



**DIGICUT PRODUCTION & ADVERTISING
LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2016**



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

Financial Statement for the year ended 31 December, 2016

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DIGICUT PRODUCTIONS & ADVERTISING

Financial Statement for the year ended 31 December, 2016

DIRECTORS AND ADVISORS

DIRECTORS

Nana Kweku Nduom
Yvonne Nduom (Mrs.)

SECRETARY

Yvonne Nduom (Mrs.)

REGISTERED ADDRESS

HNO C625/3 Osu
Farrar, Accra

AUDITORS

Adom Boafo & Associates
Chartered Accountants
Mango Street Avenue
Asylum Down
PMB CT 3960, Cantonments,
Accra

BANKERS

GN Bank Limited
Accra

DIGICUT PRODUCTIONS & ADVERTISING

Financial Statement for the year ended 31 December, 2016

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2016

The directors have pleasure in submitting their annual report together with the audited financial statements of the company for the year ended 31 December 2016.

The Nature of Business

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.

Results

The income statement as set out on page 6 shows a Net Profit for the year of **GH¢1,014,344**.

Dividend

The directors do not recommend the payment of dividend for the period ended 31 December 2016.

Auditors

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

Other Matters

The Directors confirm that no matters have arisen since 31 December 2016, which materially affect the financial statements of the company for the year ended on that date.

BY ORDER OF THE BOARD

Director:

Director:

DIGICUT PRODUCTIONS & ADVERTISING

Financial Statement for the year ended 31 December, 2016

REPORT OF THE AUDITORS TO THE DIRECTORS OF DIGICUT PRODUCTION AND ADVERTISING LIMITED

We have audited the financial statements on pages 6 to 8 which have been prepared in accordance with the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

The company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. An audit includes examining, on a test basis, evidence supporting the amounts of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence whether the financial statements are in agreement with proper books of accounts kept by the company and to give reasonable misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2016 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1963.

Auditors

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

Partner Signing & Membership Number:

Prof. Kwame Adom-Frimpong – ICAG/P/1109

Name of Firm: Adom Boafo & Associates - **Lic. No. ICAG/F/2017/041**

Date:

DIGICUT PRODUCTIONS & ADVERTISING

Financial Statement for the year ended 31 December, 2016

STATEMENT OF INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2016

| | NOTES | 2016 GH¢ | 2015 GH¢ |
|--------------------------|-------|---------------------------|--------------------|
| Revenue | 2 | 6,155,815 | 3,775,272 |
| Cost of Sales | 3 | <u>(3,316,525)</u> | <u>(2,804,350)</u> |
| Gross Profit | | 2,839,290 | 970,922 |
| Other operating income | 4 | <u>584,650</u> | <u>596,428</u> |
| Operating profit | | 3,423,940 | 1,567,350 |
| Admin & General expenses | 14 | <u>(2,190,242)</u> | <u>(1,337,199)</u> |
| Finance cost | 5 | <u>(47,105)</u> | <u>(19,489)</u> |
| Profit before tax | | 1,186,593 | 210,662 |
| Income tax expense | 7 | <u>(172,249)</u> | <u>(44,683)</u> |
| Profit after tax | | <u>1,014,344</u> | <u>165,979</u> |

STATEMENT OF CHANGES IN EQUITY

| | Stated Capital GH¢ | Income Surplus GH¢ | Total GH¢ |
|----------------------------|--------------------------|--------------------------|-------------------------|
| 2016 | | | |
| Balance as at 1 Jan. 2016 | 500 | 323,473 | 323,973 |
| Profit for the year | - | <u>1,014,344</u> | <u>1,014,344</u> |
| Balance as at 31 Dec. 2016 | <u>500</u> | <u>1,337,817</u> | <u>1,338,317</u> |
| | | | |
| 2015 | Stated Capital GH¢ | Income Surplus GH¢ | Total GH¢ |
| Balance as at 1 Jan. 2015 | 500 | 157,494 | 157,994 |
| Profit for the year | - | <u>165,979</u> | <u>165,979</u> |
| Balance as at 31 Dec. 2015 | <u>500</u> | <u>323,473</u> | <u>323,973</u> |

