



DIGICUT PRODUCTION & ADVERTISING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018



Adom Bofo & Associates
Chartered Accountants and Management Consultants
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DIGICUT PRODUCTIONS & ADVERTISING PLC

Financial Statement for the

year ended 31st December, 2018

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DIGICUT PRODUCTIONS & ADVERTISING PLC

Financial Statement for the

year ended 31st December, 2018

DIRECTORS AND ADVISORS

DIRECTORS

Dr. Papa Kwesi Nduom

Mr. John Sterlin

Mr. Joseph Kusi-Tieku

Mr. Patrick Anumel

Mr. Ladi Arthur Felix Nylander

Mrs. Sally Honny

SECRETARY

GN Legal

Accra

REGISTERED ADDRESS

HNO 350 Nima Court Avenue,

Ward E Block 2, Accra

AUDITORS

Adom Bofo & Associates

Chartered Accountants

Mango Street Avenue

Asylum Down

PMB CT 3960, Cantonments,

Accra

BANKERS

GN Bank Limited, Accra

Ecobank Ghana Limited, Accra

DIGICUT PRODUCTIONS & ADVERTISING PLC

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REPORT OF THE DIRECTORS FOR THE

YEAR ENDED 31 DECEMBER 2018

Statement of directors' responsibilities

The Directors present their report and audited financial statements of the company for the year ended 31 December 2018.

The company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the Statement of Financial position at 31 December 2018, statement of comprehensive income and statement of 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, 1963 (Act 179).

The directors' responsibilities include designing, implementing and maintaining 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.

State of affairs of the company

The directors consider the state of affairs of the company to be satisfactory. The board of directors has made an assessment of the company's ability to continue as a going concern and have no reason to believe the company will not be a going concern in the year ahead.

Nature of business activity

The company is authorised to carry on the business in Graphic designing, Advertising and other media service incidental thereto. There was no change in the nature of the company's business during the year.

Financial Statements

The directors submit to the shareholders the financial statements for the year ended 31 December 2018 report as follows:

Results

The Results for the year ended are set out on page 9 and show a loss of **GH¢ 908,580**.

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	2018	2017
	GH¢	GH¢
Profit/(Loss) before taxation for the year	(908,580)	1,877,244
Taxation	—	(488,884)
Profit after tax for the year	(908,580)	1,388,360
to which is added balance on income surplus accounts brought forward giving a total of	2,476,678	1,337,818
Transfer to Stated Capital	—	(249,500)
Leaving a balance of	<u>1,568,098</u>	<u>2,476,678</u>

Dividend

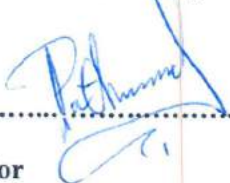
The directors do not recommend the payment of dividend for the year ended 31 December 2018.

Auditors

In accordance with section 134 (5) of the Companies Act, 1963 (Act 179), Adom Boafo & Associates will continue in office as auditors of the company.

Approval of the financial statement

The financial statements were approved by the board of directors on 2019 and signed on their behalf by:

.....


Director

Date: 23.06.2019

.....


Director

Date: 23-06-2019



Adom Bofo & Associates

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIGICUT PRODUCTIONS & ADVERTISING LIMITED

Report on the Financial Statements

Opinion

We have audited the financial statements of Digicut production and advertising PLC which comprise the statement of financial position as at 31 December 2018, and the Statement of Comprehensive Income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes as set out on pages 13 to 24.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in a manner required by the Companies Act 1963 (Act 179).

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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and forming our opinion thereon, and not provide a separate evidence to support such transactions.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with IFRS and in the manner required by the Companies Act 1963 (Act 179) and for such internal control as the Board of Directors determines 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 Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

DIGICUT PRODUCTIONS & ADVERTISING PLC

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using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' responsibility

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 decision 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 skepticism 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 Board of Directors.

Conclude on the appropriateness of the Board of 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's 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 the Board of 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.

