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# Tata Africa Holdings (Ghana) Limited

## Report and Financial Statements
## 31 March 2015

**Tata Africa Holdings (Ghana) Limited**

# Report and financial statements 2015

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# Directors, officials and registered office

| | |
|---|---|
| **Directors:** | Behram Sabawala<br>Xavier Gobille<br>Isaac Emmil Osei-Bonsu<br>Thami Mbele (Resigned on 28 February 2015) |
| **Secretary and registered office:** | Accra Nominees Limited<br>No.13 Samora Machel Road<br>Asylum Down<br>P.O. Box GP 242<br>Accra |
| **Auditors:** | Deloitte & Touche<br>Chartered Accountants<br>4 Liberation Road<br>P. O. Box GP 453<br>Accra |
| **Bankers:** | Bank of Baroda (Ghana) Limited<br>Ecobank (Ghana) Limited<br>Societe Generale Ghana Limited<br>Standard Chartered Bank Ghana Limited<br>Zenith Bank (Ghana) Limited<br>Barclays Bank Ghana Limited |

# Directors' report

The directors present herewith the audited financial statements of the company for the year ended 31 March, 2015 and report thereon as follows:

1. **Nature of business**
   The company is authorised to sell buses, trucks, pickups, sports utility vehicles, saloon cars, spare parts, construction equipment, forklifts, chemicals, bearings, healthcare and pharmaceutical products.

2. **Holding company**
   The company is a wholly owned subsidiary of Tata Africa Holdings (SA) (Pty) Limited, a company incorporated in the Republic of South Africa.

3. **Results**
   The results for the year are as set out in the attached financial statements.

4. **Dividend**
   The Directors do not recommend dividend for the year ended 31 March, 2015.

5. **Auditors**
   In accordance with Section 134 (5) of the Companies Code, 1963 (Act 179) the auditors, Messrs Deloitte & Touche, continue in office as auditors of the company.

6. **Approval of the financial statements**

   The financial statements were approved by the board of directors on 4 May 2015 and are signed on its behalf by:

mabawala

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Director

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Director

# Statement of directors' responsibilities

The directors are responsible for preparing financial statements for each financial year which give 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 of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether the applicable accounting standards have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enables them to ensure that the financial statements comply with International Financial Reporting Standards. They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

The above statement, should be read in conjunction with the statement of the auditors' responsibilities on page 5.

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**Deloitte & Touche**
Ibex Court, 4 Liberation Road
Ako Adjei Interchange
P.O. Box GP 453
Accra
Ghana

Tel: +233 (0) 302 775355 / 770559
Fax: +233 (0) 302 775480
Email: ghdeloitte@deloitte.com
www2.deloitte.com/gh

# Independent auditors' report

## To the members of Tata Africa Holdings (Ghana) Limited

We have audited the accompanying financial statements of Tata Africa Holdings (Ghana) Limited, as at 31 March, 2015, as set out on pages 7 to 32, which have been prepared on the basis of the significant accounting policies on page 11 to 17 and other explanatory notes on pages 18 to 32.

**Directors' responsibility for the financial statements**

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Code 1963, (Act 179). These responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' responsibility**

Our responsibility is to express an opinion on these 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 as to 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 and fair presentation of the financial statements 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 management, 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 financial statements present fairly in all material respect, the financial position of the company as at 31 March 2015, and of its financial performance and cash flow for the year then ended in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and in the manner required by the Companies Code 1963, (Act 179).

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# Independent auditors' report - continued

## To the members of Tata Africa Holdings (Ghana) Limited

**Report on regulatory requirements**

The Companies Code, 1963 (Act 179) requires that in carrying out our audit work 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 accounts have been kept by the company, so far as appears from our examination of those books; and

iii. the balance sheet and profit and loss account of the company are in agreement with the books of accounts.

Deloitte & Touche

*Deloitte & Touche*
*Licence Number: ICAG/F/2015/129*
*Chartered Accountants*
*4 Liberation Road*
*Accra, Ghana*

*Andrew Opuni-Ampong*
*Practising Certificate Licence No: ICAG/P/1132*

5th May, *2015*

# Consolidated statement of comprehensive income

**For the year ended 31 March 2015**

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | Note | 2015 GH¢ | 2014 GH¢ | 2015 GH¢ | 2014 GH¢ |
| **Revenue** | 4 | **54,275,462** | 43,402,685 | **26,717,370** | 30,811,679 |
| Cost of sales | 5 | **(33,805,153)** | (30,911,537) | **(16,539,830)** | (22,210,546) |
| **Gross profit** | | **20,470,309** | 12,491,148 | **10,177,539** | 8,601,133 |
| Other income | 6 | **438,849** | 408,871 | **340,855** | 166,831 |
| General, administrative and selling expenses | 24 | **(16,197,110)** | (12,162,790) | **(7,678,346)** | (5,879,377) |
| **Operating profit** | | **4,712,048** | 737,229 | **2,840,048** | 2,888,587 |
| Net finance cost | 7 | **(21,227,912)** | (14,349,452) | **(10,301,052)** | (7,967,426) |
| **Loss before tax** | | **(16,515,864)** | (13,612,223) | **(7,461,004)** | (5,078,839) |
| Tax expense | 9a | **993,466** | 2,729,669 | **331,668** | 1,218,766 |
| **Total comprehensive income** | | **(15,522,398)** | (10,882,554) | **(7,129,336)** | (3,860,073) |

The annexed notes from page 11 to 32 form an integral part of these financial statements.

Tata Africa Holdings (Ghana) Limited

# Consolidated statement of financial position

**As at 31 March 2015**

| | Note | The Group 2015 GH¢ | The Group 2014 GH¢ | The Company 2015 GH¢ | The Company 2014 GH¢ |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non current assets** | | | | | |
| Property, plant and equipment | 11 | **25,468,250** | 3,616,958 | **24,842,004** | 2,477,138 |
| Investments | | - | - | **360,000** | 360,000 |
| Intangible assets | 12 | **9,060** | 156,102 | **9,060** | 47,874 |
| Deferred taxation | 9c | **3,929,143** | 2,935,678 | **1,756,443** | 1,424,774 |
| | | **29,406,453** | 6,708,737 | **26,967,507** | 4,309,786 |
| **Current assets** | | | | | |
| Inventories | 13 | **30,317,851** | 27,991,577 | **7,316,874** | 12,933,343 |
| Trade and other receivables | 14 | **5,465,998** | 15,760,401 | **6,311,454** | 17,279,862 |
| Taxation | 9b | **446,742** | 298,964 | **263,544** | 241,271 |
| Cash and cash equivalents | 15 | **17,061,727** | 1,544,154 | **15,722,191** | 863,273 |
| **Total current assets** | | **53,292,318** | 45,595,096 | **29,614,063** | 31,317,749 |
| **Total assets** | | **82,698,772** | 52,303,833 | **56,581,570** | 35,627,535 |
| **Equity and liabilities** | | | | | |
| **Equity attributable to equity holders** | | | | | |
| Issued capital | 16 | **1,747,200** | 1,747,200 | **1,747,200** | 1,747,200 |
| Minority interest | | **(5,895,166)** | (2,537,940) | - | - |
| Retained earnings | | **(18,483,646)** | (6,318,474) | **(9,203,269)** | (2,073,933) |
| Deposit against stated capital | | **15,200,000** | - | **15,200,000** | - |
| **Total equity** | | **(7,431,612)** | (7,109,214) | **7,743,931** | (326,733) |
| **Liabilities** | | | | | |
| Trade and other payables | 17 | **57,445,903** | 42,722,123 | **16,153,158** | 19,732,447 |
| Bank overdraft | 15(i) | **22,162,395** | 16,221,821 | **22,162,395** | 16,221,821 |
| Short term loans | 15(ii) | - | 469,103 | - | - |
| Long term loans | 15(iii) | **10,522,086** | - | **10,522,086** | - |
| **Total liabilities** | | **90,130,384** | 59,413,047 | **48,837,639** | 35,954,268 |
| **Total equity and liabilities** | | **82,698,772** | 52,303,833 | **56,581,570** | 35,627,535 |

