

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2018

	2018 GHS	2017 GHS
Interest income	60,410,785	47,022,815
Interest expense	(16,371,079)	(14,790,163)
Net interest income	44,039,706	32,232,652
Loan impairment charges	(5,229,417)	(4,884,187)
Net interest income after loan impairment charges	38,810,289	27,348,465
Fees and commissions income	7,037,377	5,583,437
Other operating income	19,255	84,254
Personnel Expenses	(18,582,163)	(14,033,073)
Depreciation of property and equipment	(2,035,121)	(1,646,456)
Amortisation of intangible Assets	(79,134)	(209,279)
Other operating expenses	(16,593,972)	(14,127,773)
	(30,233,758)	(24,348,892)
Profit before income tax	8,576,531	2,999,575
National Stabilisation Levy	(428,827)	(149,979)
Income tax expense	(2,184,027)	(821,848)
Profit for the year	5,963,672	2,027,748
Other comprehensive income	-	-
Total comprehensive income	5,963,672	2,027,748

Statement of Financial Position as at 31 December 2018

	2018 GHS	2017 GHS
Assets		
Cash and bank balances	6,753,008	3,524,202
Due from banks	4,911,894	6,904,101
Government securities	-	1,293,634
Loans and advances to customers	113,119,461	88,413,911
Other assets	7,382,508	6,685,636
Property and equipment	7,239,461	7,022,061
Intangible assets	210,635	240,553
Deferred tax asset	2,075,100	1,061,841
Total assets	141,692,067	115,100,939
Equity and liabilities		
Liabilities		
Customer deposits	37,173,091	27,058,518
Borrowings	73,316,521	65,788,769
Corporate tax payable	2,334,475	948,964
Other liabilities	3,597,993	1,947,820
Total liabilities	116,422,080	95,744,071
Shareholders' equity		
Stated capital	17,291,374	17,291,374
Deposit for shares	-	-
Retained earnings	1,452,604	(1,503,955)
Statutory Reserve	6,526,009	3,569,449
Total shareholders' equity	25,269,987	19,356,868
Total equity and liabilities	141,692,067	115,100,939

Statement of changes in equity for the Year Ended 31 December 2018

Year ended 31 December 2018	Income Surplus	Statutory Reserve	Total
At 31 December 2017 (IAS 39)	GHS	GHS	GHS
Changes on initial application of IFRS 9	(1,503,955)	3,569,449	19,356,868
- Effect of increase in impairment provision	-	-	(50,559)
- Transfer between reserves	(50,559)	(25,280)	-
Restated balance at 1 January 2018 (IFRS 9)	25,280	3,544,170	19,306,309
Profit for the year	5,963,677	5,963,677	5,963,677
Transfer to statutory Reserve	(2,981,839)	(2,981,839)	-
At 31 December 2018	1,452,604	6,526,009	25,269,988

Year ended 31 December 2017

Year ended 31 December 2017	Income Surplus	Statutory Reserve	Total
At 1 January 2017	GHS	GHS	GHS
Proceeds from issue of shares	2,440,185	2,555,575	14,769,266
Deposit made for shares	(2,440,185)	-	(2,440,185)
Profit for the year	2,027,748	-	2,027,747
Transfer to statutory Reserve	(1,013,824)	1,013,824	-
At 31 December 2017	(1,503,955)	3,569,449	19,356,868

Statement of Cash Flows for the Year Ended 31 December 2018

	2018 GHS	2017 GHS
Cash flows from operating activities	8,576,531	2,999,575
Profit before taxation	2,999,575	2,999,575
Adjustments for:		
Depreciation	1,646,456	1,646,456
Amortization	79,134	209,279
Loss/(Profit) on the sale of property, plant & equipment	(2,836)	(37,523)
Tax adjustment	-	230,469
Working capital changes:		
Change in loans & advances	(24,777,778)	(24,245,888)
Change in other assets	(696,869)	18,776
Change customer deposits	10,114,573	4,808,151
Change in other liabilities	1,650,173	(684,227)
Cash generated from operations	(3,021,951)	(15,054,933)
Income taxes paid	(2,263,934)	(1,090,887)
Net cash used in operating activities	(5,285,885)	(16,145,820)
Cash flows from investing activities	(2,255,856)	(3,242,876)
Purchase of property, plant and equipment	(49,216)	(172,752)
Additions to intangible Assets	6,170	42,839
Proceeds from sale of property, plant and equipment	(2,298,902)	(3,372,789)
Net cash used in investing activities	(2,298,902)	(3,372,789)
Cash flows from financing activities	7,527,752	(2,440,185)
Deposit for shares	-	5,000,040
Proceeds from Issue of Shares	7,527,752	13,628,484
Proceeds from borrowings	-	-
Net cash used in financing activities	7,527,752	16,188,339
Net change in cash and cash equivalents	(57,035)	(3,330,270)
Cash and cash equivalents at 1 January	11,721,937	15,052,207
Cash and cash equivalents at end of period	11,664,902	11,721,937
Analysis of cash and cash equivalents:		
Cash & bank balances	6,753,008	3,524,202
Due from banks	4,911,894	6,904,101
Government securities	-	1,293,634
	11,664,902	11,721,937

