



## **Quantum Terminals Plc**

### **Report and Financial Statements 31 December 2021**

# **Report and financial statements**

**For the year ended 31 December 2021**

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# Quantum Terminals PLC

## Corporate information

For the year ended 31 December 2021

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**Board of directors:** Emmanuel Egyei-Mensah - *Executive Chairman*  
Felix Gyekye  
Kow Ainoo-Ansah  
Matilda Egyei-Mensah

**Registered office:** Plot No. 64A/28 – 32,  
Tema Industrial Area, Tema  
P. O. Box CT 4377  
Cantonments  
Accra

**Secretary:** Damaris Tanoh-Rivers  
E17/9 Ablade Road, Kanda  
P. O. Box CT 4377  
Cantonments  
Accra

**Auditor:** Deloitte & Touche  
Chartered Accountants  
Plot No. 71, North Dzorwulu  
Accra

**Bond trustees:** Guaranty Trust Bank Ghana Limited

**Bankers:** Stanbic Bank Ghana Limited  
Standard Chartered Bank Ghana Limited

## Report of the directors

### For the year ended 31 December 2021

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The Directors present their report and the financial statements of the Company for the year ended 31 December 2021.

#### **Directors' responsibility statement**

The Directors are responsible for the preparation of financial statements that give a true and fair view of Quantum Terminals PLC (QTPLC) comprising the statements of financial position as at 31 December 2021, and the statement of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992). In addition, the Directors are responsible for the preparation of the report of the Directors.

The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

#### **Nature of business/ principal activities**

The Company is registered to build, own and operate petroleum tank farms in Ghana, and also to process and blend petroleum products. There was no change in the nature of business of the Company during the year.

#### **Objectives of the company**

The objective(s) of the company is to construct and manage petroleum tank farms.

#### **Holding company**

The Company is a wholly owned subsidiary of The Quantum Terminals Group Limited, a company incorporated in Ghana. Its ultimate parent company is Arch Holding Limited.

#### **Subsidiaries of the company**

The Company does not directly or indirectly own any subsidiary as at 31 December 2021.

# Report of the directors - continued

For the year ended 31 December 2021

## Financial statements/ business review

The financial results for the year ended 31 December 2021 is reflected in the accompanying financial statements. The directors consider the state of the company's affairs to be satisfactory following improved performance over the previous year. The directors project a positive business outlook for the coming year.

## Five-year financial highlights

	2021	2020	2019	2018	2017
Operating results:	GH¢	GH¢	GH¢	GH¢	GH¢
Revenue	34,027,973	31,663,288	24,439,795	25,115,812	38,094,126
EBITDA	25,494,752	23,583,250	18,159,313	18,504,022	33,449,658
(Loss)/profit after tax	11,265,718	7,156,723	(2,277,874)	8,551,543	17,895,978
EPS	0.16	0.10	(0.03)	0.12	0.26
<b>Financial position</b>					
Property, Plant & Equipment	103,830,456	109,017,474	114,829,885	125,100,524	81,973,134
Other Non-Current	67,627,031	58,739,192	52,820,599	44,623,005	132,856,735
Current Assets	24,302,048	27,948,097	31,703,803	30,088,584	8,393,429
<b>Total Assets</b>	<b>195,759,535</b>	<b>195,704,763</b>	<b>199,354,287</b>	<b>199,812,113</b>	<b>223,223,298</b>
Non-current Liabilities	81,787,271	91,269,396	101,090,825	108,296,648	23,574,700
Current Liabilities	20,136,918	21,865,739	22,850,557	13,824,686	15,468,638
Equity	93,835,346	82,569,628	75,412,905	77,690,779	184,179,960
<b>Total Equity and Liabilities</b>	<b>195,759,535</b>	<b>195,704,763</b>	<b>199,354,287</b>	<b>199,812,113</b>	<b>223,223,298</b>

## Particulars of entries in the interests register during the financial year

No Director had any interest in contracts and proposed contracts with the Company during the year under review, hence there were no entries recorded in the Interests Register as required by 194(6), 195(1)(a) and 196 of the Companies Act 2019, (Act 992).

## Related party transactions

Related party transactions and balances are also disclosed in note 18 to the financial statements.

**Report of the directors - continued****For the year ended 31 December 2021****Corporate social responsibility and code of ethics**

QTPLC incurred a total expenditure of GH¢122,001 (2020:GH¢436,490) on its various corporate social responsibility (CSR) activities. The Company focus its CSR activities on educational improvement and community safety. The educational programmes include teacher motivation allowances, provision of learning materials, improvement of existing school buildings, provision of water and electricity for selected schools within the community. In the area of community safety, the Company engages at its own cost traffic wardens who directs the movement of LPG Bulk Road Vehicles and human traffic within the communities to ensure road safety. The company on regular basis undertakes community sensitization programs that create awareness of the impact of the company's operations on the community and the emergency management plan in the event of any adverse incident.

The company through a grant of US\$50,000 received from its lending partners (EAIF/Guarantco), also donated personal protective items for Covid -19 response activities to the community in year 2020. During the year 2021, the second tranche of the grant from EAIF/Guarantco was disbursed and received by QTPLC. However, the company is yet to utilize the grant for the COVID-19 CSR activities as at year end 2021.

**Board of directors' profiles**

<b>Executives</b>		
	<b>Qualification</b>	<b>Outside board and management position</b>
Emmanuel Egyei-Mensah	Master of Science degree in Business Administration from the University of Ghana, Legon. Member of the Institute of Chartered Accountants (Ghana) and the Chartered Institute of Taxation (Ghana)	Director on the Board of all related companies disclosed in Note 18
Kow Ainoo-Ansah	Bachelor of Commerce degree from the University of Cape Coast and an MBA, Finance degree	Director, Arch Holdings Limited, Arch Services Limited, Quantum LPG Logistics Limited, Quantum Oil Terminals limited
<b>Non-executive</b>		
Matilda Egyei-Mensah	Bachelor of Education in Social Science from the University of Cape Coast and a Masters in Healthcare Quality Improvement and Leadership Development from the University of Helsinki	Director, Arch Holdings Limited, Arch Services Limited, Quantum LPG Logistics Limited, Quantum Oil Terminals Limited
Felix Gyekye	Master of Science degree in Business Administration. Member of the Institute of Chartered Accountants (Ghana) and a fellow of the Association of Chartered Certified Accountants (United Kingdom)	Director, Cardinal Petroleum Limited. Director, Glory Oil Company Limited Director, Association of Oil Marketing Companies

## Report of the directors - continued

For the year ended 31 December 2021

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### Biographical information of directors

Age category	Number of directors
41 – 60 years	4

### Role of the board

The directors are responsible for the long-term success of the Company, determination of the strategic direction of the Company and review of the operating, financial and risk performance of the Company. There is a formal schedule of matters reserved for the board of directors, including approval of the Company's annual business plan, strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, all guarantees, treasury policies, the financial statements, the Company's dividend policy, transactions involving the issue or purchase of company shares, borrowing powers, appointments to the Board, alterations to the regulations, legal actions brought by or against the Company, and the scope of delegations to Board committees, subsidiary boards and the management committee.

Responsibility for the development of policy and strategy and operational management is delegated to the executive director and the management team, which as at the date of this report includes the executive director and five (5) senior managers.

### Internal control systems

The directors have overall responsibility for the Company's internal control systems and annually reviews their effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive director and other senior management. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. The directors have reviewed the effectiveness of the internal control systems, including controls related to financial, operational and reputational risks identified by the Company as at the reporting date and no significant failings or weaknesses were identified during this review.

### Directors' performance evaluation

Every year the performance and effectiveness of the Board of Directors ("the Board"), its committees and individual directors are evaluated. The results of the evaluation is shared with all members of the Board. Overall, it was noted that the board of directors and its committees were operating in an effective manner and performing satisfactorily, with no major issues identified.

### Conflict of interest

The Company has established appropriate conflict authorisation procedures, whereby actual or potential conflicts are regularly reviewed and authorisations sought as appropriate. During the year, no such conflicts arose and no such authorisations were sought.

### Board balance and independence

The composition of the board of directors and its Committees is regularly reviewed to ensure that the balance and mix of skills, independence, knowledge and experience is maintained.

## **Report of the directors - continued**

**For the year ended 31 December 2021**

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The Board considers that the Chairman is independent on appointment and all non-Executive Directors are independent as it pertains to the management of the company. The continuing independent and objective judgement of the non-Executive Directors has been confirmed by the Board of Directors

### **Professional development and capacity building of directors to discharge their duties**

On appointment to the Board, directors are provided with a full, formal and tailored programme of induction, to familiarise them with the Company's business, the risks and strategic challenges it faces, and the economic, competitive, legal and regulatory environment in which the Company operates.

A programme of strategic and other reviews during the year, together with other trainings provided from time to time, ensures that directors continually update their skills, their knowledge and familiarity with the Company's business, and their awareness of sector, risk, regulatory, legal, financial and other developments to enable them to fulfil effectively their role on the Board and committees of the Board.

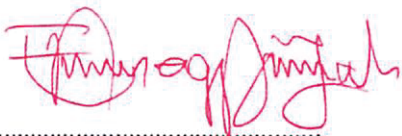
### **Auditors and audit fees**

Messrs. Deloitte & Touche have indicated their willingness to remain in office as auditors of the company in accordance with Section 139 of the Companies Act, 2019 (Act 992).

The Directors have agreed an audit fee of GH¢158,000 with the auditors for the 2021 audit (2020: GH¢115,000).

### **Approval of the financial statements**

The financial statements were approved by the board of directors on .....<sup>25th April</sup>....., 2022 and signed on their behalf by:



.....  
**Emmanuel Egyei-Mensah**  
**(Executive Chairman)**

**Date:** 25th April, 2022



.....  
**Kow Aino-Ansah**  
**(Director)**

**Date:** 25th April, 2022

## Independent auditor's report To the members of Quantum Terminals PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Quantum Terminals PLC, set out on pages 13 to 61, which comprise the statement of financial position at 31 December 2021 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory disclosures.

In our opinion, the financial statements give a true and fair view of the financial position of Quantum Terminals PLC as at 31 December 2021, and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2019 (Act 992).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Ghana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of financial statements in Ghana.

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

#### Key Audit Matters

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



CLASSIFICATION: CONFIDENTIAL

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# Independent auditor's report

## To the members of Quantum Terminals PLC

The key audit matter noted below relate to the financial statements.

