

MEGA AFRICAN CAPITAL LIMITED

FINANCIAL STATEMENTS

31 DECEMBER, 2021

MEGA AFRICAN CAPITAL LIMITED
FINANCIAL STATEMENTS 31 DECEMBER, 2021

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MEGA AFRICAN CAPITAL LIMITED

Corporate information for the year ended 31 December, 2021.

Board of Directors	Christine Dowuona-Hammond – Non-Executive Chairperson Kwesi Amonoo-Neizer - Managing Director Eugene Addison - Non-Executive Director Edward Ntim-Addae –Executive Director
Company Secretary	Dorcas Akyeneba Diallo
Principal Place of Business	The Alberts, 2 nd Floor, No. 23 Kanda Estates Sunyani Avenue Kanda Accra, Ghana
Registered Office	The Alberts, 2 nd Floor, No. 23 Kanda Estates Sunyani Avenue Kanda Accra, Ghana
Independent Auditors	UHY Voscon Chartered Accountants, P.O. Box LA 476, La, Accra 2nd Floor, Cocoshe House Opposite Silver Star Tower Agostinho Neto Close Airport Residential Area Accra – Ghana. GA: -057-1475 Info@uhyvoscon-gh.com www.uhyvoscon-gh.com
Bankers	Societe Generale Ghana Limited
Registrar	Central Securities Depository Co. Ltd., 4 th Floor, Cedi House, Accra P.O. Box 134, Accra
Company Registration Number	PL000282017
Tax Identification Number	C000931380X

MEGA AFRICAN CAPITAL LIMITED**Five- year financial summary (in thousands of Ghana cedis)**

Financial performance	2021	2020	2019	2018	2017
Revenue	247	351	15,314	15,294	9,574
Profit/(loss) before tax	(6,871)	(8,316)	5,853	5,563	1,102
Income tax expense	-	-	-	-	-
Profit/(loss) before tax	(6,871)	(8,316)	5,853	5,563	1,102
.Financial Position					
Financial assets at fair value via OCI (non-current assets)	70,969	63,861	68,633	64,320	54,330
Investment property	14,115	13,537	13,005	14,592	14,592
Financial assets at fair value via OCI (current assets)	69,911	63,567	56,186	44,044	38,023
Other current assets	770	782	691	694	548
Cash and cash equivalents	11	331	2,487	1,320	1,714
Current taxation	42	42	42	42	-
Property, plant & equipment	12	12	15	36	73
Total assets	155,829	142,132	141,059	125,048	109,278
Total liabilities	81,639	74,131	74,795	64,636	54,429
Stated capital	22,356	22,356	22,356	22,356	22,356
Retained earnings	51,834	45,645	43,908	38,056	32,493
Total equity and liabilities	155,829	142,132	141,059	125,048	109,278

**Report of Directors
to the members of
Mega African Capital Limited**

We are pleased to present the annual report including the financial statements of the Company for the year ended 31 December, 2021.

Nature of business

The nature of business the Company is authorized to carry on is the development, purchase, sale and rental of real estate and investment in equities and fixed income investments and any other financial services.

Financial results of operations	Note	2021	2020
			GH¢
The Company recorded a loss after taxation of		(6,871,246)	(8,316,389)
out of which dividend being declared and paid		-	-
Fair value through other comprehensive income		11,962,937	9,801,990
		5,091,691	1,485,601
to which is added balance on retained earnings brought forward of		45,645,214	43,908,232
Prior year adjustment	26	1,097,005	251,381
leaving a balance on retained earnings carried forward of		51,833,910	45,645,214

Directors

The Directors who held office during the year end to the date of this report were:

Christine Dowuona-Hammond	Chairperson
Kwesi Amonoo-Neizer	Managing Director
Eugene Addison	Non-executive Director
Edward Ntim-Addae	Executive Director

Directors and their interests

The Directors named below held the following number of shares in the Company as at 31 December, 2021.

Number of Shares

Kwesi Amonoo-Neizer*	533,939
Eugene Addison	2,500

*Kwesi Amonoo-Neizer jointly holds shares with Rita Amonoo-Neizer

**Report of Directors
to the members of
Mega African Capital Limited (continued)**

Independent auditor

The external auditor is responsible for independently auditing and reporting on the Company's financial statements for the year. The financial statements have been examined by the Company's external auditors and their report is presented on pages 10 to 14.

In accordance with section 139(11) of the Companies Act, 2019 (Act 992), UHY Voscon will no longer continue in office as auditor of the Company.

