PRESS RELEASE

PR. No. 376/2022

BOND SAVINGS AND LOANS LIMITED (BOSL)-

2021 AUDITED FINANCIAL STATEMENTS

BOSL has released its Audited Financial Statements for the year ended December 31, 2021, as per attached.

Issued in Accra, this 17th
day of November 2022

- E N D –

att'd.

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**XA*

Bond Savings and Loans PLC

Annual Financial Statements

31 December 2021

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General Information

Directors	James Sagoe - Chairman George Ofosuhene - Chief Executive Officer Abdulai Abdul-Rahman - Non Executive Director
Registered Office	Bond House Safebond Car Terminal PMB 245, Comm. 1 Tema
Auditors	AA&K CHARTERED ACCOUNTANTS 9 Justice DF Annan BP, Tesano-Accra P.O.Box AN 18603 Accra-North, Ghana
Company Secretary	Lucy Genevieve Lamptey 3, Cashew Close Teshie Nungua Accra
Bankers	Agricultural Development Bank Limited CalBank PLC Consolidated Bank Ghana Limited Fidelity Bank Ghana Limited First Atlantic Bank Limited GCB Bank PLC Zenith Bank (Ghana) Limited

Directors' Report

The directors present their report for the year ended 31 December 2021.

1. **Statement of Directors Responsibilities**

The directors are responsible for the preparation of financial statements that give a true and fair view of Bond Savings and Loans Limited, comprising the statements of financial position at 31 December 2021, and the statements of profit or loss, changes in equity and cash flows for the year then ended, the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act,2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930). In addition, the directors are responsible for the preparation of the reports of the directors.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

2. **Review of financial results and activities**

Main business and operations

The company is a non- bank financial institution incorporated and domiciled in Ghana under the Companies Act, 2019 (Act 992). Bond Savings and Loans PLC operates under the Banks and Specialised Deposit-Taking Institutions Act 2016 (Act 930). There were no major changes herein during the year.

The company generated a loss after tax for the year ended 31 December 2021 of GH¢16,345,548 (2020: GH¢13,741,363).

The company's revenue increased from GH¢106,217,948 in the prior year to GH¢123,299,573 for the year ended 31 December 2021.

Company cash flows from operating activities changed from an outflow of GH¢51,849,504 in the prior year to an outflow of GH¢4,931,495 for the year ended 31 December 2021.

3. **Going concern**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the subsequent year. The loss-making was primarily due to loan write-offs as a result of challenging circumstances for some loan clients following the Covid-19 impact on their businesses. As these non-performing loans have been provided for, the directors are confident that BOND has enough resources to continue in business as a going concern.

4. **Events after reporting date**

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure has been addressed

The directors are not aware of any matter or circumstance arising since the financial year end to the date of this report that could have a material effect on the financial position of the company.

5. **Authorised and issued share capital**

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

Directors' Report

6. Dividend

No dividend was declared or paid to shareholders during the year.

7. Shareholders

There have been no changes in ownership during the current financial year.

The shareholders and their interests at the end of the year are:

	Holding
Krobo Edusei Jnr	55.00%
Isaac Kodom	22.50%
Newton Brenya	10.00%
George Ofosuhene	10.00%
Shirley Nana Konadu Longdon	1.50%
Elizabeth Adaku Blankson	1.00%

8. Corporate Governance

Per BOG's corporate directives, BOND has had annual certifications in the past but lapsed in 2021 but will ensure that it is done in 2022. The Board met four times in 2021 with hundred percent attendance by all members.

9. Interest in associates

The company disposed its equity interest in Acacia Health Insurance, a private commercial health insurance company registered under the laws of Ghana during the year.

10. Corporate social responsibility

There has not been any activities undertaken for Corporate Social Responsibilities during the year under review.

11. Capacity building of directors

There has not been any activities undertaken to build capacity of directors during the year under review

12. Particulars of entries in the Interests Register

No interests were held by Directors in contracts and proposed contracts with the Company during the year under review hence there were no entries recorded in the Interest Register as required by the sections 194(6), 195(1)(a) and 196 of the Companies Act, 2019 (Act 992)

13. Auditor's remuneration

The audit fees payable for the year is GH¢ 60,000 (2020: GH¢ 60,000). In accordance with section 139(5) of the Companies Act, 2019 (Act 992) AA&K Chartered Accountants will remain in office as auditors.

Approved by the directors on .... 2022 and signed on its behalf by:

Name: George Ofosuhene

Date: 07/11/2022

Name: Abubakar Abdul-Rahman

Date: 08/11/2022

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AA&K Chartered Accountants

Independent Auditor's Report

To the Shareholders of Bond Savings and Loans PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bond Savings and Loans PLC set out on pages 10 to 49, which comprise the statement of financial position as at 31 December 2021, and 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

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 are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw attention to note 55 to the financial statements which indicates that the company incurred a net loss of GH¢16,345,548 during the year ended 31 December 2021. This condition indicates the existence of uncertainty which may cast doubt about the company's ability to continue as a going concern. The note further describes why, under these circumstances, the financial statements continue to be prepared on a going concern basis. Our opinion is not modified in respect of this matter.

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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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AA&K **Chartered Accountants**

Independent Auditor's Report - continued

To the Shareholders of Bond Savings and Loans PLC

Report on the Audit of the Financial Statements

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances in line with IFRS 9 Loans and advances to customers constitute a significant portion of the total assets of the Company. At 31 December 2021, gross loans and advances to customers were GH¢345.04 million (2020: GH¢ 344.66 million) out of which total loan impairment amount of GH¢57.44 million (2020: GH¢48.90 million) was recorded, thus leaving a net loan balance of GH¢242.85 million (2020: GH¢ 255.05 million) which represents about 74% (2020: 74%) of the total assets as at the reporting date. The basis of the impairment amount is summarised in the accounting policies (note 4) in the financial statements. The directors exercise significant judgement when determining both when and how much to record as loan impairment. This is because a number of significant assumptions and inputs go into the determination of expected credit loss (ECL) impairment amounts on loans and advances to customers. This complex standard requires the Company to recognise Expected Credit Losses (ECL) on financial instruments, which involves exercise of significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the company's implementation of IFRS 9 include: i. Identification and measurement of economic scenarios to measure ECLs on a forward-looking basis reflecting a range of future economic conditions. ii. Assessment and measurement of Significant Increase in Credit Risk ('SICR') using different criteria. iii. Modelling for estimation of ECL parameters: • Probabilities of Default (PDs) – 12-month and lifetime; • Loss Given Default (LGD); and • Exposure at Default (EAD). iv. Completeness and accuracy of data used to calculate the ECL. Due to the significance of these estimates, judgements and the size of loans and advances portfolio, the audit of loan impairment provisions is considered a key audit matter.	We focused our testing of the impairment of loans and advances to customers on the key assumptions and inputs made by management and directors. Specifically, our audit procedures included: • Obtaining an understanding of the loan loss impairment calculation process within the Company; • Testing the design and determining the effectiveness of the implementation of key controls across the processes relevant to the ECL (allocation of assets into stages, model governance, data accuracy and completeness, credit monitoring, multiple economic scenarios, post model adjustments, individual provisions and processing of journal entries and disclosures); • Assessing the ECL provision levels by stage to determine if they were reasonable considering the company's portfolio, risk profile, credit risk management practices and the macroeconomic environment; • Challenging the criteria used to allocate assets to stages 1, 2 or 3 in accordance with IFRS 9; • Testing the assumptions, inputs and formulae used in a sample of ECL models (including assessing the appropriateness of model design and formulae used, considering alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default for a sample of models); • Testing the data used in the ECL calculation by reconciling to source systems; and • Assessing the adequacy and appropriateness of disclosures for compliance with the accounting standards.