Key audit matter: Revenue	How our audit addressed the key audit matter
<p>The total revenue for the year was GH¢34 million.</p> <p>The Company generates revenue from storage service and rack loading services. The Company depends solely on a related party, for all its revenues.</p> <p>The relationship between the Company and its related party poses an opportunity for management to inappropriately recognise revenue to show a favourable financial performance.</p> <p>Given the significance of the amount generated as revenue from the related party, who is also a sole customer, we consider recognition of revenue as a key audit matter.</p>	<p>We performed the following audit procedures in testing revenue.</p> <p>We evaluated the design and tested the implementation and operating effectiveness of relevant controls over revenue.</p> <p>Agreed underlying documents in support of revenue to the recorded amount in the general ledger.</p> <p>Perform further procedures to ensure revenue was complete and accurate.</p> <p>Performed procedures to ensure revenue was recorded in the appropriate accounting period.</p> <p>Based on the procedures described above, we found the revenue balance to be reasonable.</p>

### Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# **Independent auditor's report**

## **To the members of Quantum Terminals PLC**

### **Responsibilities of the Directors for the Financial Statements**

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992), and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## **Independent auditor's report**

### **To the members of Quantum Terminals PLC**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the Seventh Schedule of the Companies Act, 2019 (Act 992) we expressly state that:

1. We have obtained the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
2. In our opinion:
  - proper books of accounts have been kept by the Company, so far as appears from our examination of those books.
  - the information and explanations given to us, were in the manner required by the Companies Act, 2019 (Act 992) and give a true and fair view of the:
    - a. statement of financial position of the Company at the end of the financial year, and
    - b. statement of comprehensive income for the financial year.

## Independent auditor's report To the members of Quantum Terminals PLC

3. The Company's statement of financial position and statement of comprehensive income are in agreement with the accounting records and returns.
4. We are independent of the Company, pursuant to Section 143 of Act 992.

The engagement partner on the audit resulting in this independent auditor's report is **Emmanuel Martey (ICAG/P/1476)**.

*Deloitte & Touche*

For and on behalf of Deloitte & Touche (ICAG/F/2022/129)  
Chartered Accountants  
The Deloitte Place, Plot No.71  
Off George Walker Bush Highway  
North Dzorwulu  
Accra - Ghana

*28th April* ..... 2022

# Quantum Terminals PLC

## Statement of comprehensive income

For the year ended 31 December 2021

	Note	2021 GH¢	2020 GH¢
Revenue	6	34,027,973	31,663,288
Direct costs	7	<u>(9,738,292)</u>	<u>(9,579,450)</u>
<b>Gross profit</b>		<b>24,289,681</b>	<b>22,083,838</b>
Other income	8	2,870,194	1,407,323
General and administrative expenses	9(a)	<u>(10,761,363)</u>	<u>(9,550,995)</u>
Impairment (loss)/reversal on trade receivables	20(i)	<u>11,928</u>	<u>(19,232)</u>
<b>Operating profit</b>		<b>16,410,440</b>	<b>13,920,934</b>
Impairment /(loss)/ reversal on trade receivables	20(i)	<u>(76,646)</u>	<u>(51,040)</u>
Net finance costs	10	<u>(3,110,539)</u>	<u>(7,209,675)</u>
<b>Profit before tax</b>		<b>13,223,255</b>	<b>6,660,219</b>
Income tax charge	11(a)	<u>(1,957,537)</u>	<u>496,504</u>
<b>Profit after tax</b>		<b><u>11,265,718</u></b>	<b><u>7,156,723</u></b>
<b>Other Comprehensive income</b>			
Items that may not be reclassified to profit or loss			
Revaluation of property, plant and equipment	19(c)	-	-
Related tax	11(d)	-	-
		<u>-</u>	<u>-</u>
<b>Total Comprehensive income for the year</b>		<b><u>11,265,718</u></b>	<b><u>7,156,723</u></b>
<b>Earnings per share</b>			
Basic earnings per share	21	<u>0.16</u>	<u>0.10</u>
Diluted earnings per share	21	<u>0.16</u>	<u>0.10</u>
<b>EBITDA</b>	22(a)	<b><u>25,494,752</u></b>	<b><u>23,583,250</u></b>

The notes on pages 18 to 61 are an integral part of these financial statements.

# Quantum Terminals PLC

## Statement of financial position

As at 31 December 2021

	Note	2021 GH¢	2020 GH¢
<b>Assets</b>			
Property, plant and equipment	12	103,830,456	109,017,474
Amount due from related parties	18(c)(ii)	<u>67,627,031</u>	<u>58,739,192</u>
<b>Non-current assets</b>		<u>171,457,487</u>	<u>167,756,666</u>
Inventories	13	28,528	210
Trade and other receivables	14(a)	5,532,506	6,777,967
Other assets	14(b)	10,354,335	9,578,356
Cash and cash equivalents	15	<u>8,386,679</u>	<u>11,591,564</u>
<b>Current assets</b>		<u>24,302,048</u>	<u>27,948,097</u>
<b>Total assets</b>		<u>195,759,535</u>	<u>195,704,763</u>
<b>Equity</b>			
Share capital	19(a)	70,000,000	70,000,000
Deposit for shares	19(b)	47,292,758	47,292,758
Revaluation reserve	19(c)	47,855,713	52,733,860
Retained earnings	19(d)	<u>(71,313,125)</u>	<u>(87,456,990)</u>
<b>Total equity</b>		<u>93,835,346</u>	<u>82,569,628</u>
<b>Liabilities</b>			
Deferred tax liability	11(d)	21,506,683	21,343,027
Loans and borrowings	16	<u>60,280,588</u>	<u>69,926,369</u>
<b>Non-current Liabilities</b>		<u>81,787,271</u>	<u>91,269,396</u>
Loans and borrowings	16	15,135,663	15,238,745
Trade and other payables	17	2,004,368	3,093,609
Amount due to related parties	18(c)(i)	1,406,623	530,035
Current tax liabilities	11(b)	<u>1,590,264</u>	<u>3,003,350</u>
<b>Current liabilities</b>		<u>20,136,918</u>	<u>21,865,739</u>
<b>Total liabilities</b>		<u>101,924,189</u>	<u>113,135,135</u>
<b>Total equity and liabilities</b>		<u>195,759,535</u>	<u>195,704,763</u>

.....  
Emmanuel Egyei – Mensah  
(Executive Chairman)

Date: 25th April, 2022

.....  
Know Aino - Ansah  
(Director)

Date: 25th April, 2022

The notes on pages 18 to 61 are an integral part of these financial statements.

## Quantum Terminals PLC

# Statement of changes in equity

For the year ended 31 December 2021

31 December 2021

	Stated Capital GH¢	Deposit for Shares GH¢	Revaluation Reserve GH¢	Retained Earnings GH¢	Total GH¢
Balance at 1 January	<u>70,000,000</u>	<u>47,292,758</u>	<u>52,733,860</u>	<u>(87,456,990)</u>	<u>82,569,628</u>
<b>Total Comprehensive Income Profit for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,265,718</u>	<u>11,265,718</u>
<b>Total Comprehensive Income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,265,718</u>	<u>11,265,718</u>
<b>Transfers within equity</b>					
Transfer to retained earnings for excess depreciation on Revalued property, plant and equipment	<u>-</u>	<u>-</u>	<u>(4,878,147)</u>	<u>4,878,147</u>	<u>-</u>
<b>Total transfers within equity</b>	<u>-</u>	<u>-</u>	<u>(4,878,147)</u>	<u>4,878,147</u>	<u>-</u>
<b>Balance at 31 December 2021</b>	<u>70,000,000</u>	<u>47,292,758</u>	<u>47,855,713</u>	<u>(71,313,125)</u>	<u>93,835,346</u>

## Quantum Terminals PLC

# Statement of changes in equity - continued

For the year ended 31 December 2021

31 December 2020

	Stated Capital GH¢	Deposit for Shares GH¢	Revaluation Reserve GH¢	Retained Earnings GH¢	Fair value Reserve GH¢	Total GH¢
Balance at 1 January	<u>70,000,000</u>	<u>47,292,758</u>	<u>58,159,327</u>	<u>35,452,197</u>	<u>(135,491,377)</u>	<u>75,412,905</u>
<b>Total Comprehensive Income Loss for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,156,723</u>	<u>-</u>	<u>7,156,723</u>
<b>Total Comprehensive Income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,156,723</u>	<u>-</u>	<u>7,156,723</u>
<b>Transfers within equity</b>						
Transfer to retained earnings for excess depreciation on Revalued property, plant and equipment	-	-	(5,425,467)	5,425,467	-	-
Transfer to retained earnings for unwinding of related party receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>(135,491,377)</u>	<u>135,491,377</u>	<u>-</u>
<b>Total transfers within equity</b>	<u>-</u>	<u>-</u>	<u>(5,425,467)</u>	<u>(130,065,910)</u>	<u>-</u>	<u>-</u>
<b>Balance at 31 December 2020</b>	<u>70,000,000</u>	<u>47,292,758</u>	<u>52,733,860</u>	<u>(87,456,990)</u>	<u>-</u>	<u>82,569,628</u>

The notes on pages 18 to 61 are an integral part of these financial statements.

