CORPORATE INFORMATION

Directors	Charles Bartels Kwesi Zwennes 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 Calton 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
Auditors	PricewaterhouseCoopers Chartered Accountants Plot 12 Airport City Una Home 3rd Floor PMB CT42, Cantonments Accra
Registrars	Universal Merchant Bank Limited Registrar's Department P O Box 401 Accra
Bankers	Barclays Bank of Ghana Limited Stanbic Bank Ghana Limited Universal Merchant Bank (Ghana) Limited Fidelity Bank Limited Zenith Bank Ghana Limited Ecobank Ghana Limited

FINANCIAL HIGHLIGHTS

	2017 **GHS**	2016 GHS
Revenue	**27,248,571**	39,527,212
(Loss)/Profit before Income Tax	**(1,621,991)**	108,157
(Loss)/Profit after Income Tax	**(1,622,253)**	331,097
Retained (Loss)/ Profit	**(1,622,253)**	(169,862)
Shareholders' Funds	**37,245,955**	42,002,423
Capital Expenditure	**554,302**	1,557,245
Total Assets	**65,828,421**	71,037,590
Earnings per share (GHS)	**(0.0324)**	0.0066
Net assets per share(GHS)	**0.7435**	0.8384

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of the company for the nine month period ended 30 September 2017

Statement of directors' responsibilities

The directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the company 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).

The directors are responsible for ensuring that the company keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the company. The directors are also responsible for safeguarding the assets of the company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Nature of business

The company is engaged in the distribution and marketing of motor vehicles and farm machinery and in its repair, servicing and maintenance. The company also builds and acquires properties for rental.

Financial results

The financial results of the company are set out below:	**2017** **GHS**
Loss before tax for the period ended 30 September 2017	**(1,621,991)**
from which is added tax expense of	**(262)**
giving a loss after tax for the quarter of	**(1,622,253)**
to which is added balance brought forward on income surplus account of	**14,235,100**
giving a balance of	**12,612,847**
Dividend paid	**0**
which leaves a balance carried forward on income surplus account of	**12,612,847**

REPORT OF THE DIRECTORS (continued)

The company's net worth decreased from GHS 42million as at 1 October 2016 to GHS 37.2million at the end of September 2017

Dividend

The directors recommend the payment of no dividend for the period ended 30 September 2017

Auditor

The auditor, PWC will continue in office in accordance with Section 134(5) of the Ghana Companies Code 1963, (Act 179).

By order of the board

Director :

Director :

Date :

CORPORATE GOVERNANCE

Introduction

Mechanical Lloyd Company Limited 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 vision, values and business principles, Mechanical Lloyd's vision is to be first or among the first in its field. Planning takes place and resources are allocated towards the achievement of accountability and reporting standards. The business adopts standard accounting practices and ensures that sound internal controls are in place 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 seven directors. The directors are knowledgeable individuals with experience in the automobile industry as well as in their fields of discipline.

The Audit Committee

The Audit Committee is made up of four non-executive directors, all of whom have strong backgrounds 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 the system of internal control in the company.

System of Internal Control

Mechanical Lloyd Company Limited is continuously enhancing its comprehensive risk and control review process. This is aimed at both improving the mechanism for identifying and monitoring risk as well as appraising the system of internal control.

The company has an effective system for identifying, managing and monitoring risk. The system of internal control is implemented and monitored by appropriately trained personnel, suitably segregated as to authority, duties and reporting lines.

Code of Business Ethics

Mechanical Lloyd Company Limited 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.

MECHANICAL LLOYD COMPANY LIMITED

Report for the nine months period ended 30 September 2017

Un audited Statement of Comprehensive Income

(All amounts are in Ghana cedis)

	Note	Period ended 30 September 2017 GHS	2016 GHS
Revenue	4	**27,248,571**	39,527,212
Cost of Sales	5	**(22,331,710)**	(32,818,588)
Gross Profit		**4,916,861**	6,708,624
Operating Costs	6	**(8,597,699)**	(7,650,468)
Other Income	7	**2,310,216**	832,915
Operating (Loss)/ Profit		**(1,370,622)**	(108,929)
Finance income	8(a)	**236,684**	217,086
Finance costs	8(b)	**(488,053)**	0
(Loss)/Profit before income tax		**(1,621,991)**	108,157
Tax (Expense)/Credit	16	**(262)**	222,940
(Loss) after income tax		**(1,622,253)**	331,097
Other comprehensive income		**0**	0
Total Comprehensive income for the quarter		**(1,622,253)**	331,097
Earnings per share			
Basic and diluted earnings per share	19	**-0.0324**	0.0066