By order of the Board

Name of Director: EUGENE ADISON
Signature: [Handwritten Signature]
Date: 11/08/2022

Name of Director: EDWARD NIIM-ADON
Signature: [Handwritten Signature]
Date: 11/08/2022

MEGA AFRICAN CAPITAL LIMITED

Statement of Directors' responsibilities

Directors' responsibilities in respect of the financial statements

The Directors are required to ensure that adequate accounting records are maintained so as to disclose at reasonable accuracy, the financial position of the Company. They are also responsible for taking steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. They must present financial statements for each financial year, which give a true and fair view of the affairs of the Company, and the results for that period. In preparing these financial statements, they are required to:

- select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgment.
- state whether or not the Companies Act 2019 (Act 992) and International Financial Reporting Standards ("IFRS") have been adhered to and explain material departures thereto.
- use the going concern basis unless it is inappropriate.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with IFRS and the responsibility of external auditors to report on these financial statements. The Board is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business.

The financial statements are prepared from the accounting records on the basis of consistent use of appropriate records supported by reasonable and prudent judgments and estimates that fairly present the state of affairs of the Company. The financial statements have been prepared on a going concern basis and there is no reason to believe that the Company will not continue as a going concern in the next financial year. The Directors confirm that in preparing the financial statements, they have:

- selected suitable accounting policies and applied them consistently.
- made judgments and estimates that are reasonable and prudent.
- followed the International Financial Reporting Standards.
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them ensure that the financial statements comply with the Companies Act, 2019 (Act 992). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

Name of Director: EUGENE ADDISON

Signature: [Signature]

Date: 11/08/2022

Name of Director: EDWARD NIM-ADAR

Signature: [Signature]

Date: 11/08/2022

MEGA AFRICAN CAPITAL LIMITED

Corporate Governance Report (CGR)

The Company is committed to strong corporate governance practices that allocate rights and responsibilities among the Company's shareholders, the Board and Executive Management to provide an effective oversight and management of the Company in a manner that enhances shareholder value and promotes investors' confidence.

The Company's corporate governance principles are contained in a number of corporate documents.

The Board of Directors

The Board oversees the conduct of the Company's business and is primarily responsible for providing effective governance over the Company's key affairs, including the appointment of executive management, approval of business strategies, evaluation of performance, and assessment of major risks facing the Company. In discharging its obligations, the Board exercises judgment in the best interest of the Company and relies on the Company's executive management to implement approved business strategies, resolve day-to-day operational issues, keep the Board informed, and maintain and promote high ethical standards. The Board delegates authority in management matters to the Company's executive management subject to clear instructions in relation to such delegation of authority and the circumstances in which executive management shall be required to obtain Board approval prior to taking a decision on behalf of the Company.

For the year ended 31 December 2021, the Board had complement of four (4) members. The Board has delegated various aspects of its work to the Audit Committee and Investment Committee.

Board committee members are appointed by the Board. Each Board committee has its own written terms of reference, duties and authorities as determined by the Board.

During the 2021 reporting year, the Board convened two (2) meetings on 23rd June and 20th December, 2021.

Directors

Number of meetings attended

Christine Dowuona-Hammond	2/2
Kwesi Amonoo-Neizer	2/2
Eugene Addison	2/2
Edward Ntim-Addae	2/2

MEGA AFRICAN CAPITAL LIMITED

Corporate Governance Report (CGR)- *Continued*

Audit Committee

The membership of the Audit Committee shall be made up of the Board of Directors. The Committee carries out the duties set out below for the Company, giving full consideration to relevant laws, regulations and best practices in discharging its responsibilities:

- To consider the appointment of the external auditor, audit fees and any questions of resignation or dismissal;
- To discuss the external audit programme, its reports and its activities;
- To review internal audit programme, its reports and its activities and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
- To review internal and external audit reports particularly reports of regulatory authorities and supervising the implementation of recommendations;
- To facilitate dialogue between auditors and management on the outcome of audit activities;
- To work with the external auditors to finalise the annual financial statements for Board approval;
- To review quarterly, half-yearly and annual financial results;
- To set up procedures for selecting suppliers, consultants and other service providers and ensuring compliance therewith;
- To review, approve and follow up major contracts, procurement and capital expenditures;
- To review actual spending against budget;
- To review and approve proposals for extra-budgetary spending;
- To be responsible for the co-ordination of the internal and external auditors.