# Quantum Terminals PLC

## Statement of cash flows

For the year ended 31 December 2021

		2020 GH¢	2019 GH¢
<b>Cash flows from operating activities</b>	<b>Note</b>		
Profit after tax		<b>11,265,718</b>	7,156,723
Adjustments for:			
Depreciation	12	<b>9,096,240</b>	9,643,084
Tax expense	11(a)	<b>1,957,537</b>	(496,504)
Impairment loss/ (reversal) on trade receivables	20(i)	<b>(11,928)</b>	19,232
Loss on impairment of related party receivables	20(i)	<b>76,646</b>	51,040
Finance cost	10	<b>13,870,718</b>	16,645,070
Imputed interest on related party receivables	10	<b>(9,992,175)</b>	(8,669,764)
Gain on disposal of property, plant and equipment		-	(154,823)
Effect of movement in exchange rates on cash held		<b>936,870</b>	<b>751,724</b>
		<b>27,199,626</b>	24,945,782
Changes in working capital:			
Inventories	13	<b>(28,318)</b>	15,586
Trade and other receivables	14	<b>1,257,389</b>	(2,455,954)
Other assets	14(b)	<b>(775,979)</b>	(702,271)
Trade and other payables	17	<b>(1,089,241)</b>	382,586
Amount due to related parties	18(c)(i)	<b>876,588</b>	<b>(182,896)</b>
<b>Cash from operating activities</b>		<b>27,440,065</b>	22,002,833
Tax paid	11(b)	<b>(3,206,967)</b>	(348,224)
Interest paid		<b>(13,112,618)</b>	<b>(16,263,343)</b>
<b>Net cash generated from operating activities</b>		<b>11,120,480</b>	<b>5,391,266</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	12	<b>(3,909,222)</b>	(4,300,055)
Proceeds from disposal of PPE		-	624,206
Funds received from related parties	18(b)	<b>1,027,690</b>	<b>2,700,131</b>
<b>Net cash used in investing activities</b>		<b>(2,881,532)</b>	<b>(975,718)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	16(c)	<b>(11,443,833)</b>	(11,194,781)
Payment on lease liabilities		-	(99,880)
<b>Net cash (used in) financing activities</b>		<b>(11,443,833)</b>	<b>(11,294,661)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(3,204,885)</b>	(6,879,113)
Cash and cash equivalents at 1 January		<b>11,591,564</b>	<b>18,470,677</b>
<b>Cash and cash equivalents at 31 December</b>	15	<b>8,386,679</b>	<b>11,591,564</b>

The notes on pages 18 to 61 are an integral part of these financial statements.

## Notes to the financial statements

For the year ended 31 December 2021

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### 1. Reporting entity

Quantum Terminals PLC is incorporated in Ghana under the Companies Act 1963 (Act 179), replaced by the Companies Act, 2019 (Act 992) as a Public Limited Company and is domiciled in Ghana. The address of the company's registered office and principal place of business can be found on page 2 of the report. The company is primarily involved in the construction, ownership and operation of petroleum tank farms in Ghana and also in the processing and blending of petroleum products.

The Company has issued a bond that is listed on the Ghana Stock Exchange.

### 2. Basis of preparation

#### a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992).

#### b. Basis of measurement

These financial statements have been prepared on the historical cost basis except for some classes of property, plant and equipment which are measured on revaluation basis and some financial instruments which are carried at fair value.

#### c. Functional and presentation currency

These financial statements are presented in Ghana cedis (GH¢) which is the company's functional currency. All amounts have been rounded to the nearest Ghana cedi, unless otherwise indicated.

#### d. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Estimates and underlying assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements 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 recognized in the period in which the estimates are 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.

# **Notes to the financial statements**

**For the year ended 31 December 2021**

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**d. Use of estimates and judgments (Cont'd)**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities in the year ending 31 December 2021 is set out below and in the following note:

Note 20(i) – measurement of expected credit loss allowance for trade receivables and amount due from related parties; key assumptions in determining the weighted-average loss rate.

Note 12- determining the fair value of some classes of property, plant and equipment.

**3. Changes in significant accounting policies**

The Company changed its policy on the duration for revaluation of its fixed non-current asset. Revaluation of fixed non-current assets will be performed and recognized every five (5) years, a change from three (3). This was effective from the financial year 2021.

**4. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except if mentioned otherwise.

**(a) Foreign currency transactions**

Transactions in foreign currencies are translated into the functional currency (GH¢) of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates prevailing on the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency gains and losses are reported on a net basis under general and administrative expenses or other income. However, net foreign exchange gains on loans and borrowings are recognized as part of the net finance cost.

# **Notes to the financial statements**

**For the year ended 31 December 2021**

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**(b) Financial instruments**

**(i) Recognition and initial measurement**

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**(ii) Classification and subsequent measurement**

*Financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI- equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes

its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;  
and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

# **Notes to the financial statements**

**For the year ended 31 December 2021**

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**(ii) Classification and subsequent measurement (cont'd)**

*Financial assets - Business model assessment*

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice.  
These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

*Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment. 'principal' is defined as the fair -value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time -value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

## Notes to the financial statements

For the year ended 31 December 2021

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A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### *Financial assets – Subsequent measurement and gains and losses*

Financial assets at amortized cost – These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

### *Financial liabilities - Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost. The Company's financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### **(iii) Derecognition**

#### *Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

#### *Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### **(iv) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

# **Notes to the financial statements**

**For the year ended 31 December 2021**

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## **(c) Impairment**

### ***(i) Non-derivative financial assets***

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for amounts due from related parties which are measured at 12-month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

### ***Measurement of ECLs***

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

### ***Credit-impaired financial assets***

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

# **Notes to the financial statements**

**For the year ended 31 December 2021**

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Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties

## *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## *Write-off*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

## *(ii) Non-financial assets*

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax asset) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. 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 amortization, if no impairment loss had been recognized.

## **(d) Property, Plant and Equipment**

### *(i) Recognition and measurement*

Property, plant and equipment are carried at revalued amounts less subsequent accumulated depreciation and any accumulated impairment except for motor vehicles which are carried at cost less accumulated depreciation and any accumulated impairment. The fair values are determined every three (3) years by external, independent, professional valuers. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

## Notes to the financial statements

For the year ended 31 December 2021

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An increase in the carrying amount of the asset as a result of revaluation is recognized in other comprehensive income and accumulated in equity under revaluation reserve.

However, a decrease in the carrying amount of the asset as a result of revaluation is recognized in profit or loss. The decrease is recognized in other comprehensive to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

Subsequent to revaluation, relevant portions of the revaluation reserve is transferred to retained earnings as the asset is depreciated, with the balance being transferred on ultimate disposal.

The cost of self-constructed assets includes the cost of materials and direct labour, capitalised borrowing costs and any other costs directly attributable to bringing the asset into a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives they are accounted for as separate items (major components) of property, plant, and equipment.

Any gain or loss on the disposal of an item of property, plant and equipment is recognized in profit or loss

### *(ii) Subsequent costs*

The cost of replacing part of an item of plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss, as incurred.

### *(iii) Depreciation*

Depreciation is calculated over the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives of the right of use assets. Owned undeveloped land is not depreciated

The estimated useful lives for the current and comparative periods are as follows:

Buildings	-	50 years
Right of Use Assets	-	2-50 years
Motor Vehicles	-	3 years
Furniture and Fittings	-	2-5 years
Civil Works	-	50 years
Plant and Machinery	-	2-25 years

Depreciation methods, useful lives, and residual values are reassessed at each reporting date and adjusted if appropriate.

### **(e) Leases**

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in Note 3.

# **Notes to the financial statements**

**For the year ended 31 December 2021**

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***Policy applicable from 1 January 2019***

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of identified asset- this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into or changed, on or after 1 January 2019.

***The Company as a Lessee***

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognises a right-of-use asset and a lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs attributable to the lease contract and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

## Notes to the financial statements

**For the year ended 31 December 2021**

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The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise of:

- Fixed repayment, including in-substance fixed payments
- The effects of prepayments or rent-free periods
- Contractually-stipulated increases in rent payments
- Lease payments in an optional renewal period if the Company is reasonably certain to exercise an exercise option.

The lease liability is measured at amortised cost using the effective interest method. A re-measurement of the lease liability and right-of-use asset is required under the following circumstances:

- (a) A change in future lease payment amount due to a market rent review;
- (b) A change in fixed future lease payment amount due to rent being linked to an inflation index;
- (c) A change in expected lease term (e.g. no longer expect to exercise extension option or now expect to exercise an early termination option).

When the lease liability is re-measured in this way, a corresponding adjustment is made to the current amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use asset in property and equipment and lease liabilities in trade and other liabilities in the statement of financial position.

### *Short term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases of property that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### **Policy applicable before 1 January 2019**

#### *The Company as a Lessee*

The leases entered into by the Company are primarily operating leases. The total payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Where the Company is a lessee under finance leases, the leased assets are capitalized and included in property and equipment with a corresponding liability to the lessor recognised in other liabilities.

Financing charges payable are recognised over the period of the lease based on the interest rate implicit in the lease to give a constant periodic rate of return.

# **Notes to the financial statements**

**For the year ended 31 December 2021**

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**(f) Revenue from contract with customer**

Revenue is recognised when the customer obtains control of the fuel storage service provided by the company over time. Revenue is recognised based on the stage of completion. The stage of completion for determining the amount of revenue to recognise is assessed based on the quantity of LPG stored in their facility.

Revenue is measured at the fair value of the consideration received or receivable, net of sales taxes, discounts, and other similar deductions.

**(g) Income tax**

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

*Current tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

*Deferred tax*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

# **Notes to the financial statements**

**For the year ended 31 December 2021**

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## **(h) Segment reporting**

A segment is a distinguishable component of the company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

## **(i) Employee benefits**

### **Short term benefits**

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the company has a present legal and constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **Defined contributions plans (Social Security)**

Under a National Pension Scheme, the company contributes 13% of employees' basic salary to the Social

Security and National Insurance Trust (SSNIT) for employee pensions under the terms of the Pension Act 2008 (Act 766). The company's obligation is limited to the relevant contributions, which have been provided in these financial statements. The pension liabilities and obligations, however, rest with SSNIT.

## **(j) Finance income and finance cost**

The Company's finance income and finance cost includes interest income on funds invested or held in bank accounts, interest expenses on borrowings, foreign currency gain or loss on borrowings, bank charges and unwinding of day-one gains or losses arising on fair value measurement

Interest income and expense is recognised, as it accrues in profit or loss, using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

## **(k) Earnings per share**

The company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## Notes to the financial statements

For the year ended 31 December 2021

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### **(l) Stated capital**

#### *Ordinary shares*

Proceeds from issue of ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from stated capital.

### **(m) Subsequent events**

Events subsequent to the reporting date are reflected only to the extent that they relate directly to the financial statements and the effect is material.

### **(n) Operating profit**

Operating profit is the result generated from the continuing principal revenue-producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

### **(o) Capital work in progress**

Property, plant and equipment under construction is stated at cost. Property, plant and equipment under construction are depreciated from the date the asset is made available for use over its estimated useful life. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

### **(p) New standards and interpretations adopted**

The company adopted the following new standards effective 1 January, 2020 :

Standard/Interpretation		Effective date Periods beginning on or after
Conceptual Framework	Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
IAS 1 and IAS 8	Definition of Material	1 January 2020

# **Notes to the financial statements**

**For the year ended 31 December 2021**

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## ***Amendments to References to Conceptual Framework in IFRS Standards***

### ***Conceptual Framework***

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

Although we expect this to be rare, some companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

The Company does not intend to use the Framework as a reference for selecting its accounting policies in the absence of specific IFRS requirements and therefore does not expect this to impact the Company significantly.