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

	Note	2017 GHS	2016 GHS
NON CURRENT ASSETS			
Property, plant and equipment	10	**33,764,151**	34,512,471
Prepaid operating lease-land	11	**2,056,425**	2,056,425
Intangible Assets	12	**187,453**	263,194
		36,008,028	36,832,090
CURRENT ASSETS			
Inventories	13	**18,364,622**	21,227,742
Trade and other receivables	14	**7,975,279**	8,293,095
Bank and Cash Balances	23(a)	**3,480,492**	4,684,662
		29,820,392	34,205,499
TOTAL ASSETS		**65,828,421**	71,037,590
EQUITY			
Stated capital	18	**2,771,486**	2,771,486
Capital surplus account	20	**21,861,622**	21,861,622
Income surplus account	21	**12,612,847**	17,369,315
TOTAL EQUITY		**37,245,955**	42,002,423
LIABILITIES			
Non-current liabilities			
Deferred income tax	15(b)	**2,237,124**	2,108,774
		2,237,124	2,108,774
CURRENT LIABILITIES			
Current income tax	15(a)	**1,911,999**	2,165,708
Trade and other payables	17	**23,007,527**	24,760,684
Borrowings	23(b)	**1,425,815**	0
		26,345,340	26,926,392
TOTAL LIABILITIES		**28,582,464**	29,035,166
TOTAL EQUITY AND LIABILITIES		**65,828,421**	71,037,590

Managing Director: T R Darko

Board Chairman: C B K Zwennes

UN-AUDITED STATEMENT OF CHANGES IN EQUITY
(All amounts are expressed in Ghana cedis)

	Note	**Stated Capital**	**Capital Surplus**	**Income Surplus**	**Total**
Balance at 1 January 2017		**2,771,486**	**21,861,622**	**14,235,100**	**38,868,208**
Total comprehensive income for the quarter		**-**	**-**	**(1,622,253)**	**(1,622,253)**
Revaluation Surplus		-	-	-	-
Approved dividend paid for the quarter		-	-	-	-
At 30 September 2017		**2,771,486**	**21,861,622**	**12,612,847**	**37,245,955**
Balance at 1 January 2016		2,771,486	21,861,622	17,539,177	42,172,285
Total comprehensive income for the quarter		-	-	331,097	331,097
Approved dividend paid for the quarter		-	-	(500,959)	(500,959)
At 30 September 2016		2,771,486	21,861,622	17,369,315	42,002,423

MECHANICAL LLOYD COMPANY LIMITED

Report for the nine months period ended 30 September 2017

UN-AUDITED STATEMENT OF CASH FLOW

(All amounts are expressed in Ghana cedis)

	Notes	**2017** GHS	2016 GHS
Operating activities			
Cash generated from operations	22	**933,930**	2,311,075
Interest received	8(a)	**236,684**	217,086
Interest Paid	8(b)	**(488,053)**	-
Tax paid	15	**(141,357)**	(89,132)
Net cash generated from operating activities		**541,204**	2,439,030
Investing activities			
Purchase property, plant and equipment	10	**(554,302)**	(1,557,245)
Net cash used in investing activities		**(554,302)**	(1,557,245)
Financing activities			
Dividend Paid			(500,959)
Net cash generated from/(used in) financing activities		**0**	(500,959)
Net Increase/ (decrease) in cash and cash equivalents		**(13,098)**	380,826
Movement in cash and cash equivalents			
At start of year		**2,067,775**	4,303,836
Increase(Decrease)		**(13,098)**	380,826
At end of quarter		**2,054,677**	4,684,662

MECHANICAL LLOYD COMPANY LIMITED

NOTES

1 **General information**
Mechanical Lloyd Company Limited is a public limited company, which is listed on the Ghana Stock Exchange and incorporated and domiciled in Ghana. The address of it's registered office is No. 2 Adjuma Cresent, Ring Road West, South Industrial Area, P.O. Box 2086, Accra.

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

2.1 **Basis of preparation**

(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 propety, plant and equipment and Investment properties which are measured at fair value.