The financial statements were approved on 4 May 2015.

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**Director**

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**Director**

The annexed notes from page 11 to 32 form an integral part of these financial statements.

# Consolidated statement of changes in equity

**For the year ended 31 March 2015**

**The Group**

| | Share capital GH¢ | Revenue reserves GH¢ | Attributable to equity holders of the parent GH¢ | Minority interest GH¢ | Total equity GH¢ |
|---|---|---|---|---|---|
| Balance as at 1 April 2013 | 1,747,200 | 1,786,140 | 3,533,340 | - | 3,533,340 |
| Minority Share proceeds | - | - | - | 240,000 | 240,000 |
| Total comprehensive income for the year | - | (8,104,614) | (8,104,614) | (2,777,940) | (10,882,554) |
| At 31 March 2014 | 1,747,200 | (6,318,474) | (4,571,274) | (2,537,940) | (7,109,214) |
| **Balance as at 1 April 2014** | **1,747,200** | **(6,318,474)** | **(4,571,274)** | **(2,537,940)** | **(7,109,214)** |
| Total comprehensive income for the year | - | **(12,165,172)** | **(12,165,172)** | **(3,357,226)** | **(15,522,398)** |
| **At 31 March 2015** | **1,747,200** | **(18,483,646)** | **(16,736,446)** | **(5,895,166)** | **(22,631,612)** |

**The Company**

| **Statement of changes in equity** | Issued capital GH¢ | Retained earnings GH¢ | Total GH¢ |
|---|---|---|---|
| As at 1 April 2013 | 1,747,200 | 1,786,140 | 3,533,340 |
| Loss for the year | - | (3,860,073) | (3,860,073) |
| At 31 March 2014 | 1,747,200 | (2,073,933) | (326,733) |
| **As at 1 April 2014** | **1,747,200** | **(2,073,933)** | **(326,733)** |
| Loss for the year | - | **(7,129,336)** | **(7,129,336)** |
| **At 31 March 2015** | **1,747,200** | **(9,203,269)** | **(7,456,069)** |

The annexed notes from page 11 to 32 form an integral part of these financial statements.

Tata Africa Holdings (Ghana) Limited

# Consolidated statement of cash flow

**For the year ended 31 March 2015**

| | The Group 2015 GH¢ | The Group 2014 GH¢ | The Company 2015 GH¢ | The Company 2014 GH¢ |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Loss before tax | **(16,515,864)** | (13,612,223) | **(7,461,004)** | (5,078,839) |
| *Adjustments for:* | | | | |
| Depreciation and amortisation | **1,358,736** | 1,114,409 | **543,529** | 546,190 |
| Profit on disposal and assets written-off (net) | **(26,477)** | (9,425) | **(26,477)** | (41,271) |
| Finance income | **(1,977,403)** | (112,334) | **(2,139,838)** | (256,895) |
| Finance cost | **23,205,315** | 14,461,786 | **12,440,890** | 8,224,321 |
| **Operating cash flow before movement in working capital** | **6,044,307** | 1,842,213 | **3,357,100** | 3,393,506 |
| (Increase)/decrease in inventory | **(2,326,274)** | (6,943,065) | **5,616,469** | 8,115,169 |
| (Increase)/decrease in receivables | **10,294,403** | (2,834,351) | **10,970,788** | (1,933,011) |
| Increase/(decrease) in payables | **14,726,161** | 15,382,452 | **(3,579,289)** | (7,607,224) |
| **Cash generated from operations** | **28,738,596** | 7,447,249 | **16,365,069** | 1,968,440 |
| Tax paid | **(147,778)** | (74,740) | **(22,273)** | (17,047) |
| **Net cash flow from operating activities** | **28,590,818** | 7,372,509 | **16,342,796** | 1,951,393 |
| **Investing activities** | | | | |
| Purchase of property, plant and equipment | **(22,903,470)** | (1,786,014) | **(22,878,380)** | (166,323) |
| Payment for intangible assets (ERP implementation expense) | **(168,314)** | (220,375) | - | (58,033) |
| Proceeds from sale of property, plant and equipment | **32,895** | 18,957 | **32,895** | 85,037 |
| Investment | - | - | - | (2,780,800) |
| Finance income | **1,977,403** | 112,334 | **2,139,838** | 256,895 |
| **Net cash flow from investing activities** | **(21,061,486)** | (1,875,098) | **(20,705,647)** | (2,663,224) |
| **Financing activities** | | | | |
| Short term loans | **(469,103)** | 469,103 | - | - |
| Proceeds from issue of shares | - | 240,000 | - | - |
| Long term convertible equity instrument issued | **15,200,000** | - | **15,200,000** | - |
| Long-term liabilities raised/(repaid) - net | **10,522,086** | - | **10,522,086** | - |
| Finance cost | **(23,205,315)** | (14,461,786) | **(12,440,890)** | (8,224,321) |
| **Net cash flow from financing activities** | **2,047,668** | (13,752,683) | **13,281,196** | (8,224,321) |
| Increase/(decrease) in cash and cash equivalents | **9,577,000** | (8,255,272) | **8,918,345** | (8,936,152) |
| **Analysis of changes in cash and cash equivalents** | | | | |
| Cash and cash equivalents at 1 April | **(14,677,667)** | (6,422,395) | **(15,358,548)** | (6,422,396) |
| Net cash flow | **9,577,000** | (8,255,272) | **8,918,345** | (8,936,152) |
| Cash and cash equivalents at 31 March | **(5,100,667)** | (14,677,667) | **(6,440,204)** | (15,358,548) |
| **Balances of cash and cash equivalents** | | | | |
| Cash and bank | **17,061,727** | 1,544,154 | **15,722,191** | 863,273 |
| Bank overdraft | **(22,162,394)** | (16,221,821) | **(22,162,395)** | (16,221,821) |
| | **(5,100,667)** | (14,677,667) | **(6,440,204)** | (15,358,548) |

# Notes to the consolidated financial statements

**For the year ended 31 March 2015**

**1. Reporting entity**

Tata Africa Holdings (Ghana) Limited

**2. Basis of preparation**

**(a) Statement of compliance**

The financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) and the Companies Act of Ghana.