DIGICUT PRODUCTIONS & ADVERTISING PLC

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Report on other legal and regulatory requirements

The Companies Act 1963 (Act 179) requires that in carrying out our audit work we consider and report on the following matters. We confirm that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. in our opinion proper books of accounts have been kept by the Company, so far as appears from our examination of those books; and
- iii. the balance sheet and profit and loss account of the Company are in agreement with the books of accounts.

In accordance with Companies Act 1963 (Act 179), the Company has kept accounting records that are sufficient to explain its transactions and financial position with respect to its operations and any other business that it carries on.

The engagement Partner on the audit resulting in this independent auditor's report is

Prof. Kwame Adom-Frimpong - [License No. ICAG/P/1109]



**ADOM BOAFO & ASSOCIATES
CHARTERED ACCOUNTANTS & MGT. CONSULTANTS
1827/3 MANGO TREE AVENUE, ASYLUM DOWN
P. O. BOX CT 3966, CAJONHILLS, ACCRA**

for: Adom-Boafo & Associates - [License No. ICAG/F/2019/041]

Chartered Accountants

Mango Street Avenue, Asylum Down

Accra, Ghana

14/06/2019

DIGICUT PRODUCTIONS & ADVERTISING PLC*Financial Statement for the**year ended 31st December, 2018***STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER, 2018**

	Notes	2018	2017
		GH¢	GH¢
Revenue	2	2,204,680	6,288,033
Cost of Sales	3	<u>(700,248)</u>	<u>(1,951,557)</u>
Gross Profit		1,504,432	4,336,476
Other operating income	4	<u>85,634</u>	<u>46,729</u>
Operating profit		1,590,067	4,383,205
Admin & General expenses		<u>(2,387,462)</u>	<u>(2,289,371)</u>
Profit/(Loss) before Interest and tax		(797,396)	2,093,834
Finance cost	5	<u>(111,184)</u>	<u>(216,590)</u>
Profit/(Loss) before tax		(908,580)	1,877,244
Income tax expense	7	<u>-</u>	<u>(488,884)</u>
Profit/(Loss) after tax		<u>(908,580)</u>	<u>1,388,360</u>

DIGICUT PRODUCTIONS & ADVERTISING PLC*Financial Statement for the**year ended 31st December, 2018***STATEMENT OF CHANGES IN EQUITY FOR
THE YEAR ENDED 31ST DECEMBER, 2018**

2018	Stated Capital GH¢	Income Surplus GH¢	Total GH¢
Balance as at 1 Jan.	250,000	2,476,678	2,726,678
Issued Shares	2,853,811	-	2,853,811
Profit/(Loss) for the year	-	<u>(908,580)</u>	<u>(908,580)</u>
Balance as at 31 Dec	<u>3,103,811</u>	<u>1,568,098</u>	<u>4,671,909</u>

In the year 2018 the company listed on the alternative market and issued 35,672,637 shares at GH¢0.08.

2017	Stated Capital GH¢	Income Surplus GH¢	Total GH¢
Balance as at 1 Jan.	500	1,337,818	1,338,318
Transfer to Stated capital	249,500	(249,500)	-
Profit for the year	-	<u>1,388,360</u>	<u>1,388,360</u>
Balance as at 31 Dec	<u>250,000</u>	<u>2,476,678</u>	<u>2,726,678</u>

DIGICUT PRODUCTIONS & ADVERTISING PLC*Financial Statement for the**year ended 31st December, 2018***STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2018**

