

QUANTUM TERMINALS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2017

QUANTUM TERMINALS PLC
REPORTS AND FINANCIAL STATEMENTS

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QUANTUM TERMINALS PLC
CORPORATE INFORMATION

BOARD OF DIRECTORS

Emmanuel Egyei-Mensah - *Executive Chairman*
Felix Gyekye
Amma Addo-Fening
Abena Amoah

REGISTERED OFFICE

E17/9 Ablade Road, Kanda
P. O. Box CT 4377
Cantonments
Accra

SECRETARY

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

AUDITOR

KPMG
Chartered Accountants
13 Yiyiwa Drive
Abelenkpe
P. O. Box GP 242
Accra

BANKERS

CAL Bank Limited
First Atlantic Bank Limited
Guaranty Trust Bank Ghana Limited
Stanbic Bank Ghana Limited
Standard Chartered Bank Ghana Limited

REPORT OF THE DIRECTORS TO THE MEMBERS OF QUANTUM TERMINALS PLC

The Directors present their report and the financial statements of the Company for the year ended 31 December 2017.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation of financial statements that give a true and fair view of Quantum Terminals PLC, comprising the statement of financial position at 31 December 2017, and the statements 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 (IFRS) and in the manner required by the Companies Act, 1963 (Act 179). In addition, the directors are responsible for the preparation of the directors' report.

The directors are also responsible for such internal control as the directors determine 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. Refer to the going concern note below and note 26 to the financial statements.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable reporting framework.

GOING CONCERN CONSIDERATION

The company's current liabilities exceeded current assets by GH¢ 7,075,209 (2016: GH¢ 16,183,492) at year ended 31 December 2017. The company reported a profit of GH¢ 17,895,978 and the directors have made an assessment of the cash flow projections of the company for the next twelve (12) months which shows a positive business outlook. The Directors therefore believe that the company will be able to generate enough cash flows from its operations to settle its liabilities

The financial statements have been prepared on going concern basis. This basis presumes that cash flows arising from the normal course of business will be available to finance future operations of the Company and that the settlement of liabilities will occur in the ordinary course of business.

FINANCIAL STATEMENTS AND DIVIDEND

The financial results of the company for the year ended 31 December, 2017 is reflected in the accompanying financial statements.

**REPORT OF THE DIRECTORS
TO THE MEMBERS OF
QUANTUM TERMINALS PLC- (CONT'D)**

NATURE OF BUSINESS

The company is authorized to build, own and operate tank farms in Ghana, and also to process and blend petroleum products.

SHAREHOLDING

Quantum Terminals PLC is a wholly owned subsidiary of The Quantum Terminals Group Limited, a company incorporated in Ghana.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of Quantum Terminals PLC, were approved by the board of directors on

23RD MAY, 2018 and signed on their behalf by:


.....
EXECUTIVE CHAIRMAN


.....
DIRECTOR



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
QUANTUM TERMINALS PLC**

Report on the Financial Statements

Opinion

We have audited the financial statements of Quantum Terminals PLC which comprise the statements of financial position at 31 December 2017, and the statements of other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 40.

In our opinion, these financial statements give a true and fair view of the financial position of Quantum terminals PLC at 31 December, 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the companies Act, 1963 (Act 179).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibility 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 international Ethics Standards Board for Accountants' Code of Ethics for professional Accountants (IESBA Code) together with the ethical requirement that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of the 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 1963, (Act 179), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material 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.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
QUANTUM TERMINALS PLC - (CONT'D)**

Auditor's Responsibilities for the Audit of the 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 judgment 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 management.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

We communicate with the Directors 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.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
QUANTUM TERMINALS PLC - (CONT'D)**

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act, 1963 (Act 179)

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept and the statements of financial position, and comprehensive income are in agreement with the books of account.

The engagement Partner on the audit resulting in this independent auditor's report is **Nathaniel D. Harlley (ICAG/P/1056)**.

Kpmg

.....
For and on behalf of:

KPMG: (ICAG/F/2018/038)

CHARTERED ACCOUNTANTS

13 YITIWA DRIVE, ABELINKPE

P O BOX GP 242

ACCRA

23 May

....., 2018

QUANTUM TERMINALS PLC
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	Note	2017 GH¢	2016 GH¢
ASSETS			
Property, plant and equipment	12	81,973,134	101,153,705
Investments	13	-	99,390,000
Amount due from related parties	19(d)	132,856,735	1,975
		=====	=====
Non-current assets		214,829,869	200,545,680
		=====	=====
Inventory	14	43,949	61,034
Trade and other receivables	15	6,375,329	4,359,447
Cash and cash equivalents	16	1,974,151	3,764,189
		=====	=====
Current assets		8,393,429	8,184,670
		=====	=====
TOTAL ASSETS		223,223,298	208,730,350
		=====	=====
EQUITY			
Stated capital	20(a)	70,000,000	70,000,000
Deposit for shares	20(b)	47,292,758	35,100,000
Revaluation reserve	20(c)	31,456,150	34,551,995
Retained earnings		35,431,052	14,439,229
		=====	=====
Total equity		184,179,960	154,091,224
		=====	=====
LIABILITIES			
Deferred tax liability	11(d)	13,947,850	13,524,754
Loans and borrowings	17	9,626,850	16,746,210
		=====	=====
Non-current Liabilities		23,574,700	30,270,964
		=====	=====
Loans and borrowings	17	7,701,480	7,442,760
Trade and Other payables	18	2,452,523	16,770,434
Amount due to related parties	19(d)	141,438	154,968
Current tax liability	11 (a)	5,173,197	-
		=====	=====
Current liabilities		15,468,638	24,368,162
		=====	=====
Total liabilities		39,043,338	54,639,126
		=====	=====
TOTAL EQUITY AND LIABILITIES		223,223,298	208,730,350
		=====	=====