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AA&K **Chartered Accountants**

To the Shareholders of Bond Savings and Loans PLC

Report on the Audit of the Financial Statements

Key audit matter	How our audit addressed the key audit matter
Revenue recognition Interest on loans formed about 92.27% of the Company's revenue. Interest Income of the company is system-generated. There is the risk of revenue recongition due to cut offs. This is indicated in note 2.3 and note 36 respectively of the financial statements.	We reviewed the underlying information and records used in the computation of interest income and traced them to the source documents for accuracy of data input We re-computed interest Income for accuracy. We checked for authorization and approval of the recording and reporting of the interest income. We checked for adequacy of disclosures in the notes to the financial statements in accordance with IAS 1. We checked for adequacy of disclosures in the notes to the financial statements in accordance with IAS 1.

Emphasis of Matter

We draw attention to note 26.1 to the financial statements which deals with property, plant and equipment. The company did not have registered title documents to leasehold land and buildings amounting to GH¢12,650,000. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the directors report, the accounting policies and the notes to the financial statements included in the Annual report. The other information does not include the financial statements and our auditor's report thereon

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit or otherwise appears to be materially misstated. if, based on the work we have performed, 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

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2019 (Act 992) 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 financial statements that are free from material misstatement, whether due to fraud or error.

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.

AA&K **Managing Partner:** *David Adom* **Partner:** *John Defortse* **Reg. No.:** *PN005812014* **TIN:** *C0003642356*

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Independent Auditor's Report - continued

To the Shareholders of Bond Savings and Loans PLC

Report on the Audit of the Financial Statements

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 misstatement, 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement 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 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 company's 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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- 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.

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 identify during our audit.

We also provide the directors 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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AA&K Chartered Accountants

To the Shareholders of Bond Savings and Loans PLC

Report on the Audit of the Financial Statements

Report on Other Legal Requirements

As required by Section 137 of the Companies Act, 2019 (Act 992), we report to you, based on our audit, that:

- 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;
- In our opinion, proper books of account have been kept, so far as appears from our examination of those books;
- The statement of financial position and the statement of comprehensive income (statement of profit or loss and other comprehensive income) are in agreement with the accounting records and returns.
- In our opinion, to the best of our information and according to the explanations given to us, the accounts give the information required under the Act, in the manner so required and give a true and fair view of the state of affairs of the company at the end of the financial year.
- We are independent of the Company pursuant to Section 143 of the Companies Act,2019 (Act 992)

As required by Section 85(2) of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930), we report to you based on our audit, that:

- The accounts give a true and fair view of the state of affairs of the Company and the results of operations for the period under review;
- We have obtained all the information and explanation required for the efficient performance of our duties;
- The transactions of the Company are within the powers of the bank or specialised deposit-taking institution;
- In our opinion, the Company has complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), the Anti Terrorism Act, 2008 (Act 762) and the Regulations made under these enactments; and
- The Company has generally complied with the provisions of Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930).

The engagement partner on the audit resulting in this independent audtor's report is David Adom (ICAG/P/1219)

For and on behalf of:
AA&K CHARTERED ACCOUNTANTS
(ICAG/F/2022/114)
9 Justice DF Annan BP, Tesano-Accra
P.O.Box AN 18603
Accra North, Ghana

9TH NOVEMBER ,2022

Bond Savings and Loans PLC

Financial Statements for the year ended 31 December 2021

Statement of Financial Position

Figures in GH₵	Notes	2021	2020
Assets			
Cash and cash equivalents	20	6,982,620	3,781,486
Non-pledged trading assets	21	47,331,535	43,017,410
Loans and advances	22	242,845,853	255,051,224
Investment (other than securities)	23	-	7,494,720
Deferred tax asset	44.2	2,116,616	9,591,118
Other assets	24	4,316,501	890,194
Intangible assets	25	86,019	798,003
Property, plant and equipment	26	22,681,548	23,837,298
Total assets		**326,360,692**	**344,461,453**
Liabilities			
Deposits from banks, SDIs & Other BoG Licensed FIs.	27	82,450,867	77,680,795
Deposits from customers	28	159,959,278	174,103,256
Borrowings	29	11,526,945	3,005,275
Current tax liabilities	44.3	7,929,324	7,756,283
Other liabilities	31	2,872,428	3,948,446
Total liabilities		264,738,842	266,494,055
Equity			
Stated capital	32	29,435,267	29,435,267
Retained earnings		(48,718,225)	(13,462,925)
Revaluation reserve	33	16,686,774	16,686,774
Statutory reserve fund	34	21,542,930	21,542,930
Credit risk reserve	35	42,675,104	23,765,352
Total equity		61,621,850	77,967,398
Total liabilities and equity		**326,360,692**	**344,461,453**

The accounting policies and notes to the financial statements on pages 14 to 49 form an integral part of these financial statements

Signature:

Name: Tobias Ofori-Sarpong

Date: 07/4/2022

Signature:

Name: Abraham Abeni-Mensah

Date: 08/4/2022

Bond Savings and Loans PLC

Financial Statements for the year ended 31 December 2021

Statement of Profit or Loss and Other Comprehensive Income

Figures in GH¢	Notes	2021	2020
Interest income	36	123,299,573	106,217,948
Interest expense	37	(108,736,578)	(87,508,108)
Net interest income		**14,562,995**	**18,709,840**
Net fees and commission	38	271,350	63,463
Other income	39	50,715	1,012,006
Operating income		**14,885,060**	**19,785,309**
Impairment loss on financial assets	40	(9,775,855)	(13,973,666)
Operating expenses	41	(16,812,490)	(22,762,541)
Loss from operating activities		**(11,703,285)**	**(16,950,898)**
Share of profit from equity accounted investments	42	653,883	2,158,351
Other income from equity accounted investments	43	2,351,397	-
(Loss) / profit before tax		**(8,698,005)**	**(14,792,547)**
National fiscal stabilisation levy		-	
Income tax credit / (expense)	44.1	(7,647,543)	1,051,184
(Loss) / profit for the year		**(16,345,548)**	**(13,741,363)**
Other comprehensive income net of tax			
Gains on revaluation	45	-	10,061,774
Total comprehensive income		**(16,345,548)**	**(3,679,589)**

The accounting policies and notes to the financial statements on pages 14 to 49 form an integral part of these financial statements

Statement of Changes in Equity

Figures in GHC	Stated capital	Revaluation reserve	Statutory reserve fund	Credit reserve fund	Accumulated loss	Total
Balance at 1 January 2021	29,435,267	16,686,774	21,542,930	23,765,352	(13,462,925)	77,967,398
Loss for the year	-	-	-	-	(16,345,548)	(16,345,548)
Other comprehensive income	-	-	-	-	-	-
Transfer to statutory reserve fund*	-	-	-	-	-	-
Transfer to credit risk reserve	-	-	-	18,909,752	(18,909,752)	-
Balance at 31 December 2021	**29,435,267**	**16,686,774**	**21,542,930**	**42,675,104**	**(48,718,225)**	**61,621,850**
Balance at 1 January 2020	29,435,267	6,625,000	21,542,930	34,091,061	(10,047,271)	81,646,987
Loss for the year	-	-	-	-	(13,741,363)	(13,741,363)
Other comprehensive income	-	10,061,774	-	-	-	10,061,774
Transfer to statutory reserve fund*	-	-	-	-	-	-
Transfer from credit risk reserve	-	-	-	(10,325,709)	10,325,709	-
Balance at 31 December 2020	**29,435,267**	**16,686,774**	**21,542,930**	**23,765,352**	**(13,462,925)**	**77,967,398**

*No transfer was made to statutory reserve fund due to the net loss position recorded during the year

The accounting policies and notes to the financial statements on pages 14 to 49 form an integral part of these financial statements