Directors Report

The directors submit their report together with the audited financial statements for the year ended 31 December 2018, which disclose the state of affairs of the company.

Principal Activities

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

Incorporation

Advans Ghana Savings and Loans Limited was incorporated on 20 November 2007 as a Limited Liability Company under the Companies Act 1963, (Act 179). The company is a subsidiary of Advans SA SICAR, a company incorporated in Luxembourg, which holds 60.03% 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 are required to:

- ✓ Select suitable accounting policies and then apply them consistently;
- ✓ Make judgements and estimates that are reasonable and prudent;
- ✓ State whether the applicable accounting standards have been followed;
- ✓ Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and which enables them to ensure that the financial statements comply with International Financial Reporting Standards (IFRS), Companies Act, 1963 (Act 179), and the Banks and Specialised Deposit-Taking Institutions Act 2016, (Act 930). They are 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 5,963,677 (2017: GHS 2,027,748) has been transferred to income surplus.

Dividend

The Board of Directors recommend a dividend of GHS 8.826 (2017: NIL) per share amounting to GHS 1,452,604 (2017: NIL) representing 24% of the profit after tax for the year 2018 at the forth coming annual general meeting.

Auditor

Deloitte and Touche has expressed willingness to continue in office as auditor of the company in accordance with Section 134(5) of the Companies Act, 1963 (Act 179).

By Order of the Board:

Director
Date: 15/01/2019

Director SOULELE LE BUELS
Date 15/01/2019

Notes to the Financial Statements for the year ended 31 December 2018

1. Reporting Entity

The company is incorporated in Ghana under the Companies Act, 1963 (Act 179) as a limited liability company, and is domiciled in Ghana. The address of its registered office is Advans Ghana Savings and Loans Limited, New Town Road, opposite Mallam Atta market, P.O. Box AN 11426, Accra North.

2. Basis of Preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1963 (Act 179), 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 recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of profit or loss and other comprehensive income 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 Director's sets and Monitor Liquidity Risk and Market Risk standards in accordance with regulatory and Group requirements. Over the period, no default has been recorded in the maintenance of statutory liquidity.

5. Regulatory Disclosures

	2018	2017
Non-Performing Loans Ratio	6.4%	3.8%
Capital Adequacy Ratio	13.16%	14.85%

Independent Auditors' Report

Deloitte.

Opinion

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the statement of financial position as at 31 December 2018, the summary statements of profit or loss and other comprehensive income, summary changes in equity and summary cash flows for the year then ended, and related notes, are derived from the audited financial statements of Advans Ghana Savings and Loans Limited for the year ended 31 December 2018.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the International Financial Reporting Standards, the requirements of the Companies Act, 1963 (Act 179), and the Banks and Specialised Deposit-Taking Institutions Act 2016, (Act 930).

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards, the requirements of the Companies Act, 1963 (Act 179), and the Banks and Specialised Deposit-Taking Institutions Act 2016, (Act 930) as applicable to financial statements. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements 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 16th April 2019. That report also includes:

- The communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the summarised financial statements for the current period.
- A "Report on Other Legal and Regulatory Requirements" which comprise reports on:
 - Compliance with the provisions of Companies Act, 1963 (Act 179); and
 - Compliance with the provisions of the Banks and Specialised Deposit-Taking Institutions Act 2016, (Act 930)

Directors' Responsibility for the Summary Financial Statements

The directors are responsible for the preparation of the summary financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 1963 (Act 179), and the Banks and Specialised Deposit-Taking Institutions Act 2016, (Act 930), and for such internal control as the directors determine is necessary to enable the preparation of the summary financial statements that are free from material misstatement, whether due to fraud or error.

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 Standard on Auditing 810 (Revised), Engagements to Report on Summary Financial Statements.

The engagement partner on the audit resulting in this independent auditor's report is **Daniel Kwadwo Owusu (ICAG/P/1327)**

For and on behalf of Deloitte & Touche (ICAG/P/2019/130)
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16 April 2019