



# **QUANTUM TERMINALS LIMITED**

## **REPORTS AND FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

**QUANTUM TERMINALS LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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# **QUANTUM TERMINALS LIMITED**

## **CORPORATE INFORMATION**

<b>Date of Incorporation</b>	24 <sup>th</sup> March 2011
<b>Board of Directors:</b>	Emmanuel Egyei - Mensah Felix Gyekye
<b>Secretary:</b>	Damaris Tanoh-Rivers E17/9 Ablade Road, Kanda P.O. Box CT 4377 Cantonments Accra.
<b>Registered Office:</b>	E17/9 Ablade Road, Kanda P.O. Box CT 4377 Cantonments Accra.
<b>Solicitors:</b>	Alex Osei Wusu H/No. 164 Airport West P.O. Box CT 4377 Cantonments Accra
<b>Auditors:</b>	Nexia Debrah & Co. Chartered Accountants BCB Legacy House #1 Nii Amugi Avenue East Adabraka Osu Klotey P. O. Box CT 1552 Cantonments - Accra
<b>Bankers:</b>	United Bank for Africa (Ghana) Limited Cal Bank Ghana Limited Prudential Bank Ghana Limited

**REPORT OF THE DIRECTORS  
TO THE MEMBERS OF  
QUANTUM TERMINALS LIMITED**

We the Directors of Quantum Terminals Limited have pleasure in submitting our annual reports together with the Audited Financial Statements for the year ended December 31, 2013.

**DIRECTORS' RESPONSIBILITY**

Under the Companies Code 1963 (Act 179), we as directors of the company are responsible for preparing in respect of each financial year, Financial Statements which give a true and fair view of the state of affairs of the company, and of its profit or loss and cash flows for that period in accordance with Accounting Standards acceptable in Ghana. In preparing these financial statements we are required to select suitable accounting policies and apply them consistently, make judgments and estimates that are reasonable and prudent.

We are responsible for keeping proper books of accounts which disclose with reasonable accuracy at any time the financial position of the company. We are also responsible for safeguarding the assets of the company and taking reasonable steps for the prevention and detection of fraud and other irregularity.

**NATURE OF BUSINESS**

The company is authorized under its regulations to build, own and operate tank farms in Ghana, processing and blending of petroleum products, transportation and storage of petroleum products.

**RESULTS AND DIVIDEND**

The company is constructing tank farms at Tema in the Greater Accra Region, Takoradi in the Western Region and Kumasi in the Ashanti Region all in the Republic of Ghana. All activities and expenditures incurred are for the purposes of completing the tank farms and the Directors have therefore adopted a policy to capitalize all such expenditures until the tank farms are commissioned. The project is expected to be completed by the middle of 2016.

**HOLDING COMPANY**

Quantum Terminals Limited is a fully owned subsidiary of Quantum Group Limited, a company incorporated in Ghana.

**AUDITORS**

The company's external auditors, Messrs Nexia Debrah & Co., have indicated their willingness to continue office in accordance with Section 134(5) of the Companies Code 1963, (Act 179). We therefore recommend their continued appointment.

  
.....)

  
.....)

**Directors**

**ACCRA**

30TH JUNE.....2015

**REPORT OF THE AUDITORS  
TO THE MEMBERS OF  
QUANTUM TERMINALS LIMITED**

We have audited the Financial Statements of Quantum Terminals Limited for the year ended December 31, 2013 which are presented herein from pages 6 to 12. The principal accounting policies used in preparing these financial statements are set out on pages 10 to 12.

Our report is made solely to the company's members, as a body, in accordance with section 133 of the Companies Code 1963 (Act 179). The purpose of our audit is to enable us to make a statement to the members of the company on those matters specifically required by law to be mentioned in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its members as a body for our audit work, our report, or the opinions we have expressed herein.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS**

The Company's Directors acknowledge on page 3 their responsibility for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards and for the detection and prevention of fraud or other irregularity. Our responsibility as Auditors is to express an independent opinion on the Financial Statements based on our audit.

**BASIS OF OPINION**

We conducted our audit in accordance with auditing standards. An audit involves the performance of test procedures to obtain evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Directors in preparing the Financial Statements, and of whether the accounting policies are appropriate to the company, consistently applied and adequately disclosed.

We planned and performed the audit so as to obtain all information and explanations we considered necessary in order to provide us with sufficient evidence and reasonable assurance that the Financial Statements are free from material misstatements. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

**OPINION**

In our opinion, proper books have been kept and the Financial Statements which are in agreement therewith present truthfully and fairly, the financial position of the company as at December 31, 2013 and of the results of operations and cash flows for the year then ended and comply in all material respects with the International Financial Reporting Standards and the Ghana Companies Code, 1963 (Act 179).