Bond Savings and Loans PLC

Financial Statements for the year ended 31 December 2021

Statement of Cash Flows

Figures in GH¢	Notes	2021	2020
Cash flows used in operations			
Loss for the year		**(16,345,548)**	**(13,741,363)**
Adjustments for:			
Depreciation and amortisation		1,883,706	2,457,834
Impairment on financial assets		9,775,855	13,973,666
Share of profit of associate		(653,883)	(2,158,351)
Income tax expense and fiscal stabilisation levy		7,647,543	(1,051,184)
		18,653,221	**13,221,965**
Change in pledged assets		-	-
Change in loans and advances to customers		2,479,516	(57,944,619)
Change in non - pledged assets		(4,314,125)	19,211,456
Change in other assets		(3,426,307)	345,867
Change in deposits from banks		4,770,072	35,706,714
Change in deposits from customers		(14,143,978)	(30,654,014)
Change in due to banks		8,521,672	(8,838,916)
Change in other liabilities and provisions		(1,076,018)	(9,156,594)
		(7,239,168)	**(51,330,106)**
Income tax paid		-	-
National fiscal stabilisation levy paid		-	-
		-	-
Net cash flows used in operations		**(4,931,495)**	**(51,849,504)**
Cash flows from / (used in) investing activities			
Purchase of property, plant and equipment		(15,974)	(2,641,568)
Other cash receipts from sales of interests in associates		8,148,603	-
Cash flows from / (used in) investing activities		**8,132,629**	**(2,641,567)**
Cash flows from financing activities			
Proceed from issue of shares		-	-
Dividend paid		-	-
Cash flows from financing activities			
Net decrease in cash and cash equivalents		**3,201,134**	**(54,491,071)**
Cash and cash equivalents at beginning of the year		**3,781,486**	**58,272,557**
Cash and cash equivalents at end of the year	20	**6,982,620**	**3,781,486**

The accounting policies and notes to the financial statements on pages 14 to 49 form an integral part of these financial statements

Accounting Policies

1. General information

Bond Savings and Loans PLC ('the company') is a non- bank financial institution incorporated and domiciled in Ghana under the Companies Act, 2019 (Act 992). Bond Savings and Loans PLC operates under the Banks and Specialised Deposit-Taking Institutions Act 2016 (Act 930).

The company is incorporated as a Private limited company and domiciled in Ghana. The address of its registered office is Bond House, Safebond Car Terminal, PMB 245, Comm. 1, Tema.

2. Basis of preparation and summary of significant accounting policies

The financial statements of Bond Savings and Loans PLC have been prepared in accordance with International Financial Reporting Standards, the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions, 2016 (Act 930). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The company presents its statement of financial position in order of liquidity. Financial assets and 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 net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are not offset in the 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 International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 18.

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

2.1 Foreign currency translation

Functional and presentation currencies
The financial statements have been presented in Ghana Cedis(GH¢) which is also the company's functional currency.

Transactions and balances
Foreign currency transactions 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 recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other (losses)/gains – net'.

2.2 Property, plant and equipment

Recognition
Property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Initial measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

The cost of an item of property, plant and equipment includes:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Subsequent measurement - Revaluation and Cost model

After initial recognition, property, plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses except for leasehold land and buildings which are measured at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount. At the date of the revaluation, [the accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses. / the accumulated depreciation is eliminated against the gross carrying amount of the asset.]

An increase in the carrying value of an asset as a result of a revaluation is recognised in other comprehensive income and accumulated in equity under the revaluation surplus except where the increase reverses a previously recognised revaluation decrease for the same asset, the increase is recognised in profit or loss to that extent.

A decrease in the carrying value of an asset as a result of a revaluation is recognised in profit or loss except where the decrease reverses a previously recognised revaluation increase for the same asset, the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus.

Subsequent expenditure

Subsequent expenditure incurred on items of property, plant and equipment is only capitalised to the extent that such expenditure enhances the value or previous capacity of those assets. Repairs and maintenance not deemed to enhance the economic benefit or service potential of items of property, plant and equipment are expensed as incurred.

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Depreciation

Depreciation of an asset commences when it is available for use, and ceases at the earlier of the date that the asset is classified as held for sale, or the date that the asset is derecognised.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. The depreciable amount of an asset shall be allocated on a systematic basis over its useful life. The depreciable amount of an asset is determined after deducting its residual value.

Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

Residual values, useful lives and depreciation methods are reviewed at each financial year end. Where there are significant changes in the expected pattern of economic consumption of the benefits embodied in the asset, the relevant changes will be made to the residual values and depreciation rates, and the change will be accounted for as a change in accounting estimate.

The measurement base, useful life or depreciation rate as well as the depreciation method for all major classes of assets are as follows:

Asset class	Useful life / depreciation rate	Depreciation method
Leasehold land and building	2%	Straight line
Motor vehicles	25%	Straight line
Office furniture and fittings	25%	Straight line
Office equipment	25%	Straight line
Computer	25%	Straight line

2.3 Revenue

Revenue is income arising in the course of an entity's ordinary activities.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria are met before revenue is recognized:

Interest Income

Interest income is recognized in the income statement for all interest-bearing financial instruments measured at amortised cost, including loans and advances, as interest accrues using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and allocating the interest income. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The effective interest rate is calculated on initial recognition of the financial asset, estimating the future cash flows after considering all the contractual terms of the instrument but not future credit losses. The calculation includes all amounts for processing and commitment fees paid or received by the company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument.

Where a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fees and commission

The company earns commission and fees from a limited range of services provided to its customers. Fees earned for the provision of services over a period of time are accrued over that period. Facility fees for loans and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Other fees and commission income, including account servicing fees, investment management fees, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

3. **Interest expense**

Interest expense is recognised in the statement of comprehensive income for all interest-bearing financial instruments measured at amortised cost as interest accrues using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense. The effective interest rate is the rate that exactly discounts the estimated future cash payments over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

The effective interest rate is calculated on initial recognition of the financial liability, estimating the future cash flows after considering all the contractual terms of the instrument. The calculation includes all amounts for processing and commitment fees paid by the company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument and all other premiums or discounts.

4. **Financial instruments**

Initial Recognition and Measurement Classification

The Company classifies financial assets and financial liabilities into the following categories.

a. Financial assets at amortised cost

b. Financial liabilities measured at amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as fair value through profit or loss-

The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Instruments continued...

Business Model Assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

a. the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, matching the duration of financial assets to the liabilities;

b. that are funding those assets or realizing cash flows through the sales of the assets; how the performance of the portfolio is evaluated and reported to the Company's management;

c. the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

d. the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. Information about sales activity is considered as part of the overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'interest' is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example, liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payment of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual clause that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- interest rate charged to customers;
- origination fee and service fee charged to customers;
- any other amounts charged to customer (if any);
- contingent events that would change the amount and timing of cash flow;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (for example, non-recourse asset arrangements) and features that modify consideration of time value of money (for example, periodical reset of interest rates).

Financial assets which have been classified as measured at amortised cost include cash and cash equivalents, trade and other receivables and loans and advances.

If the business model/SPPI test are not met, the financial asset would be classified as fair value through profit or loss.

Accounting Policies

Financial instruments continued...

Initial recognition and measurement

The Company initially recognizes financial assets and liabilities on the date the Company becomes a party to the contractual provisions of the instruments, i.e. trade date. This is on the date that these financial instruments are originated.

Financial instruments are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities are added to or deducted from the fair value of the financial assets or liabilities, as appropriate, on initial recognition, except if fair value through profit and loss.

The Company generally does not reclassify financial instruments between different categories subsequent to initial recognition. Financial assets are reclassified only if the Company changes its business model for managing financial assets. In accordance with IFRS 9.

- Financial liabilities can never be reclassified; and
- Financial assets can only be reclassified if there is a change in business model.

Subsequent Measurement

Amortised Cost

Financial assets which are classified as measured at amortised cost, are measured using the effective interest method, less any expected credit losses which are recognized in profit or loss. Amortised cost is calculated by taking into account any transaction costs on acquisition as well as fees and costs that are an integral part of the effective interest rate. Origination fees and service fees are both considered to be integral to the effective interest rate. Origination fees are added to the original debt amount and included in the initial measurement of the loan.

Expected credit losses are calculated through the use of an appropriate impairment methodology

Derecognition

Financial assets (or a portion thereof) are derecognized when the Company realizes the rights to the benefits specified in the contract, the rights expire, the asset is substantially modified or the Company surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it are included in profit and loss.

Impairment of Financial Assets

Significant Increase In Credit Risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue costs and effort. The Company has utilized the 30-days past due rebuttable presumption to identify a significant increase in credit risk since initial recognition.