(iii) New and amended standards adopted by the Company
Anumber of new and amended standards have become effective on or after 1January 2017 The Company has assessed the effects of the new and amended standards and has determined that the new and amended standards do not have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, Financial Instruments
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 financila assets.
While the Company has yet to undertake a detailed assessment of the classification and measurement of financial assets, there are no debit instruments currently classified as available-for- sale (AFS) and hence there will be no impact on the financial statements.
There are also no equity instruments or debt instruments held by the Company as financial assets.
Accordingly, the Company does not expect the new guidance to have a significant impact on 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 designed at fair value through profit or loss and the Company does not have any such liabilities.
The derecognition rules have been transfered from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.
The new standard also introduces expanded disclosure requirements and changes in presentation.

2 **Summary if significant accounting policies (continued)**

2.1 Basis of preparation (continued)

(iv) New standards,amendments and interpretations not yet adopted

IFRS 9, 'Financial instruments (continued)

The standard must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IF
early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2016. After that date, the new rules must be

adopted in their entirety. The Company does not intend to adopt IFRS 9 before its mandatory date.

IFRS 15, 'Revenue from contracts with customers

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 11which covers construction contracts. The new standard is based on the priciple 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.At this stage, the Company is yet to estimat the impact of the new rules on the Company's financial statements. The standard is mandatory for financial years commencing on or after 1 Janua Expected date of adoption by the Company: 1 January 2018.

IFRS 16, Leases

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. recognition The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Company's operating leases. The Company has not determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangemen that will not qualify as leases under IFRS16.

The standard is 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.

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

2.2 **Revenue Recognition**

Revenue is measured at the fair value of the consideretion received or receivable for the sale of goods and services in the ordinary services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax (VAT), rebates and discounts.

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 Comany's activities as described below.

Revenue is recognised as follows:

(i) Sales of vehicles and parts are recognised in the perioed in which the Company has delivered products to the customer, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery does not occur until the products have been accepted by the customer.

No element of finacing is deemed present as the sales are made within credit terms, which is consistent with the market practice. The Company does not operate any loyalty programmes.

(ii) Service revenues are recognised in the period in which the services are rendered.

(iii) Interest income is recognised on a time proportion basis using the effective interest method.

(iv) Rental income is recognised on a straight line basis over the lease period.

NOTES (continued)

2 **Sumary of significant accounting policies (continued)**

2.3 **Foreign currency translation**

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic envirenment in which the entity operates ('the functional currency'). The financial statements are presented in Ghana cedi which is the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevaling 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 of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash 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 'other expenses'.

2.4 **Property, plant and equipment**

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated tot he revalued amount of the asset. All other property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated umpairment 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 associted 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 finacial 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 a capital surplus account in shareholders' equity.
Decreases that offset previous increases if the same asset are charged in other comprehensive income and debited against the revaluation surplus account directly in equity. All other decreases are charged to profit or loss.

Land is not deprciated (unless it is leasehold). Depreciation on other assets is calculated using the reducing balance method balance as follows:

Leasehold land	2%
Buildings	2½ - 4%
Plant and machinery	10%
Computers	33⅓%
Motor vehicles	15%-20%

NOTES (continued)

Summary of significant accounting policies (continued)

2.4 Property, plant and equipmet (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 immediatly to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income in profit or loss.

When revalued assets are sold, the amounts included in the capital surplus account are transferred to the income surplus account.

2.5 **Intangible assets**

Computer software

Computer software are capitalised on the basis of the costs incurred to acquire and bring to use specific software. These costs are amortised on the basis of expected useful lives. Software has a maximum expected useful life of 3 years. Software are carried at cost less any amortisation and impairment losses, if any.

2.6 **Impairment of non-financial assets**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely lndependent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.7 **Non-current assets held for sale**

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered prrincipally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

2.8 **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 frim the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

NOTES (continued)

Summary of significant accounting policies (continued)

2.9 **Investment properties**

Investment properties are land and/or buildings which are held to earn rental income and/or for capital appreciation, and which are not occupied by the Company. Property that is being constructed or developed for future use as investment property is classified as investment property.

Investment properties are stated in the statement of financial position at fair value, based in active market prices, adjusted, if necessary, for any difference in nature, location or condition of the specific asset, determined annually by independent qualified valuers. The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. Any gain or loss arising from a change in fair value or frim the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in not 2.2. immediately in profit or loss.

When an item of property,plant and equipment is transferred to investment property following a change in it's use, any differences between the carrying amount and the fair value of the item arising at the date of transfer is recognised directly in equity if it is a gain. Upon disposal of the item, the gain is transferred to income surplus account. Any loss arising in this manner is recognised immediately in profit or loss.