## QUANTUM TERMINALS LIMITED

### AUDITORS' REPORT (CONT'D)

#### Report On Other Legal Requirements

Under the Companies Code 1963 (Act 179) we are required, when carrying out our audit, to consider and report on the following matters:

- 1) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- 2) in our opinion proper books of account have been kept by the company, as far as appears from our examination of those books; and
- 3) the Company's balance sheet and profit and loss account are in agreement with the books of account.

*Nyia Debrah & Co.*

**Chartered Accountants**  
**Practice License #ICAG/F/069**

BCB Legacy House  
# 1 Nii Amugi Avenue  
East Adabraka, Accra  
P. O. Box CT 1552  
Cantonment - Accra  
**Romeo Siaw – Mensah (ICAG/P/1265)**

30TH JUNE.....2015

**QUANTUM TERMINALS LIMITED**

**STATEMENT OF ASSETS AND LIABILITIES  
AS AT DECEMBER 31, 2013**

	NOTES	2013 GH¢	2012 GH¢
<b>DEVELOPMENT COST</b>	<b>2</b>	28,374,291	12,159,102
<b>Property, Plant and Equipment</b>	<b>3</b>	43,074,192	-
		<u>71,448,483</u>	<u>12,159,102</u>
<b>CURRENT ASSETS</b>			
Accounts Receivables	4	207,318	10,070
Deferred Expenses	5	28,000	21,150
Cash & Bank Balances		214,459	1,611,728
		<u>449,777</u>	<u>1,642,948</u>
<b>TOTAL ASSETS</b>		<u><b>71,898,260</b></u>	<u><b>13,802,050</b></u>
<b>FINANCED BY:</b>			
Accounts Payable	6	6,571,685	22,130
Due to Related Company	7	37,794,294	13,769,920
Borrowings	10	19,258,540	-
Capital Surplus	9	8,263,741	-
Stated Capital	8	10,000	10,000
<b>TOTAL EQUITY &amp; DEBT FUNDS</b>		<u><b>71,898,260</b></u>	<u><b>13,802,050</b></u>

  
  
 ACCRA

**DIRECTORS**

30 TH JUNE.....2015

The notes on pages 8 to 12 constitute an integral part of the Financial Statements

**QUANTUM TERMINALS LIMITED**  
**STATEMENT OF CASHFLOWS FOR THE YEAR ENDED**  
**DECEMBER 31, 2013**

	Notes	GH¢	2013 GH¢	2012 GH¢
<b>Cash Generated from Operations:</b>				
Profit before tax from operations			-	-
Depreciation		13,500		
Increased in Accounts Receivable		(197,248)		(70)
Increased in Deferred Expenses		(6,850)		(44,919)
Increased in Accounts Payable		6,549,555		22,130
Increased in Due to Related Company		24,024,374		4,438,085
		-----	-----	-----
<b>Net Cash flow from Operations</b>			<b>30,383,331</b>	<b>4,415,226</b>
<b>Cash flow from Investing Activities:</b>				
Development Cost		(7,951,448)		(2,803,498)
Property, Plant and Equip't		(43,087,692)		-
		-----	-----	-----
<b>Net Cash used in investing</b>			<b>(51,039,140)</b>	<b>(2,803,498)</b>
<b>Cashflow from Financing:</b>				
Equity		-		-
Borrowing		19,258,540	19,258,540	
		-----	-----	-----
<b>Net Cash flow from Financing</b>			<b>19,258,540</b>	<b>-</b>
Net Increased in Cash and Cash Equivalents			(1,397,269)	1,611,728
Cash and Cash Equivalent at beginning of year			1,611,728	-
			-----	-----
<b>Cash and Cash Equivalents at end of year</b>			<b>214,459</b>	<b>1,611,728</b>
			=====	=====
<b>Analysis of Cash and Cash Equivalents</b>				
<b>As shown in the Balance Sheet</b>				
Cash and Bank Balances			214,459	1,611,728
			=====	=====



**QUANTUM TERMINALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**1. ACCOUNTING POLICIES**

**Limited**

Quantum Terminals Limited is incorporated in Ghana under the Companies Code 1963 (Act 179) as a Private Limited Liability Company, and is domiciled in Ghana.

**a. Basis of Accounting**

The financial statements have been prepared in accordance with International Financial Reporting Standards (and its interpretations adopted by the International Accounting Standards Board (IASB)) under the historical cost convention except as disclosed in the accounting policies below. The preparation of financial statements under IFRS requires the use of certain critical accounting estimates, and also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 1J below.

**b. Property, Plant and Equipment**

***Owned assets***

Items of property, plant and equipment are stated at historical cost less accumulated depreciation or impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

***Depreciation***

Depreciation is calculated on a straight – line basis to write off the cost of each asset to their residual values over their estimated useful lives as follows:

Land and Building	2%
Furniture and Fittings	25%
Motor Vehicle	25%
Computer Equipment	33 <sup>1</sup> / <sub>3</sub> %

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in other income.