Definition of Default

The Company considers the following as constituting an event of default, and therefore credit – impaired, for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due.

Accounting Policies

Financial Instruments continued...

Credit impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised costs are credit impaired.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;

- a breach of contract, such as a default or past due event;

- the Company, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the Company would not otherwise consider;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;

- the disappearance of an active market for a security because of financial difficulties.

Write off Policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivable, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of Expected credit losses

The Company recognizes loss allowances for expected credit losses on the following financial assets:

- Loans and Advances
- Cash and Bank Balances
- Intercompany Receivables
- Other Assets.

Impairments are measured as 12 month expected credit losses upon origination. Where there has been a significant increase in credit risk since initial recognition of a financial asset, the loss allowance is measured as an amount equal to lifetime expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Expected credit losses are a probability weighted estimate of credit losses. They are measured as follows.

- Financial assets that are not credit impaired at the reporting date – as the present value of all cash flow shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expect to receive);

- Financial assets that are credit impaired at the reporting date – as the difference between the gross carrying amount and the present value of estimated future cash flows.

- Loss allowances for expected credit losses are presented in the statement of financial position as a deduction form the gross carrying amount of the financial asset.

5. **Offsetting**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards

6. **Other Assets**

Other assets are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are recognised in profit and loss.

7. **Investment in associate**

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results of assets and liabilities in associates are incorporated in these financial statements using the equity method of accounting, except when the Investments, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of profit or loss and other comprehensive income of the associate

When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate (which includes any long-term interest that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

8. **Other payables**

Other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

9. **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

10. **Bank overdraft and borrowings**

Bank overdraft and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

11. Credit risk reserve

To cater for any shortfall between the Bank of Ghana's credit loss provision requirements and loans and advances impairments based on IFRS principles, a transfer is made from distributable to non-distributable reserves in the statement of changes in equity, being the regulatory general risk reserve. The non-distributable regulatory general credit risk reserve ensures that minimum regulatory provisioning requirements as established by the Bank of Ghana are maintained.

12. Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Company contributes to the statutory Social Security and National Insurance Trust (SSNIT).This is a defined contribution scheme registered under the National Pensions Act, 2008 (Act 766). The Company's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of 13% of an employee's basic salary per month. All employer contributions are charged to profit or loss as incurred and included under staff costs.

The company contributes 10% of qualifying employees' basic monthly salaries to a fund managed by a trustee on behalf of, and for the benefit of the employees. Obligations for contribution to defined contribution pension plans are recognized as an expense in the statement of profit or loss when they are due

Short-term employee benefits

Compensation paid to employees for the rendering of services are recognised at the undiscounted amount paid or expected to be paid in the accounting period in which the services were rendered.

Where employees accumulate entitlement for paid absences, an expense is recognised as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In the case of non-accumulating paid absences, the expense is recognised only when the absences occur.

The expected cost of profit-sharing and bonus payments are recognised when there is a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when there is no realistic alternative but to make the payments.

13. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. The asset is determined to be identifiable if it either is separable, or arises from contractual or other legal rights.

Recognition

An intangible asset is recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Initial measurement

Intangible assets are initially measured at cost. Separately acquired assets are initially measured at their purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any directly attributable cost of preparing the asset for its intended use.

Subsequent measurement - Cost model

After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The Company's Intangible assets comprise of its software which is currently being amortised rate of 25%

14. Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity

15. Tax

Tax expense (tax credit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:

- deductible temporary differences;
- the carry forward of unused tax losses; and
- the carry forward of unused tax credits.

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. The amount already paid in respect of current and prior periods which exceeds the amount due for those periods, is recognised as an asset

The benefit relating to a tax loss that can be carried back to recover current tax of a previous period is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset only where:

- there is a legally enforceable right to set off the recognised amounts; and
- there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Tax continued...

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and deferred tax assets are made to reflect the tax consequences that would follow from the manner in which it is expected, at the end of the reporting period, recovery or settlement if temporary differences will occur.

Deferred tax assets and liabilities are offset only where:

- there is a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same entity within the group or different taxable entities within the group which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax expense (credit)

Current and deferred tax is recognised as credit or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity.
- a business combination other than the acquisition by an investment of a subsidiary that is required to be measured at fair value through profit or loss.

Current tax and deferred tax is recognised outside profit or loss if the tax relates to items that are recognised, in the same or a different period, outside profit or loss. Therefore, current tax and deferred tax that relates to items that are recognised, in the same or a different period:

- in other comprehensive income, will be recognised in other comprehensive income;
- directly in equity, will be recognised directly in equity.

16. Provisions and contingencies

A provision is a liability of uncertain timing or amount. A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A provision is recognised when:

- there is a a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions and contingencies continued...

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received when the obligation is settled. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating losses.

The present obligation under an onerous contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when:

- there is a detailed formal plan for the restructuring identifying at least the business or part of a business concerned, the principal locations affected, the location, function, and approximate number of employees who will be compensated for terminating their services, the expenditures that will be undertaken and when the plan will be implemented; and
- there has been raised a valid expectation in those affected that the restructuring will be carried out by starting to implement that plan or announcing its main features to those affected by it.

After initial recognition and until the liability is settled, cancelled or expires, a contingent liability is recognised in a business combination at the higher of the amount that would be recognised as a provision, and the amount initially recognised less cumulative amortisation.

Contingent assets and liabilities are not recognised, but details are disclosed in the notes to the annual financial statements.

17. Related parties

Related parties are individuals and companies, where the individual and Company have the ability, directly or indirectly, to control the other party or exercise significant influence on the other party in making financial and operating decisions. Related party transactions and balance are disclosed in the notes to the financial statements.

18. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

18.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Critical accounting estimates and judgements continued...

18.1.1 Income taxes

The company is subject to income tax in the country. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made

18.1.2 Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

19. Changes in accounting policies and disclosures

New standards and interpretations not yet adopted

The company has not applied the following new, revised or amended pronouncements that have been issued by the IASB as they are not yet effective for the annual financial year beginning 1 January 2021 (the list does not include information about new requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to the company). The directors anticipate that the new standards, amendments and interpretations will be adopted in the company's financial statements when they become effective. The company has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)
The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Accounting Policies

Changes in accounting policies and disclosures continued...

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Notes to the Financial Statements

Figures in GHC	2021	2020
20. Cash and bank balances		
Current and Call Accounts	6,026,412	2,353,921
Cash in vault	956,208	1,427,565
	6,982,620	**3,781,486**
21. Short term investments		
Non-pledged trading assets	47,478,084	45,534,048
Redemption	(1,237,076)	-
Accrued interest	6,780,848	1,944,036
	53,021,856	47,478,084
Less impairment loss	(5,690,321)	(4,460,674)
	47,331,535	**43,017,410**
22. Loans and advances		
Employee assistance facility	5,113,151	4,303,305
Bond import loans	21,604,679	20,896,066
Working capital loans	154,683,643	164,033,297
Bond asset finance	124,504,819	123,644,886
Bond asetenapa	1,790,735	1,511,173
Bond dwadie boafo	13,053,080	843,667
Bond Xpress loan	89,543	458,413
Overdraft	10,135,346	8,887,106
Payroll	14,064,739	20,084,589
	345,039,735	344,662,502
Less interest in suspense	(44,751,834)	(40,715,439)
Less credit impairment on loans and advances	(57,442,048)	(48,895,839)
	242,845,853	**255,051,224**
22.1 Other statistics		
Loan loss provision ratio	16.65%	11.54%
Gross non-performing loan ratio	24.22%	18.32%
50 largest exposure (gross funded loan and advances to total exposure)	85.71%	83.15%
22.2 Analysis by type of customers		
Personal	30,390,338	32,549,269
Corporate	312,794,271	307,809,926
Staff	1,855,126	4,303,307
	345,039,735	**344,662,502**

Notes to the Financial Statements

Figures in GH¢	2021	2020

Loans and advances continued...