ASSETS	Notes	2018	2017
NON-CURRENT ASSETS		GH¢	GH¢
Property, plant and equipment	8	<u>1,387,096</u>	<u>1,274,126</u>
CURRENT ASSETS			
Accounts receivable	9	<u>3,570,780</u>	<u>3,525,780</u>
Taxation	7	<u>168,915</u>	<u>118,915</u>
Cash and cash equivalents	10	<u>1,634,262</u>	<u>99,781</u>
		<u>5,373,957</u>	<u>3,744,476</u>
TOTAL ASSETS		<u>6,761,053</u>	<u>5,018,602</u>
CAPITAL AND LIABILITIES			
CAPITAL			
Stated capital	11	<u>3,103,811</u>	<u>250,000</u>
Income surplus account		<u>1,568,098</u>	<u>2,726,678</u>
		<u>4,671,909</u>	<u>2,976,678</u>
NON-CURRENT LIABILITIES			
Borrowings	12	<u>1,005,625</u>	<u>1,161,449</u>
CURRENT LIABILITIES			
Accounts payables	13	<u>1,083,519</u>	<u>1,130,475</u>
		<u>1,083,519</u>	<u>1,130,475</u>
TOTAL EQUITY & LIABILITIES		<u>6,761,053</u>	<u>5,268,602</u>

The financial statements on pages 6 to 14 were approved by the board of directors on and were signed on its behalf by:

Director: Date: 

Director:

Date: 23.06.2019

DIGICUT PRODUCTIONS & ADVERTISING PLC*Financial Statement for the**year ended 31st December, 2018***STATEMENT OF CASHFLOW FOR
THE YEAR ENDED 31ST DECEMBER, 2018**

	Notes	2018	2017
		GH¢	GH¢
Cashflow from operating activities:			
Operating profit before tax		(908,580)	1,877,244
Depreciation		463,826	487,583
Movement in Stated capital		<u>-</u>	<u>(249,500)</u>
Operating profit before working capital changes		(444,754)	2,115,327
Change in accounts receivables	9	(45,000)	(1,912,120)
Change in accounts payables	13	(46,956)	559,297
Cash generated from operating activities		(536,710)	762,504
Tax paid (Deferred tax adjusted)	7	(50,000)	<u>(396,125)</u>
Net Cashflow from operating activities:		(586,710)	366,379
Cashflow from investing activities			
Purchase of non-current assets	8	(576,795)	<u>(471,323)</u>
Net cash inflow from investing activities		(576,795)	(471,323)
Cashflow from financing activities			
Stated Capital	11	2,853,811	249,500
Change in Loan	12	(155,824)	<u>(150,284)</u>
Net cash inflow from financing activities		2,697,987	99,216
Net Increase / Decrease in cashflow		1,534,481	(5,729)
Analysis of changes in cash and cash equivalent			
Balance at 1st January		99,781	105,510
Net increase / decrease in cash flow		<u>1,534,481</u>	<u>(5,729)</u>
Balance at 31st December		<u>1,634,262</u>	<u>99,781</u>

DIGICUT PRODUCTIONS & ADVERTISING PLC

Financial Statement for the

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NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

1. REPORTING ENTITY

Digicut Production & Advertising Limited is a company registered in Ghana under Companies Act, 1963 (Act 179) and the address of the company can be found on page 3 of this report.

1.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting standards.

b) Basis of measurement

The financial statements are prepared on the historical cost basis except for financial instruments that are stated at fair values.

c) Functional and Presentation currency

The financial statements have been presented in Ghana cedi which is the company's functional currency.

d) Use of estimate and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making 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 estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Where necessary, the comparatives have been reclassified from the previously reported results to take into account changes in presentation.

DIGICUT PRODUCTIONS & ADVERTISING PLC

Financial Statement for the

year ended 31st December, 2018

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

1.2 SIGNIFICANT ACCOUNTING POLICIES

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

a. Revenue recognition

Revenue shall be recognised revenue when there is a valid contract between the customer and the company and there is transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The promised consideration can also vary if an entity's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

When (or as) a performance obligation is satisfied, an entity shall recognise as revenue the amount of the transaction price (which excludes estimates of variable consideration).