DIGICUT PRODUCTIONS & ADVERTISING

Financial Statement for the year ended 31 December, 2016

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2016

| | Notes | 2016 GH¢ | 2015 GH¢ |
|---------------------------------------|-------|-------------------------|-------------------------|
| ASSETS: | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 1,290,386 | 647,038 |
| Deferred tax assets | | <u>-</u> | <u>32,929</u> |
| | | <u>1,290,386</u> | <u>679,967</u> |
| CURRENT ASSETS | | | |
| Accounts receivable | 9 | 1,613,660 | 301,389 |
| Taxation | 7 | 211,674 | - |
| Cash and cash equivalents | 10 | <u>105,509</u> | <u>446,881</u> |
| | | <u>1,930,844</u> | <u>748,270</u> |
| TOTAL ASSETS | | <u>3,221,229</u> | <u>1,428,237</u> |
| CAPITAL AND LIABILITIES | | | |
| CAPITAL | | | |
| Stated capital | 11 | 500 | 500 |
| Income surplus account | | <u>1,337,817</u> | <u>323,474</u> |
| | | 1,338,317 | 323,974 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 12 | 1,311,733 | 545,295 |
| Deferred tax liabilities | | <u>-</u> | <u>19,483</u> |
| | | 1,311,733 | 564,778 |
| CURRENT LIABILITIES | | | |
| Accounts payables | 13 | <u>571,179</u> | <u>539,485</u> |
| TOTAL EQUITY & LIABILITIES | | <u>3,221,229</u> | <u>1,428,237</u> |

DIGICUT PRODUCTIONS & ADVERTISING

Financial Statement for the year ended 31 December, 2016

STATEMENT OF CASHFLOW FOR THE PERIOD ENDING 31ST DECEMBER, 2016

| | 2016 | 2015 |
|--|--------------------|------------------|
| | GH¢ | GH¢ |
| Cashflow from operating activities: | | |
| Operating profit before tax | 1,186,593 | 210,662 |
| Depreciation | 395,101 | 184,440 |
| Finance income | <u>-</u> | (44,928) |
| Operating profit before working capital changes | 1,581,694 | 382,098 |
| Change in accounts receivables | (1,312,271) | 147,085 |
| Change in accounts payables | <u>31,694</u> | <u>202,020</u> |
| Cash generated from operating activities | 301,117 | 731,203 |
| Interest paid | - | (19,489) |
| Tax paid (Deferred tax adjusted) | <u>(370,477)</u> | <u>(110,626)</u> |
| Net Cashflow from operating activities: | (69,360) | 601,088 |
| Cashflow from investing activities | | |
| Purchase of non-current assets | (1,038,449) | (700,652) |
| Interest income | - | 44,928 |
| Investment | <u>-</u> | <u>-</u> |
| Net cash inflow from investing activities | (1,038,449) | (655,724) |
| Cashflow from financing activities | | |
| Stated Capital | - | - |
| Loan repaid | - | (27,841) |
| Change in Loan | <u>766,437</u> | <u>420,053</u> |
| Net cash inflow from financing activities | 766,437 | 392,212 |
| Net Increase / Decrease in cashflow | (341,371) | <u>337,577</u> |
| Analysis of changes in cash and cash equivalent | | |
| Balance at 1st January | 446,881 | 109,305 |
| Net increase / decrease in cash flow | <u>(341,372)</u> | <u>337,577</u> |
| Balance at 31st December | <u>105,509</u> | <u>446,881</u> |

DIGICUT PRODUCTIONS & ADVERTISING

Financial Statement for the year ended 31 December, 2016

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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

Financial Statement for the year ended 31 December, 2016

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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.

DIGICUT PRODUCTIONS & ADVERTISING

Financial Statement for the year ended 31 December, 2016

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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

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 |

DIGICUT PRODUCTIONS & ADVERTISING

Financial Statement for the year ended 31 December, 2016

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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.

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.

DIGICUT PRODUCTIONS & ADVERTISING

Financial Statement for the year ended 31 December, 2016

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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.

(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.

DIGICUT PRODUCTIONS & ADVERTISING

Financial Statement for the year ended 31 December, 2016

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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.

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.

DIGICUT PRODUCTIONS & ADVERTISING

Financial Statement for the year ended 31 December, 2016

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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.

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.