22.3 Analysis by Industry sector

	2021	2020
Agric & forestry	1,839,500	298,154
Service	77,772,370	67,759,935
Commerce and finance	103,036,570	84,396,486
Transport, storage & communication	26,527,680	26,347,526
Manufacturing	14,354,673	11,451,371
Construction	69,407,509	70,942,198
Electricity, water, oil & gas	3,176,195	8,658,765
Mining & quarrying	15,651,779	22,940,322
Miscellaneous & personal loans	33,273,458	51,867,746
	345,039,735	**344,662,502**

*Miscellaneous includes staff personal loans of GH¢1,855,126 (2020: GH¢2,147,958)

22.4 Impairment allowance for loans and receivables

	2021	2020
Balance as at 1 January	48,895,839	33,152,513
Charge for the year	8,546,209	15,743,326
Balance at 31 December	**57,442,048**	**48,895,839**

	2021	2020
Impairment on Investment	1,229,646	(1,769,660)
Impairment on Loans & Advances	8,546,209	15,743,326
Balance at 31 December	**9,775,855**	**13,973,666**

Loan provisioning/Impairment are carried out in accordance with Bank of Ghana Policy as well as the principles of IFRS. Loan impairment losses calculated based on IFRS principles are passed through the income statement.

When the credit loss provision calculated under IFRS principles is less than what is required under the Bank of Ghana, transfers are made from the income surplus account into the non distributable regulatory credit reserves.

	2021	2020
Provisions per Bank of Ghana Guidelines	76,351,800	38,570,130
Provisions per IFRS	(57,442,048)	(48,895,839)
	18,909,752	**(10,325,709)**

Notes to the Financial Statements

Figures in GH¢	2021	2020

23. Equity accounted investments

The shareholders of Acacia Health Insurance Limited sold all 18,343,621 issued ordinary shares as per an executed sales and purchase agreement dated 15th June 2021. The consideration from the sale was GH¢42 million for which 25% was attributable to Bond Savings and Loans PLC based on its shareholding.

The investment in associate is accounted for using the equity method.

The financial year end of Acacia Health Insurance Limited is 31 December 2021. For the purposes of applying the equity method of accounting, the audited financial statements for the year ended and as at 31 December 2021 of Acacia Health Insurance Limited have been used.

Summarised financial information in respect of the investment is set out below:

The summarised financial information (audited) represents amounts shown in the associate's financial statements prepared in accordance with the IFRSs.

Acacia Health Insurance Limited		
Current assets	57,103,328	43,926,343
Non-current assets	6,964,704	5,324,058
Current liabilities	28,990,692	19,958,931
Revenue	54,095,115	49,828,092
Profit for the year	5,785,871	9,239,515
Dividends received from associate during the year	-	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in Acacia Health Insurance.

Net assets of associate (before profit/loss for the year)	29,291,469	20,051,955
Proportion of interest in Acacia	25.00%	23.36%
Carrying amount of interest in Acacia	**7,494,720**	**7,494,720**
Share of profit of associate (before disposal)	**653,883**	**2,158,351**
Share of proceeds received from disposal of associate during the year	**(10,500,000)**	-

24. Other assets

Prepayments	320,090	825,432
Sundry debtors	3,996,411	64,762
	4,316,501	**890,194**

Notes to the Financial Statements

Figures in GH¢	2021	2020
25. Intangible assets		
Reconciliation of carrying amount		
Cost		
Balance at 1 January	3,476,246	3,456,983
Additions	-	19,262
Balance at 31 December	**3,476,246**	**3,476,245**
Accumulated amortisation		
Balance at 1 January	2,678,243	1,951,534
Charge for the year	711,984	726,708
Balance at 31 December	**3,390,227**	**2,678,242**
Carrying amount		
Balance at 31 December	**86,019**	**798,003**

The Company's intangible assets comprise of its software which is currently being amortised rate of 25%

Notes to the Financial Statements

Figures in GH¢

26. Property, plant and equipment

26.1 Reconciliation of carrying amount for the year ended 31 December 2021

	Leasehold land and building	Motor vehicles	Office furniture and fittings	Office equipment	Computer	Work in progress	Total
Balance at 1 January							
Cost	14,288,226	1,732,592	4,677,585	1,781,842	2,163,678	-	24,643,923
Revaluation	10,061,774	-	-	-	-	-	10,061,774
	24,350,000	1,732,592	4,677,585	1,781,842	2,163,678	-	34,705,697
Additions	-	-	10,123	-	5,851	-	15,974
Balance at 31 December	24,350,000	1,732,592	4,687,708	1,781,842	2,169,529	-	34,721,671
Accumulated depreciation							
Balance at 1 January	1,695,204	1,632,993	3,941,200	1,576,868	2,022,135	-	10,868,400
Charge for the year	487,001	62,995	437,122	97,864	86,741	-	1,171,723
Balance at 31 December	2,182,205	1,695,988	4,378,322	1,674,732	2,108,876	-	12,040,123
Carrying amount							
Balance at 31 December	22,167,795	36,604	309,386	107,110	60,653	-	22,681,548

Notes to the Financial Statements
Figures in GH¢

Property, plant and equipment continued...

26.2 Reconciliation of carrying amount for the year ended 31 December 2020

	Leasehold land and building	Motor vehicles	Office furniture and fittings	Office equipment	Computer	Work in progress	Total
Cost							
Balance at 1 January	11,700,000	1,732,593	4,643,676	1,776,042	2,150,045	19,263	22,021,619
Additions	2,588,226	-	33,908	5,800	13,634	-	2,641,568
Transfer	-	-	-	-	-	(19,263)	(19,263)
Revaluation*	10,061,774	-	-	-	-	-	10,061,774
Balance at 31 December	24,350,000	1,732,593	4,677,584	1,781,842	2,163,679	-	34,705,698
Accumulated depreciation							
Balance at 1 January	1,098,392	1,369,523	3,415,666	1,372,731	1,880,962	-	9,137,274
Charge for the year	596,811	263,471	525,533	204,137	141,174	-	1,731,126
Balance at 31 December	1,695,203	1,632,994	3,941,199	1,576,868	2,022,136	-	10,868,400
Carrying amount							
Balance at 31 December	22,654,797	99,599	736,385	204,974	141,543	-	23,837,298

*Included in leasehold land and buildings for the year is the cost and subsequent revaluation gains for the year on residential buildings for officers per valuation report dated 22 January 2020 by Independently Qualified Professional Valuer (' Prestige Property Consulting Limited') at fair value.

Notes to the Financial Statements

Figures in GH¢	2021	2020

27. Deposits from Banks, SDIs & Other BOG Licensed Fin.

	2021	2020
Principal amount	73,545,985	73,545,985
Accrued interest payable	8,904,882	4,134,810
	82,450,867	**77,680,795**

This represents the balance due on a three year floating rate unsecured notes under a GH¢100 million medium term note programme held with Fidelity Bank

28. Deposits from customers

	2021	2020
Time deposits	142,123,439	156,751,361
Demand deposit	17,835,839	17,351,895
	159,959,278	174,103,256

29. Borrowings

	2021	2020
Overdraft	-	3,005,275
Term loans	11,526,945	-
	11,526,945	3,005,275

The borrowings represent two medium term loans contracted by the Company as follows;

1. A conversion of an outstanding overdraft facility of up to GH¢8.8m into a medium term facility by Fidelity Bank on 1 January 2021 with repayment period of thirty-six (36) months from the date of booking at an interest rate of 21% per annum

2. A medium term loan from GCB Bank Limited on 18 January 2021 for GH¢3.1m at an interest rate of 25.23% with a repayment period of 60 months from the date of disbursement

30. Accruals

	2021	2020
Balance at 1 January	2,930,548	862,552
(Write off)/accrual made during the year	(2,062,874)	2,067,996
Balance at 31 December	**867,674**	**2,930,548**

31. Other liabilities

	2021	2020
Accruals	867,674	2,930,548
Sundry creditors	2,004,754	1,017,898
	2,872,428	**3,948,446**

Notes to the Financial Statements

Figures in GH¢	2021	2020
32. Stated capital		
Authorised ordinary shares of no par value	10,000,000	10,000,000
Issued ordinary shares of no par value	3,000,000	3,000,000
Proceeds from issued ordinary shares of no par value		
Issued for cash	24,734,267	24,734,267
Issued for consideration other than cash	4,701,000	4,701,000
	29,435,267	29,435,267

There is no unpaid liability on any share and there are no shares in treasury.