Investment Committee

The Investment Committee was established as a sub-committee of the Board to supervise the investment activities of Mega African Capital Limited. The membership at the end of the reporting date was made up of Edward Ntim-Addae, Christine Dowuona-Hammond, Eugene Addison and Kwesi Amonoo-Neizer.

The Investment Committee ("the Committee") is acting in a fiduciary capacity with respect to the Mega African Capital Portfolio, and is accountable to the Board of Mega African Capital for reviewing and evaluating the investment of all assets owned by, or held in trust for the Mega African Capital.

The Committee will, within agreed risk appetite for market and credit risks:

- i. Approve investment policies;
- ii. Approve all Investment transactions in excess of US\$1m with an upper limit of US\$1.5m, above which must be referred to the Board; the limits to be reviewed annually by the Board;
- iii. Ensure compliance with all applicable legislation and relevant guidance in respect of compliance with investment policy.

MEGA AFRICAN CAPITAL LIMITED

Corporate Governance Report (CGR)- *continued*

Investment Committee- *continued*

- iv. The Committee will review and monitor:
 - the portfolio performance of all asset classes plus the total portfolio against performance measurement targets (benchmarks) understanding the impacts of external factors;
 - the investment strategy, including asset allocation and risk management policy;
 - conflicts of Interest Guidelines and any insider trading events;
 - risk limits and the risk appetite;
 - the effectiveness of the investment policies;
 - such other matters as may be determined by the Board;
- v. Review Investment Policies at least once a year.

By order of the Board

Name of Chairman.....CHRISTINE DOWUONA-HAMMOND

Signature.....

Date.....11/08/2022

**Independent auditor's report
to the members of
Mega African Capital Limited**

Report on the audited financial statements

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Mega African Capital Limited as at 31 December, 2021, and of its financial performance and the cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act, 2019 (Act 992).

What we have audited

We have audited the accompanying financial statements of the Mega African Capital Limited for the year ended 31 December, 2021.

The financial statements comprise:

- statement of comprehensive income for the year then ended;
- statement of financial position as at 31 December, 2021;
- statement of changes in equity for the year ended;
- statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Boards for Accountants (IESBA). We have fulfilled our other ethical responsibilities with the IESBA Code.

**Independent auditor's report
to the members of
Mega African Capital Limited (Continued)**

Report on the audited financial statements (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with those charged with governance but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole.

Key Audit Matters	How our audit addressed the key audit matter
<p>Valuations of financial instruments</p> <p>The Company's disclosures about its equity financial instruments are included in note 20 of the financial statements. The Company's investments in equity financial instruments at market value represent 45.79% of the total amount of its investment portfolio. The market values of unlisted equity financial instruments represent 99.89% of the total equity financial instruments. Because the valuation of the Company's unlisted financial instruments (99.89% of the equity instruments) is not based on quoted prices in active markets, there is significant measurement uncertainty involved in this valuation. As a result, the valuation of these instruments was significant to our audit. The Company has determined it is necessary to use an entity-developed model to value these instruments, due to their unique structure and terms</p>	<p>Our procedures included:</p> <p>We challenged management's rationale for using an entity-developed model, and discussed this with those charged with governance, and we concluded the use of such model was appropriate. Our audit procedures also included, among others, testing management's controls related to the development and calibration of the model and confirming that management had determined it was not necessary to make any adjustments to the output of the model to reflect the assumptions that market place participants would use in similar circumstances.</p>

Other information

The Directors are responsible for the other information. The other information comprises the report of Directors and any other information like Corporate Social Responsibility report, Corporate Governance report etc, which are expected to be made available to us after the reporting date but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

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

**Independent auditor's report
to the members of
Mega African Capital Limited (Continued)**

Report on the audited financial statements (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information published with the financial statements to identify areas of material inconsistency between the unaudited information and the audited financial statements and obvious misstatements of fact to other information.

Inconsistency is when other information contradicts information contained in the audited financial statements. A material inconsistency may raise doubt about the audit conclusions drawn from audit evidence previously obtained and, possibly, about the basis for the auditor's opinion on the financial statements.

Misstatement of fact is when other information that is unrelated to matters appearing in the audited financial statements is incorrectly stated or presented. A material misstatement of fact may undermine the credibility of the document containing audited financial statements.

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

When we read the other information like Managing Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Directors for the financial statements

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

Going concern

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.