These financial statements were approved by the Board of Directors on 23RD MAY, 2018 and signed on their behalf by


 EXECUTIVE CHAIRMAN


 DIRECTOR

The notes on pages 13 to 40 are an integral part of these financial statements.

QUANTUM TERMINALS PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 GH¢	2016 GH¢
Revenue	5	5,740,199	3,660,701
Direct costs	6	(5,855,985)	(5,533,479)
		-----	-----
Gross loss		(115,786)	(1,872,778)
Other income	7	34,078,357	21,611,863
General and administrative expenses	8	(5,745,112)	(5,861,363)
		-----	-----
Operating profit		28,217,459	13,877,722
Finance costs	9	(4,232,159)	(5,669,551)
Net Foreign exchange loss	10	(493,029)	(1,632,520)
		-----	-----
Profit before tax		23,492,271	6,575,651
Income tax expense	11(a)	(5,596,293)	(1,650,630)
		-----	-----
Profit after tax		17,895,978	4,925,021
Other Comprehensive income		-	-
		-----	-----
Total Comprehensive income		17,895,978	4,925,022
		=====	=====
Earnings per share (basic/diluted)	22	0.26	0.07
		=====	=====
EBITDA	23	33,449,658	19,389,405
		=====	=====

The notes on pages 13 to 40 are an integral part of these financial statements.

QUANTUM TERMINALS PLC
STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

2017	Stated Capital GH¢	Deposit for Shares GH¢	Revaluation Reserve GH¢	Retained Earnings GH¢	Total GH¢
Balance at 1 January	70,000,000	35,100,000	34,551,995	14,439,229	154,091,224
Total Comprehensive Income					
Profit for the year	-	-	-	17,895,978	17,895,978
Total Comprehensive Income					
				17,895,978	17,895,978
Transfers					
Transfer to retained earnings	-	-	(3,095,845)	3,095,845	-
Total transfers					
			(3,095,845)	3,095,845	-
Transactions with owners of the company					
Deposit for shares	-	12,192,758	-	-	12,192,758
Total transactions with owners of the company					
		12,192,758	-	-	12,192,758
Balance at 31 December 2017	70,000,000	47,292,758	31,456,150	35,431,052	184,179,960

The notes on pages 13 to 40 are an integral part of these financial statements.

QUANTUM TERMINALS PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

2016	Stated Capital GH¢	Deposit for Shares GH¢	Revaluation Reserve GH¢	Retained Earnings GH¢	Total GH¢
Balance at 1 January	10,000	18,990,000	37,835,208	6,230,995	63,066,203
Total Comprehensive Income					
Profit for the year	-	-	-	4,925,021	4,925,021
Total Comprehensive Income	-	-	-	4,925,021	4,925,021
Transfers					
Transfer to retained earnings	-	-	(3,283,213)	3,283,213	-
Total transfers	-	-	(3,283,213)	3,283,213	-
Transactions with owners of the company					
Deposit for shares	-	86,100,000	-	-	86,100,000
Share Issue	69,990,000	(69,990,000)	-	-	-
Total transactions with owner of the company	70,000,000	35,100,000	34,551,995	14,439,229	154,091,224

The notes on pages 13 to 40 are an integral part of these financial statements.

QUANTUM TERMINALS PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 GH¢	2016 GH¢
Cash flows from operating activities			
Profit after taxation		17,895,978	4,925,021
Adjustments for:			
Depreciation		5,232,199	5,511,682
Net exchange loss		493,029	1,632,520
Tax expense		5,596,293	1,650,630
		-----	-----
		29,217,499	13,719,853
Changes in:			
Inventories		17,085	(50,187)
Trade and other receivables		(2,020,522)	(593,421)
Accounts payable		614,537	13,374,554
		-----	-----
Cash (used in)/generated from operating activities		(1,388,900)	12,730,946
		-----	-----
Net Cash used from Operating Activities		27,828,599	26,450,799
		-----	-----
Cash flows from Investing Activities			
Acquisition of property, plant and equipment	12	(1,838,766)	(4,590,097)
Investment in subsidiary			(1,000,000)
Deposit for equity investment	13	-	(46,100,000)
		-----	-----
Net Cash used in investing activities		(1,838,766)	(51,690,097)
		-----	-----
Cash flows from financing activities			
Loan repayments		(6,860,640)	(5,375,220)
Proceeds from deposit for shares		12,192,758	16,110,000
Share issue		-	18,990,000
Due from related party		(33,323,321)	(2,180,323)
Due to related party		704,361	
		-----	-----
Net cash from financing activities		(27,286,842)	27,544,457
		-----	-----
Net (decrease)/Increase in Cash and Cash Equivalents		(1,297,009)	2,305,159
Net exchange loss		(493,029)	(1,632,520)
Restricted Cash at 1 January		1,860,690	1,739,070
Cash and Cash Equivalents at 1 January		1,903,499	1,352,480
		-----	-----
Cash and Bank Balances at 31 December		1,974,151	3,764,189
		=====	=====

The notes on pages 13 to 40 are an integral part of these financial statements.