**(b) Basis of measurement**

The financial statements are presented in Ghana Cedis (GHS), which is the company's functional currency. They are prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

**(c) Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each of the assets. Expected future cash flows used to determine the value in use are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including, sales estimates, together with economic factors such as spot and future prices, discount rates, foreign currency exchange rates, estimates of costs and future capital expenditure.

**(d) Comparatives**

Previous year figures have been reclassified, wherever necessary, to make them comparable with those of the current year.

**3. Significant accounting policies**

The accounting policies set out below have been applied consistently by the company to all periods presented in these financial statements.

**(a) Foreign currency transactions**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the foreign exchange rate ruling at that date. Gains and losses arising on translation are credited to or charged against income.

**(b) Financial instruments**

(i) *Derivative financial instruments*

The company uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational, financing and investment activities. In accordance with its treasury policy, the company does not hold or issue derivative financial instruments for trading purposes.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below. The fair value of forward exchange contracts is their quoted market price at the statement of financial position date, being the present value of the quoted forward price.

3. **Significant accounting policies** *(continued)*

(b) **Financial instruments** *(continued)*

*Economic hedges*

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in profit or loss as part of foreign currency gains and losses.

(ii) *Non-derivative financial instruments*

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the company's contractual rights to cash flows from the financial assets expire or if the company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the company's obligations specified in the contract expire or are discharged or cancelled. Trade receivables are recognised and carried at the fair value of the original invoice using the effective interest rate method. Gains or losses are recognised in the statement of comprehensive income when the receivables are derecognised or impaired.

*Investments at fair value through profit or loss*

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the group and company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(c) **Property, plant and equipment**

(i) *Owned assets*

Items of property, plant and equipment are stated at cost less accumulated depreciation (see accounting policy c (iii)) and impairment losses (see accounting policy g). Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) *Subsequent costs*

The company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the group and company and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

# Notes to the consolidated financial statements

**For the year ended 31 March 2015 - continued**

**3. Significant accounting policies** *(continued)*

**(c) Property, plant and equipment** *(continued)*

(iii) *Depreciation*

Depreciation is charged to the statement of comprehensive income on a written down value basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.
Depreciation methods, useful lives and residual values, if not insignificant, are reassessed annually.

The following rates of depreciation are used:

| | **Depreciation rate %** |
|---|---|
| Freehold residential land | - |
| Commercial land and buildings | 10% |
| Residential buildings | - |
| Motor vehicles | 30% |
| Furniture & fittings | 30% |
| Plant and Equipment | 30% |
| Office equipment | 30% |
| Computer equipment | 30% |
| Leasehold improvements | Lease period |

(iv) Intangible assets

*Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

*Internally-generated intangible assets - research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

# Notes to the consolidated financial statements

**For the year ended 31 March 2015 - continued**

**3. Significant accounting policies** *(continued)*

**(c) Property, plant and equipment** *(continued)*

*Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

*Derecognition of intangible assets*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

**(d) Inventories**

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventories are valued on a weighted average basis except for vehicles which are valued on the specific identification basis. Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated net realisable value.

**(e) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group and company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**(f) Impairment**

The carrying amounts of the company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy (3fi)). An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

**(i) Calculation of recoverable amount**

The recoverable amount of assets or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

**(ii) Reversal of impairment**

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Any impairment previously recorded against goodwill is not reversed.

# Notes to the consolidated financial statements

**For the year ended 31 March 2015 - continued**

**3. Significant accounting policies** *(continued)*

**(g) Revenue**

(i) *Goods sold and services rendered*

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods.

Revenue from services rendered is recognised in profit and loss in proportion to the stage of completion of the transaction at the reporting date.

(ii) *Rental income*

Rental income from investment property is recognised in the statement of comprehensive income on a straight line basis over the term of the lease.

(iii) *Other*

Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established.

**(h) Expenses**

(i) *Operating lease payments*

Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease.

(ii) *Net financing costs*

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, and foreign exchange gains and losses. Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

**(i) Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensivc income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

# Notes to the consolidated financial statements

**For the year ended 31 March 2015 - continued**

**3. Significant accounting policies** *(continued)*

**(j) Employee benefits**

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service.

*Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of comprehensive income when they are due.

**(k) Provisions**

A provision is recognised if, as a result of a past event, the group or company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future statement of cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(l) Key source of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) *Deferred taxation asset*

Deferred taxation asset is recognised to the extent that it is probable that taxable profits will be available in future against which the deferred taxation assets can be utilised. The future availability of taxable profits is based on management's judgements regarding future business plans.

(ii) *Asset lives and residual values*

Property, plant and equipment are depreciated to their residual values over their estimates useful lives. Methods of depreciation, residual values and estimated useful lives are reviewed annually, based on management's judgement of relevant factors and conditions.

(iii) *Valuation of investments*

Investments in subsidiaries, associates, joint ventures and other investments are valued by management based on their considered view of the appropriate valuation methodology and valuation assumptions and factors as relevant to the nature of each investment. In broad principle, management adopts the following criteria in assessing the valuation methodology to be undertaken:

Directors' valuation - valuation by directors, utilising appropriate valuation methodology and principles.

# Notes to the consolidated financial statements
**For the year ended 31 March 2015 - continued**

**3. Significant accounting policies** *(continued)*

**(m) New standards and interpretations not yet adopted**

At the date of authorisation of the financial statements of the company for the year ended 31 March 2015, the following Standards and Interpretations were in issue but not yet effective:

| Standard/Interpretation | | Annual accounting period beginning on or after | |
|---|---|---|---|
| IAS 1 | Presentation of Financial Statements | Amendment | 1 January 2016 |
| IAS 16 | Property, Plant and Equipment | Amendment | 1 January 2016 |
| IAS 19 | Employee Benefits | Amendment | 1 January 2016 |
| IAS 27 | Separate Financial Statements (as amended in 2011) | Amendment | 1 January 2016 |
| IAS 28 | Investments in Associates and Joint Ventures | Amendment | 1 January 2016 |
| IAS 34 | Interim Financial Reporting | Amendment | 1 January 2016 |
| IAS 38 | Intangible Assets | Amendment | 1 January 2016 |
| IFRS 5 | Non-current Assets Held for Sale and Discontinued Operations | Amendment | 1 January 2016 |
| IFRS 7 | Financial Instruments: Disclosures | Amendment | 1 January 2015 |
| IFRS 9 | Financial Instruments | New | 1 January 2018 |
| IFRS 10 | Consolidated Financial Statements | Amendment | 1 January 2016 |
| IFRS 11 | Joint Arrangements | Amendment | 1 January 2016 |
| IFRS 12 | Disclosure of Interest in Other Entities | Amendment | 1 January 2016 |
| IFRS 14 | Regulatory Deferral Accounts | New | 1 January 2016 |
| IFRS 15 | Revenue from Contracts with Customers | New | 1 January 2017 |

The directors have not yet assessed the impact of the above standards and interpretations on the financial statements of the company within the period of initial application.