### ***Definition of Material (Amendments to IAS 1 and IAS 8)***

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality and would, therefore, not have a significant impact on the Company.

## Notes to the financial statements

For the year ended 31 December 2021

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### 5. Determination of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If transaction is with the Shareholder, then the difference between the transaction price and the fair value is recognised directly in equity.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

Some of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The Company regularly reviews significant unobservable inputs and valuation adjustments. When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in the fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset and liability that are not based on observable market data (unobservable inputs).

# **Notes to the financial statements**

**For the year ended 31 December 2021**

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If inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognized transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in determining fair values is included in note 20 financial instrument – fair value and risk management.

# Notes to the financial statements

For the year ended 31 December 2021

## 6. Revenue

	2021 GH¢	2020 GH¢
<b>Throughput Fees:</b>		
Storage services	2,603,853	2,284,772
Rack loading Service	<u>3,645,394</u>	<u>3,198,681</u>
	6,249,247	5,483,453
<b>Other Revenue</b>		
Premium charge	<u>27,778,726</u>	<u>26,179,835</u>
	<u>34,027,973</u>	<u>31,663,288</u>

\*\*This relates to a charge made against its customer, Sage Distribution Limited (a related party) above NPA's comparative charges by operators in other locational zones of US\$12/MT. This additional charge is applicable to customers to cover the high cost and risk associated with the construction of the facility in its location.

## 7. Direct costs

	2021 GH¢	2020 GH¢
Utilities	157,389	194,190
Staff costs (Note 9b)	2,105,122	1,690,500
Depreciation of plant and machinery	<u>7,475,781</u>	<u>7,694,760</u>
	<u>9,738,292</u>	<u>9,579,450</u>

## 8. Other income

	2021 GH¢	2020 GH¢
Residual gas	2,100,520	865,265
Net foreign exchange gain	416,669	72,777
Gain on disposal	35,000	154,823
Income from sale of scrap	-	25,000
Grant	293,005	289,458
Hiring/ Rental fees	<u>25,000</u>	<u>-</u>
	<u>2,870,194</u>	<u>1,407,323</u>

**Notes to the financial statements****For the year ended 31 December 2021****9(a). General and administrative expenses**

	<b>2021</b>	<b>2020</b>
	<b>GH¢</b>	<b>GH¢</b>
Staff costs (Note 9b)	<b>2,382,326</b>	1,524,748
Advertising and promotions	<b>700</b>	18,263
Consultancy services	<b>662,226</b>	757,862
Donations	<b>100,700</b>	117,120
IT service charge	<b>574,693</b>	635,042
Rent and rates	<b>124,617</b>	83,728
Repairs and maintenance	<b>541,975</b>	346,459
Utilities	<b>223,067</b>	110,293
Auditor's remuneration	<b>158,000</b>	115,000
Corporate social responsibility	<b>122,001</b>	436,490
Communication services	<b>37,928</b>	29,390
Travel and accommodation expenses	<b>193,376</b>	196,574
Freight & Clearing Charges	<b>16,605</b>	-
Security expenses	<b>351,542</b>	341,236
Insurance expenses	<b>220,207</b>	211,851
Fuel expenses	<b>118,680</b>	78,748
Bad debts	<b>-</b>	35,386
Tax charges and penalties*	<b>524,990</b>	-
Other expenses (Note 9c)	<b>2,296,677</b>	2,191,592
Health and safety	<b>271,589</b>	212,556
Depreciation	<b>1,620,459</b>	1,948,324
Licenses and fees	<b><u>219,005</u></b>	<b><u>160,333</u></b>
	<b><u>10,761,363</u></b>	<b><u>9,550,995</u></b>

The tax authorities carried out a tax audit relating to 2018 to 2020 years of assessment. The audit resulted in an additional tax liability of GH¢584,549 relating to VAT, PAYE, NHIL/GETFUND and Withholding liability of GH¢524,990, PAYE and corporate tax liability of GH¢59,559. These additional liabilities have been incorporated into the 2021 financial statements. There was no tax audit for the year 2021 year of assessment.

# Quantum Terminals PLC

## Notes to the financial statements

For the year ended 31 December 2021

### 9(b). Staff costs

	2021 GH¢	2020 GH¢
Staff bonus	209,736	143,853
Other Staff Allowances	29,230	-
Staff training and development	23,652	3,084
Salaries and wages	3,516,555	2,591,965
Social security contribution	183,529	124,122
Meals and canteen	<u>524,746</u>	<u>352,224</u>
Total staff cost	<u>4,487,448</u>	<u>3,215,248</u>
Direct staff cost	2,105,122	1,690,500
Indirect staff cost	<u>2,382,326</u>	<u>1,524,748</u>
	<u>4,487,448</u>	<u>3,215,248</u>

The number of persons employed by the Company at the end of the year was 72 (2020: 57).

### 9(c) Other expenses

	2021 GH¢	2020 GH¢
General office expenses	378,189	290,131
Group cost recovery expense	1,869,228	1,869,228
Office supplies and consumables	<u>49,260</u>	<u>32,233</u>
	<u>2,296,677</u>	<u>2,191,592</u>

### 10. Net finance costs

	2021 GH¢	2020 GH¢
Bank charges	(22,096)	(32,970)
GFIM bond interest and charges	(9,479,547)	(10,817,005)
EAIF loan interest and charges	(3,979,461)	(5,054,300)
Net exchange loss on borrowings	<u>(389,614)</u>	<u>(740,795)</u>
Finance cost	<u>(13,870,718)</u>	<u>(16,645,070)</u>
Interest income	<u>768,004</u>	<u>765,631</u>

### 10a. Day '1' valuation gains / (loss)

Fair value of related party loan	<u>9,992,175</u>	<u>8,669,764</u>
Total	<u>(3,110,539)</u>	<u>(7,209,675)</u>

# Notes to the financial statements

For the year ended 31 December 2021

## 11. Taxation

	2021 GH¢	2020 GH¢
<b>Amount recognized in profit or loss</b>		
<i>Current tax expense</i>		
Current year	1,744,177	-
Changes in estimate from prior year	<u>49,704</u>	<u>-</u>
	<b>1,793,881</b>	<b>-</b>
Deferred tax charge - Note 11(d)	<u>163,656</u>	<u>(496,504)</u>
	<b><u>1,957,537</u></b>	<b><u>(496,504)</u></b>

### (b) Current tax liabilities

2021	Balance at 1 Jan GH¢	Payments during the year GH¢	Charge for the year GH¢	Balance at 31 Dec GH¢
Up to 2019	3,003,350	(3,003,350)	-	-
2020		(49,704)	49,704	-
2021	<u>-</u>	<u>(153,915)</u>	<u>1,744,177</u>	<u>1,590,264</u>
	<b><u>3,003,350</u></b>	<b><u>(3,206,969)</u></b>	<b><u>1,793,881</u></b>	<b><u>1,590,264</u></b>
<b>2020</b>				
	Balance at 1 Jan GH¢	Payments during the year GH¢	Charge for the year GH¢	Balance at 31 Dec GH¢
Up to 2018	3,401,574	-	-	3,401,574
2019	(50,000)	-	-	(50,000)
2020	<u>-</u>	<u>(348,224)</u>	<u>-</u>	<u>(348,224)</u>
	<b><u>3,351,574</u></b>	<b><u>(348,224)</u></b>	<b><u>-</u></b>	<b><u>3,003,350</u></b>

# Notes to the financial statements

**For the year ended 31 December 2021**

The above tax position is subject to agreement with the Ghana Revenue Authority (GRA).

**(c) Reconciliation of effective tax rate**

	2021 GH¢	2020 GH¢
Profit/(loss) before taxation	<u>13,223,255</u>	<u>6,660,219</u>
Income tax using the statutory rate of 25%	<b>3,305,814</b>	1,665,055
Effect of non-deductible expenses/allowable expense	<b>948,140</b>	54,816
Effect of non-taxable income	<b>(2,509,776)</b>	(2,167,441)
Changes in estimates related to prior years	<u>49,704</u>	-
Tax charge	<u><b>1,793,882</b></u> (14%)	<u><b>(447,570)</b></u> (7%)

**(d) Deferred tax liability**

	2021 GH¢	2020 GH¢
Balance at 1 January	<b>21,343,027</b>	21,839,531
Charge to profit or loss	<b>163,656</b>	(496,504)
Charge to other comprehensive income	<u>-</u>	<u>-</u>
Balance at 31 December	<u><b>21,506,683</b></u>	<u><b>21,343,027</b></u>

**(e) Movement in deferred tax liabilities**

Deferred tax liabilities are attributable to the following

<b>31 December 2021</b> <b>Deferred Tax</b> <b>(Assets)/Liabilities</b>	<b>Net Balance</b> <b>At 1 Jan</b> <b>GH¢</b>	<b>Recognised in</b> <b>profit and loss</b> <b>GH¢</b>	<b>Recognised</b> <b>in OCI</b> <b>GH¢</b>	<b>Balance at</b> <b>31/12</b> <b>GH¢</b>
Property, plant and equipment	<b>23,483,093</b>	(1,976,410)	-	21,506,683
Carried forward losses	<u><b>(2,140,066)</b></u>	<u>2,140,066</u>	<u>-</u>	<u>-</u>
	<u><b>21,343,027</b></u>	<u>163,656</u>	<u>-</u>	<u><b>21,506,683</b></u>

Recognition of deferred tax assets of was utilized in the 2021 year of assessment.

# Notes to the financial statements

For the year ended 31 December 2021

31 December 2020 Deferred Tax (Assets)/Liabilities	Net Balance At 1/1	Recognised in Profit and Loss	Recognised in OCI	Balance at 31/12
	GH¢	GH¢	GH¢	GH¢
Property, plant and equipment	23,454,817	28,276	-	23,483,093
Carried forward losses	<u>(1,615,286)</u>	<u>(524,780)</u>	<u>-</u>	<u>(2,140,066)</u>
	<u>21,839,531</u>	<u>(496,504)</u>	<u>-</u>	<u>21,343,027</u>

Recognition of deferred tax assets of GH¢524,780 (2020: GH¢1,615,286) is based on management's profit forecasts, (which are based on the available evidence, including historical levels of profitability), which indicates that it is probable that the Company will have future taxable profits against which these assets can be utilised.

