				
At 1 January 2012	<u>2,771,486</u>	<u>4,981,727</u>	<u>9,727,220</u>	<u>17,480,433</u>
Profit for the year	-	-	6,214,660	6,214,660
Other comprehensive income:				
Gains on revaluation of buildings, net of tax	-	<u>16,879,895</u>	-	<u>16,879,895</u>
<b>Total comprehensive income for the year</b>	-	<u>16,879,895</u>	<u>6,214,660</u>	<u>23,094,555</u>
<b>Transaction with owners:</b>				
Dividend declared for 2011	-	-	<u>(400,767)</u>	<u>(400,767)</u>
<b>At 31 December 2012</b>	<u><u>2,771,486</u></u>	<u><u>21,861,622</u></u>	<u><u>15,541,113</u></u>	<u><u>40,174,221</u></u>

The notes on pages 23 to 48 form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**

(All amounts are expressed in Ghana cedis)

	Note	2013	2012
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations	26	(4,402,913)	9,968,884
Interest received		140,812	257,580
Interest paid		(873,380)	(67,696)
Income tax paid	17(a)	<u>(424,178)</u>	<u>(299,694)</u>
<b>Net (cash used in)/generated from operating activities</b>		<b><u>(5,559,659)</u></b>	<b><u>9,859,074</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(1,862,550)	(4,227,194)
Purchase of intangible asset – computer software	12	(669,163)	-
Proceeds from disposal of property, plant & equipment	10	<u>132,027</u>	<u>26,297</u>
<b>Net cash used in investing activities</b>		<b><u>(2,399,686)</u></b>	<b><u>(4,200,897)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of loans	21	(12,592,700)	-
Drawdown of loans	21	19,844,000	932,900
Dividend paid	19	<u>(751,440)</u>	<u>(400,767)</u>
<b>Net cash generated from financing activities</b>		<b><u>6,499,860</u></b>	<b><u>532,133</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b><u>(1,459,485)</u></b>	<b><u>6,190,310</u></b>
<b>Movement in cash and cash equivalents</b>			
At start of year		6,231,867	41,557
(Decrease) / increase during the year		<u>(1,459,485)</u>	<u>6,190,310</u>
<b>At end of year</b>	27	<b><u>4,772,382</u></b>	<b><u>6,231,867</u></b>

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