33. Revaluation reserve

This represents a gain on the revaluation of leasehold land and buildings by an independent professional valuer for the year 2020

	2021	2020
34. Statutory reserve fund*		
Balance at 1 January	21,542,930	21,542,930
Transfer from retained earnings	-	-
Balance at 31 December	21,542,930	21,542,930

*No transfer was made to statutory reserve fund due to the net loss position recorded during the year

35. Credit risk reserve

This reserve represents excess loan provision as per Bank of Ghana guidelines over IFRS loan impairment.

	2021	2020
36. Interest Income		
Loans and advances to customers	113,766,882	97,478,002
Investments Securities	9,532,691	8,739,946
	123,299,573	106,217,948
37. Interest expense		
Time and other deposits	108,736,578	87,508,108
38. Net Commission and Fees		
Arrangement fees	271,350	63,463
39. Other income		
Penal Income	-	150,528
CoT and management fees	-	469,845
Commision on clearing and money trans	-	11,407
Miscellaneous Income*	50,715	380,226
	50,715	1,012,006

*Miscellaneous income refers to the income which cannot be appropriately classified under any of the foregoing income accounts.

Notes to the Financial Statements

Figures in GH¢	2021	2020
40. Impairment loss on financial assets		
Impairment on loans and advances	8,546,209	15,743,326
Impairment on placements	1,229,646	(1,769,660)
	9,775,855	**13,973,666**
41. Operating Expenses		
Staff Cost	5,782,809	6,622,553
Directors' Remuneration	14,500	43,139
Audit Fees	60,000	60,000
Occupancy	1,624,274	1,814,187
Depreciation and Amortisation	1,883,706	2,457,834
General and Administrative Expenses	7,447,201	11,764,828
	16,812,490	**22,762,541**
42. Share of profit or loss from equity accounted investments		
Share of profit for the year	**653,883**	**2,158,351**

This represents the company's share of the associate's profit prior to the disposal date on 15 June 2021

	2021	2020
43. Other income and expense from equity accounted investments		
Share of proceeds from disposal	10,500,000	-
Carrying value at date of disposal	(8,148,603)	
Gain on disposal	**2,351,397**	-

This represents the company's percentage (25%) share of the gain from the total disposal proceeds of GH¢42m realised from the disposal of the investment during the year

44. Taxation

	2021	2020
44.1 Income tax (expense) / credit		
Current year (expense) / credit	(173,041)	-
Deferred tax (expense) / credit	(7,474,502)	1,051,184
	(7,647,543)	**1,051,184**
44.2 Deferred tax		
Opening balance at 1 January	9,591,118	8,539,934
(Charged) / credited to profit or loss	(7,474,502)	1,051,184
Closing balance at 31 December	**2,116,616**	**9,591,118**

44.3 Current tax asset / (liabilities)

44.3.1 Income tax

Year of assessment	At 1 January GH¢	Payment during the year GH¢	Charge for the year GH¢	At 31 December GH¢
Up to 2019	(7,038,802)	-	-	**(7,038,802)**
2020	(717,481)	-	-	**(717,481)**
2021	-	-	(173,041)	**(173,041)**
	(7,756,283)	-	**(173,041)**	**(7,929,324)**

Notes to the Financial Statements

Figures in GH¢	2021	2020

Taxation continued...

44.3.2 National Fiscal Stabilization levy

Year of assessment	At 1 January GH¢	Payment during the year GH¢	Charge for the year GH¢	At 31 December GH¢
Up to 2019	(717,481)	-	-	(717,481)
2020	-	-	-	-
2021	-	-	-	-
	(717,481)	-	-	(717,481)
Total	(8,473,764)	-	(173,041)	(8,646,805)

All tax liabilities are subject to the agreement of the Ghana Revenue Authority.

45. Other comprehensive income

	2021	2020
Gains on revaluation of leasehold land and buildings	-	10,061,774

The residential buildings for officers were revalued by Prestige Property Consulting Limited in January 2020

46. Concentration of Assets and Liabilities

The company's assets and liabilities are held in Ghana. There are no assets and liabilties held outside Ghana

47. Related parties

Other related parties

Entity name	Nature of relationship
Safebond Car Terminal Limited	Common shareholders
Safebond Company Limited	Common shareholders
Acacia Medical Center Limited	Common shareholders
All-Time Capital Limited	Common shareholders
Nana Poku Krobo Edusei	Director

	2021	2020
Compensation paid to key management personnel and directors		
Short-term employee benefits and other fees	898,385	1,105,014
Related party transactions and balances		
Loans to officers and other employees	1,855,126	2,147,958
Placement with other related parties	9,839,246	10,877,860

48. Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values.

Fair values of financial assets and liabilities

Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the statement of financial position at their fair values:

	Carrying amount 2021 GH¢	Carrying amount 2020 GH¢	Fair value 2021 GH¢	Fair value 2020 GH¢
Financial assets				
Cash and cash equivalents	956,208	1,427,565	956,208	1,427,565
Due from banks and other financial	6,026,412	2,353,921	6,026,412	2,353,921
Financial investments	47,331,535	43,017,410	47,331,535	43,017,410
Loans and advances to customers	242,845,853	255,051,224	242,845,853	255,051,224
	297,160,008	**301,850,120**	**297,160,008**	**301,850,120**
Financial liabilities				
Due to banks	11,526,945	3,005,275	11,526,945	3,005,275
Customer deposits	242,410,145	251,784,051	242,410,145	251,784,051
Other liabilities	2,004,752	1,017,902	2,004,752	1,017,902
	255,941,842	**255,807,228**	**255,941,842**	**255,807,228**

Loans and advances to other financial institutions

Loans and advances to other financial institutions include inter-bank placements and items in the course of collection. The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. The carrying amount approximates their fair value.

Deposits from banks and due to customers

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The carrying amount approximates their fair value.

Fair value of financial instruments continued...

Managed funds and other borrowed funds

The aggregate fair values are calculated based on a discounted cash flow model used based on a current yield curve appropriate for the remaining term to maturity.

Off-balance sheet financial instruments

The estimated fair values of the off-balance sheet financial instruments are based on markets prices for similar facilities. When this information is not available, fair value is estimated using discounted cash flow analysis.

Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange).

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of Bank of Ghana's securities and other derivative contracts.

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. As at 31 December 2021, the Company did not hold any level 3 financial assets and/or liabilities.

49. Financial risk management

Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

The Company is exposed to credit risk, liquidity risk, interest rate risk and market risk. It is also subject to various operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Company's policy is to monitor those business risks through the Company's strategic planning process.

Risk management structure

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. Under this framework, the Board has established a number of separate independent bodies responsible for managing and monitoring risks. These include, Board sub-committees, Credit Committee of management (CC), Risk Management Department, Asset and Liability (ALCO), which are responsible for developing and monitoring company risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Risk measurement and reporting systems

The company's risks are measured using methods which reflect both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the actual loss. These models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The company also runs worse case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily based on limits established by the company. These limits reflect the business strategy and market environment of the company as well as the level of risk that the company is willing to accept. In addition the company monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information and data on risk measures across the business are generated periodically and processed in order to analyse, control and identify early risks. This information is made available to the Board, as well to the key management risk control functions of the company. The reports include aggregate credit exposure analysed into industry and customer as well as liquidity ratios.

Credit risk management

Credit risk is the risk that the company will incur a loss because its customers, clients or counterparties will not be able or willing to pay interest, repay capital or otherwise to fulfil their contractual obligations under loan agreements or other credit facilities. Credit risk is the company's largest risk and considerable resources, expertise and controls are devoted to managing it.