## (f) Tax losses carried forward

Tax losses for which no deferred tax asset was recognised expire as follows.

Date	2021 GH¢	Expiry Date	2020 GH¢	Expiry Date
Losses carried forward	-	-	524,780	2020-2022

QTPLC incurred tax losses which we expect to recover within three years based on the Income Tax Act, 2015 (Act 895) which stipulates that a person operating in a sector other than a priority sector is allowed to deduct an unrelieved loss for any of the three (3) previous years of assessment in ascertaining the person's income from business or from investment for a year of assessment.

## Quantum Terminals PLC

# Notes to the financial statements

For the year ended 31 December 2021

### 12. Property, plant and equipment

31 December 2021

Cost/Valuation

	Land and Building GH¢	Civil Works GH¢	Motor Vehicles GH¢	Office Equipment GH¢	Plant and Machinery GH¢	Capital work- in-Progress GH¢	Total GH¢
At 1 Jan 2021	16,171,385	45,287,235	997,532	1,066,153	62,707,098	5,470,009	131,699,412
Additions	15,255	1,073,593	275,236	142,977	1,923,866	478,295	3,909,222
Disposals	-	-	-	-	-	-	-
Transfers	-	1,642,730	-	-	2,310,452	(3,953,182)	-
At 31 Dec 2021	<u>16,186,640</u>	<u>48,003,558</u>	<u>1,272,768</u>	<u>1,209,130</u>	<u>66,941,416</u>	<u>1,995,122</u>	<u>135,608,634</u>
Accumulated Depreciation							
At 1 Jan 2021	900,939	2,129,237	789,705	996,897	17,865,160	-	22,681,938
Charge for the year	389,369	1,007,332	180,805	42,953	7,475,781	-	9,096,240
Disposals	-	-	-	-	-	-	-
At 31 Dec 2021	<u>1,290,308</u>	<u>3,136,569</u>	<u>970,510</u>	<u>1,039,850</u>	<u>25,340,941</u>	<u>-</u>	<u>31,778,178</u>
Carrying amounts							
At 31 Dec 2021	<u>14,896,332</u>	<u>44,866,989</u>	<u>302,258</u>	<u>169,280</u>	<u>41,600,475</u>	<u>1,995,122</u>	<u>103,830,456</u>
Comprising of							
Surplus on revaluation	9,028,878	19,437,756	-	-	18,540,753	-	47,007,387
Cost of assets revalued	<u>5,867,454</u>	<u>25,429,233</u>	<u>302,258</u>	<u>169,280</u>	<u>23,059,722</u>	<u>1,995,122</u>	<u>56,823,069</u>
	<u>14,896,332</u>	<u>44,866,989</u>	<u>302,258</u>	<u>169,280</u>	<u>41,600,475</u>	<u>1,995,122</u>	<u>103,830,456</u>

## Quantum Terminals PLC

# Notes to the financial statements

For the year ended 31 December 2021

### 12. Property, plant and equipment (cont'd)

31 December 2020

Cost/Valuation

	Land and Building GH¢	Civil Works GH¢	Motor Vehicles GH¢	Office Equipment GH¢	Plant and Machinery GH¢	Capital work- in-Progress GH¢	Total GH¢
At 1 Jan 2020	16,157,464	45,287,235	852,564	1,006,354	63,237,114	1,517,567	<b>128,058,298</b>
Additions	13,921	-	144,968	59,799	128,185	3,953,182	<b>4,300,055</b>
Disposals	-	-	-	-	(658,941)	-	<b>(658,941)</b>
Transfers	-	-	-	-	740	(740)	-
At 31 Dec 2020	<u>16,171,385</u>	<u>45,287,235</u>	<u>997,532</u>	<u>1,066,153</u>	<u>62,707,098</u>	<u>5,470,009</u>	<b><u>131,699,412</u></b>
Accumulated Depreciation							
At 1 Jan 2020	470,322	1,146,512	675,080	576,539	10,359,960	-	<b>13,228,413</b>
Charge for the year	430,617	982,725	114,625	420,358	7,694,759	-	<b>9,643,084</b>
Disposals	-	-	-	-	(189,559)	-	<b>(189,559)</b>
At 31 Dec 2020	<u>900,939</u>	<u>2,129,237</u>	<u>789,705</u>	<u>996,897</u>	<u>17,865,160</u>	<u>-</u>	<b><u>22,681,938</u></b>
<b>Carrying amounts</b>							
At 31 Dec 2020	<u>15,270,446</u>	<u>43,157,998</u>	<u>207,827</u>	<u>69,256</u>	<u>44,841,938</u>	<u>5,470,009</u>	<b><u>109,017,474</u></b>
<b>Comprising of</b>							
Surplus on revaluation	9,239,260	19,890,675	-	-	22,755,601	-	<b>51,885,536</b>
Cost of assets revalued	<u>6,031,186</u>	<u>23,267,323</u>	<u>207,827</u>	<u>69,256</u>	<u>22,086,337</u>	<u>5,470,009</u>	<b><u>57,131,938</u></b>
	<b><u>15,270,446</u></b>	<b><u>43,157,998</u></b>	<b><u>207,827</u></b>	<b><u>69,256</u></b>	<b><u>44,841,938</u></b>	<b><u>5,470,009</u></b>	<b><u>109,017,474</u></b>

# Notes to the financial statements

For the year ended 31 December 2021

## 12(b) Leases

### (i) Leases as a lessee

The Company leases land and buildings. The land leases typically run for a period of 50 years and buildings for a period of one to two years. For lease of buildings that run for a period of one year, the Company has elected not to recognise right-of-use and lease liabilities for these leases because they are short-term leases.

### (ii) Right-of-use assets

Right-of-use assets

Right-of-use assets are presented as part property, plant and equipment.

<b>31 December 2021</b>	<b>Land GH¢</b>	<b>Building GH¢</b>	<b>Total GH¢</b>
Balance at 1 January	3,121,990	42,720	3,164,710
Additions to right-of-use assets	-	-	-
Depreciation charge for the year	(71,089)	(42,720)	(113,809)
Balance at 31 December	<b><u>3,050,901</u></b>	<b><u>-</u></b>	<b><u>3,050,901</u></b>

<b>31 December 2020</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
Balance at 1 January	3,193,079	126,850	3,319,929
Additions to right-of-use assets	-	-	-
Depreciation charge for the year	(71,089)	(84,130)	(155,219)
Balance at 31 December	<b><u>3,121,990</u></b>	<b><u>42,720</u></b>	<b><u>3,164,710</u></b>

### (iii) Amounts recognised in the statement of comprehensive income

	<b>2021 GH¢</b>	<b>2020 GH¢</b>
Expenses relating to short-term leases	<b><u>42,720</u></b>	<b><u>77,928</u></b>

### (iv) Amount recognised in statement of cashflows

Total cash outflow for leases	<b><u>-</u></b>	<b><u>99,880</u></b>
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### (v) Lease liabilities

Lease liabilities payable within one year	<b><u>-</u></b>	<b><u>-</u></b>
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# Notes to the financial statements

For the year ended 31 December 2021

## 13. Inventories

	2021 GH¢	2020 GH¢
Fuel stock	<u>28,528</u>	<u>210</u>
	<u>28,528</u>	<u>210</u>

## 14(a) Trade and other receivables

	2021 GH¢	2020 GH¢
Trade receivables	4,618,869	5,820,925
Other receivables	763,153	792,182
Staff loans	-	13,200
Prepayments	<u>150,484</u>	<u>151,660</u>
	<u>5,532,506</u>	<u>6,777,967</u>

Trade receivables consist of amount receivable from Sage Distribution Limited, a related party. The gross trade receivable is **GH¢ 4,647,677** (2020: GH¢5,861,661) and expected credit loss of **GH¢28,808** (2020: GH¢40,736)

Other receivables include staff imprest, advances and withholding tax receivables. Prepayments includes rent, insurance, and license prepaid.

The maximum amount due from staff of the Company at the end of the year was **GH¢ -** (2020; GH¢13,200).

## 14 (b) Other assets

	2021 GH¢	2020 GH¢
GHS Debt Service Account-Bond	4,011,349	3,495,087
USD Debt Service Account -EAIF	6,342,936	6,083,269
QTP - SCB GHS ESC	<u>50</u>	<u>-</u>
	<u>10,354,335</u>	<u>9,578,356</u>

The Company issued a bond of GH¢ 45,000,000 on the Ghana Fixed Income Market (GFIM) in March 2018 and raised debt of USD 10,000,000 from Emerging Africa Infrastructure Fund (EAIF) in December 2018 both for a period of ten (10) years. As part of the security for both debts, cash were deposited into the debt service reserve accounts at GT bank (bond trustees) and Stanbic Bank (the account bank) for the Bond and EAIF loans respectively. The cash is not available for use by the company until the security is called or end of loan tenure, whichever comes first.

# Notes to the financial statements

For the year ended 31 December 2021

## 15. Cash and cash equivalents

	2021 GH¢	2020 GH¢
Bank balances	8,379,255	11,572,393
Cash balances	<u>7,424</u>	<u>19,171</u>
Cash and cash equivalents in the statement of cashflows	<u>8,386,679</u>	<u>11,591,564</u>

## 16. Loans and borrowings

	2021 GH¢	2020 GH¢
<b>Non-current liabilities</b>		
GFIM Bond (a)	30,000,000	35,000,000
GFIM Transaction Cost Unamortized	<u>(1,916,226)</u>	<u>(2,317,910)</u>
	<u>28,083,774</u>	<u>32,682,090</u>
 EAIF Secured Loan (b)	 36,722,278	 41,622,389
EAIF Transaction Cost Unamortized	<u>(4,525,464)</u>	<u>(4,378,110)</u>
	<u>32,196,814</u>	<u>37,244,279</u>
Total non-current	<u>60,280,588</u>	<u>69,926,369</u>
 <b>Current liabilities</b>	 2021 GH¢	 2020 GH¢
GFIM bond**	5,000,000	5,000,000
EAIF secured loan**	6,676,778	6,403,445
Loan interest payable	<u>3,458,885</u>	<u>3,835,300</u>
	<u>15,135,663</u>	<u>15,238,745</u>

\*\*This relates to the principal repayment due in year 2022 for both EAIF and GFIM bond.