An entity shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes)

Key classes of revenue are recognised on the following bases:

- Advertising and sponsorship on transmission
- Programme production on delivery
- Programme rights when contracted and available for exploitation
- Participation revenues as the service is provided

Revenue on barter transactions is recognised only when the goods or services being exchanged are of a dissimilar nature.

b. Foreign currency transactions

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement.

Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate prevailing at the dates of the transactions.

DIGICUT PRODUCTIONS & ADVERTISING PLC

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NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

c. Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment (PPE) are measured at acquisition cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. The cost may also include the initial estimated costs of dismantling and removing the item (i.e. PPE) and restoring the site on which it is located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

(ii) Subsequent costs

The cost of replacing part of an item of property, plant or 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 maintenance, repair and servicing expenditures incurred on property, plant and equipment are recognized in income statement.

(iii) Depreciation

Depreciation is recognized in the income statement on 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.

The estimated useful lives of major classes of depreciable property, plant and equipment are:

Asset	Rate	Useful life
Furniture & Fittings	10%	10 years
Motor vehicles	20%	5 years
Office equipment	20%	5 years
Plant and Equipment	20%	5 years
Computer & accessories	33%	3 years

Depreciation methods, useful lives and carrying amount are reassessed at each reporting date. The carrying amounts of property plant and equipment are assessed whether they are recoverable in the form of future economic benefits. If the recoverable amount of a PPE has declined below its carrying amount, an impairment loss is recognized to reduce the value of the assets to its recoverable amount. In determining the recoverable amount of the assets, expected cash flows are discounted to their present value.

DIGICUT PRODUCTIONS & ADVERTISING PLC

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds from disposal with the carrying amounts of property, plant and equipment and are recognized in the income statement as other income.

d. Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are categorized as follows:

* Loans and receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at amortized cost using effective interest rate method less appropriate allowances for doubtful receivables.

* Loans and receivables comprise cash and cash equivalents and other receivables.

* Cash and cash equivalents – these comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair values, and are used by the company in the management of its short-term commitments.

* Financial liabilities measured at amortized cost - this relates to all other liabilities that are not designated at fair value through profit or loss.

Non-derivative financial instruments are recognized initially at fair value plus, for instrument not at fair value through profit and loss, any directly attributable transaction cost except as described below.

A financial instrument is recognized if the company becomes party to the contractual provisions of the instrument. Financial assets are derecognized if the company's contractual rights to the cash flows from the financial assets expire or if the company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e., the date that the company commits itself to purchase or sell the asset. Financial liabilities are derecognized if the company's obligations specified in the contract expire or are discharged or cancelled. Subsequent to initial recognition non-derivative financial instruments are measured at amortized cost using the effective interest rate method, less impairment losses, if any.

DIGICUT PRODUCTIONS & ADVERTISING PLC

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

(ii) Off setting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the company has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(iii) Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

(iv) Derivative instruments

Derivative instruments are measured at fair value.

(v) Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in net profit or loss in the period in which the change arises. Gains and losses from measuring the hedging instruments relating to a fair value hedge at fair value are recognized immediately in net profit or loss.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; bank balances and deposits held with the banks and these are carried at amortized cost.

f. Taxation

The company provides for income taxes at the current tax rates on the taxable profits of the company. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

DIGICUT PRODUCTIONS & ADVERTISING PLC

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. 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 realized.

g. Employee Benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution schemes are recognized as an expense in the income statement when they are due.

ii. Pensions (Social Security Fund)

Digicut Production and Advertising Limited's contributions to social security fund are charged to the income statement in the period to which the contributions relate.

iii. Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

h. Leases

(i) Classification

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are stated as assets of the company at the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability to the lessor is included in the balance sheet as an obligation under finance lease. Finance costs are charged to the income statement over the term of the lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

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Leases where significant portions of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(ii) Lease payments

Payments made under operating leases are charged to the income statement 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 recognized as an expense in the period in which termination takes place.