# Notes to the consolidated financial statements

**For the year ended 31 March 2015 - continued**

## 4. Revenue

| | The Group 2015 GH¢ | The Group 2014 GH¢ | The Company 2015 GH¢ | The Company 2014 GH¢ |
|---|---|---|---|---|
| Vehicles - buses, trucks and pick-ups | **16,441,173** | 19,616,809 | **16,441,173** | 19,616,809 |
| Vehicles - saloon cars and SUVs | **29,571,878** | 17,284,899 | **4,768,810** | 5,891,217 |
| Spares - buses, trucks and pick-ups | **1,602,354** | 2,105,461 | **1,602,354** | 2,105,461 |
| Spares - saloon cars and SUVs | **2,701,130** | 1,244,232 | **453,832** | 476,275 |
| Vehicles workshop - service, repairs & spares | **1,806,059** | 1,393,639 | **1,298,333** | 964,272 |
| Healthcare & pharmaceutical products | **833,336** | 772,468 | **833,336** | 772,468 |
| Construction Equipment | **1,319,532** | 985,177 | **1,319,532** | 985,177 |
| | **54,275,462** | 43,402,685 | **26,717,370** | 30,811,679 |

## 5. Cost of sales

| | The Group 2015 GH¢ | The Group 2014 GH¢ | The Company 2015 GH¢ | The Company 2014 GH¢ |
|---|---|---|---|---|
| Opening stock | **28,037,361** | 21,048,512 | **12,933,343** | 21,048,512 |
| Purchases | **34,778,122** | 37,174,799 | **10,086,934** | 13,662,292 |
| Less: closing stock | **(30,653,635)** | (27,991,577) | **(7,606,875)** | (12,933,343) |
| Cost of goods sold | **32,161,848** | 30,231,734 | **15,413,402** | 21,777,461 |
| Direct expenses | **1,643,305** | 679,803 | **1,126,428** | 433,085 |
| | **33,805,153** | 30,911,537 | **16,539,830** | 22,210,546 |

## 6. Other income

| | The Group 2015 GH¢ | The Group 2014 GH¢ | The Company 2015 GH¢ | The Company 2014 GH¢ |
|---|---|---|---|---|
| Insurance claims received (net) | **43,260** | 2,444 | **6,261** | 2,444 |
| Motor car re-imbursements | **39,317** | 36,224 | **39,317** | 36,224 |
| Profit on sale of asset | **26,478** | 9,425 | **26,477** | 41,271 |
| Other miscellaneous income | **329,794** | 360,778 | **268,800** | 86,892 |
| | **438,849** | 408,871 | **340,855** | 166,831 |

## 7. Net finance cost

| | The Group 2015 GH¢ | The Group 2014 GH¢ | The Company 2015 GH¢ | The Company 2014 GH¢ |
|---|---|---|---|---|
| Interest received | **1,977,403** | 112,334 | **2,139,838** | 256,895 |
| Interest expense | **(3,327,088)** | (2,126,814) | **(2,319,049)** | (1,806,570) |
| Foreign exchange difference | **(19,878,227)** | (12,334,972) | **(10,121,841)** | (6,417,751) |
| | **(21,227,912)** | (14,349,452) | **(10,301,052)** | (7,967,426) |

# Notes to the consolidated financial statements

**For the year ended 31 March 2015 - continued**

| 8. **Operating profit/loss** is stated after charging | The Group 2015 GH¢ | The Group 2014 GH¢ | The Company 2015 GH¢ | The Company 2014 GH¢ |
|---|---|---|---|---|
| Audit fees | **162,882** | 75,000 | **122,882** | 55,000 |
| Depreciation and lease rental amortisation | **1,039,162** | 950,445 | **500,497** | 436,340 |
| Amortisation of intangible assets | **319,574** | 163,964 | **43,032** | 109,850 |
| Directors' fees | **10,350** | 10,836 | **10,350** | 10,836 |
| Donations | **15,530** | 19,304 | **9,030** | 17,104 |

## 9. Taxation

The major components of income tax expense for the year ended 31 March 2015 and the year ended 31 March 2014 are as follows:

| 9a **Income tax expense** | The Group 2015 GH¢ | The Group 2014 GH¢ | The Company 2015 GH¢ | The Company 2014 GH¢ |
|---|---|---|---|---|
| Deferred tax charge | **(993,466)** | (2,729,669) | **(331,668)** | (1,218,766) |

**9b Income tax payable**

| **The Group** | At 1 April 2014 GH¢ | Payment during the year GH¢ | Charge for the year GH¢ | At 31 March 2015 GH¢ |
|---|---|---|---|---|
| 2010 | (13,617) | - | - | **(13,617)** |
| 2011 | 13,335 | - | - | **13,335** |
| 2012 | (654) | - | - | **(654)** |
| 2013 | (223,288) | - | - | **(223,288)** |
| 2014 | (74,740) | - | - | **(74,740)** |
| 2015 | - | (147,778) | - | **(147,778)** |
| | (298,964) | (147,778) | - | **(446,742)** |

| **The Company** | At 1 April 2014 GH¢ | Payment during the year GH¢ | Charge for the year GH¢ | At 31 March 2015 GH¢ |
|---|---|---|---|---|
| 2010 | (13,617) | - | - | **(13,617)** |
| 2011 | 13,335 | - | - | **13,335** |
| 2012 | (654) | - | - | **(654)** |
| 2013 | (223,288) | - | - | **(223,288)** |
| 2014 | (17,047) | - | - | **(17,047)** |
| 2015 | - | (22,273) | - | **(22,273)** |
| | (241,271) | (22,273) | - | **(263,544)** |

# Notes to the consolidated financial statements

**For the year ended 31 March 2015 - continued**

**9c Deferred tax assets and liabilities are attributable to the following:**

**The Group**

| | 2015 Assets GH¢ | 2015 Liabilities GH¢ | 2015 Net GH¢ | 2014 Assets GH¢ | 2014 Liabilities GH¢ | 2014 Net GH¢ |
|---|---|---|---|---|---|---|
| Property and equipment | (663,826) | - | (663,826) | (435,033) | - | (435,033) |
| Exchange Gain/loss | (3,265,317) | - | (3,265,317) | (2,500,644) | - | (2,500,644) |
| Net tax (assets)/liabilities | (3,929,143) | - | (3,929,143) | (2,935,677) | - | (2,935,677) |

**The Company**

| | 2015 Assets GH¢ | 2015 Liabilities GH¢ | 2015 Net GH¢ | 2014 Assets GH¢ | 2014 Liabilities GH¢ | 2014 Net GH¢ |
|---|---|---|---|---|---|---|
| Property and equipment | (420,489) | - | (420,489) | (292,979) | - | (292,979) |
| Exchange Gain/loss | (1,335,954) | - | (1,335,954) | (1,131,795) | - | (1,131,795) |
| Net tax (assets)/liabilities | (1,756,443) | - | (1,756,443) | (1,424,774) | - | (1,424,774) |