# Notes to the financial statements

For the year ended 31 December 2021

## 16. Loans and borrowings (cont'd)

Terms and debt repayment schedule

				31 December 2021		31 December 2020	
	Nominal interest	Currency	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
				GH¢	GH¢	GH¢	GH¢
GFIM(a)	22.25%	GH¢	2028	35,000,000	33,083,774	40,000,000	37,682,090
EAIF(b)	7%-10% + LIBOR	US\$	2028	43,399,056	38,873,592	48,025,834	43,647,724

In 2015 the Company began the process of raising additional capital for the purpose of;

- Refinancing existing debts secured from Standard Chartered Bank used to construct the facility
- Expanding the Facility including the construction of truck park and
- Investing in new business locations

The required capital was secured in debt from two sources as described below.

The securities provided for the bond include debenture over all the QTPLC assets and plant and machinery, Mortgage over the QTPLC land and all charged accounts on a pari passu basis with the EAIF loan in 'b' below.

	2021	2020
	GH¢	GH¢
Carrying amount of total assets pledge as security for liabilities	<b><u>195,759,535</u></b>	<u>195,704,763</u>

### a. Ghana Fixed Income Market Bond (GFIM) Bond

The company issued a bond of GH¢ 45,000,000 in March 2018 on the Ghana Fixed Income Market (GFIM) for a period of (10) years. The bond was partially (75%) guaranteed by Guarantco, a member of Private Infrastructure Development Group (PIDG) which has the objective of assisting local firms to overcome constraints in accessing local finance for infrastructure development.

The GFIM bond attracts a coupon rate of 22.250% per annum and payable every six (6) months. There current guarantee fee of 3.75% per annum (which will reduce to 3.5% in three months') on the 75% of the loan outstanding payable on quarterly basis. The principal repayment of GH¢ 5,000,000 commenced in March 2020 and payable annually ending in March, 2028. The effective interest rate on the bond is 29.96%.

### b. Emerging Africa Infrastructure Fund (EAIF) Loan

The company obtained a long term loan facility of USD 10,000,000.00 from EAIF in December 2018 for a period of (10) years.

The EAIF loan interest is variable and calculated as margin plus 6-month LIBOR. The margin is dependent on the leverage ratio the company achieves at each calculation date and it's from 7% to 10%.

# Notes to the financial statements

For the year ended 31 December 2021

The current margin for the interest payable in March 2022 was set at 7.0% and the LIBOR was 0.158% given a total interest rate of 7.158%. The interest is payable every six (6) months. The principal amount of US\$ 555,555.56 is repayable semi-annually ending in March, 2028. The current effective interest rate on the loan is 11.72%.

The securities provided for the loan includes debenture over all QTPLC assets and plant and machinery, Mortgage over the QTPLC land and all charged accounts on a pari passu basis with the GFIM bond in 'a' above.

## c. Reconciliation of movements of liabilities to cash flows arising from financing activities

The reconciliation represents the movement in the principal amount of loans and borrowings and movement in leases

### 31 December 2021

	Balance at 1/1/21 GH¢	Transaction cost amortised GH¢	Repayment of borrowings GH¢	Exchange difference GH¢	Balance at 31/12/21 GH¢
GFIM 10 year partial guarantee bond (a)	37,682,090	401,685	(5,000,000)	-	33,083,775
EAIF 10 year secured loan (b)	<u>43,647,723</u>	<u>(147,354)</u>	<u>(6,443,833)</u>	<u>1,817,055</u>	<u>38,873,591</u>
	<b><u>81,329,813</u></b>	<b><u>254,331</u></b>	<b><u>(11,443,833)</u></b>	<b><u>1,817,055</u></b>	<b><u>71,957,366</u></b>

### 31 December 2020

	Balance at 1/1/20 GH¢	Transaction cost amortised GH¢	Repayment of borrowings GH¢	Exchange difference GH¢	Balance at 31/12/20 GH¢
GFIM 10 year partial guarantee bond (a)	42,260,450	421,640	(5,000,000)	-	37,682,090
EAIF 10 year secured loan (b)	<u>48,142,511</u>	<u>(231,454)</u>	<u>(6,194,781)</u>	<u>1,931,447</u>	<u>43,647,723</u>
	<b><u>90,402,961</u></b>	<b><u>190,186</u></b>	<b><u>(11,194,781)</u></b>	<b><u>1,931,447</u></b>	<b><u>81,329,813</u></b>

**Notes to the financial statements****For the year ended 31 December 2021****17. Trade and other payables**

	<b>2021</b> <b>GH¢</b>	<b>2020</b> <b>GH¢</b>
Project payables	<b>249,756</b>	146,413
Accruals	<b>158,000</b>	165,000
Statutory payables	<b>248,146</b>	1,133,338
Other payables	<b><u>1,348,466</u></b>	<u>1,648,858</u>
	<b><u>2,004,368</u></b>	<u>3,093,609</u>

**18. Related party transactions****(a) Nature of transactions with related parties**

The Company is a wholly owned subsidiary of The Quantum Terminals Group Limited, a company incorporated in Ghana. Arch Holdings Limited is the ultimate parent of the Group.

The following are other parties related to the Group. Transactions with related parties include;

Quantum Gas Holdco Limited (QGHCL), Quantum Oil Terminals Limited (QOTL) and Quantum LPG Logistics Limited (QLLL) are companies under a common shareholding as Quantum Terminals PLC (QTPLC). Transactions with QTPLC include on-lending of EAIF loan to QGHCL to be used as shareholder investment in Quantum Gas Terminals Limited, another related party.

The Quantum Group Limited (TQGL) is a member of Arch Holdings Limited's Group. Transactions with QTPLC includes provision of IT and management support to QTPLC on cost basis.

The Quantum Terminals Group Limited (TQTGL) is a member of Arch Holdings Limited's Group and the parent company of QTPLC, QGHCL, QOTL and QLLL. Transaction with QTPLC relates to repayment of loan.

Sage Distribution Limited (SDL), a member of Arch Holdings Limited's Group is currently the only customer of QTPLC at the Atuabo facility.

Power Fuel Distribution Co. Ltd (PFDC) is a member of Blueline Investments - a subsidiary of Arch Holdings Limited. During the year, PFDC provided fuel to QTPLC for its operations at Atuabo.

Glory Oil Company Limited, is a member of Cardinal Group - a subsidiary of Arch Holding Limited. During the year, Glory provided fuel to QTPLC for its operations in Accra and Tema.

**(b) Transactions**

The following transactions were carried out with related parties:

	<b>2021</b> <b>GH¢</b>	<b>2020</b> <b>GH¢</b>
The Quantum Terminals Group Limited-loan repayment	<b>2,267,481</b>	3,727,545
Sage Distribution Limited- (Revenue)	<b><u>34,027,973</u></b>	<u>31,663,288</u>

# Notes to the financial statements

For the year ended 31 December 2021

**(c) Outstanding balances arising from related party transactions:**

All outstanding balances resulted from transactions with related parties in the normal course of business. They are settled through either cash payments or offsets between the parties under legally enforceable rights. Related party balances have not been secured.

**(i) Amount due to related parties  
(current liabilities)**

	2021 GH¢	2020 GH¢
Cardinal Logistics Limited	87,617	87,617
Power Fuel Distribution Company Limited	110,821	110,348
Glory Oil Company Limited	9,972	28,286
Quantum Logistics Limited	345,454	303,784
The Quantum Terminals Group Ltd	852,759	-
	<u>1,406,623</u>	<u>530,035</u>

**(ii) Amount due from related parties  
(Long-term receivables)**

	2021 GH¢	2020 GH¢
<b>Balance at 1 January</b>	<b>58,739,192</b>	<b>52,820,599</b>
Fair value at initial recognition		
Imputed finance income on related party receivable	9,992,175	8,669,764
Repayment-The Quantum Terminals Group Limited	(2,267,481)	(3,727,544)
Exchange gain on revaluation of related party receivables	1,239,791	1,027,413
<b>Total related party receivables</b>	<b>67,703,677</b>	<b>58,790,232</b>
Less Expected credit loss	(76,646)	(51,040)
<b>Balance at 31 December</b>	<b><u>67,627,031</u></b>	<b><u>58,739,192</u></b>

These related party receivables are interest free long-term related party receivables. The gross amount due from The Quantum Terminals Group Limited (GH¢131,664,489) and Quantum Gas Holdco Limited (US\$10,000,000) are expected to be repaid on 31 December 2027 and 17 December 2028 respectively.

The receivable from The Quantum Terminals Group as at 31<sup>st</sup> December, 2018 of GH¢132,856,835 was created from the corporate restructuring that occurred in November 2017 that resulted in the Group taking over the investments in the then subsidiaries (Quantum Oil Terminals Ltd and Quantum Gas Terminals Ltd). The addition in year 2018 of GH¢7,768,300 were additional funds provided to support the Group's activities for the year. In year 2020, The Quantum Terminals Group Ltd repaid an amount of GH¢3,727,545 through a corporate settlement arrangement with The Quantum Group Ltd. The receivable from Quantum Gas Holdco Ltd is the EAIF loan of US\$ 10,000,000 on-lent to Holdco as stated in note 16 (b) above.

# Notes to the financial statements

For the year ended 31 December 2021

## (d) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly including any Director (whether executive or otherwise) of the Company.

	2021 GH¢	2020 GH¢
Short term benefits	213,910	177,627
Defined Contribution (SSNIT)	<u>21,102</u>	<u>15,865</u>

Compensation of the Company's key management personnel includes salaries, and contributions to a post-employment defined contribution plan.

## 19. Capital and reserves

### (a) Stated capital

	No. of Shares		Proceeds	
	2021 '000	2020 '000	2021 GH¢	2020 GH¢
<b>Authorised</b>				
Ordinary shares of no par value	<u>500,000</u>	<u>500,000</u>		
<b>Issued</b>				
For cash	<u>70,000</u>	<u>70,000</u>	<u>70,000,000</u>	<u>70,000,000</u>

The holders of ordinary shares are entitled to receive dividend as declared from time to time and entitled to one vote per share at meetings of the Company.