Minimum lease payments made under finance leases are apportioned between finance expense and a reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

i. Dividends

Paid dividends are treated as an appropriation of profit in the year of approval while dividends proposed are disclosed as a note to the financial statements.

j. Bad and Doubtful debt

All debts confirmed to be bad are provided for in the income statements, whilst specific provisions are made for any debts considered doubtful.

k. Provisions and contingent liabilities

Provisions are recognized where a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can be reasonably estimated. A disclosure is made where the existence of the obligations will only be confirmed by an unknown future event, or where the amount of the obligation cannot be reliably measured.

DIGICUT PRODUCTIONS & ADVERTISING PLC*Financial Statement for the**year ended 31st December, 2018***NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2018****2. REVENUE**

	2018	2017
	GH¢	GH¢
Agency fees/ Commission	1,798	
Billboard Rental Income	830,566	1,969,987
Branding income	867	14,584
C N C Revenue	51,988	7,490
Mobile advert, van income	124,860	639,759
Printing & Production Income	963,832	3,505,560
Production & Adverts income	62,769	34,653
Retainer ship Fees	<u>168,000</u>	<u>116,000</u>
	<u>2,204,680</u>	<u>6,288,033</u>

3. COST OF SALES

Advertising & publicity expenses	44,684	24,071
Billboard maintenance Expense	68,302	96,692
Branding expense	642	2,378
CNC Router	25,187	-
Printing & production Expense	452,505	1,635,209
Outdoor expenses	<u>108,928</u>	<u>193,207</u>
	<u>700,248</u>	<u>1,951,557</u>

4. OTHER OPERATING INCOME

Insurance recoveries	8,000	18,720
Interest income	<u>77,634</u>	<u>28,009</u>
	<u>85,634</u>	<u>46,729</u>

5. FINANCE COST

Interest on loan	<u>111,184</u>	<u>216,590</u>
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DIGICUT PRODUCTIONS & ADVERTISING PLC

Financial Statement for the

year ended 31st December, 2018

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2018**

6. PROFIT BEFORE TAX

Is issued after charging:

Directors' remuneration		-
Auditors' remuneration	15,000	15,000
Depreciation of fixed assets	463,826	487,583

7. TAXATION

	Balance at 1/1/18	Charge for the year	Payments	Balance at 31/12/18
Current tax	<u>(118,915)</u>	=	<u>(50,000)</u>	<u>(168,915)</u>

8. PROPERTY, PLANT AND EQUIPMENT

	Bal. as at 1/1/18	Additions	Bal. as at 31/12/18
Cost			
Computer & accessories	140,571	12,476	153,047
Furniture & Fittings	47,264	-	47,264
Motor Vehicle	1,747,733	18,248	1,765,980
Field Equipment	422,990	-	422,990
Office Equipment	20,728	20,780	41,508
Work-in-Progress	-	<u>525,292</u>	<u>525,292</u>
Total	<u>2,379,285</u>	<u>576,796</u>	<u>2,956,081</u>

	Bal. as at 1/1/18	Charge for the year	Bal. as at 31/12/18
Depreciation			
Computer & accessories	131,684	13,004	144,688
Furniture & Fittings	11,259	4,726	15,985
Motor Vehicle	853,961	353,196	1,207,156
Field Equipment	99,944	84,598	184,542
Office Equipment	<u>8,311</u>	<u>8,302</u>	<u>16,614</u>
Total	<u>1,105,159</u>	<u>463,826</u>	<u>1,568,985</u>

Net Book Value

2018	<u>1,387,096</u>
2017	<u>1,274,039</u>

DIGICUT PRODUCTIONS & ADVERTISING PLC*Financial Statement for the**year ended 31st December, 2018***NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2018****9. ACCOUNT RECEIVABLES**

	2018	2017
	GH¢	GH¢
Trade debtors	3,554,699	3,488,821
Other prepayment & Advance	<u>16,082</u>	<u>36,959</u>
	<u>3,570,780</u>	<u>3,525,780</u>