QUANTUM TERMINALS PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2017

1. REPORTING ENTITY

Quantum Terminals PLC is incorporated in Ghana under the Companies Code 1963 (Act 179) as a Public Limited Liability 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. The company is primarily involved in the building, ownership and operation of tank farms in Ghana, and also in the processing and blending of petroleum products.

For Companies Act, 1963 (Act 179) reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by part of the statement of comprehensive income, in these financial statements.

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, 1963 (Act 179).

b. Basis of measurement

These financial statements have been prepared on the historical cost basis except for property, plant and equipment.

c. Functional and presentation currency

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

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 recognised 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 2017

3. SIGNIFICANT ACCOUNTING POLICIES

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

(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 recognised 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 selling, general and administrative expenses or other income.

(b) Financial Instruments

Non-derivative financial assets - recognition and de-recognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the 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 asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the company is recognised as a separate asset or liability.

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 has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Measurement

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables comprise trade and other receivables, amount due from related parties, cash and cash equivalents. Short term receivables with no stated interest rates are recognized at invoiced amounts if the effect of discounting is immaterial.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments- cont'd

Cash and cash equivalent

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

Non-derivative financial liabilities

Financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

The company's non-derivative financial liabilities include trade and other payables, amounts due to related parties and borrowings. The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. Short term payables with no stated interest rate are recognized at invoiced amounts if the effect of discounting is immaterial.

(c) 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 equity.

(d) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2017**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Impairment –cont'd

(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 recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised 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 amortisation, if no impairment loss had been recognised.

(e) Property, Plant and Equipment

(i) Recognition and measurement

Property, plant and equipment are carried at fair value less subsequent depreciation except for undeveloped land which is measured at cost. 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.

An increase in the carrying amount of the asset as a result of revaluation is recognised 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 recognised in profit or loss. The decrease is recognised 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 recognised in profit or loss as other income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2017**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, Plant and Equipment – cont'd

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised 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 recognised 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 recognised 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. Undeveloped land is not depreciated

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

Land and Buildings	-	50 years
Motor Vehicle	-	3 years
Furniture and Fittings	-	2-5 years
Civil Works	-	10-50 years
Plant and Machinery	-	2-25 years

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

(f) Revenue

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

The Company is involved in the storage of gas. The Company recognises revenue upon receipt of gas into its storage tanks.

The transfer of risks and rewards occurs when the product is loaded into the storage tanks.

(g) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3. SIGNIFICANT ACCOUNTING POLICIES

(g) Income tax – cont'd

Deferred tax

Deferred tax is recognised 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 recognised 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 recognised 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.

(h) Subsequent Events

Events subsequent to the balance sheet date are reflected only to the extent that they relate directly to the accounts and the effect is material.

(i) Comparatives

Where necessary the comparative information has been changed to agree to the current year presentation.

(j) New standards and interpretations not yet adopted

At the date of authorisation of the financial statements of Quantum Terminals PLC for the year ended 31 December 2017, the following Standards and Interpretations were in issue but not yet effective:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3. SIGNIFICANT ACCOUNTING POLICIES

(j) New standards and interpretations not yet adopted – cont'd

Standard/Interpretation		Effective date Periods beginning on or after
IFRS 9	<i>Financial Instruments</i>	1 January 2018
IFRS 9 amendment	<i>Prepayment Features with Negative Compensation</i>	1 January 2019
IFRIC 22	<i>Foreign Currency Transactions and Advance Considerations</i>	1 January 2018
IFRS 15	<i>Revenue from contracts with customers</i>	1 January 2018
IFRS 16	<i>Leases</i>	1 January 2019
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>	1 January 2019

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss.

Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

The Company is currently in the process of performing a detailed assessment of the impact of this standard on the Company and will provide more information in the year ending 31 December 2018 financial statements. .

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The amendments clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

The Company is currently in the process of performing a detailed assessment of the impact of this standard on the Company and will provide more information in the year ending 31 December 2018 financial statements.

The amendments apply for annual periods beginning on or after 1 January 2019 with retrospective application, early adoption is permitted.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3. SIGNIFICANT ACCOUNTING POLICIES

IFRIC 22 Foreign Currency Transactions and Advance Considerations

When foreign currency consideration is paid or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 *The Effects of Changes in Foreign Exchange Rates* is not clear on how to determine the transaction date for translating the related item.

This has resulted in diversity in practice regarding the exchange rate used to translate the related item. IFRIC 22 clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

The Company is currently in the process of performing an assessment of the impact of this standard on the Company and will provide more information in the year ending 31 December 2018 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. This new standard will most likely have a significant impact on the Company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised.