There is no share in treasury and no call or instalment unpaid on any share.

### (b) Deposit for Shares

The Quantum Terminals Group Limited made a deposit for shares in 2017 amounting to GH¢ 47,292,758. The necessary formalities required to issue the shares were yet to be completed at the reporting date.

### (c) Revaluation reserve

The revaluation reserve relates to revaluation of property, plant and equipment are set out below:

	2021 GH¢	2020 GH¢
Balance at 1 January	52,733,860	58,159,327
Revaluation of property, plant and equipment, net of tax		
Transfer to retained earnings	<u>(4,878,147)</u>	<u>(5,425,467)</u>
Balance at 31 December	<u>47,855,713</u>	<u>52,733,860</u>

# **Notes to the financial statements**

**For the year ended 31 December 2021**

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This is not available for distribution except when there is a sale of the assets by the asset owners.

## **(d) Retained earnings**

This represents the residual of cumulative annual profits or losses that are available for distribution to shareholders.

## **20. Financial risk management**

### **Overview**

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

- credit risk
- liquidity risk
- market risks

These risks have been explained below together with the necessary measures put in place by management to mitigate the impact of such risks on the company.

### **Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. Management of the company also has the responsibility for developing and monitoring the company's risk management policies.

The company's risk management policies are established to identify and analyse 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's Board of Directors is responsible for monitoring compliance with the company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the company.

### **(i) Credit Risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risks arises from cash and cash equivalents and deposits with

banks and financial institutions as well as credit exposure to customers and related parties. The Company's exposure to credit risk is minimised as all revenue are generated from Sage Distribution Limited, a related company. The Company has transacted business with this entity over the years and there has been no default in the payment of outstanding debts.

The carrying amounts of financial assets represent the maximum credit exposure.

# Notes to the financial statements

**For the year ended 31 December 2021**

Maximum exposure to credit risk are as follows

	<b>2021 GH¢</b>	<b>2020 GH¢</b>
Amount due from related parties	<b>67,627,031</b>	58,739,192
Trade receivables	<b>4,618,869</b>	5,820,925
Other receivables	<b>763,153</b>	805,382
Other assets	<b>10,354,335</b>	9,578,356
Cash and cash equivalents	<b><u>8,386,679</u></b>	<u>11,591,564</u>
	<b><u>91,750,067</u></b>	<b><u>86,535,419</u></b>

The trade receivables includes impairment loss allowance of GH¢28,808 (2020: GH¢40,736). This excludes prepayments.

## **Impairment losses**

Impairment loss on financial assets recognised in profit or loss were as follows.

	<b>2021 GH¢</b>	<b>2020 GH¢</b>
Impairment gain/(loss) on trade receivables	<b>11,928</b>	(19,232)
Impairment gain/(loss) on amounts due from related parties	<b><u>(76,646)</u></b>	<u>(51,040)</u>
	<b><u>(64,718)</u></b>	<b><u>(70,272)</u></b>

The movement in the allowance for impairment in respect of trade receivables and amount due from related parties are as follows.

<b>2021</b>	<b>Trade Receivables</b>	<b>Amount due from related parties</b>	<b>Total</b>
	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
Balance at 1 January	40,736	506,551	547,287
Additional impairment loss allowance	<u>(11,928)</u>	<u>76,646</u>	<u>64,718</u>
	<b><u>28,808</u></b>	<b><u>583,197</u></b>	<b><u>612,005</u></b>

<b>2020</b>	<b>Trade Receivables</b>	<b>Amount due from related parties</b>	<b>Total</b>
	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
Balance at 1 January	21,504	455,511	477,015
Reversal of impairment loss allowance	<u>19,232</u>	<u>51,040</u>	<u>70,272</u>
	<b><u>40,736</u></b>	<b><u>506,551</u></b>	<b><u>547,287</u></b>

# Notes to the financial statements

**For the year ended 31 December 2021**

## *Amount due from related parties*

The company recognised impairment allowance of GH¢583,197 as at 31 December 2021 (2020: 506,551).

The company used a probability of default (PD) of 1.90% based on Moody's annual default rating and Loss Given Default (LGD) parameter of 45%. In management's assessment the LGD of 45% is the possible future loss the company is likely to incur in the event of default. This assessment resulted in an impairment allowance of GH¢583,197 as at 31 December 2021. The expected credit loss of GH¢76,646 was added in 2021 due to the increment in impairment loss.

## *Trade receivables*

Expected credit loss assessment for individual customers as at 31 December 2021 is GH¢ 28,808 (2020: 40,736).

The company uses an allowance matrix to measure the Expected Credit Loss (ECLs) of trade receivables from its customer. Loss rates are calculated using the roll rate method based on the probability of receivable progressing through successive stages of delinquency of write-off.

A reduction in impairment loss of GH¢11,928 was recognised during the year resulting in a total impairment loss of GH¢28,808 as at 31 December 2021.

The following tables provides information about the exposure to credit risk and ECLs for trade receivables from its customer.

As at 31 December 2021

	<b>Weighted average loss rate</b>	<b>Trade receivables GH¢</b>	<b>Impairment allowance GH¢</b>	<b>Credit impaired</b>
Current	0.53%	3,859,835	20,457	No
1-30 days past due	1.06%	787,842	8,351	No
<b>Total</b>		<b>4,647,677</b>	<b>28,808</b>	

As at 31 December 2020

	<b>Weighted average loss rate</b>	<b>Trade receivables GH¢</b>	<b>Impairment allowance GH¢</b>	<b>Credit impaired</b>
Current	0.53%	4,037,334	21,398	No
1-30 days past due	1.06%	1,824,327	19,338	No
<b>Total</b>		<b>5,861,661</b>	<b>40,736</b>	

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of the economic conditions over the expected lives of the receivables. The factors considered include gross domestic product and inflation rate.

# Notes to the financial statements

For the year ended 31 December 2021

## Other receivables

The Company has determined that no expected credit loss will be recognised on amounts due from related parties because the expected credit loss is not significant to the financial statements.

## Bank balance and other assets

For banks and financial institutions, only reputable banks are accepted by the company for its banking transactions. The company is not exposed to credit risks from its operating activities and banking activities. The company did not recognise any impairment allowance as at 31 December 2021 (2020: Nil).

## (ii) Liquidity risk

Liquidity risk is the risk that the company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The company's approach to managing liquidity is to ensure that it will maintain adequate liquidity to meet its liabilities when due. The Company monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on borrowings, trade and other payables.

The following are contractual maturities of financial liabilities at the reporting date

### 31 December 2021

	Carrying Amount GH¢	6mths or less GH¢	6-12 mths GH¢	More than one year GH¢
<b>Non-derivative financial liabilities</b>				
Trade and other payables	2,004,368	2,004,368	-	-
Loans and borrowings	75,416,250	11,797,274	3,338,389	60,280,588
Due to related parties	1,406,623	1,406,623	-	-
Balance at 31 December 2020	<u>78,827,241</u>	<u>15,208,265</u>	<u>3,338,389</u>	<u>60,280,588</u>

### 31 December 2020

	Carrying Amount GH¢	6mths or less GH¢	6-12 mths GH¢	More than one year GH¢
<b>Non-derivative financial liabilities</b>				
Trade and other payables	3,093,609	3,093,609	-	-
Loans and borrowings	85,165,114	12,037,022	3,201,723	69,926,369
Due to related Parties	530,035	530,035	-	-
Balance at 31 December 2020	<u>88,788,758</u>	<u>15,660,666</u>	<u>3,201,723</u>	<u>69,926,369</u>

# Notes to the financial statements

For the year ended 31 December 2021

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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. Majority of the company's transactions are denominated in US\$ hence a way of the firm managing its market risk.

(a) Currency risk

The company is exposed to transactional foreign currency risk on purchases that are denominated in currencies other than the functional currency. The currency in which these transactions are primarily denominated is US Dollar (US\$). Management currently does not have any currency risk management practices in place to manage exposure to this risk.

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

	2021 US\$	2020 US\$
<b>Assets</b>		
Trade and other receivables	773,440	1,017,102
Due from related parties	5,149,156	4,681,243
Bank balances	<u>774,099</u>	<u>1,182,578</u>
	<b>6,696,695</b>	<b>6,880,923</b>
<b>Liabilities</b>		
Trade and other payables	(229,484)	(374,605)
Loans and borrowings	<u>(7,222,222)</u>	<u>(8,333,333)</u>
	<b>(7,451,706)</b>	<b>(8,707,938)</b>
<b>Net exposure</b>	<b><u>(755,011)</u></b>	<b><u>(1,827,015)</u></b>

The following significant exchange rates applied during the year:

Rates of exchange (ROE)

	Average Rate		Year-end spot rate	
	2021 GH¢	2020 GH¢	2021 GH¢	2020 GH¢
US\$ to GH¢	<u>5.8140</u>	<u>5.6000</u>	<u>6.0091</u>	<u>5.7631</u>

# Notes to the financial statements

For the year ended 31 December 2021

## Sensitivity analysis

A reasonably possible strengthening or weakening of the US dollar as at 31 December 2021 would be affected by the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates remains constant and ignores impact of forecast sales and purchases. The analysis is performed on the same basis for 2020.

