

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Summary statement of profit or loss and other comprehensive income for the year ended 31 December 2023

	Dec-23 GHS	Dec-22 GHS
Interest income calculated using the effective interest method	141,800,083	105,386,751
Interest expense calculated using the effective interest method	(45,032,782)	(30,595,579)
Net interest income	96,767,301	74,791,172
Fee and commission income	14,435,783	11,225,767
Other operating income	307,007	839,434
Operating Income	111,510,091	86,856,373
Impairment charges on financial assets	(7,034,702)	(7,817,633)
Personnel Expenses	(37,616,093)	(31,828,712)
Depreciation of Property and Equipment	(3,104,576)	(2,896,273)
Depreciation of right-of-use assets	(3,796,453)	(2,730,195)
Amortisation of intangible Assets	(3,008,626)	(604,362)
Other operating expenses	(54,640,520)	(36,849,618)
Total operating expenses	(102,166,28)	(74,909,1160)
Profit before income tax	2,309,121	4,129,580
Income tax expense	(1,557,597)	(2,117,552)
Profit for the year	751,524	2,012,028
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Revaluation gains on landed property - net of tax	-	6,079,663
Total comprehensive income	751,524	8,091,692
Basic earnings per share	2.84	7.60
Diluted earnings per share	2.84	7.60

Summary statement of financial position as at 31 December 2023

	Dec-23 GHS	Dec-22 GHS
Assets		
Cash and bank balances	7,455,522	4,460,227
Due from banks	10,893,769	13,896,440
Government securities	6,274,216	2,711,659
Loans and advances to customers	268,288,298	217,245,373
Other assets	15,481,458	4,402,734
Property and equipment	28,359,599	28,181,454
Right-of-use assets	8,867,617	7,687,166
Intangible assets	26,598,499	29,188,345
Corporate tax asset	1,835,342	1,207,300
Deferred tax asset	-	662,522
Total assets	374,054,320	309,643,220
Equity and liabilities		
Liabilities		
Customer deposits	219,451,130	141,601,987
Borrowings	60,422,213	75,465,180
Lease liabilities	7,554,812	6,860,829
Deferred tax liability	779,619	-
Other liabilities	30,203,927	30,824,129
Total liabilities	318,411,701	254,752,125
Shareholders' equity		
Stated capital	27,291,374	27,291,374
Statutory Reserve	15,751,653	15,375,890
Revaluation Reserve	6,079,664	6,079,664
Retained earnings	6,519,928	6,144,167
Total shareholders' equity	55,642,619	54,891,095
Total equity and liabilities	374,054,320	309,643,220

Summary statement of changes in equity for the year ended 31 December 2023

Year ended 31 December 2023	Stated Capital	Deposit for Shares	Revaluation Reserve	Retained earnings	Statutory Reserve	Total
At 1 January 2023	27,291,374	-	6,079,664	6,144,167	15,375,890	54,891,095
Profit for the period	-	-	-	751,524	-	751,524
Transfer to statutory Reserve	-	-	-	(375,763)	375,763	-
At 31 December 2023	27,291,374	-	6,079,664	6,519,928	15,751,653	55,642,619

Year ended 31 December 2022	Stated capital	Deposit for shares	Revaluation reserve	Retained earnings	Statutory reserve	Total
At 1 January 2022	17,291,374	10,000,000	-	5,138,153	14,369,876	46,799,403
Deposit made for shares	10,000,000	(10,000,000)	-	-	-	-
Profit for the period	-	-	-	2,012,028	-	2,012,028
Revaluation gains	-	-	6,079,664	-	-	6,079,664
Transfer to statutory reserve	-	-	-	(1,006,014)	1,006,014	-
At 31 December 2022	27,291,374	-	6,079,664	6,144,167	15,375,890	54,891,095

Summary statement of cash flow for the year ended 31 December 2023

	Dec-23 GHS	Dec-22 GHS
Cash flows from operating activities		
Profit/(Loss) before taxation	2,309,121	4,129,580
Adjustments for:		
Depreciation of Property and Equipment	3,104,576	2,896,273
Depreciation of right-of-use assets	3,796,453	
Amortization of intangible assets	3,008,626	604,362
Net impairment loss on financial assets	7,034,702	7,817,634
Unrealised exchange difference on borrowings	312,813	15,707
Unrealised exchange difference on lease liabilities	1,779,087	1,727,546
Fair value changes recognised in profit or loss	674,539	-
Net interest income	(96,767,300)	(74,791,172)
Profit on the sale of property & equipment	(129,946)	(9,334)
Other non-cash items included in profit or loss	(5,224,336)	(4,325,070)
Changes in:		
Change in loans & advances	(51,107,349)	(43,917,380)
Change in other assets	(11,078,725)	(1,078,873)
Change customer deposits	76,293,644	43,228,204
Change in other liabilities	(620,203)	20,645,396
Cash generated from operations	(66,614,298)	(40,326,933)
Interest received	139,581,966	104,581,189
Interest paid	(43,314,400)	(27,680,700)
Income taxes paid	(743,498)	(3,021,287)
Net cash flows from operating activities	28,909,770	33,552,270
Cash flows from investing activities		
Purchase of property and equipment	(3,291,725)	(4,080,329)
Payments for Right of Use assets	(4,559,885)	(1,875,033)
Additions to Intangible Assets	(418,779)	(22,436,077)
Proceeds from sale of property and equipment	138,951	37,880
Net cash flows used in investing activities	(8,131,438)	(28,353,559)
Cash flows from financing activities		
Repayment on borrowings	(30,234,451)	(31,577,473)
Drawdown on borrowings	15,620,644	36,217,300
Lease liability payments	(2,263,253)	(2,563,809)
Net cash flows (used in)/from financing activities	(16,877,061)	2,076,018
Net change in cash and cash equivalents	3,901,272	7,274,728
Cash and cash equivalents at 1 January	20,722,235	13,447,507
Cash and cash equivalents at end of period	24,623,507	20,722,235
Analysis of cash and cash equivalents:		
Cash & bank balances	7,455,522	4,460,227
Due from banks	10,893,769	13,734,102
Government securities	6,274,216	2,527,906
	24,623,507	20,722,235