The Company is currently in the process of performing an assessment of the impact of this standard on the Company and will provide more information in the year ending 31 December 2018 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 *Leases*, and related Interpretations. IFRS 16 includes a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors. IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors.

The Company is currently in the process of performing an assessment of the impact of this standard on the Company and will provide more information in the year ending 31 December 2018 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3. SIGNIFICANT ACCOUNTING POLICIES

(j) New standards and interpretations not yet adopted – cont'd

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

The Company is yet to perform an assessment of the impact of this standard on the Company and will provide more information in the year ending 31 December 2018 financial statements.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

4. DETERMINATION OF FAIR VALUES

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).

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 recognised 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 21 financial instrument – fair value and risk management.

5. REVENUE

	2017 GH¢	2016 GH¢
Throughput fees	5,740,199	3,660,701
	-----	-----
	5,740,199	3,660,701
	=====	=====

6. DIRECT COSTS

	2017 GH¢	2016 GH¢
Utilities	411,382	326,706
Other direct cost	318,080	283,704
Wages and Salaries	1,306,833	1,072,421
Operational Supplies and Consumables	23,820	-
Depreciation of plant and machinery	3,795,870	3,850,648
	-----	-----
	5,855,985	5,533,479
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7. OTHER INCOME

	2017 GH¢	2016 GH¢
Interest income	102,720	749,401
Residual gas	1,621,710	784,795
Development support fees **	32,353,927	20,077,667
	-----	-----
	<u>34,078,357</u>	<u>21,611,863</u>

** This relates to payments made by Sage Distribution Limited (a related party) to QTPLC above NPA approved fee of \$ 12/MT in order for the company to meet its financial obligations.

8(a). GENERAL AND ADMINISTRATIVE EXPENSES

	2017 GH¢	2016 GH¢
Staff costs (Note 8b)	1,045,206	933,707
Consultancy and Professional fees	358,268	288,910
Donations and CSR	156,288	265,179
Internet and IT expenses	352,433	314,723
Rent and rates	153,978	141,714
Repairs and maintenance	524,148	735,709
Utilities	136,317	140,195
Auditor's Remuneration	91,020	52,980
Depreciation	1,436,329	1,661,034
Corporate social responsibility	55,988	240,179
Communication services	20,471	14,974
General Office expenses	352,235	298,574
Security expenses	283,579	276,820
Insurance expenses	248,050	201,354
Fuel expenses	108,250	90,287
Other Administrative expenses	422,552	205,024
	-----	-----
	<u>5,745,112</u>	<u>5,861,363</u>

8(b). STAFF COSTS

	2017 GH¢	2016 GH¢
Staff bonus	126,263	113,400
Salaries and wages	567,641	529,492
Social Security contribution	62,041	56,105
Other staff cost	289,261	234,710
	-----	-----
	<u>1,045,206</u>	<u>933,707</u>

The number of persons employed by the Company at the end of the year was 42 (2016: 45).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. FINANCE COSTS

	2017 GH¢	2016 GH¢
Finance charges and fees	1,069,341	1,642,230
Interest and bank charges	3,162,818	4,027,321
	<u>4,232,159</u>	<u>5,669,551</u>

10. NET FOREIGN EXCHANGE LOSS

	2017 GH¢	2016 GH¢
Foreign exchange gain	(1,714,714)	(720,344)
Foreign exchange loss	2,207,743	2,352,594
	<u>493,029</u>	<u>1,632,520</u>

11. TAXATION

	2017 GH¢	2016 GH¢
(a) Amount recognised in profit or loss		
Current tax	5,173,197	-
Deferred tax charge	423,096	1,650,630
	<u>5,596,293</u>	<u>1,650,630</u>

(b) Current tax asset/liabilities

	Balance at 1/1/17 GH¢	Payments during the year GH¢	Charge for the year GH¢	Balance at 31/12/17 GH¢
2016	-	-	-	-
2017	-	-	5,173,197	5,173,197
	<u>-</u>	<u>-</u>	<u>5,173,197</u>	<u>5,173,197</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

11. TAXATION- CONT'D

(c) Reconciliation of effective tax rate

	2017 GH¢	2016 GH¢
Profit before taxation	23,492,271	6,575,651
Income tax using the statutory rate of 25%	5,873,068	(1,643,913)
Effect of non- deductible expenses	1,361,405	1,887,857
Effect of tax exempt income	(1,638,179)	1,108,652
Tax losses	-	298,034
Tax charge	5,596,293	1,650,630
Effective Tax Rate	24%	25%

(d) Deferred tax liability

	2017 GH¢	2016 GH¢
Balance at 1 January	13,524,754	11,874,124
Charge to profit or loss	423,096	1,650,630
Balance at 31 December	13,947,850	13,524,754

(e) Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following

	Balance At 1/1 GH¢	2017 Movement during the year GH¢	Balance at 31/12 GH¢	Balance at 1/1 GH¢	2016 Movement during the year GH¢	Balance at 31/12 GH¢
Property, plant and equipment	13,524,754	423,096	13,947,850	11,874,124	1,650,630	13,524,754
	13,524,754	423,096	13,947,850	11,874,124	1,650,630	13,524,754