10. CASH AND CASH EQUIVALENT

Short term investment	1,517,577	128,009
Cash Balance	6,926	31,798
Bank Balance	<u>109,759</u>	<u>3,570</u>
	<u>1,634,262</u>	<u>99,781</u>

11. STATED CAPITAL

	Number of Shares		Proceeds	
	2018	2017	2018	2017
			GH¢	GH¢
Authorised Ordinary Share	500,000,000	250,000	-	-
Issued Ordinary Share for cash	35,922,637	500	2,854,311	500
Issued for other consideration	<u>249,500</u>	<u>249,500</u>	<u>249,500</u>	<u>249,500</u>

12. BORROWINGS

	2018	2017
	GH¢	GH¢
Loan account	420,053	1,101,169
Ghana Growth Fund Company	<u>585,572</u>	<u>60,280</u>
	<u>1,005,625</u>	<u>1,161,449</u>

DIGICUT PRODUCTIONS & ADVERTISING PLC

Financial Statement for the

year ended 31st December, 2018

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2018**

13. ACCOUNTS PAYABLES

	2018	2017
	GH¢	GH¢
Trade and other payable	352,725	569,619
Accrued rent	400,052	360,000
Other accrued expenses	303,743	185,856
Audit fees	<u>27,000</u>	<u>15,000</u>
	<u>1,083,519</u>	<u>1,130,475</u>

DIGICUT PRODUCTIONS & ADVERTISING PLC*Financial Statement for the**year ended 31st December, 2018***NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2018****14. ADMINISTRATIVE & GENERAL EXPENSES**

	2018	2017
	GH¢	GH¢
Accommodation - Hotel	9,745	49,081
Accounting and payroll	164,133	49,278
Administrative Fees	93,286	24,000
Audit fees	15,000	15,000
Bank Charges	5,253	6,656
Board Fee	114,591	125,152
Cleaning & Sanitation	6,445	16,411
Clearing And Handling Charges	-	15,375
Depreciation	463,826	487,583
Donation	48,000	39,000
Facility Maintenance Fee	21,664	55,628
Foundation Fees	24,000	24,000
Fuel & Lubricants	136,609	174,002
Health/Life Insurance (Welfare)	32,250	-
Vehicle Insurance	46,332	93,365
Internet Subscription Expense	47,566	37,072
IT Services	21,366	17,779
Listing/Floating Expenses	103,406	-
Meals & Entertainment Expense	13,915	8,216
Office and newspaper expenses	22,511	9,564
Printing & stationery	8,120	5,744
Registration & Licensing	4,050	45,948
Rent & rate	42,473	120,477
Security Services	11,254	7,764
Staff cost	835,354	677,080
Subscription	1,569	4,540
Telephone & communication	12,630	17,735
Training And Development Expense	2,988	6,227
Travelling & transport	24,466	34,457
Vehicle Repair and Maintenance	34,292	72,998
Water & energy expenses (utilities)	<u>20,369</u>	<u>49,239</u>
	<u>2,387,462</u>	<u>2,289,371</u>

APPENDIX

TAX COMPUTATION

	2018	2017
	GH¢	GH¢
Profit before tax	(908,580)	1,877,244
Add: Depreciation	<u>463,826</u>	<u>487,583</u>
Adjusted profit	(444,754)	2,364,827
Capital Allowance	<u>(324,310)</u>	<u>(409,289)</u>
Chargeable income	(769,064)	1,955,538
Tax on chargeable income @ 25%	-	488,884

CAPITAL ALLOWANCE COMPUTATION

	Class 1	Class 2	Class 4	
	GH¢	GH¢	GH¢	
WDV 01/01/	66,971	670,398	408,909	
Additions	<u>12,476</u>	<u>18,248</u>	<u>20,780</u>	
	79,447	688,646	429,689	
Capital allowance	<u>(31,779)</u>	<u>(206,594)</u>	<u>(85,938)</u>	<u>(324,310)</u>
WDV 31/12	47,668	482,052	343,751	