**9d. Reconciliation of tax charge**

| | The Group 2015 GH¢ | The Group 2014 GH¢ | The Company 2015 GH¢ | The Company 2014 GH¢ |
|---|---|---|---|---|
| **Loss before tax** | (16,515,865) | (13,534,594) | (7,461,003) | (5,078,840) |
| Tax at Ghanaian statutory income tax rate of 25% | (4,128,966) | (3,383,649) | (1,865,251) | (1,269,710) |
| Tax effect of change in accounting year end | | | | |
| Disallowable expenses | 7,573,293 | 2,539,520 | 6,060,764 | 1,130,586 |
| Adjustment in respect of current tax of prior year | (4,437,792) | (1,885,541) | (4,527,181) | (1,079,642) |
| Tax charged | (993,465) | (2,729,670) | (331,668) | (1,218,766) |

**10 Earnings per share**

Basic earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date. The following reflects the income and share data used in the basic earnings per share computations:

| **Basic** | The Group 2015 GH¢ | The Group 2014 GH¢ | The Company 2015 GH¢ | The Company 2014 GH¢ |
|---|---|---|---|---|
| Net loss attributable to ordinary shareholders | (12,165,172) | (10,642,554) | (7,129,335) | (3,860,074) |
| Weighted average number of ordinary shares | 17,472,000 | 17,472,000 | 17,472,000 | 17,472,000 |
| **Basic earnings per ordinary share** | (0.70) | (0.61) | (0.41) | (0.22) |

# Notes to the consolidated financial statements
**For the year ended 31 March 2015 - continued**

## 11. Property, plant & equipment

| | The Group | | | | |
|---|---|---|---|---|---|
| **Cost** | **Motor vehicles GH¢** | **Furniture and equipment GH¢** | **Building GH¢** | **Leasehold land GH¢** | **Total GH¢** |
| At 31 March 2013 | 818,529 | 858,004 | 2,425,838 | 324,937 | 4,427,308 |
| Additions | 388,787 | 1,175,721 | 255,740 | - | 1,820,248 |
| Disposals | (123,838) | (15,094) | - | - | (138,932) |
| At 31 March 2014 | 1,083,478 | 2,018,631 | 2,681,578 | 324,937 | 6,108,624 |
| Additions | - | 27,980 | 22,875,490 | - | 22,903,470 |
| Disposals | (20,620) | (8,853) | - | - | (29,473) |
| At 31 March 2015 | 1,062,858 | 2,037,758 | 25,557,068 | 324,937 | 28,982,620 |

| **Accumulated Depreciation** | **Motor vehicles GH¢** | **Furniture and equipment GH¢** | **Building GH¢** | **Leasehold land GH¢** | **Total GH¢** |
|---|---|---|---|---|---|
| At 31 March 2013 | 453,853 | 501,207 | 651,452 | 29,875 | 1,636,387 |
| Charge for the year | 222,575 | 459,648 | 261,628 | 6,595 | 950,446 |
| Disposals | (90,632) | (4,535) | - | - | (95,167) |
| At 31 March 2014 | 585,796 | 956,320 | 913,080 | 36,470 | 2,491,666 |
| Charge for the year | 154,656 | 391,772 | 492,738 | 6,595 | 1,045,761 |
| Disposals | (16,790) | (6,267) | - | - | (23,057) |
| At 31 March 2015 | **723,662** | **1,341,825** | **1,405,818** | **43,065** | **3,514,370** |
| **Net book value** | | | | | |
| At 31 March 2014 | 497,682 | 1,062,311 | 1,768,498 | 288,467 | 3,616,958 |
| **At 31 March 2015** | **339,196** | **695,933** | **24,151,250** | **281,872** | **25,468,250** |

# Notes to the consolidated financial statements

**For the year ended 31 March 2015 - continued**

## 11. Property, plant & equipment - continued

**The Company**

| Cost | Motor vehicles GH¢ | Furniture and equipment GH¢ | Building GH¢ | Leasehold land GH¢ | Total GH¢ |
|---|---|---|---|---|---|
| At 1 April 2013 | 818,529 | 858,004 | 2,425,838 | 324,937 | 4,427,308 |
| Additions | 75,037 | 86,755 | 4,531 | - | 166,323 |
| Disposals | (123,838) | (15,094) | - | - | (138,933) |
| At 31 March 2014 | 769,728 | 929,665 | 2,430,369 | 324,937 | 4,454,698 |
| Additions | - | 2,890 | 22,875,490 | - | 22,878,380 |
| Disposals | (20,620) | (8,853) | - | - | (29,473) |
| At 31 March 2015 | 749,108 | 923,702 | 25,305,859 | 324,937 | 27,303,606 |

| Accumulated Depreciation | Motor vehicles GH¢ | Furniture and equipment GH¢ | Building GH¢ | Leasehold land GH¢ | Total GH¢ |
|---|---|---|---|---|---|
| At 1 April 2013 | 453,853 | 501,207 | 651,452 | 29,875 | 1,636,387 |
| Charge for the year | 121,951 | 129,903 | 177,892 | 6,595 | 436,341 |
| Disposals | (90,632) | (4,535) | - | - | (95,167) |
| At 31 March 2014 | 485,172 | 626,575 | 829,344 | 36,470 | 1,977,561 |
| Charge for the year | 84,220 | 91,016 | 325,265 | 6,595 | 507,096 |
| Disposals | (16,790) | (6,265) | - | - | (23,055) |
| At 31 March 2015 | 552,602 | 711,326 | 1,154,609 | 43,065 | 2,461,602 |
| **Net book value** | | | | | |
| At 31 March 2014 | 284,556 | 303,090 | 1,601,025 | 288,467 | 2,477,137 |
| **At 31 March 2015** | **196,506** | **212,376** | **24,151,250** | **281,872** | **24,842,004** |

# Notes to the consolidated financial statements

**For the year ended 31 March 2015 - continued**

## 12. Intangible asset

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| **Cost** | **GH¢** | GH¢ | **GH¢** | GH¢ |
| At 1 April | **416,149** | 195,774 | **253,807** | 195,774 |
| Additions | **168,314** | 220,375 | **-** | 58,033 |
| **At 31 March** | **584,463** | 416,149 | **253,807** | 253,807 |
| **Amortization** | | | | |
| At 1 April | **260,047** | 96,083 | **205,933** | 96,083 |
| Amortization charge for the year | **315,356** | 163,964 | **38,814** | 109,850 |
| **At 31 March** | **575,403** | 260,047 | **244,747** | 205,933 |
| **Net book value** | **9,060** | 156,102 | **9,060** | 47,874 |