**Independent auditor's report
to the members of
Mega African Capital Limited (Continued)**

Report on the audited financial statements (continued)

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 misstatements, 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 planning and performance of the audit. We also:

- identify and assess the risks of material misstatements 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 the 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 entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- 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;
- 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 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 conclusion is based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

**Independent auditor's report
to the members of
Mega African Capital Limited (Continued)**

Auditor's responsibilities for the audit of the financial statements (Continued)

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 identified during our audit.

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

Report on other legal and regulatory requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992)

The Companies Act, 2019 (Act 992) requires that in carrying out our audit work we consider and report on the following matters. We confirm that:

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, so far as appears from our examination of those books;
3. the statement of financial position and statement of profit or loss and other comprehensive income of the Company are in agreement with the books of account; and
4. we are independent of the Company pursuant to section 143 of the Act.

The engagement partner on the audit resulting in this independent auditor's report is ***Emmanuel K. D. Abbey (ICAG/P/1167)***.

Signed by: *UHY Voscon*

For and on behalf of:
UHY Voscon (ICAG/F/2022/086)
Chartered Accountants
P.O. Box LA 476, La, Accra
2nd Floor, Cocoshe House
Opposite Silver Star Tower
Agostinho Neto Close
Airport Residential Area
Accra – Ghana.
Phone +233 30 2683 430 / 4
GA-057-1475
Info@uhyvoscon-gh.com
www.uhyvoscon-gh.com

Date: *11th August 2022*

MEGA AFRICAN CAPITAL LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

(All amounts are expressed in Ghana cedis unless otherwise stated)

Statement of comprehensive income **for the year ended 31 December**

	Note	2021	2020
Revenue			
Investment and operating income	3.1	247,324	351,389
Total revenue		247,324	351,389
Expenses			
Administrative, legal and professional fees	4.1	(975,225)	(1,488,318)
Operating loss before finance costs and tax		(727,901)	(1,136,929)
Finance cost	5	(6,143,345)	(7,179,460)
Loss before tax		(6,871,246)	(8,316,389)
Corporate tax credit/expense		-	-
Loss for the year		(6,871,246)	(8,316,389)
Other comprehensive income			
Fair value through other comprehensive income	3.2	11,962,937	9,801,990
Total comprehensive income		5,091,691	1,485,601
Basic earnings per share		-0.69	-0.84
Diluted earnings per share		-0.69	-0.84

Notes 1 to 26 form an integral part of these financial statements.

MEGA AFRICAN CAPITAL LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

(All amounts are expressed in Ghana cedis unless otherwise stated)

Statement of financial position		as at 31 December	
Assets	Note	2021	2020
Investment assets			
Equity investments through OCI	6.1	70,968,538	63,861,096
Investment property	6.3	14,115,176	13,537,276
Total investment assets		85,083,714	77,398,372
Property, plant and equipment	7.1	12,202	12,407
Total non-current assets		85,095,916	77,410,779
Current assets			
Financial assets	6.2	69,911,274	63,566,952
Trade and other accounts receivable	8	769,638	782,000
Current taxation	9	41,530	41,530
Cash and cash equivalents	10	10,794	331,081
Total current assets		70,733,236	64,721,563
Total assets		155,829,152	142,132,342
Equity and liabilities			
Equity			
Stated capital	11	22,356,482	22,356,482
Retained earnings		51,833,910	45,645,214
Total equity		74,190,392	68,001,696
Current liabilities			
Accounts payable and accruals	12	699,139	688,553
Contract borrowings	13	80,939,621	73,442,093
Total current liabilities		81,638,760	74,130,646
Total equity & liabilities		155,829,152	142,132,342

Notes 1 to 26 form an integral part of these financial statements.

Name of Director: EUGENE ADDISON Name of Director: EDWARD NIM-ADDAB
 Signature: [Signature] Signature: [Signature]
 Date: 11/08/2022 Date: 11/08/2022

MEGA AFRICAN CAPITAL LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

(All amounts are expressed in Ghana cedis unless otherwise stated)

Statement of changes in equity

For the year end 31 December, 2021	Note	Stated capital	Retained earnings	Total Equity
Balance as at 1 January		22,356,482	45,645,214	68,001,696
Prior year adjustment	26	-	1,097,005	1,097,005
Loss for the year		-	(6,871,246)	(6,871,246)
Other comprehensive income			11,962,937	11,962,937
Balance as at 31 December		22,356,482	51,833,910	74,190,392