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. PROPERTY, PLANT AND EQUIPMENT

2017

Cost

	Undeveloped Land GH¢	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 1/1/2017	11,760,498	12,869,074	38,434,844	557,013	1,536,828	43,789,703	1,139,362	110,087,322
Additions	-	51,646	-	-	98,970	31,830	1,656,320	1,838,766
Transfers	(11,760,498)	(2,887,278)	-	-	-	-	(1,139,362)	(15,787,138)
At 31/12/2017	-	10,033,442	38,434,844	557,013	1,635,798	43,821,533	1,656,320	96,138,950
Accumulated Depreciation								
At 1/1/2017	-	276,690	1,291,427	557,012	664,272	6,144,216	-	8,933,617
Charge for the year	-	174,824	818,497	-	443,008	3,795,870	-	5,232,199
At 31/12/2017	-	451,514	2,109,924	557,012	1,107,280	9,940,086	-	14,165,816
Carrying amounts								
At 31/12/2017	-	9,581,928	36,324,920	1	528,518	33,881,447	1,656,320	81,973,134
Comprising of								
Revaluation surplus	-	6,755,954	19,560,501	308,438	427,001	23,446,316	-	50,498,210
Cost of assets not revalued	11,760,498	6,164,766	18,874,343	248,575	1,208,797	20,375,217	2,795,682	61,427,878
Transfers	(11,760,498)	(2,887,278)	-	-	-	-	(1,139,362)	(15,787,138)
	-	10,033,442	38,434,844	557,013	1,635,798	43,821,533	1,656,329	96,138,950

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Cost	Undeveloped Land GH¢	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 1/1	7,477,831	12,869,074	38,418,158	557,013	1,440,952	43,765,032	969,165	105,497,225
Additions	4,282,667	-	16,686	-	95,876	24,671	170,197	4,590,097
At 31/12	11,760,498	12,869,074	38,434,844	557,013	1,536,828	43,789,703	1,139,362	110,087,322
Accumulated Depreciation								
At 1/1	-	101,866	473,487	303,355	249,659	2,293,568	-	3,421,935
Charge for the year	-	174,824	817,940	253,657	414,613	3,850,648	-	5,511,682
At 31/12	-	276,690	1,291,427	557,012	664,272	6,144,216	-	8,933,617
Carrying amounts								
At 31/12/2016	11,760,498	12,592,384	37,143,417	1	872,556	37,645,487	1,139,362	101,153,705
At 31/12/2015	7,477,831	12,767,208	37,944,671	253,658	1,191,293	41,471,464	969,165	102,075,290
Comprising of								
Revaluation surplus	-	6,755,954	19,560,501	308,438	427,001	23,446,316	-	50,498,210
Cost of assets not revalued	11,769,498	6,113,120	18,874,343	248,575	1,109,827	20,343,387	1,139,362	59,589,112
	11,769,498	12,869,074	38,434,844	557,013	1,536,828	43,789,703	1,139,362	110,087,322

Leasehold Land and Buildings, Civil Works, Plant and Machinery, Office Equipment and Motor Vehicles were revalued by Assenta Property Consulting (International Property and Development Consultants, Valuers and Property Managers) on 14th May, 2015 on the basis of their open market values. These figures were incorporated in the financial statements as at 31 May 2015

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. INVESTMENTS

	2017	2016
	GH¢	GH¢
Investment in Subsidiary	-	53,290,000
Deposit for Equity Investment	-	46,100,000
	---	-----
	-	99,390,000
	==	=====

During the period under review, the Group underwent corporate restructuring resulting in the transfer of shares and deposit for shares in all subsidiaries to the parent, The Quantum Terminals Group Limited (TQTGL). This was supported by a tripartite agreement between QTPLC, TQTGL and the subsidiaries (QGTL and QOTL).

14. INVENTORY

	2017	2016
	GH¢	GH¢
Spare parts	28,049	19,441
Fuel stock	15,900	41,593
	-----	-----
	43,949	61,034
	=====	=====

15. TRADE AND OTHER RECEIVABLES

	2017	2016
	GH¢	GH¢
Trade receivables*	4,804,683	2,333,497
Other receivables**	1,153,114	1,700,454
Staff receivables	56,000	56,000
Prepayments***	361,532	269,496
	-----	-----
	6,375,329	4,359,447
	=====	=====

*Trade receivables consist of amount receivable from Sage Distribution Limited, a related party.

**Other receivables includes staff imprest, staff debtors, advances and tax assets.

***Prepayments includes rent, insurance and license prepaid.

The maximum amount due from staff of the Company during the year was GH¢56,000 (2016; GH¢56,000).

16. CASH AND CASH EQUIVALENTS

	2017	2016
	GH¢	GH¢
Bank balances	35,013	1,820,270
Cash balances	13,768	83,229
Restricted cash (Note 16b)	1,925,370	1,860,690
	-----	-----
Cash and cash equivalents	1,974,151	3,764,189
	=====	=====

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

16(b). RESTRICTED CASH

	2017 GH¢	2016 GH¢
SCB GHS Debt Service Account	600,000	600,000
SCB USD Debt Service Account	1,325,370	1,260,690
	<u>1,925,370</u>	<u>1,860,690</u>

The Company obtained a long term loan of GH¢ 12,000,000.00 and USD 6,000,000.00 from Standard Chartered Bank (SCB) in February and March 2015 for a period of five (5) years. As per the agreement, SCB withholds the next principal instalment repayment (the restricted cash) as guarantee for both facilities and disburse the net as the principal.