## 13. Inventories

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Saloon cars and SUVs | **15,689,288** | 12,423,236 | **255,338** | 1,958,780 |
| Buses, trucks and pickups | **3,576,834** | 6,480,910 | **3,576,835** | 6,480,910 |
| Spare parts - saloon cars and SUVs | **3,560,950** | 2,975,525 | **965,659** | 1,175,752 |
| Spare parts - buses, trucks and pickups | **1,492,979** | 1,736,983 | **1,492,586** | 1,736,983 |
| Forklifts and other equipment | **23,488** | 23,488 | **23,488** | 23,488 |
| Construction equipment | **196,785** | 786,024 | **196,785** | 786,024 |
| Healthcare Products | **252,870** | 315,518 | **252,870** | 315,518 |
| Consumables & accessories - vehicles | **20,755** | 108,808 | **7,114** | 97,571 |
| Goods in transit | **5,793,902** | 3,141,085 | **836,199** | 358,317 |
| Less: Provision of the Stock | **(290,000)** | - | **(290,000)** | - |
| | **30,317,851** | 27,991,577 | **7,316,874** | 12,933,343 |

## 14. Trade and other receivables

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Trade receivables | **2,668,266** | 13,766,535 | **2,301,795** | 13,372,974 |
| Impairment of trade receivables | **(45,524)** | (34,758) | **(39,985)** | (34,758) |
| Prepayments | **1,064,041** | 1,116,359 | **407,523** | 470,666 |
| Due from related parties | **59,940** | 251,216 | **3,618,412** | 3,311,502 |
| Other receivables | **1,719,275** | 661,049 | **23 709** | 159,478 |
| | **5,465,998** | 15,760,401 | **6,311,454** | 17,279,862 |

# Notes to the consolidated financial statements

**For the year ended 31 March 2015 - continued**

| **15. Cash and cash equivalents** | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Cash on hand | **26,556** | 30,653 | **11,475** | 28,982 |
| Cash at banks | **17,035,171** | 1,513,501 | **15,710,716** | 834,291 |
| Cash at bank and on hand | **17,061,727** | 1,544,154 | **15,722,191** | 863,273 |

| **15(i) Bank overdraft** | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Bank of Baroda (Ghana) Limited | **9,564,923** | 6,843,261 | **9,564,923** | 6,843,261 |
| Standard Chartered Bank Ghana Limited | **12,597,472** | 9,378,560 | **12,597,472** | 9,378,560 |
| | **22,162,395** | 16,221,821 | **22,162,395** | 16,221,821 |

| **15(ii) Short term loans** | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Bank of Baroda (Ghana) Limited | - | 469,103 | - | - |
| | - | 469,103 | - | - |

| **15(iii) Long term loans** | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Barclays Bank Ghana Limited | **10,522,086** | - | **10,522,086** | - |
| | **10,522,086** | - | **10,522,086** | - |

The company has a revolving facility (fund and non fund) equivalent to US$ 3,500,000 denominated in Ghana Cedis, (2014: US$3,500,000) with Standard Chartered Bank Ghana Limited to finance working capital, mainly payment of its import bills Security held by the bank is a letter of Comfort from Tata International Limited, India.

The company also has an overdraft facility amounting to US$2,000,000 and Ghana Cedi facility equivalent to US$ 500,000, (2014: US$2,500,000) with Bank of Baroda (Ghana) Limited to finance working capital, mainly payment of its import bills. Security held by the bank is a letter of Comfort from Tata Africa Holdings (SA) (Pty) Limited, South Africa, and a charge on the inventory and receivables of the company.

The company has a Term loan amounting US$ 2,850,000 with Barclays Bank Ghana Limited, (2014: NIL) to purchase the South Industrial Area property, Accra. Security held by the bank is a letter of Comfort from Tata International Limited, India and first charge on the said property.

# Notes to the consolidated financial statements

**For the year ended 31 March 2015 - continued**

## 16. Issued capital

| | Number of shares | | Proceeds | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **'000** | '000 | **GH¢** | GH¢ |
| **Authorised shares** | | | | |
| Ordinary shares of no par value | **20,000** | 20,000 | | |
| **Ordinary shares issued and fully paid** | | | | |
| At 1 April | **17,472** | 17,472 | **1,747,200** | 1,747,200 |
| At 31 March | **17,472** | 17,472 | **1,747,200** | 1,747,200 |

## 17. Trade and other payables

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Trade payables | **36,875,027** | 29,894,986 | **12,159,541** | 16,117,912 |
| Accruals | **2,639,168** | 2,507,874 | **953,695** | 576,978 |
| Sundry creditors | **1,207,652** | 758,538 | **196,082** | 514,844 |
| Advance from customers | **2,549,821** | 1,581,908 | **546,094** | 23,153 |
| Payables to other related parties | **14,174,235** | 7,978,817 | **2,297,746** | 2,499,560 |
| | **57,445,903** | 42,722,123 | **16,153,158** | 19,732,447 |

Terms and conditions of the above financial liabilities:

- Some trade payables are non-interest bearing.
- Other payables are also non-interest bearing.

The carrying amounts approximate the fair value because the terms and conditions of payment is within 1 year for trade and other payables.

## 18. Related party transactions and balances

(a) Purchases:

The following purchases were made from Tata Motors Limited, Tata Africa Services (Nigeria) Limited, Tata International Limited, Tata South-East Asia Limited, Tata Zambia Limited and Jaguar Land Rover Limited during the year:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Saloon cars & SUVs | **19,431,768** | 19,742,427 | **902,525** | 1,200,282 |
| Buses, trucks and pickups | **7,024,921** | 10,406,797 | **7,024,921** | 10,406,797 |
| Automobile spare parts | **1,009,635** | 1,432,183 | **1,009,635** | 1,432,183 |
| | 27,466,324 | 31,581,407 | 8,937,081 | 13,039,262 |

(b) Sales:

The following sales were made to Tata Africa Services (Nigeria) Limited and Tata Africa Cote D'Ivoire SARL during the year:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Saloon Cars, SUV's, Buses, trucks and pickups | **537,369** | 147,600 | **537,369** | 1,542,839 |
| Automobile spare parts | **92,656** | 6,608 | **92,656** | 39,334 |
| | **630,025** | 154,208 | **630,025** | 1,582,173 |

# Notes to the consolidated financial statements

**For the year ended 31 March 2015 - continued**

## 18. Related party transactions and balances - continued

(c) Due to related parties:

| | The Group 2015 GH¢ | The Group 2014 GH¢ | The Company 2015 GH¢ | The Company 2014 GH¢ |
|---|---|---|---|---|
| Jaguar Land Rover Limited | **11,876,489** | 5,479,257 | - | - |
| Tata Motors Limited | **2,060,041** | - | **2,060,041** | - |
| Tata Zambia Limited | - | 2,261,855 | - | 2,261,855 |
| Tata Sons Limited | **237,705** | 237,705 | **237,705** | 237,705 |
| | **14,174,235** | **7,978,817** | **2,297,746** | 2,499,560 |