For the year end 31 December, 2020	Note	Stated capital	Retained earnings	Total Equity
Balance as at 1 January		22,356,482	43,908,232	66,264,714
Prior year adjustment	26	-	251,381	251,381
Loss for the year		-	(8,316,389)	(8,316,389)
Other comprehensive income			9,801,990	9,801,990
Balance as at 31 December		22,356,482	45,645,214	68,001,696

Notes 1 to 26 form an integral part of these financial statements

MEGA AFRICAN CAPITAL LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

(All amounts are expressed in Ghana cedis unless otherwise stated)

Statement of cash flows	for the year ended 31 December		
	Note	2021	2020
Cash flow from operations after changes in working capital	15	(5,746,949)	(9,271,513)
Tax paid		-	-
Cash flow from operating activities		(5,746,949)	(9,271,513)
Cash flow from investing activities:			
Purchase of property, plant and equipment		(4,139)	(12,200)
Increase in investment property		(577,900)	(532,307)
Sale of financial assets		4,855,495	14,085,897
Net purchase of commercial papers		(6,344,322)	(7,381,366)
Net cash flow used in investing activities		(2,070,866)	6,648,161
Net cash flow from financing activities:			
Contract borrowings		7,497,528	467,423
Net cash flow from financing activities		7,497,528	467,423
Net increase/ (decrease) in cash and cash equivalents			
Cash & cash equivalents		(320,287)	(2,155,929)
at beginning of the year		331,081	2,487,010
at end of the year		10,794	331,081

Notes 1 to 26 form an integral part of these financial statements.

MEGA AFRICAN CAPITAL LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

(All amounts are expressed in Ghana cedis unless otherwise stated)

Notes and significant accounting policies

1. Reporting entity

Mega African Capital Limited is an Investment Company domiciled and incorporated as a Private Limited Liability Company in Ghana on 21 April, 2008. It was converted from a Private Limited Liability Company into a Public Limited Liability Company on 19 October, 2011. Mega African Capital Limited was listed on the Ghana Stock Exchange on 23 April, 2014.

The nature of the business which the Company is authorized to carry on is the:

- Development, purchase, sale and rental of real estate and investment in equities and fixed income investments and any other financial services.

2. Summary of significant accounting policies

The principal accounting policies used by the Company in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Statement of compliance

The financial statements of Mega African Capital Limited for the year ended 31 December, 2021 have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and IFRS, interpretations issued by the IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under IFRS and with the requirements of the Companies Act, 2019 (Act 992). The financial statements are presented in Ghana cedis.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention, except the revaluation of financial assets, financial liabilities (including financial instruments at fair value through other comprehensive income, investment property were held at current market value and contract borrowings at amortised cost.

2.3.1 Use of estimates and judgment

In preparing these financial statements in conformity with IFRS, management makes judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting policies and estimates are recognized retrospectively and prospectively respectively.

MEGA AFRICAN CAPITAL LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

(All amounts are expressed in Ghana cedis unless otherwise stated)

Notes and significant accounting policies (continued)

2.3.2 Changes in accounting policies.

There were no changes in the accounting policies of the Company during the year.

2.4 Standards, amendments and interpretations not yet adopted

At the date of authorisation of these financial statements the following standards and amendments to existing standards were in issue, but yet to be adopted:

IFRS 9 Financial Instruments

In the year under review, the Company adopted IFRS 9, Financial Instruments which supersedes IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. In accordance with transitional requirements, the Company has restated prior period and reclassified the financial assets held at 1 January, 2021, retrospectively based on the new classification requirements and the characteristics of each financial instrument as at the transition date.

Classification and measurement of financial instruments

Under IFRS 9, financial assets are classified and measured based on the business model which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVTOCI), and Fair value through profit or loss (FVTPL).

Impairment of financial assets

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss (ECL) model. This applies to financial assets classified at amortised cost and debt instruments classified at FVTOCI. Under IFRS 9, credit losses are recognised earlier than under IAS 39. IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis.

Disclosure

Amendments were also made to IFRS 7 introducing expanded qualitative and quantitative disclosure related to IFRS 9.

IFRS 15 Revenue from Contracts with Customer

IFRS 15 Revenue from Contracts with Customers and further amendments (effective for annual periods beginning on or after 1 January 2018). IFRS 15 "Revenue from Contracts with Customers" issued by IASB on 28 May 2014 (on 11 September 2015 IASB deferred effective date of IFRS 15 to 1 January 2018). IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures.