DIGICUT PRODUCTIONS & ADVERTISING

Financial Statement for the year ended 31 December, 2016

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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.

2. REVENUE

| | 2016 | 2015 |
|------------------------------|------------------|------------------|
| | GH¢ | GH¢ |
| Billboard Rental Income | 1,392,000 | 1,051,396 |
| Branding income | 23,900 | 23,813 |
| Mobile advert, van income | 60,687 | - |
| Printing & Production Income | 4,397,313 | 2,338,212 |
| Production & Adverts income | 113,915 | 193,852 |
| Retainership Fees | <u>168,000</u> | <u>168,000</u> |
| | <u>6,155,815</u> | <u>3,775,272</u> |

3. COST OF SALES

| | | |
|----------------------------------|------------------|------------------|
| Advertising & publicity expenses | 256,647 | 283,542 |
| Billboard maintenance Expense | 555,772 | 261,600 |
| Branding expense | 7,908 | 6,772 |
| Printing & production Expense | 2,168,386 | 1,881,507 |
| Outdoor expenses | <u>327,812</u> | <u>370,929</u> |
| | <u>3,316,525</u> | <u>2,804,350</u> |

DIGICUT PRODUCTIONS & ADVERTISING

Financial Statement for the year ended 31 December, 2016

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

4. OTHER OPERATING INCOME

| | 2016 | 2015 |
|-----------------|----------------|----------------|
| | GH¢ | GH¢ |
| Other income | 378,000 | 551,500 |
| Interest income | <u>206,650</u> | <u>44,928</u> |
| | <u>584,650</u> | <u>596,428</u> |

5. FINANCE COST

| | | |
|------------------|---------------|---------------|
| Interest on loan | <u>47,105</u> | <u>19,489</u> |
|------------------|---------------|---------------|

6. PROFIT BEFORE TAX

| | | |
|------------------------------|---------|---------|
| Is issued after charging: | | |
| Directors' remuneration | - | - |
| Auditors' remuneration | 15,000 | 3,000 |
| Depreciation of fixed assets | 395,101 | 184,440 |

7. TAXATION

Tax schedule

| | Balance at 1/1/16 | Charge for the year | Payments | Balance at 31/12/16 |
|-------------|----------------------|------------------------|------------------|------------------------|
| Current tax | - | <u>172,249</u> | <u>(383,923)</u> | <u>(211,675)</u> |
| | - | <u>172,249</u> | <u>(383,923)</u> | <u>(211,675)</u> |

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. PLANT, PROPERTY & EQUIPMENT

| Cost/Valuation | COMPUTERS & ACCESS. GH¢ | FURNITURE & FITTINGS GH¢ | MOTOR VEHICLE GH¢ | FIELD EQUIPMENT GH¢ | OFFICE EQUIPMENT GH¢ | TOTAL GH¢ |
|-----------------------|--|---|----------------------------------|------------------------------------|-------------------------------------|-------------------------|
| Bal as at 1/1/16 | 102,087 | 30,711 | 696,680 | 31,774 | 8,261 | 869,513 |
| Additions | 25,220 | 3,906 | 991,828 | 13,186 | 4,308 | 1,038,449 |
| Disposals | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Bal as at 31/1/16 | <u>127,307</u> | <u>34,617</u> | <u>1,688,508</u> | <u>44,960</u> | <u>12,569</u> | <u>1,907,962</u> |
| Depreciation | | | | | | |
| Bal as at 1/1/16 | 44,685 | 3,071 | 166,712 | 6,355 | 1,652 | 222,475 |
| Charge for the year | 42,432 | 3,462 | 337,702 | 8,992 | 2,514 | 395,101 |
| Disposals | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Bal as at 31/12/16 | <u>87,117</u> | <u>6,533</u> | <u>504,414</u> | <u>15,347</u> | <u>4,166</u> | <u>617,576</u> |
| NBV – 31/12/16 | <u>40,190</u> | <u>28,085</u> | <u>1,184,095</u> | <u>29,613</u> | <u>8,403</u> | <u>1,290,386</u> |
| NBV - 31/12/15 | 57,402 | 27,640 | 529,968 | 25,419 | 6,609 | 647,038 |

