

Financial Statements for the Year Ended 31 December 2019

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019	2019 GHS	2018 GHS
Interest income	72,321,028	60,410,785
Interest expense	(18,709,132)	(16,371,079)
Net interest income	53,611,896	44,039,706
Loan impairment charges	(6,312,746)	(5,229,417)
Net interest income after loan impairment charges	47,299,150	38,810,289
Fees and commissions income	8,480,825	7,037,377
Other operating income	33,855	19,255
Personnel Expenses	(23,447,194)	(18,582,163)
Depreciation of Property and Equipment	(2,421,376)	(2,035,121)
Depreciation of right-of-use assets	(1,918,197)	-
Amortisation of intangible Assets	(22,376)	(79,134)
Other operating expenses	(15,541,195)	(16,593,972)
	(34,835,658)	(30,233,758)
Profit before income tax	12,463,492	8,576,531
National Stabilisation Levy	(623,174)	(428,827)
Income tax expense	(3,091,043)	(2,184,027)
Profit for the year	8,749,275	5,963,677
Other comprehensive income	-	-
Total comprehensive income	8,749,275	5,963,677

Statement of Financial Position as at 31 December 2019	2019 GHS	2018 GHS
Assets		
Cash and bank balances	3,147,265	6,753,008
Due from banks	7,206,971	4,911,894
Government securities	3,722,769	-
Loans and advances to customers	136,169,788	113,119,461
Other assets	8,416,034	7,382,508
Property and equipment	8,123,988	7,239,461
Right-of-use assets	8,231,282	-
Intangible assets	188,259	210,635
Deferred tax asset	3,107,642	2,075,100
Total assets	178,313,998	141,692,067
Equity and liabilities		
Liabilities		
Customer deposits	45,885,685	37,173,091
Borrowings	86,051,734	73,316,521
Lease liabilities	5,837,266	-
Corporate tax payable	2,806,034	2,334,475
Other liabilities	5,166,624	3,597,993
Total liabilities	145,747,343	116,422,080

Statement of changes in equity for the Year Ended 31 December 2019

Year ended 31 December 2019	Stated Capital	Income Surplus	Statutory Reserve	Total
	GHS	GHS	GHS	GHS
At 1 January 2019	17,291,374	1,452,604	6,526,009	25,269,987
Profit for the period	-	8,749,275	-	8,749,275
Dividend paid during the period	-	(1,452,604)	-	(1,452,604)
Transfer to statutory Reserve	-	(4,374,638)	4,374,638	-
At 31 December 2019	17,291,374	4,374,636	10,900,645	32,566,655

Year ended 31 December 2018	Stated Capital	Income Surplus	Statutory Reserve	Total
	GHS	GHS	GHS	GHS
At 31 December 2018 (IAS 39)	17,291,374	(1,503,955)	3,569,449	19,356,868
Changes on initial application of IFRS 9				
- Effect of increase in impairment provision	-	(50,559)	-	(50,559)
- Transfer between reserves	-	25,280	(25,280)	-
Restated balance at 1 January 2018 (IFRS 9)	17,291,374	(1,529,234)	3,544,169	19,306,309
Profit for the year	-	5,963,677	-	5,963,679
Transfer to statutory Reserve	-	(2,981,839)	2,981,839	-
At 31 December 2018	17,291,374	1,452,604	6,526,009	25,269,987

Shareholders' equity	2019 GHS	2018 GHS
Stated capital	17,291,374	17,291,374
Statutory Reserve	10,900,645	6,526,009
Retained earnings	4,374,636	1,452,604
Total shareholders' equity	32,566,655	25,269,987
Total equity and liabilities	178,313,998	141,692,067

Statement of Cash Flows for the Year Ended 31 December 2019	2019 GHS	2018 GHS
Cash flows from operating activities		
Profit before taxation	12,463,492	8,576,531
Adjustments for:		
Depreciation	2,421,376	2,035,121
Amortization	22,376	79,134
Loss/(Profit) on the sale of property, plant & equipment	(10,095)	(2,836)
Working capital changes:		
Change in loans & advances	(23,050,327)	(24,777,778)
Change in other assets	(9,264,808)	(696,869)
Change customer deposits	8,712,593	10,114,573
Change in other liabilities	7,405,898	1,650,173
Cash generated from operations	(1,299,495)	(3,021,951)
Income taxes paid	(4,275,201)	(2,263,934)
Net cash used in operating activities	(5,574,696)	(5,285,885)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,306,620)	(2,255,856)
Additions to Intangible Assets	-	(49,216)
Proceeds from sale of property, plant and equipment	10,811	6,170
Net cash used in investing activities	(3,295,809)	(2,298,902)
Cash flows from financing activities		
Dividend Paid	(1,452,604)	-
Proceeds from borrowings	12,735,212	7,527,752
Net cash used in financing activities	11,282,608	7,527,752
Net change in cash and cash equivalents	2,412,103	(57,035)
Cash and cash equivalents at 1 January	11,664,902	11,721,937
Cash and cash equivalents at end of period	14,077,005	11,664,902
Analysis of cash and cash equivalents:		
Cash & bank balances	3,147,265	6,753,008
Due from banks	7,206,971	4,911,894
Government securities	3,722,769	-
	14,077,005	11,664,902

Directors Report

The directors submit their report together with the audited financial statements for the year ended 31 December 2019, 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), 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 60% 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, 2019 (Act 992), 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 8,749,275 (2018: GHS 5,963,677) has been transferred to retained earnings.

Dividend

The Board of Directors do not recommend the payment of dividend (2018: GHS 1,452,604).

Auditor

Deloitte and Touche has expressed willingness to continue in office as auditor of the company in accordance with Section 139(5) of the Companies Act, 2019 (Act 992).

By Order of the Board:

[Signature]
 Director
 Date: 19th March, 2020

[Signature]
 Director
 Date: 26th March, 2020

Notes to the Financial Statements for the year ended 31 December 2019

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) and in the manner required by the Companies Act, 2019 (Act 992) 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

The company presents its statement of financial position broadly in order of liquidity. 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 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 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

	2019	2018
NON-PERFORMING LOANS RATIO	7.30%	6.40%
CAPITAL ADEQUACY RATIO	13.53%	13.16%

6. Regulatory Breaches

There was no regulatory breach during the year (2018: Nil)

Deloitte INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF ADVANS GHANA SAVINGS AND LOANS LIMITED

Our opinion

The summary financial statements of Advans Ghana Savings and Loans Limited, which comprise:

- the summary statements of profit or loss and other comprehensive income;
- the summary statement of financial position as at 31 December 2019;
- the summary changes in equity;
- the summary cash flows for the year then ended; and
- the related notes to the summary financial statements 2019.

In our opinion, the accompanying summary financial statements of Advans Ghana Savings and Loans Limited ("Company") are consistent, in all material respects, with the audited financial statements of the Company.

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) now replaced by 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 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 27th March 2020. 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 summarized financial statements for 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 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).

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)

[Signature]
 Daniel Kwadwo Owusu

For and on behalf of Deloitte & Touche (ICAG/P/2020/129)

Chartered Accountants
 The Deloitte Place, Plot No. 71
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 Accra Ghana
 27th March 2020