## **QUANTUM TERMINALS LIMITED**

### **c. Amount Receivable**

Receivables are recognised and recorded at cost less any provision for impairment. A provision for impairment is made on a case by case basis when there is any evidence that the amount due will not be fully recovered at the original terms.

### **d. Trade and Other Payables**

Trade and other payables are stated at cost.

### **e. Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and call deposits and other short-term highly liquid investments. 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 purposes of the statement of cash flows.

### **f. Foreign Currencies**

Transactions denominated in foreign currencies are translated into Ghana Cedis (GH¢) at the exchange rates ruling at the dates of transaction. Monetary Assets and Liabilities denominated in foreign currencies at the Balance Sheet date are translated into Ghana Cedis (GH¢) at the exchange rates ruling at that date.

### **g. Short-term Employee Benefits**

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service. The provisions for employee entitlements to wages, salaries, annual and sick leave represent the amount which the company has a present obligation to pay as a result of employees' services provided to the balance sheet date.

The Company contributes 13% of qualifying employee costs to the Social Security and National Insurance Trust (SSNIT) and the contribution is charged to the Profit and Loss Account as part of total Employee Benefit. The Trust is a creation of law and managed by the Government of Ghana.

### **h. Interest-Bearing Borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

### **i. Provisions**

A provision is recognised in the balance sheet when a legal or constructive obligation as a result of a past transaction or event exist at the balance sheet date and the amount of the obligation can be reliably estimated and also probable that an outflow of economic

## QUANTUM TERMINALS LIMITED

resource will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### j. Critical Accounting Estimates and Judgements

Estimates and judgement are continually made and evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

#### Property, Plant and Equipment

Critical estimates are made by the Directors in determining depreciation rates for property, plant and equipment. The rates used are set out in note 1b. The rate for Plant and Machinery will be determined by the engineers after the completion of the project.

#### Income Taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the course of business. The company recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

2. DEVELOPMENT COST		2013	2012
		GH¢	GH¢
<i>Capital Work In Progress</i>			
Acquisition of Land	SCH. 1	24,190,723	10,133,449
Engineering Design	SCH. 2	2,595,052	1,886,762
Other Expenses	SCH. 3	1,588,516	138,891
		<u>28,374,291</u>	<u>12,159,102</u>

The above cost represent the cumulative amount spent in acquiring land, engineering design and technical services for constructing tank farms in three regions in Ghana. The tank farms are designed to be a competitive, reliable and efficient private investor led Independent tank farms in Ghana. It is estimated that the project will be completed by the middle of 2016.

## QUANTUM TERMINALS LIMITED

### 3. PROPERTY, PLANT & EQUIPMENT

	Wip P/M & Const. Tools GH¢	Comp. & Equip. GH¢	Fixture & Fittings GH¢	Motor Vehicle GH¢	Wip/ Land Under Devl'mt GH¢	Total GH¢
<b>Cost</b>						
At 01/01/13	-	-	-	-	-	-
Additions	290,316	5,587	38,428	132,960	42,620,401	43,087,692
Transfers/Disposals	-	-	-	-	12,837	12,837
<b>At 31/12/13</b>	<u><u>290,316</u></u>	<u><u>5,587</u></u>	<u><u>38,428</u></u>	<u><u>132,960</u></u>	<u><u>42,633,238</u></u>	<u><u>43,100,529</u></u>
<b>Accumulated Depreciation</b>						
At 01/01/13	-	-	-	-	-	-
Charge for the year	1,962	180	3,381	20,814	-	26,337
Transfers/Disposals	-	-	-	-	-	-
<b>At 31/12/13</b>	<u><u>-</u></u>	<u><u>180</u></u>	<u><u>3,381</u></u>	<u><u>20,814</u></u>	<u><u>-</u></u>	<u><u>26,337</u></u>
<b>Net Book Value</b>						
<b>At 31/12/13</b>	<u><u>288,354</u></u>	<u><u>5,407</u></u>	<u><u>35,047</u></u>	<u><u>112,146</u></u>	<u><u>42,633,238</u></u>	<u><u>43,074,192</u></u>
<b>At 31/12/12</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