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. ACCOUNTS RECEIVABLES

| | 2016 | 2015 |
|---------------|------------------|---------|
| | GH¢ | GH¢ |
| Trade debtors | 1,613,660 | 301,389 |

10. CASH AND CASH EQUIVALENTS

| | 2016 | 2015 |
|--------------|----------------|---------|
| | GH¢ | GH¢ |
| Cash at bank | 105,509 | 446,881 |

11. STATED CAPITAL

| | | |
|--|------------|-----|
| | 500 | 500 |
|--|------------|-----|

12. BORROWINGS

| | | |
|-----------------------|-------------------------|----------------|
| Loan account | 1,251,453 | 485,016 |
| GGFC account payables | <u>60,280</u> | <u>60,280</u> |
| | <u>1,311,732</u> | <u>545,295</u> |

13. ACCOUNTS PAYABLES

| | | |
|-------------------------|-----------------------|----------------|
| Trade and other payable | 233,294 | 307,523 |
| Accrued rent | 240,000 | 120,000 |
| Other accrued expenses | 42,631 | 9,382 |
| VAT payable | 40,254 | 99,580 |
| Audit fees | <u>15,000</u> | <u>3,000</u> |
| | <u>571,179</u> | <u>539,485</u> |

DIGICUT PRODUCTIONS & ADVERTISING

Financial Statement for the year ended 31 December, 2016

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

14. ADMINISTRATIVE & GENERAL EXPENSES

| | 2016 | 2015 |
|--|------------------|------------------|
| | GH¢ | GH¢ |
| Cleaning & Sanitation | 12,803 | 6,409 |
| Board Fee | 163,204 | - |
| Foundation Fees | 24,000 | 24,000 |
| Administrative Fees | 24,000 | 24,000 |
| Staff cost | 446,519 | 280,279 |
| Bank Charges | 1,632 | 1,164 |
| Internet Subscription Expense | 43,255 | 44,756 |
| IT Services | 14,627 | 12,207 |
| Life assurance policy | - | 1,308 |
| Meals & Entertainment Expense | 9,631 | 2,748 |
| Medical expenses | - | 10,584 |
| Office and newspaper expenses | 6,863 | 3,547 |
| Printing & stationery | 3,609 | 6,703 |
| Registration & Licensing | 13,350 | 5,257 |
| Telephone & communication | 14,004 | 9,635 |
| Travelling & transport | 39,470 | 14,651 |
| Water & energy expenses (utilities) | 204,124 | 25,683 |
| Property repairs & maintenance | 1,355 | 38,715 |
| Vehicle repairs & maintenance | 81,022 | 17,136 |
| Vehicle fuel & lubricants | 13,108 | 14,268 |
| Accommodation - Hotel | 49,906 | 22,480 |
| Insurance Premium | 73,196 | 6,381 |
| Security Services | 7,764 | 6,623 |
| Donation | 35,265 | 5,145 |
| Rent & rate | 120,000 | 120,900 |
| Subscription | 8,777 | 3,520 |
| Audit fees | 15,000 | 3,000 |
| Audit Expenses | 960 | - |
| Other Expenses(Ghana Great And Strong) | 329,330 | 407,460 |
| Payroll services | 18,436 | 21,766 |
| Loss on disposal of PPE | - | 12,436 |
| Clearing And Handling Charges | 17,039 | - |
| Management Meeting Expenses | 1,158 | - |
| Training And Development Expense | 1,734 | - |
| Depreciation | <u>395,101</u> | <u>84,440</u> |
| | <u>2,190,242</u> | <u>1,337,199</u> |

DIGICUT PRODUCTIONS & ADVERTISING

Financial Statement for the year ended 31 December, 2016

APPENDIX 1

| | 2016 | 2015 |
|------------------------------------|-------------------------|----------------|
| | GHC | GHC |
| TAX COMPUTATION | | |
| Profit before tax | 1,186,593 | 210,662 |
| Add: Depreciation | <u>395,101</u> | <u>84,440</u> |
| Adjusted profit | 1,581,694 | 295,102 |
| Capital Allowance - unutilised b/f | - | - |
| Capital allowance-2016 | <u>(892,700)</u> | (116,370) |
| | | |
| Chargeable income | 688,994 | 178,732 |
| Tax on chargeable income @25% | <u>172,249</u> | <u>44,683.</u> |