17. LOANS AND BORROWINGS

2017	Balance at 1/1/17 GH¢	Drawdown GH¢	Repayments GH¢	Balance at 31/12/17 GH¢
Standard Chartered Bank Loan (a)	24,188,970	-	(6,860,640)	17,328,330
	<u>24,188,970</u>	<u>-</u>	<u>(6,860,640)</u>	<u>17,328,330</u>
Amount Payable within one year				7,701,480
Amount Payable after one year				9,626,850
				<u>17,328,330</u>
2016	Balance at 1/1/16 GH¢	Drawdown GH¢	Repayments GH¢	Balance at 31/12/16 GH¢
Standard Chartered Bank Loan (a)	29,564,190	-	(5,375,220)	24,188,970
	<u>29,564,190</u>	<u>-</u>	<u>(5,375,220)</u>	<u>24,188,970</u>
Amount Payable within one year				7,442,760
Amount Payable after one year				16,746,210
				<u>24,188,970</u>

a. Standard Chartered Loan

The company obtained a long term loan facility of GH¢ 12,000,000.00 and USD 6,000,000.00 respectively from Standard Chartered Bank in February and March 2015. Both facilities have a tenor of five (5) years. The purpose of the loan was to finance the construction and commissioning of the LPG tank farm at Atuabo. The Ghana cedis loan facility attracts an interest of 28.50% per annum and repayment is done every quarter. The USD denominated facility attracts an interest of 7% + 3 months LIBOR per annum. The interest is payable every quarter.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

18. TRADE AND OTHER PAYABLES

	2017 GH¢	2016 GH¢
Trade Payable	-	14,623,378
Payable – Tank Farm	241,084	407,775
Accruals	178,454	898,033
Payroll liabilities	155,233	181,932
Loan interest payable	222,746	314,405
Other payables	1,655,006	344,911
	<u>2,452,523</u>	<u>16,770,434</u>

19. 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. In 2016, the Quantum Group Limited and Arch Investment Limited owned 99.99% and 0.01% of the issued shares of the company respectively. The company also had two (2) wholly owned subsidiaries (Quantum Gas Terminals Limited and Quantum Oil Terminals Limited). During the period under review, the Group underwent corporate restructuring resulting in the transfer of shares and deposit for shares in all subsidiaries to The Quantum Terminals Group Limited (TQTGL) for the book value of the investment.

The following are other parties related to the group and the nature of transactions include;

Arch Investments Limited is the ultimate parent in the Group.

Quantum Gas Terminals Limited (QGTL), 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 project finance, payment of expenditures and funds transfer on behalf of the companies by QTPLC.

The Quantum Group Limited (TQGL) is a member of Arch Investments Limited's Group. Transactions with QTPLC includes funds deposit by TQGL and payment of expenditures by TQGL on behalf of the QTPLC.

The Quantum Terminals Group Limited (TQTGL) is a member of Arch Investment Limited's Group and the parent company of QTPLC, QGTL, QOTL and QLLL. Transactions include intercompany transfers. During the year, all related party receivables from its subsidiaries were transferred to TQTGL as a result of restructuring. All intercompany balances due to TQTGL were set off against receivables from TQTGL.

Sage Distribution Limited (SDL), a member of Arch Investment Limited's Group is the only customer of QTPLC. SDL pays developmental support fees to QTPLC to enable the company meet its financial obligations.

Cardinal Logistics Limited (CLL), is a member Cardinal Group - a subsidiary of Arch Investment Limited. CLL rented water trucks to QTPLC at the Atuabo site for a hydro – testing program during construction in 2014. No transactions were entered into in the year under review.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. RELATED PARTY TRANSACTIONS- CONT'D

(b) Nature of transactions with related parties – cont'd

Petrobay Oil Limited, is a member Cardinal Group - a subsidiary of Arch Investment Limited. Petrobay Oil Limited provided fuel to QTPLC's Atuabo site during construction in 2014 and 2015. No transactions were entered into in the year under review.

Glory Oil Company Limited, is a member Cardinal Group - a subsidiary of Arch Investment Limited. Glory Oil Company Limited provided fuel to QTPLC's Atuabo site during construction in 2014. No transactions were entered into in the year under review.

(c) Transactions

The following transactions were carried out with related parties:

	2017	2016
	GH¢	GH¢
The Quantum Terminals Group Limited	(132,856,735)	-
Quantum Gas Terminals Limited	1,189	(1,189)
Quantum Oil Terminals Limited	786	64,205,169
The Quantum Group Limited	(13,530)	(50,990,589)
Sage Distribution Limited	38,094,126	23,738,368

(d) Outstanding balance arising from related party transactions:

All outstanding balances resulted from transactions with other related parties in the normal course of business. They are usually settled through offsets between the parties under legally enforceable rights. Related party balances have not been secured. No expense has been recognised in the current year for bad or doubtful debts in respect of amounts owed by the related parties.