(d) Due from related parties:

| | The Group 2015 GH¢ | The Group 2014 GH¢ | The Company 2015 GH¢ | The Company 2014 GH¢ |
|---|---|---|---|---|
| Tata Motors Limited | - | 48,457 | - | 48,457 |
| Tata Africa Cote D'Ivoire SARL | - | 168,351 | - | 168,351 |
| Alliance Motors Gh. Ltd.-Loan a/c | - | - | **3,025,700** | - |
| Tata West Asia FZE | **59,940** | 34,408 | **59,940** | 34,408 |
| Alliance Motors Gh. Ltd. | - | - | **532,772** | 639,486 |
| | **59,940** | 251,216 | **3,618,412** | 890,702 |

(e) Investment/Loan to subsidiary:

| | The Company 2015 GH¢ | The Company 2014 GH¢ |
|---|---|---|
| Loan to Alliance Motors Ghana Limited | **3,025,700** | 2,420,800 |
| Share Capital in Alliance Motors Ghana Limited | **360,000** | 360,000 |
| | **3,385,700** | 2,780,800 |

(f) Subsidiaries

Details of the group's material subsidiaries at the end of the reporting period as follows:

| Name of the subsidiary | Principal activity | Place of Incorporation | Proportion of ownership 2015 | Proportion of ownership 2014 |
|---|---|---|---|---|
| Alliance Motors Ghana Limited | Deals in motor vehicles, Spares parts and after sales service support. | Ghana | **60%** | 60% |

| **Non-controlling interest** | The Group 2015 GH¢ | The Group 2014 GH¢ |
|---|---|---|
| Balance as at 1 April | **(2,537,940)** | - |
| Share proceeds | - | 240,000 |
| Share of comprehensive loss for the year | **(3,357,226)** | (2,777,940) |
| Balance as at 31 March | **(5,895,166)** | (2,537,940) |

# Notes to the consolidated financial statements

**For the year ended 31 March 2015 - continued**

## 19. Financial instruments' risk management objectives and policies

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework, including implementation and monitoring of these policies.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### 19.1 Credit risk

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations and arises principally from the company's receivables from customers.

The company's principal exposure to credit risk is in its trade and other receivables and loans to related parties. Trade receivables principally represent amounts owing to the company by their customers and credit risk is managed at that level. Credit evaluations are performed on all customers requiring credit over a certain amount. The company has no significant concentration of credit risk, with exposure spread over a large number of customers.

**Exposure to credit risk**

The carrying value of the company's financial assets represents its maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Trade receivables | **2,668,266** | 13,766,535 | **2,301,795** | 13,372,974 |
| Less: impairments | **(45,524)** | (34,758) | **(39,985)** | (34,758) |
| Other receivables | **2,783,316** | 1,306,742 | **431,232** | 630,143 |
| Due from related parties | **59,940** | 251,216 | **3,618,412** | 890,702 |
| Cash at bank and on hand | **17,061,727** | 1,544,154 | **15,722,191** | 863,273 |
| | **22,527,725** | 16,833,889 | **22,033,645** | 15,722,334 |

The maximum exposure to credit risk for trade receivables at the reporting date by type of receivables was:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Corporates | **1,756,172** | 13,338,272 | **1,472,173** | 13,036,467 |
| SME | **912,094** | 390,644 | **829,622** | 301,749 |
| Government and parastatals | - | 2,861 | - | - |
| | 2,668,266 | 13,731,777 | **2,301,795** | 13,338,216 |

# Notes to the consolidated financial statements

**For the year ended 31 March 2015 - continued**

**Exposure to credit risk - continued**

**Impairment losses**

The ageing of trade receivables at the reporting date was:

**The Group**

| | Gross 2015 GH¢ | Impairment Allowance 2015 GH¢ | Gross 2014 GH¢ | Impairment Allowance 2014 GH¢ |
|---|---|---|---|---|
| Not past due | 1,874,260 | - | 1,777,177 | - |
| Past due 0-30 days | 8,199 | - | 194,474 | - |
| Past due 31-60 days | 46,583 | - | 145,128 | - |
| Past due 61-90 days | 29,243 | - | 13,674 | - |
| Past due 91 days and above | 709,981 | 45,524 | 11,636,082 | 34,758 |
| | 2,668,266 | 45,524 | 13,766,535 | 34,758 |

**The Company**

| | Gross 2015 GH¢ | Impairment allowance 2015 GH¢ | Gross 2014 GH¢ | Impairment allowance 2014 GH¢ |
|---|---|---|---|---|
| Not past due | 1,522,176 | - | 1,427,640 | - |
| Past due 0-30 days | - | - | 157,701 | - |
| Past due 31-60 days | 46,583 | - | 142,704 | - |
| Past due 61-90 days | 29,243 | - | 13,136 | - |
| Past due 91 days and above | 703,793 | 39,985 | 11,631,793 | 34,758 |
| | 2,301,795 | 39,985 | 13,372,974 | 34,758 |

# Notes to the consolidated financial statements

**For the year ended 31 March 2015 - continued**

### 19.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company manages its cash position and future outflows on an ongoing daily basis. The company ensures that it has sufficient cash on demand to meet expected operational expenses and liabilities as they fall due.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements.

**31 March 2015**

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | **Carrying amount GH¢** | **Contractual cash flow GH¢** | **less than 6 months GH¢** | **Carrying amount GH¢** | **Contractual cash flow GH¢** | **less than 6 months GH¢** |
| Trade payables to related parties | **14,236,718** | **14,236,718** | **11,876,489** | **12,159,541** | **6,887,259** | **5,272,282** |
| Trade payables - others | **36,875,027** | **31,602,745** | **20,933,399** | **2,360,229** | **2,360,229** | - |
| Advances from customers | **2,549,821** | **2,549,821** | **2,003,727** | **546,094** | **546,094** | - |
| Accrued expenses | **2,576,685** | **2,576,685** | **1,685,473** | **891,212** | **891,212** | - |
| Sundry creditors | **1,207,652** | **1,207,652** | **1,011,570** | **196,082** | **196,082** | - |
| Long term loan | **10,522,086** | **10,522,086** | - | **10,522,086** | **10,522,086** | - |
| Short term liabilities | - | **63,098** | **63,098** | - | - | - |
| Bank overdraft | **22,162,395** | - | **22,162,395** | **22,162,395** | - | **22,162,395** |
| | **90,130,384** | **62,758,805** | **59,736,151** | **48,837,639** | **21,402,962** | **27,434,677** |

31 March 2014

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | Carrying amount GH¢ | Contractual cash flow GH¢ | less than 6 months GH¢ | Carrying amount GH¢ | Contractual cash flow GH¢ | less than 6 months GH¢ |
| Trade payables to related parties | 7,978,817 | 7,978,817 | 5,479,257 | 2,499,560 | 2,499,560 | - |
| Trade payables - others | 29,894,986 | 29,894,986 | 29,894,986 | 16,117,912 | 16,117,912 | 16,117,912 |
| Advances from customers | 1,581,908 | 1,581,908 | 1,581,908 | 23,153 | 23,153 | 23,153 |
| Accrued expenses | 2,507,875 | 2,507,875 | 2,507,875 | 576,979 | 576,979 | 576,979 |
| Sundry creditors | 758,538 | 758,538 | 758,538 | 514,844 | 514,844 | 514,844 |
| Short term loan | 469,103 | 526,693 | 526,693 | - | - | - |
| Bank overdraft | 16,221,821 | 16,221,821 | 4,569,600 | 16,221,821 | 16,221,821 | 4,569,600 |
| | 59,413,048 | 59,470,638 | 45,318,857 | 35,954,269 | 35,954,269 | 21,802,488 |

# Notes to the consolidated financial statements

**For the year ended 31 march 2015 - continued**

## 19.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates etc., will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

**Currency risk**

The risk that the fair value of future cash flows of a financial instrument will fluctuate due to the changes in the foreign exchange rates.