2.10 **Inventories**

Inventories are stated at the lower of cost and net realisable value.
Cost is determined using weighted average cost.Cost if spare parts, trade and non-trading inventories comprises invoice value, freight, insurance, customer duty and all other costs incurred in bringing the inventories to their present location, less provision for impairment, if any. Net realisable value is the estimated selling price in the ordinaty course of business, less applicable variable selling expenses. Borrowing costs are not included in the cost of inventories.

2.11 **Finacial assets**

(i) Classification

All finacial assets of the Company are classified as loans and receivables, based in the purpose for which the finance assets were acquired. The directors determine the classification of the financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

(ii) **Recognition and measurement**

Regular purchases and sales of financial assets are recognised in 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.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial posotion 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.

NOTES (continued)

Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

(iv) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of ine 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, defualt or delinquency in interest or principal payments, the propability 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 flow, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2.12 Trade receivables

Trade receivables are amount due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are a classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment is made on a case by case basis and when there is evidence that the amount due will not be fully recovered at the original cost.

2.13 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.14 Stated capital and dividend

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

NOTES (continued)

Summary of significant accounting policies (continued)

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period if 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 the 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 liablilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.16 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are prsented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost usisng the effective interest method.

2.18 Income tax

Income tax

The income tax expense for the period comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance the relevant tax legislation. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to

2.18 Income tax (continued)

Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liablilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition or if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle on a bet basis.

2.19 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are meassured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Employee benefits

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

(i) Retirement benefit obligations

The Company and all its employees contribute to the appropriate pension scheme, which is a defined contribution plan.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separete 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 contibution schemes are recognised as an employee benefit expenses when they fall due. The Company has no further payment obligations once the contributions have been paid.

NOTES continued)

Summary of significant accounting policies (continued)

2.20 Employee benefits (continued)

(ii) Termination benefits

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

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director. The Managing Director, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the "Chief operating decision maker".

3 Critical accounting estimates and judgements

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. In addition, significant estimates are involved in the determination of provisions related to taxes and litigation risks. These estimates are subject to change as new information becomes available and changes subsequent to these estimates may significantly affect future operating results.

The following critical accounting estimates were made in the preparation of Company's financial statements.

Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calcultions 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 the amounts that were initially recorded, such differences will impact the income tax and deffered income tax provisions in the period in which such determination is made.

Fair value of property, plant and equipment

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

Investment properties

The fair values of investment properties are determined by using valuation techniques. Management believes that no reasonably possible changes in any key assumptions would cause the carrying values of the properties to exceed their recoverable amounts, after giving due consideration to the economic outlook for the real estate industry and the commercial assumptions underpinning the cash flow forecast of the properties.

4 Revenue

	2017 GHS	2016 GHS
Motor vehicles and farm machinery sales	**18,006,352**	30,732,403
Spare parts sales and workshop earnings	**9,238,934**	8,785,160
Rental Income from investment properties	**3,285**	9,649
	27,248,571	39,527,212

5 Cost of sales

	2017 GHS	2016 GHS
Vehicle and farm machinery	**13,681,097**	23,299,300
Spare parts	**5,734,894**	5,828,612
Staff costs (Note 9)	**1,855,146**	2,079,754
Other direct expenses	**483,024**	974,808
Overheads	**577,549**	636,115
	22,331,710	32,818,588

6 Operating Costs

Operating Costs include:

	2017 GHS	2016 GHS
Depreciation	**1,080,066**	1,065,405
Amortisation of intangible asset	**58,761**	86,566
Staff Cost(excluding executive director's emoluments)	**4,340,259**	2,462,896
Directors' emoluments -fees	**78,400**	84,450
other emoluments	**924,475**	818,275
Net exchange losses/(gain)	**354,389**	(410,423)
Donations	**2,000**	0

7 Other income

	2017 GHS	2016 GHS
Miscellaneous income	**406,259**	115,088
Commission And Fees	**1,738,058**	286,276
Income from clinic services	**165,899**	225,060
Interest on Treasury Bill Notes		206,490
	2,310,216	832,915

8 Finance income and costs

	2017 GHS	2016 GHS
Finance income:		
Interest income on credit sales	**236,684**	217,086
	236,684	217,086
Finance costs:		
Bank interest expense	**64,352**	0
Interest on outstanding payables	**423,701**	
	488,053	0

9 Staff costs

	2017 GHS	2016 GHS
Wages and salaries (includes executive directors' salaries)	**4,785,863**	5,233,837
Social security contributions	**478,870**	127,088
	5,264,733	5,360,925