As of 31 Dec	2021				2020		
In GH¢	% Change	Statement of comprehensive income impact: Strengthening	Statement of comprehensive income impact: Weakening		% Change	Statement of comprehensive income impact: Strengthening	Statement of comprehensive income impact: Weakening
		GH¢	GH¢			GH¢	GH¢
USD	4.3%	(193,661)	193,661		4.1%	(430,950)	430,950

As of 31 Dec	2020				2019		
In GH¢	% Change	Equity, net of tax: Strengthening	Equity, net of tax: Weakening		% Change	Equity, net of tax: Strengthening	Equity, net of tax: Weakening
		GH¢	GH¢			GH¢	GH¢
USD	4.3%	(145,246)	145,246		4.1%	(323,213)	323,213

### (b) Interest rate risk

Interest rate risk is the exposure of current and future earnings and capital to adverse changes in interest rates. The Company currently has long term financial instruments that would be susceptible to interest rate risks. Management currently does not have any interest rate risk management practices in place to manage exposure to this risk. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments were:

	2021 GH¢	2020 GH¢
Variable rate instruments	<u>38,873,591</u>	<u>43,647,724</u>
Fixed rate instruments	<u>33,083,774</u>	<u>37,682,090</u>

# Notes to the financial statements

**For the year ended 31 December 2021**

## Cash flow sensitivity for variable rate instrument

A change of 100 basis points in interest rate at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

<b>31 December 2021</b>	<b>100bp Increase GH¢</b>	<b>100bp Decrease GH¢</b>
<i>Effect on profit or loss</i>		
Variable rate instrument	<u>(433,990)</u>	<u>433,990</u>
<i>Effect on equity, net of tax</i>		
Variable rate instrument	<u>(325,493)</u>	<u>325,493</u>
<b>31 December 2020</b>		
<i>Effect on profit or loss</i>	<b>GH¢</b>	<b>GH¢</b>
Variable rate instrument	<u>(480,258)</u>	<u>480,258</u>
<i>Effect on equity, net of tax</i>		
Variable rate instrument	<u>(360,194)</u>	<u>360,194</u>

## Cash flow sensitivity for fixed rate instrument

A change of 100 basis points in interest rate at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

<b>31 December 2021</b>	<b>100bp Increase GH¢</b>	<b>100bp Decrease GH¢</b>
<i>Effect on profit or loss</i>		
Fixed rate instrument	<u>(350,000)</u>	<u>350,000</u>
<i>Effect on equity, net of tax</i>		
Fixed rate instrument	<u>(262,500)</u>	<u>262,500</u>
<b>31 December 2020</b>		
<i>Effect on profit or loss</i>	<b>GH¢</b>	<b>GH¢</b>
Fixed rate instrument	<u>(400,000)</u>	<u>400,000</u>
<i>Effect on equity, net of tax</i>		
Fixed rate instrument	<u>(300,000)</u>	<u>300,000</u>

# Notes to the financial statements

For the year ended 31 December 2021

(c) Accounting classifications and fair values

The carrying amounts of the Company's financial assets and financial liabilities are an approximation of their fair values hence no fair value disclosure has been provided in these financial statements. The table below shows the carrying amounts of the Company's financial assets and financial liabilities.

<b>31 December 2021</b>	<b>Carrying amount Financial assets at amortized Cost</b>	<b>Fair value Level 3</b>	<b>Total</b>
<i>Financial assets not measured at fair value</i>			
Amount due from related parties	67,627,031	67,627,030	<b>67,627,030</b>
Trade and other receivables	5,382,022	5,382,022	<b>5,382,022</b>
Other assets	10,354,335	10,354,335	<b>10,354,335</b>
Cash and Cash Equivalents	<u>8,386,679</u>	<u>8,386,679</u>	<u><b>8,386,679</b></u>
Total financial assets	<u><b>91,750,067</b></u>	<u><b>91,750,066</b></u>	<u><b>91,750,066</b></u>

<b>31 December 2021</b>	<b>Carrying amount Other financial liabilities</b>	<b>Fair value Level 3</b>	<b>Total</b>
<i>Financial liabilities not measured at fair value</i>			
Trade and other payables	2,004,368	2,004,368	2,004,368
Loans and borrowings	75,416,250	75,416,250	75,416,250
Amount due to related parties	<u>1,406,623</u>	<u>1,406,623</u>	<u>1,406,623</u>
Total financial liabilities	<u><b>78,827,241</b></u>	<u><b>78,827,241</b></u>	<u><b>78,827,241</b></u>

<b>31 December 2020</b>	<b>Carrying amount Financial assets at amortized cost</b>	<b>Fair value Level 3</b>	<b>Total</b>
<i>Financial assets not measured at fair value</i>			
Amount due from related parties	58,739,192	58,739,192	58,739,192
Trade and other receivables	6,626,307	6,626,307	6,626,307
Other assets	9,578,356	9,578,356	9,578,356
Cash and cash equivalents	<u>11,591,564</u>	<u>11,591,564</u>	<u>11,591,564</u>
Total financial assets	<u><b>86,535,419</b></u>	<u><b>86,535,419</b></u>	<u><b>86,535,419</b></u>

# Notes to the financial statements

For the year ended 31 December 2021

	Carrying amount Other financial liabilities	Fair value Level 3	Total
<i>Financial liabilities not measured at fair value</i>			
Trade and other payables	3,093,609	3,093,609	3,093,609
Loans and borrowings	85,165,114	85,165,114	85,165,114
Amount due to related parties	<u>530,035</u>	<u>530,035</u>	<u>530,035</u>
Total financial liabilities	<u>88,788,758</u>	<u>88,788,758</u>	<u>88,788,758</u>

## Valuation Technique

For all financial assets and financial liabilities not measured at fair value, the discounted cash flows method was used. The valuation model considers the present value of expected payments or receipts, discounted using a risk-adjusted discount rate.

## Capital Management

The Company monitors capital using the ratio of adjusted net debt to equity. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less deferred tax liabilities and cash and cash equivalents. Adjusted equity comprises all components of equity. The primary objective of the company's capital management policies are to ensure that the company complies with Ghana's regulations as far as public companies are concerned, and that the company operations achieve the returns on gross investment and to maintain a strong capital ratio in order to support its business and to maximise shareholders value.

	2021 GH¢	2020 GH¢
Total liabilities	<b>101,924,189</b>	113,135,135
Less: Cash and cash equivalents	<b>(8,386,679)</b>	(11,591,564)
Less: Deferred tax liability	<b>(21,506,683)</b>	(21,343,027)
Adjusted net debt	<b><u>72,030,827</u></b>	<u>80,200,544</u>
Total equity	<b><u>93,835,346</u></b>	<u>82,569,628</u>
Adjusted net debt to equity	<b><u>0.77:1</u></b>	<u>0.97:1</u>

# Notes to the financial statements

For the year ended 31 December 2021

## 21. Earnings per share (eps)

### Basic

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and the weighted-average number of shares outstanding.

	2021 GH¢	2020 GH¢
Profit /(loss) attributable to ordinary shareholders	<b><u>11,265,718</u></b>	<u>7,156,723</u>
Weighted average number of ordinary shares in issue	<b><u>70,000,000</u></b>	<u>70,000,000</u>
Basic earnings per share (expressed in GH¢ per share)	<b><u>0.16</u></b>	<u>0.10</u>

### Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares, to assume of all dilutive potential ordinary shares. At 31 December 2021 and 2020, the company had no dilutive potential ordinary shares.

## 22. Debt service cover ratio

The debt service cover ratio is used to measure the ability of the company to meet its debt payment obligations during the period. This is the ratio of Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) to The Debt Service Cost falling due during the period. The Debt Service Cover Ratio for the period 2021 was **1.07** times (2020:1.13 times). The company could therefore pay its debt obligations 1.07 times using its earnings for the period. The detailed computation has been disclosed in sub-note a-c.

### a) Adjusted Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

The Directors of the Company monitor the performance measure EBITDA and they believe this measure is relevant to gaining an understanding of the Company's financial performance. EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net finance costs, foreign exchange differences, depreciation and amortisation.

#### Reconciliation of EBITDA to profit from operations

	2021 GH¢	2020 GH¢
Profit / (loss) before tax	<b>13,223,255</b>	6,660,219
Add Depreciation (Note 12)	<b>9,096,240</b>	9,643,084
Add Net finance costs (Note 10)	<b>3,110,539</b>	7,209,675
Add Impairment loss/(reversal) on financial assets (Note 20(i))	<b><u>64,718</u></b>	<u>70,272</u>
<b>Adjusted EBITDA</b>	<b><u>25,494,752</u></b>	<u>23,583,250</u>

# Notes to the financial statements

For the year ended 31 December 2021

## B) Debt service cost

	2021 GH¢	2020 GH¢
Net finance cost	3,110,539	7,209,675
Add: Imputed Interest Income on related party receivables	9,992,175	8,669,764
Loan exchange difference	(389,614)	(740,795)
Less: Non-Cash finance cost	(254,330)	(370,642)
Add Principal Repayments Due from earnings	<u>11,443,833</u>	<u>6,194,781</u>
<b>Total debt service cost</b>	<b><u>23,902,603</u></b>	<b><u>20,962,783</u></b>

## C) Debt service cover ratio

Adjusted EBITDA (Note 22a)	25,494,752	23,583,250
Total Debt Service Cost (Note 22b)	<u>23,902,603</u>	<u>20,962,783</u>
<b>Debt service cover ratio</b>	<b><u>1.07</u></b>	<b><u>1.13</u></b>

## 23. Contingent liabilities

There were no contingent liabilities in 2021. (2020: 1,046,288). The 2020 contingent liability relates to additional liability resulting from tax audit which the company disagreed with the Ghana Revenue Authority. The authority responded to a letter from the company in 2021 and accepted the company's position, therefore no additional liability has been recognized in 2021.

## 24. Capital commitments

The Company has capital commitments in respect of the purchase of LPG Bulk Road Vehicles tanks to aid in the evacuation of LPG at Anokyi to the tune of GH¢2,073,140 outstanding as at the reporting date (2020: GH¢ 1,988,270).

## 25. Segment reporting

Quantum Terminals PLC has only one reportable segment. Required disclosure information is listed below for this segment.

# Notes to the financial statements

**For the year ended 31 December 2021**

**a. Information about reportable segment**

	<b>2021</b>	2020
	<b>GH¢</b>	GH¢
Revenue	<b>34,027,973</b>	31,663,288
Profit / (loss) before taxation	<b>13,223,255</b>	6,660,219
Net finance cost	<b>(3,110,539)</b>	(7,209,675)
Depreciation and amortisation	<b>9,096,240</b>	9,643,084
<b>Other material non-cash items:</b>		
Impairment (loss)/reversal on related party receivable	<b>(76,646)</b>	(51,040)
Imputed interest on unwinding of related party receivable	<b>9,992,175</b>	8,669,764
<b>Total assets</b>	<b><u>195,759,535</u></b>	<u>195,704,763</u>
<b>Total liabilities</b>	<b><u>101,924,189</u></b>	<u>113,135,135</u>

**b. Geographical information**

Quantum Terminals PLC operates an LPG storage and loading facility at Anokyi within the Western Region of Ghana. The company's registered office is Plot No. 64A/28 – 32, Tema Industrial Area, Tema.

**c. Major customer**

Total revenue of GH¢34,027,973 is from Sage Distribution Limited, the sole customer of the company (2020: GH¢ 31,663,288)