## QUANTUM TERMINALS LIMITED

<b>4. ACCOUNTS RECEIVABLE</b>	<b>2013</b>	<b>2012</b>
	<b>GH¢</b>	<b>GH¢</b>
Withholding Tax	-	70
Sundry Debtors	207,318	10,000
	<u>207,318</u>	<u>10,070</u>
<b>5. DEFERRED EXPENSES</b>		
Audit Fees	28,000	21,150
	<u>28,000</u>	<u>21,150</u>
<b>6. ACCOUNTS PAYABLE</b>		
Deferred Income	1,933	880
Sundry Creditors & Accruals	104,941	21,250
Withholding Tax	33,677	-
Trade Creditors	6,431,134	-
	<u>6,571,685</u>	<u>22,130</u>
<b>7. DUE TO RELATED COMPANIES</b>		
Directors' Loan	140,581	-
Sage Petroleum Limited	638,557	894,764
Quantum Group Limited	37,015,156	12,875,156
	<u>37,794,294</u>	<u>13,769,920</u>

These represent funds received from the Equity Partners in the company for the purposes of the Tank Farms. Sage Petroleum Limited is a subsidiary of Quantum Group Limited.

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8. STATED CAPITAL	2013		2012	
	Number of Shares '000	Proceeds GH¢	Number of Shares '000	Proceeds GH¢
<b>Authorised:</b> Ordinary Shares Of no par value	100,000	-	100,000	-
	=====	==	=====	==
<b>Issued:</b> For Cash Consideration	100	10,000	100	10,000
	==	=====	==	=====

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

	2013 GH¢	2012 GH¢
<b>9. CAPITAL SURPLUS</b>		
Balance B/fwd	-	-
Additions	8,263,741	-
	-----	-----
<b>Balance C/fwd</b>	<b>8,263,741</b>	-
	=====	=====

The balance on the Capital Surplus Account represents the revaluation surplus on the land acquired at Tema and Kumasi.

### 10. BORROWINGS

NDK Financial Services Ltd	9,398,635	-
First Atlantic Bank	9,859,905	-
	-----	-----
	<b>19,258,540</b>	-
	=====	=====

#### 10a. NDK FINANCIAL SERVICES LIMITED

On 3rd of May 2013, the company secured a facility of Ghc9.4 million with an interest rate of 2.95% per month to augment its construction of Tank Farms. This is payable within six (6) month period. The facility has lien on 14,387,755 shares held in Ghana Oil Company Limited valued at GH¢20,142,857.14 (based on GSE prices of 23/5/2013).



## **QUANTUM TERMINALS LIMITED**

### **10b. FIRST ATLANTIC BANK LIMITED**

This represents the Ghc equivalent of the outstanding balance of a Short Term Loan of **US\$5 million** with an interest rate of 10% per annum. This is repayable installment within four (4) months. The facility is secured by Commercial Property and corporate Guarantee of the Quantum Group Limited.

### **11. CONTINGENT LIABILITIES**

There were no contingent liabilities not provided for in the financial statements as at the Balance Sheet date and at 31/12/2012.

### **12. CAPITAL COMMITMENTS**

There were no commitments not provided for in the financial statements as at the Balance Sheet date and at 31/12/2012.

### **13. EXCHANGE CONTROL**

All remittances from Ghana are subject to the agreement of the Exchange Control Authorities.

### **14. PROFIT AND LOSS ACCOUNT**

No Profit and Loss Account was prepared since the company has not started operations and is currently engaged in the initial constructional activities. All expenses incurred during this period have been capitalised under development cost as other expenses.

## QUANTUM TERMINALS LIMITED

### **SCHEDULE 1**

#### **ACQUISITION OF LAND**

	2013 GH¢	2012 GH¢
Buipe	65,359	-
Atuabo	1,549,562	45,000
Head Office	283,318	283,318
Kumasi	2,213,285	1,364,960
Takoradi	4,175,868	4,128,673
Tema	15,903,331	4,311,498
	<u>24,190,723</u>	<u>10,133,449</u>

Land acquired at Tema and Kumasi was professionally revalued by Assenta Property Consulting in MARCH 2013 on the basis of Reinstatement (Replacement) value under existing use for accounting purposes. The adjustments made during the year were necessary to align the carrying amounts of each category of asset to their fair values which approximate the present value of future benefits.

### **SCHEDULE 2**

#### **ENGINEERING DESIGN AND TECHNICAL SERVICES**

Engineering Design	1,944,535	1,704,317
Geo Technical Services	264,702	107,757
Soil Test Services	24,508	24,508
Environmental Investigation	169,850	46,600
Land Survey Services	191,457	3,580
	<u>2,595,052</u>	<u>1,886,762</u>

### **SCHEDULE 3**

#### **OTHER EXPENSES**

Water Services	15,940	15,940
Electrification Assessment	11,500	9,500
Processing Fees & Documentation	104,295	36,659
Consultancy Services	547,587	15,425
Licenses, Permits and Fees	118,443	37,598
Interest and Bank Charges	149,681	497
Rent and Rates	31,012	2,204
Travel and General Expenses	563,833	21,068
Security Services	45,053	-
Insurance	1,172	-
	<u>1,588,516</u>	<u>138,891</u>