(i) Amount due to related parties

	2017	2016
	GH¢	GH¢
Quantum Group Limited	-	13,530
Cardinal Logistics	87,617	87,617
Petrobay Oil Limited	43,929	43,929
Glory Oil Company	9,892	9,982
	<u>141,438</u>	<u>154,968</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. RELATED PARTY TRANSACTIONS- CONT'D

(ii) Amount due from related parties

	2017 GH¢	2016 GH¢
The Quantum Terminals Group Limited	132,856,735	-
Quantum Gas Terminals Limited	-	1,189
Quantum Oil Terminals Limited	-	786
	<u>132,856,735</u>	<u>1,975</u>

(e) 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.

	2017 GH¢	2016 GH¢
Short term benefits	186,000	158,000
Defined Contribution (SSNIT)	23,208	8,712

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

20. CAPITAL AND RESERVES

(a) Stated capital

	No. of Shares		Proceeds	
	2017 '000	2016 '000	2017 GH¢	2016 GH¢
Authorised				
Ordinary shares of no par value	500,000	500,000		
	<u>500,000</u>	<u>500,000</u>		
Issued				
For cash	70,000	70,000	70,000,000	70,000,000
	<u>70,000</u>	<u>70,000</u>	<u>70,000,000</u>	<u>70,000,000</u>

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

(b) Deposit for Shares

The Quantum Group Limited (TQGL) had deposit for shares amounting to GH¢ 47,292,758 as at 30 November 2017 (2016: GH¢ 35,100,000) which was subsequently transferred to The Quantum Terminals Group Limited. During the year under review, TQGL paid for developmental expenses of USD 2,969,000 on behalf of Quantum Gas Terminals Limited (QGTL). The amount due TQGL was transferred to Quantum Terminals PLC (QTPLC) to form part of TQGL's contribution towards equity in QTPLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

20. CAPITAL AND RESERVES-CONT'D

(c) Revaluation reserve

The revaluation reserve relates to revaluation of leasehold land in property, plant and equipment and details include:

	2017 GH¢	2016 GH¢
Balance at 1 January	34,551,995	37,835,208
Revaluation of property, plant and equipment, net of tax		
Transfer from revaluation to retained earnings	(3,095,845)	(3,283,213)
	<u>-----</u>	<u>-----</u>
Balance at 31 December	<u>31,456,250</u>	<u>34,551,995</u>

(d) Retained earnings

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

21. 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, including outstanding receivables and committed transactions.

Maximum exposure to credit risk are as follows:

	2017 GH¢	2016 GH¢
Amount due from related parties	132,856,735	1,975
Trade receivables	4,804,683	2,333,497
Other receivables*	1,209,114	1,756,454
Bank balance	35,013	1,820,270
	<u>138,905,545</u>	<u>5,912,196</u>

* This excludes prepayments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

21. FINANCIAL RISK MANAGEMENT – CONT'D

Impairment

The aging of trade receivables was as follows:

	2017		2016	
	GH¢		GH¢	
	Gross	Impairment	Gross	Impairment
Current (less than 30 days)	3,536,328	-	329,175	-
Past due but not impaired (30-90days)	1,268,355	-	2,004,322	-
	-----	---	-----	---
	4,804,683	-	2,333,497	-
	-----	---	-----	---

No impairment loss was recognised for financial assets

(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 following are contractual maturities of financial liabilities:

31 December 2017

	Carrying	6mths		More than
	Amount	or less	6-12 mths	one year
	GH¢	GH¢	GH¢	GH¢
Non-derivative financial liability				
Trade and Other Payables	2,297,230	7 10,408	78,678	1,508,144
Loans and borrowings	17,328,330	5,534,320	2,767,160	9,026,850
Due to Related Parties	141,438	-	-	141,438
	-----	-----	-----	-----
Balance at 31 December 2017	19,766,998	6,244,728	2,845,838	10,676,432
	=====	=====	=====	=====

31 December 2016

	Amount	6mths		More than
	GH¢	or less	6-12 mths	one year
	GH¢	GH¢	GH¢	GH¢
Non-derivative financial liability				
Trade and Other Payables	16,770,434	15,523,219	206,547	1,040,668
Due to Related Parties	154,968	-	-	154,968
Loans and Borrowings	24,188,970	4,961,840	2,480,920	16,746,210
	-----	-----	-----	-----
Balance at 31 December 2016	41,114,372	20,485,059	2,687,467	17,941,846
	=====	=====	=====	=====

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

21. FINANCIAL RISK MANAGEMENT – CONT'D

(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.

(a) Foreign currency risk

The company is exposed to 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\$).