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

Cost of sales	**1,855,146**	2,079,754
Operating costs	**3,409,587**	3,281,171
	5,264,733	5,360,925

10 Property, plant and equipment

	Buildings	**Plant,machinery, equipment,furniture and vehicles**	**Total**
Cost/Valuation			
At 1 January 2017	**33,623,512**	**6,813,664**	**40,437,176**
Additions	**8,000**	**534,427**	**542,427**
Disposals	**0**	**0**	**0**
At 30 September 2017	**33,631,512**	**7,348,091**	**40,979,603**
Accumulated depreciation			
At 1 January 2017	**3,317,193**	**2,818,193**	**6,135,386**
Charge for the year	**630,819**	**449,247**	**1,080,066**
Disposals	**0**	**0**	**0**
At 30 September 2017	**3,948,012**	**3,267,440**	**7,215,452**
Net book value			
At 30 September 2017	**29,683,500**	**4,080,651**	**33,764,151**
At 30 September 2016	30,526,260	3,986,211	34,512,471
Cost/Valuation			
At 1 January 2016	33,475,709	5,736,223	39,211,932
Additions	147,803	1,009,942	1,157,745
Revaluation Surplus			
Disposals			
At 30 Sept 2016	33,623,512	6,746,165	40,369,677
Accumulated depreciation			
At 1 January 2016	2,442,592	2,349,209	4,791,801
Charge for the year	654,660	410,745	1,065,405
Disposals		-	-
At 30 Sept 2016	3,097,252	2,759,954	5,857,206
Net book value			
At 30 Sept 2016	30,526,260	3,986,211	34,512,471

The buildings were last revalued at 30 November 2012 by independent valuers, Barnicom Property Valuation and Consultancy Services. Valuations were made on the basis of open market value. If buildings were stated on historical cost basis, the amount would be as follows:

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

11 Other Prepayments

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

	2017	2016
At 1 January	**2,056,425**	1,656,925
Additions	**0**	399,500
At 30 September	**2,056,425**	2,056,425

12 Intangible Assets - Software Package

Cost		
At 1 January	**792,189**	792,189
Additions	**11,875**	0
At 30 September	**804,064**	792,189
Amortisation		
At 1 January	**557,850**	442,429
Charge for the year	**58,761**	86,566
At 30 September	**616,611**	528,995
Net Book Value 30 September	**187,453**	263,194

13 Inventories	**2017**	2016
Trade inventories	**16,409,394**	19,925,969
Goods in transit	**2,213,415**	588,242
Work-in-progress	**(403,741)**	601,803
Non trade inventories	**145,553**	111,728
	18,364,622	21,227,742

14 Trade and other receivables

Trade receivables	**5,855,171**	6,748,969
Staff debtors	**1,236,043**	729,448
other debtors and prepayments	**884,064**	814,679
	7,975,279	8,293,095

The maximum amount of staff indebtedness during the period did not exceed GHS 1,200,000 (2016: GHS 720,000).

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

15 IncomeTax

(a) Current income tax	Balance at January 2017	Payments	Charge for the year	Balance at September 2017
Up to 2017	2,053,094	(141,357)	262	**1,911,999**
	2,053,094	(141,357)	262	**1,911,999**
(b) Deferred income tax				
Property, plant and equipment				
on historical cost basis	117,202			**117,202**
on revaluation surpluses	3,857,933			**3,857,933**
Intangible assets	48,333			**48,333**
Carry forward tax losses	(1,282,615)			**(1,282,615)**
Provision for doubtful debts	(301,954)			**(301,954)**
Other Provisions	(201,775)			**(201,775)**
				-
	2,237,124	-	-	**2,237,124**

16 Income tax expense

	2017	2016
Current tax (Note 17(a))	**262**	(222,940)
Deferred tax (Note 17(b))	**0**	0
	262	(222,940)

17 Trade and other payables	**2017**	2016
Trade creditors	**20,736,099**	22,117,012
Accrued charges	**1,887,133**	2,126,614
Sundry creditors	**384,295**	517,059
	23,007,527	24,760,684

18 Stated capital

The number of authorised 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:

	2017	2016	**2017**	2016
	No.of shares		**GHS**	GHS
Issued for cash	**11,426,643**	11,426,643	**47,792**	47,792
Rights issue	**34,011,865**	34,011,865	**2,708,790**	2,708,790
Transfer from income surplus	**4,657,417**	4,657,417	**14,904**	14,904
	50,095,925	50,095,925	**2,771,486**	2,771,486

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

19 Earnings per share

	2017	**2016**
Profit after tax	**(1,622,253)**	331,097
Number of ordinary shares (Number)	**50,095,925**	50,095,925
Basic and diluted earnings per share (GHS)	**-0.0324**	0.0066

There are no share options, potential rights issues or bonus issues, hence diluted earnings per share are the same as basic earnings per share.