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Summary notes to the financial statements for the year ended 31 December 2023

1. Reporting Entity

The Company is incorporated in Ghana under the Companies Act, 2019 (Act 992) as a limited liability company and is domiciled in Ghana. The Company's principal activity is to transact business as a savings and loans company.

2. Basis of Preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board including the IAS 29 Hyperinflation Directive issued by the Institute of Chartered Accountants Ghana and in the manner required by the Companies Act, 2019 (Act 992) and Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The financial statements have been prepared on a historical cost basis, as modified by the revaluation of certain financial assets and liabilities.

3. Use of Judgement and Estimates

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the consolidated income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed.

4. Risk Management

As a financial institution, risk is at the core of our operations. To manage it, we have designed a risk management framework that aims to comprehensively cover the following risks: Credit Risk, Liquidity Risk, Operational Risk, and Market Risk.

- Credit Risk is managed by using internal credit ratings for all credits, and a strong credit appraisal and control regime adopted by the Advans Group.
- The Assets and Liabilities Committee (ALCO) under delegated authority from the Board of Directors sets and monitors Liquidity Risk and Market Risk standards in accordance with regulatory and the Advans Group requirements. Over the period, no default has been recorded in the maintenance of statutory liquidity.

5. Regulatory Disclosures

	2023	2022
Capital Adequacy Ratio (%)	10.22%	12.49%
Non-performing Loans Ratio (%)	4.22%	4.99%
Regulatory Breaches	Nil	Nil
Sanctions for Regulatory Breaches	Nil	Nil

Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 December 2023 in accordance with the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) which discloses the state of the affairs of the Company.

Principal Activities

Advans Ghana Savings and Loans LTD is authorised to transact business as a savings and loans company.

Incorporation

Advans Ghana Savings and Loans LTD was incorporated on 20 November 2007 as a Limited Liability Company under the Companies Act 1963, (Act 179), now replaced by The Companies Act 2019 (Act 992). The company is a subsidiary of Advans SA SICAR, a company incorporated in Luxembourg, which holds 86.57% of the issued ordinary shares of the Company.

Statement of Directors' Responsibilities

The directors are responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for the year. In preparing these financial statements, the directors have:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that are reasonable and prudent.
- Prepared the financial statements on the going concern basis, and
- Followed International Financial Reporting Standards as issued by the International Accounting Standards Board including the IAS 29 Hyperinflation Directive issued by the Institute of Chartered Accountants Ghana and complied with the requirements of the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930)

The directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

Going Concern

The financial statements have been prepared on the going concern basis with the Company expected to continue in operation for the foreseeable future and will be able to realise assets and discharge liabilities in the normal course of operations.

Financial Results

The profit for the year of **GHS 751,524** (2021: GHS 2,012,028) has been transferred to retained earnings and statutory reserves appropriately.

Dividend

The Board of Directors do not recommend the payment of dividend for the year ended 31 December 2023. (2022: Nil).

Auditor

In accordance with Section 139 (5) of the Companies Act, 2019 (Act 992), Ernst and Young was appointed as the new Auditor for the Company after the end of the six-year mandatory term for Deloitte and Touche. The appointment of Ernst and Young was approved by the shareholders and Bank of Ghana during the year. The term of Ernst and Young begins with the audit of the financial statements for the financial year 2023.

Approval of the Financial Statements

The Board of Directors approved the financial statements on 22 April, 2024 and were signed on their behalf by:

Signed
Ben Berko
Board Chairman

Signed
Richmond Sam
Director

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ADVANS GHANA SAVINGS AND LOANS LTD

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of Advans Ghana Savings and Loans LTD for the year ended 31 December 2023.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements in accordance with the basis of preparation and the notes to the summary financial statements.

Summary financial statements

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards as issued by the International Accounting Standards Board including the IAS 29 Hyperinflation Directive issued by the Institute of Chartered Accountants Ghana, the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financials and the auditor's report thereon. and Loans LTD and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 29 April 2024. That report also includes the communication of other 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.


Directors' Responsibility for the Summary Financial Statements

The directors are responsible for the preparation of the summary financial statements in accordance with the Bank of Ghana guide for financial publication for banks and Bank of Ghana (BOG) licensed Financial Institutions.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

The engagement partner on the audit resulting in this independent auditor's report is Pamela Des Bordes (ICAG/P/1329).

 Ernst & Young (ICAG/F/2024/126)
Chartered Accountants
Accra, Ghana
Date: 29 April 2024