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

	31/12/17	31/12/16
Assets		
Trade and other receivables	5,024,415	-
Due from related parties	4,187,000	-
Bank balances	1,368	8,630
	-----	-----
	9,212,782	8,630
	-----	-----
Liabilities		
Trade and other payables	(383,573)	(51,609)
Loans and borrowings	(11,928,330)	(3,900,000)
	-----	-----
	12,311,903	3,951,609
	-----	-----
Net exposure	(3,099,121)	(3,942,979)
	=====	=====

The following significant exchange rates applied during the year:

Rates of exchange (ROE)

	Average Rate		Reporting Rate	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
US\$ to GH¢	4.3584	3.9319	4.4.179	4.2023
	=====	=====	=====	=====

Sensitivity analysis on currency risks

A 1.4% weakening of the cedi against the US dollar as at 31 December 2017 would have impacted equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

21. FINANCIAL RISK MANAGEMENT – CONT'D

Sensitivity analysis on currency risks-cont'd

As of 31 Dec	2017			2016		
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	-1.40%	42,309	(42,309)	-6.88%	271,277	(271,277)

(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. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments were:

	2017 GH¢	2016 GH¢
Variable rate instruments	<u>1,140,241</u>	<u>1,513,236</u>

Cash flow sensitivity for variable rate instrument

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

	100bp Increase	100bp Decrease
<i>Effect in GH¢</i>		
31 December 2017		
Variable rate instrument	<u>(37,557)</u>	<u>37,557</u>
31 December 2016		
Variable rate instrument	<u>(47,204)</u>	<u>47,204</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

21. FINANCIAL RISK MANAGEMENT – CONT'D

(c) Fair value versus carrying amounts

The following table sets out the fair values of financial instruments measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Financial assets not measured at fair value

	2017 Carrying Amount GH¢	2017 Fair Value GH¢	2016 Carrying Amount GH¢	2016 Fair Value GH¢
Trade and Other receivables	6,375,329	6,375,329	4,359,447	4,359,447
Cash and bank balances	1,974,151	1,974,151	3,764,189	3,764,189
	<u>8,349,480</u>	<u>8,349,480</u>	<u>8,123,636</u>	<u>8,123,636</u>

Financial liabilities not measured at fair value

	2017 Carrying Amount GH¢	2017 Fair Value GH¢	2016 Carrying Amount GH¢	2016 Fair Value GH¢
Trade and Other Payables	2,297,290	2,297,290	16,729,939	16,729,939
Amount due to related parties	141,438	141,438	154,968	154,968
	<u>2,438,728</u>	<u>2,438,728</u>	<u>16,884,907</u>	<u>16,884,907</u>

The carrying amounts approximate fair values due to the short maturity of these instruments.

(d) Fair value hierarchy

31 December 2017

	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	2017 Fair Value Amount GH¢	2016 Carrying Amount GH¢
Financial Assets					
Due from related parties	-	132,856,735	-	132,856,735	-
	<u>-</u>	<u>132,856,735</u>	<u>-</u>	<u>132,856,735</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

21. FINANCIAL RISK MANAGEMENT – CONT'D

(d) *Fair value hierarchy*

31 December 2017

				2017 GH¢ Fair Value Amount GH¢	2016 GH¢ Carrying Amount GH¢
	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢		
Financial liabilities					
Loans and Borrowings	-	17,328,330	-	17,328,330	-
	----	-----	----	-----	-----
	-	17,328,330	-	17,328,330	-
	====	=====	====	=====	=====

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 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 private 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.

	2017 GH¢	2016 GH¢
Total liabilities	39,043,338	54,639,126
Less: Cash and Cash equivalents	(1,974,151)	(3,764,189)
Adjusted net debt	37,069,187	50,874,937
Total equity	184,179,960	154,091,224
Adjusted net debt to equity	0.20	0.33
	====	=====

22. EARNINGS PER SHARE (EPS)

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

	2017 GH¢	2016 GH¢
Profit attributable to ordinary shareholders	17,895,978	4,925,022
Ordinary shares	70,000,000	70,000,000
EPS	0.26	0.07
	====	=====

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

23. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)

The Directors of the Company presented the performance measure EBITDA as they monitor this and 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

	2017 GH¢	2016 GH¢
Profit before tax	23,492,271	6,575,652
Add Back		
Depreciation	5,232,199	5,511,682
Finance costs	4,232,159	5,669,551
Net Foreign exchange loss	493,029	1,632,520
	-----	-----
EBITDA	33,449,658	19,389,405
	=====	=====

24. CONTINGENT LIABILITIES

There were no contingent liabilities at the reporting date and also as at 31 December 2016.

25. CAPITAL COMMITMENTS

The Company has capital commitments in respect of the construction of LPG Tank Farm Projects at Atuabo to the tune of GH¢ 1,524,175 outstanding as at the year ended 2017 (2016; Nil)

26. GOING CONCERN CONSIDERATION

The company's current liabilities exceeded current assets by GH¢ 7,075,209 (2016: GH¢ 16,183,492) at year ended 31 December 2017. The company reported a profit of GH¢ 17,895,978 and the directors have made an assessment of the cash flow projections of the company for the next twelve (12) months which shows a positive business outlook. The Directors therefore believe that the company will be able to generate enough cash flows from its operations to settle its liabilities.

The financial statements have been prepared on going concern basis. This basis presumes that cash flows arising from the normal course of business will be available to finance future operations of the Company and that the settlement of liabilities will occur in the ordinary course of business.

27. COMPARATIVES

Where necessary, the comparative figures have been adjusted to conform to current year presentation