The company's exposure to foreign currency risk was as follows based on notional amounts:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **US$** | US$ | **US$** | US$ |
| Trade receivables | **809,908** | 4,587,292 | **358,383** | 4,585,647 |
| Foreign currency bank accounts | **4,313,006** | 248,373 | **4,060,693** | 119,139 |
| Bank overdraft | **(1,994,758)** | (5,963,905) | **(1,994,758)** | (5,963,905) |
| Short term loan | **-** | (172,464) | **-** | - |
| Long term loan | **(2,747,281)** | - | **(2,747,281)** | - |
| Advances from customers | **(294,758)** | (240,535) | **-** | - |
| Sundry creditors | **-** | (220,290) | **-** | - |
| Trade payables-Others | **(9,591,432)** | (10,974,629) | **(3 193 798)** | (5,916,114) |
| Loan to related parties | **-** | - | **790,000** | 890,000 |
| Due from related parties | **154,755** | 73,107 | **154,755** | 308,212 |
| Trade payables to related parties | **(3,652,543)** | (2,845,997) | **(551,633)** | (831,564) |
| Net balance sheet exposure | **(13,003,103)** | (15,509,048) | **(3,123,639)** | (6,808,585) |

The following exchange rates were applied during the year:

| **Ghana Cedi** | **Average rate** | | **Reporting date spot rate** | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| US$ 1 | **3.3040** | 2.0930 | **3.8300** | 2.7200 |

**Sensitivity analysis**

A 10 percent strengthening in the Ghana Cedi against the US Dollar would have increased equity and profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the year ended 31 March 2014.

**Effect in Ghana Cedis**

| | **The Group Profit/(loss) GH¢** | **The Company Profit/(loss) GH¢** |
|---|---|---|
| **31 March 2015** | | |
| US$ | **(4,980,189)** | **1,196,353** |
| 31 March 2014 | | |
| US$ | 4,218,461 | 1,851,935 |

A 10 percent weakening in the Ghana Cedi against the US Dollar at the reporting date and at 31 March 2014 would have had the equal but opposite effect on the basis that all other variables remain constant.

# Notes to the consolidated financial statements

**For the year ended 31 March 2015 - continued**

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates.

At the reporting date the interest rate profile of the company's interest-bearing financial instruments was:

| | The Group Carrying amount | | The Company Carrying amount | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| **Variable rate instruments** | | | | |
| Financial liabilities | **29,907,810** | 16,690,924 | **29,907,810** | 16,221,821 |

**Sensitivity analysis**

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The company had no fixed interest rate instruments at the reporting date and at 31 March 2014.

**Effect in Ghana Cedis**

| | The Group Profit or (loss) | | The Company Profit or (loss) | |
|---|---|---|---|---|
| | **100 basis point increase** | **100 basis point decrease** | **100 basis point increase** | **100 basis point decrease** |
| **31 March 2015** | | | | |
| Variable rate instruments | **(220,162)** | **220,162** | **(220,162)** | **220,162** |
| 31 March 2014 | | | | |
| Variable rate instruments | (101,957) | 101,957 | (98,777) | 98,777 |

**20. Contingent liabilities**

There were no contingent liabilities at the balance sheet date and at 31 March 2014.

**21. Staff strength**

The total number of employees as at 31 March 2015 for the Group -134 (2014: 138) and for the Company -83 (2014- 92).

**22. Exchange control**

All remittances outside Ghana are subject to the approval of the exchange control authorities.

**23. Warranties**

Warranty expenses include extended warranties granted to various customers during the year. Provision for warranties is not recognised as and when the underlying products are sold, as the cost of warranties is borne by the manufacturers of those products.

# Notes to the consolidated financial statements

**For the year ended 31 March 2015 - continued**

| **24. General, administrative and selling expenses** | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Audit fees | **162,882** | 99,510 | **122,882** | 79,510 |
| Bank charges | **337,219** | 191,452 | **136,578** | 101,051 |
| Communication expenses | **301,214** | 178,584 | **131,571** | 118,840 |
| Corporate social responsibility | **9,030** | 11,994 | **9,030** | 11,994 |
| Depreciation | **1,039,162** | 943,850 | **500,497** | 429,745 |
| Directors' fees | **10,350** | 10,836 | **10,350** | 10,836 |
| Donations & gifts | **6,500** | 7,310 | - | 5,110 |
| Entertainment expenses | **43,965** | 52,148 | **11,000** | 36,701 |
| Insurance expenses | **377,169** | 322,942 | **193,580** | 206,722 |
| Lease rental amortization expenses | **6,594** | 6,595 | **6,594** | 6,595 |
| Legal & professional charges | **489,504** | 731,698 | **203,594** | 190,203 |
| Amortization of intangible assets | **312,980** | 163,964 | **36,438** | 109,850 |
| Office expenses | **835,799** | 629,070 | **428,298** | 319,828 |
| Printing & stationery | **88,945** | 77,470 | **53,774** | 38,404 |
| Rent & rates | **2,280,379** | 1,622,452 | **853,360** | 439,125 |
| Salaries & wages | **224,100** | 3,186,525 | **224,100** | 1,415,319 |
| Sales promotion expenses | **1,423,747** | 895,157 | **220,719** | 288,470 |
| Security expenses | **328,752** | 265,904 | **202,632** | 160,505 |
| Staff costs | **6,557,681** | 1,442,555 | **3,714,435** | 1,442,555 |
| Sundry clearing & licensing expenses | - | 17,397 | - | 17,397 |
| Travelling expenses | **728,395** | 596,289 | **113,494** | 143,074 |
| Vehicle expenses | **343,072** | 253,174 | **343,072** | 261,356 |
| Warehousing expenses | **39,022** | 20,609 | **39,022** | 20,609 |
| Warranty cost - vehicles | **49,413** | 20,108 | - | (31,802) |
| Pre-incorporation expenses | - | 166,280 | - | - |
| Prior period expenses | - | 107,816 | - | - |
| Repair & maintenance | **201,236** | 83,721 | **123,326** | - |
| Workshop expenses | - | 57,380 | - | 57,380 |
| | **16,197,110** | 12,162,790 | **7,678,346** | 5,879,377 |