The company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for industry concentrations, and by monitoring such limits. The Board sub-committee reviews the quality of the Credit Book, past due credits and all new credits approved by the Credit Committee. In all cases, the Board reviews at its meetings all extensions of credit that are in place.

Bond Savings and Loans PLC

Financial Statements for the year ended 31 December 2021

Notes to the Financial Statements

Figures in GH¢	2021	2020
Financial risk management continued...		
Analysis by credit grade of loans and advances		
Impaired loans		
Individually impaired	125,691,920	61,731,537
Allowance for impairment	(62,589,890)	(9,313,466)
Impaired loans, net of individual provisions	63,102,030	52,418,071
Loans past due but not impaired		
Past due up to 91-180 days	22,670,715	24,447,862
Past due up to 181-360 days	10,552,186	500,232
Above 360 days	12,017,227	10,499,768
	45,240,128	35,447,862
Loans neither past due nor impaired	131,404,999	193,202,385
Less: Specific impairment	(1,314,050)	17,442,227
Less: Collective impairment Provision	-	2,809,116
Total net loans	130,090,949	213,453,728
Level of provision required		
Current	1%	1%
Substandard	20%	20%
Doubtful	50%	50%
Loss	100%	100%

Types of credit risk assets

Credit facilities extended to customers may be short term (up to one year) medium term (one to three years) or long term (over three years) in tenor. Additionally, facilities may be of a direct or indirect nature. They may be contractual (where the borrower has the contractual right to draw) or advised (where the company can cancel the credit at its discretion).

Direct facilities are those where the company actually disburses funds to a borrower, in the form of a loan or other advance, or creates an arrangement whereby the customer may himself draw funds on credit at his volition up to an agreed limit. Such direct facilities include:

Demand Loans

Term Loans

Bill discounting

Advances under Letters of Credit

Acceptances, Guarantees and Indemnities etc.

Indirect (or contingent) obligations are created when the company enters into a contractual obligation to pay a third party at a future date, or upon the occurrence of a certain event, against the indemnity of a customer (who is the direct obligor). Such indirect facilities include:

Opening and/or confirmation of letters of credit

Issuance of guarantees and indemnities (e.g. to customs, immigration)

Issuance of bid/performance/advance payment bonds

Issuance of standby letters of credits.

Financial risk management continued...

This can also consist of operational risk such as non delivery, facilities for FX and other dealing lines.

Target market and risk asset selection

The target market and risk asset selection is a continuous process which involves a screening of the entire market, identifying business potential, defining desirable opportunities and adhering to resultant marketing objectives and strategies. An unfocused approach to the market can lead to unplanned asset concentrations of uneven quality on the books, and it may not be possible for the company to easily work out from undesirable relationships even when such a decision has been made.

The company undertakes a screening of the market and economic sectors to identify key players and potential business for the company. This is followed by a short listing of the desirable industries. This list should be supported by a justification as to why only some industries were selected, and why the company will not deal with some others.

Industry studies are also carried out on each of the selected industries. This exercise enables the company to understand the importance of each sector to the economy, Gross Domestic Product percentage share, and key players in the industry, business cycles and product mix. The information derived above guides the company in identifying critical success factors and quantitative/qualitative acceptance parameters by industry.

Workable and appropriate Risk Asset Acceptance Criteria (RAAC) have been developed for each industry, taking into account both quantitative as well as qualitative parameters identified above. Example of these include, net sales, net income, years in business, market reputation, management quality, minimum lending, among others

Differing financing needs for the different industries often make it necessary to identify the credit products mostly required by each industry. Such products should be supported by a product RAAC which evidences that tenor, documentation requirements and approval process are consistent with the associated transaction risks and that transaction flows are understood and documented.

Credit Application (CA) Process

Prior to extension of any credit facility, whether direct or contingent, it must be recommended and approved by means of a CA. Such CA will incorporate analysis and evaluation of all risk inherent in the transaction. These reviews are both quantitative, i.e. balance sheet spreading, cash flow analysis as well as subjective, nature of the business, quality of management, suitability of loan to business.

Credit approval authority is delegated to Management by the Board of Directors of Company. Any extension of credit exceeding authority delegated is subject to approval by a Sub-committee of the Board, following recommendation to the Board by Management.

Authority for approval of credit within limits is delegated by the Board of Directors. There is a Credit Sub Committee of the Board that may exercise the authority of the Board pending full sittings of the Board. The Credit Sub-Committee comprises a minimum of two Ghanaian resident non-executive directors of the Board.

The Board may delegate authority down the line to an in-house Credit Committee (CC) who may in turn delegate authority (but not the ultimate responsibility) to the Head of Credit Risk Management and/or to other Credit Officers as may be required under the policy approved by the Board. All decisions of the Credit Sub-Committee must be unanimous.

All Credit granted by the company are subject to the laws and regulations contained in the Banking Act 2004. No single party facility shall exceed 25% of the net worth of the company on secured basis or 10% of net worth on unsecured basis. No unsecured facilities to directors are permitted without the approval of the Bank of Ghana.

Loans and advances to customers in Ghana analysed by industry sector, as well as by customer type is shown in note 22 above.

Notes to the Financial Statements

Figures in GH¢	2021	2020

Financial risk management continued...

Fair value of collateral held

The company holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

	2021	2020
Against impaired assets	3,679,499	4,134,269
Against past due but not impaired assets	344,419,941	405,199,931
	348,099,441	409,334,200

There were no collateral securities repossessed during the period.

Maximum credit exposure

At 31 December 2021, the maximum credit risk exposure of the Company in the event of other parties failing to perform their obligations is detailed below. No account has been taken of any collateral held and the maximum exposure to loss is considered to be the instruments' statement of financial position carrying amount or, from non-derivative off-statement of financial position transactions, their contractual nominal amounts.

	2021	2020
Due from banks and other financial institutions	6,026,412	2,353,921
Financial investments	47,331,535	43,017,410
Loans and advances to customers	242,845,853	255,051,224
	296,203,800	300,422,555

The Company holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

Liquidity risk management

Liquidity risk is defined as the likely event of a negative impact on the value or volume of liquid assets as a result of changes in any of the following variables that impact on liquidity: interest and exchange rates, inflation, customer actions, changing economic conditions and the action(s) of competitors.

To limit this risk, management adopts a number of measures including monitoring the day-to-day funding requirements to ensure that future cash flows can be met. This requires that the company maintains an active presence in the local money markets to enable that to happen. The company also maintains a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

Liquidity risk measurement

The company prepares and uses liability mismatch reports to manage funding needs. The weekly liquidity mismatch report is used to measure the ability of the company to meet maturing liability obligations. This is supplemented by weekly cash flow reports produced to show the projected cash flow on a daily basis incorporating projected customer withdrawals, including credit disbursements, as well as deposits.

Notes to the Financial Statements

Figures in GH¢	2021	2020

Financial risk management continued...

The deposit concentration ratio is monitored monthly to ensure that decisions of individual and or groups of depositors do not severely impact on liquidity. Particular attention is given to wholesale borrowing; defined to include all liabilities taken from customers that are in excess of GH¢1 billion per client. Due to their size, withdrawals of such funds tend to impact negatively on liquidity. As a rule, wholesale borrowing transactions are entered into as repurchase contracts where each transaction is collateralized with a Treasury Bill or Bond. Alternatively, such transactions are contracted to support specific credits in a back-to-back transaction. To manage the impact of deposit concentration on liquidity, wholesale borrowings from individual clients does not exceed 25% of total customer liabilities. Also, the recommended ratio of the top 20 deposits to total liabilities is 15% or less. The implication of these ratios is the need to diversify the mix of deposits such that the action of one group is unable to significantly affect the company's deposit base especially in a negative manner. The monthly deposit concentration report is examined as part of the Assets and Liabilities Committee (ALCO) process and the necessary preventive/remedial action taken.