20 Capital surplus account

	2017	2016
Balance at 1 January	**21,861,622**	21,861,622
Revaluation Surplus	**0**	0
Balance at 30 September	**21,861,622**	21,861,622

The revaluation surplus account has arisen from independent revaluations of the company's land and buildings, the latest of which was performed on 30 November 2012. The reserve is not available for distribution to the shareholders of the Company.

21 Income surplus account

	2017	2016
Balance at 1 January	**14,235,100**	17,539,177
Profit for the year	**(1,622,253)**	331,097
Approved dividend paid during the quarter	0	(500,959)
Balance at 30 September	**12,612,847**	17,369,315

22 Cash generated from operations

	2017	2016
(Loss)/Profit before tax	**(1,621,991)**	108,157
Depreciation charge	**1,080,066**	1,065,405
Amortisation of intangible assets	**58,761**	86,566
Finance income	**(236,684)**	(217,086)
Finance cost	**488,053**	-
Change in working capital		
(Increase)/Decrease in inventories	**(1,100,973)**	1,038,204
(Increase)/Decrease in trade and other receivables	**(1,741,186)**	(1,199,693)
Increase/(Decrease) in trade and other payables	**4,007,882**	1,429,523
Cash generated from operations	**933,930**	2,311,075

23 Cash and cash equivalents

For purposes of the cash flow statement, cash and cash equivalents comprise the following:

		2017	2016
(a)	Bank and cash balances	**3,480,492**	4,446,226
	Financial Investment	**0**	857,683
		3,480,492	5,303,909

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

(b)	Cash and cash equivalent	**3,480,492**	5,303,909
	Bank Overdraft	**(1,425,815)**	(619,247)
		2,054,678	4,684,662

24 Capital commitments

Provision for capital commitments at the balance sheet date amounted to nil (2016: nil)

25 Contingent Liabilities

There were no contingent liabilities at the balance sheet date (2016: nil)

26 Financial risk management

Financial risk factors

The company's activities expose it to a variety of financial risks, including 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 the potential adverse effects on its financial performance.

Risk management is carried out by the management of the Company under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks.

Total exposure to credit risk

Financial instruments that potentially subject the Company to credit risk are primarily cash and cash equivalents and accounts receivables. Accounts receivables are mainly derived from sales to customers. The Company maintains a provision for impairment of trade receivables based upon the expected collectivity of all trade receivables.

Trade receivables consist of invoiced amounts from normal trading activities. The Company has customers throughout Ghana. Strict credit control is exercised through monitoring of cash received from customers and, when necessary, provision is made for specific doubtful accounts. As at September, 2017 management was unaware of any significant unprovided credit risk.

The table below shows the maximum exposure to credit risk by class of financial instrument:

	2017	2016
Bank balances (excluding cash)	**3,400,672**	4,291,522
Trade and other receivables (excluding prepayments)	**7,091,214**	7,478,416
Total credit risk exposure	**10,491,886**	11,769,939

Liquidity risk

The Company has incurred indebtedness but also has positive cash balances. The Company evaluates its ability to meets its obligations on an ongoing basis. Based on these evaluations the Company devises strategies to manage its liquidity risk.

Prudent liquid risk management implies that sufficient cash is maintained and that sufficient funding is available through an adequate amount of committed credit facilities.

Maturity analysis of financial liabilities

All financial liabilities other than loans fall due for payment within 12 months. Loans are repayable as follows:

	2017	2016
Financial liabilities due within one year	**0**	0
Financial liabilities due after one year	**0**	0

27 Comparative figures

Where necessary, comparatives have been reclassified to conform with changes in presentation in the current year and to take account of the implementation of IFRS.

28 Management of capital

The primary objectives of the company's equity capital management are to ensure that the company is able to meet its debts as they fall due and to maximise shareholder value. No changes were made in the objectives, policies and processes from the previous years.

29 Fair value of financial assets and liabilities

The carrying amounts of all financial assets and liabilities are reasonable approximation of their fair value, because of their short term nature. The carrying amount of all financial assets and liablities equals their fair value, as the impact of discounting is not significant.