The loan/borrowing ratio measures the amount of advances as a percentage of borrowings and is used to monitor the availability of funds for additional credits out of borrowings. All approved loans that are yet to be disbursed are captured as part of the loan borrowings ratio, to ensure that the true position of available funds is reported at any one time. Two loan/borrowings ratios are reported using only facilities that have been disbursed for one report and another ratio using both disbursed and un-disbursed facilities

In addition to the above, the company also ensures compliance to the regulatory requirements set by the Bank of Ghana such as effective volatile liability dependency ratio which is measured as (volatile funds – liquid assets)/long term investments. This measures the reliance on volatile funds to finance long term investments as well as other non-liquid assets. The company targets a negative ratio to be in compliance with BoG. (Volatile funds is short term wholesale funds e g call accounts).

	Total GH¢	Below 3 months GH¢	3 to 6 months GH¢	6 to 12 months GH¢	Above 1 year GH¢
Cash in hand	6,982,620	6,982,620	-	-	-
Due from other banks & financial	47,331,535	9,948,191	17,757,794	15,827,225	3,798,325
Loans and advances to customers	242,845,853	19,739,408	28,964,358	85,780,113	108,361,974
Total assets	**297,160,008**	**36,670,219**	**46,722,152**	**101,607,338**	**112,160,299**
Liabilities					
Due to Banks	11,526,945	-	-	-	11,526,945
Customer Deposits	159,959,278	29,036,806	33,865,433	71,552,008	25,505,031
Deposits from other financial institutions	82,450,867	2,333,001	3,129,435	10,035,616	66,952,815
Total Liabilities	**253,937,090**	**31,369,807**	**36,994,868**	**81,587,624**	**103,984,791**
Net Liquidity Gap	43,222,918	5,300,412	9,727,284	20,019,714	8,175,508

Liquidity crisis management

Liquidity crisis is defined as a condition where the company is unable to meet maturing liabilities/or regulatory reserve requirements due to inadequate liquid assets or a condition that arises from a sudden deterioration of the perceived safety and credibility of the company resulting in substantial withdrawal of funds by investors.

Notes to the Financial Statements

Figures in GH¢	2021	2020

Financial risk management continued...

This is deemed to have occurred when any of the following conditions exist:
Liquidity guidelines/ratios have been breached for four consecutive weeks.
BoG support facilities have been accessed for three or more consecutive weeks.

Management has put in place a Contingency Action Plan to manage liquidity crisis. The plan includes action points together with responsibilities for ensuring that steps are taken to manage the crisis.

Market risk management
Market risks arise from interest rate products and open positions in currency, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The interest rate mismatch report in addition to interest rate sensitivity reports using different rates are produced for ALCO meetings as part of the process of managing interest rate risk. Different interest rate sensitivity scenarios, 1 to 5 percent changes, are produced for review at each ALCO. The review is guided by profitability, liquidity needs (projections) and interest rate risk.

Interest Rate Risk Exposure
Interest rate risk exposure is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the financial assets and liabilities with variable/floating interest rates. The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variable held constant, of the company's profit before tax (through the impact on the floating rate financial assets and liabilities).

As at 31 December 2021	300 b p Increase	300 b p Decrease
Interest income impact	8,705,322	(8,705,322)
Interest expense Impact	(7,272,304)	7,272,304
Net Impact on Profit and Equity	1,433,017	(1,433,017)

As at 31 December 2020	300 b p Increase	300 b p Decrease
Interest income impact	5,376,925	(5,376,925)
Interest expense Impact	(4,077,176)	4,077,176
Net impact on Profit and Equity	1,299,749	(1,299,749)

Market risk
Market risk is the risk of losses being incurred as a result of adverse movements in interest or exchange rates and arises in the company's treasury activities.

Market risk is controlled by interest mismatch and foreign currency open position limits approved by the Executive Committee of the company and monitored daily. The foreign currency exposure analysis of the company is shown in the currency exposure table below.

Notes to the Financial Statements

Figures in GH¢	2021	2020

Financial risk management continued...

This risk is managed by the establishment of limits, monitoring of exposures on a daily basis and ensuring that regulatory requirements are met.

Capital management

The company's objectives when managing capital are (i) to comply with the capital requirements set by the Bank of Ghana, (ii) to safeguard the company's ability to continue as a going concern and (iii) to maintain a sufficient capital base to ensure strong credit ratings and to support its business and maximize shareholder value. Compliance with capital adequacy ratios set by the Bank of Ghana is monitored monthly with reports outlining their calculation reviewed and signed by the Company's Finance Director.

Regulatory capital as defined by the Bank of Ghana has two (2) components;

Tier 1 capital: share capital arising on permanent shareholders' equity, retained earnings and reserves created, and

Tier 2 capital: qualifying subordinated loan capital, and unrealised gains arising on the fair valuation of equity instruments held as available for sale. For an instrument to qualify as subordinated loan capital, it should possess the following attributes:

1. should be unsecured
2. repayment is subordinated to other debt instruments
3. should have a minimum original fixed term to maturity of over 5 years
4. not available to absorb the losses of a company which continues trading.

The permissible amount of total qualifying subordinated loan capital is limited to a maximum of 50% of Tier I capital.

The risk-weighted assets are measured in accordance with the guidelines as provided by the Bank of Ghana. It takes into account the nature of, and reflecting an estimate of credit, market and other risks associated with each asset and counterparty.

The primary objectives of the company's capital management are to ensure that the company complies with externally imposed capital requirement by Bank of Ghana and that the company maintains strong credit rating and healthy capital ratios in order to support its business and to maximise shareholders value. The company manages its capital structure and makes adjustment to it in the light of changes in the economic conditions and risk characteristics of its activities. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend payments to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

Capital definition

The company's capital comprises stated capital, retained earnings including current year profit and various reserves the company is statutorily required to maintain. As a company, it also has regulatory capital as defined below:

Stated capital

This amount is made up of issue of shares for cash and transfers from retained earnings.

Retained earnings

This amount represents the cumulative annual profits after appropriations available for distribution to shareholders.

Notes to the Financial Statements

Figures In GH₵	2021	2020

Financial risk management continued...

Revaluation surplus

This amount comprises revaluation of property, plant and equipment.

Statutory reserve

This is amount set aside from annual profit as a non-distributable reserve in accordance with regulatory requirements.The transfer to Statutory Reserve Fund is in compliance with Section 34 of the Banks and Specialised Deposit Taking Institutions, 2016 (Act 930)

Regulatory credit reserve

This is amount set aside from retained earnings as a non-distributable reserve to meet minimum regulatory requirements in respect of allowance for credit losses for non performing loans and advances.

Capital adequacy

The capital adequacy of the company is monitored using, among other measures, the rules and ratios established by the Basel Committee adopted by the Banking Supervision Department of the Bank of Ghana. The capital adequacy ratio of the company as of 31 December 2021 is shown below:

Tier 1 Capital

	2021	2020
Stated capital	29,435,267	29,435,267
Disclosed Reserves	(27,175,295)	8,080,005
Revaluation Reserves - 50%	8,343,387	8,343,387
Less: Other assets/Intangibles	(86,019)	(798,003)
Adjusted capital base	**10,517,340**	**45,060,656**
Total assets	**326,360,692**	**344,461,453**
Less:		
Cash in vault	956,208	1,427,565
Claims on other banks	47,331,535	43,017,410
Other assets/Intangibles	86,019	798,003
Adjusted Total Assets	**277,986,930**	**299,218,475**
Add:		
100% of 3 years Average Annual Gross Income	109,650,278	110,784,698
Adjusted Asset Base	**387,637,208**	**410,003,173**
Adjusted capital base as a percentage of adjusted asset base (Capital Adequacy Ratio)	**2.71%**	**10.99%**
Capital surplus/(deficit)	**(28,246,381)**	**4,060,339**

Comparative information has been adjusted from 11.14% to 10.99% to reflect the provisions in the Capital Requirements Directive issued by the Bank of Ghana

Notes to the Financial Statements

Figures in GH¢	2021	2020
50. Valued Added Statement		
Interest earned and other operating Income	123,299,573	106,217,948
Interest Expense	(108,736,578)	(87,508,108)
Value added by banking services	14,562,995	18,709,840
Other Income	50,715	1,012,006
Net Commission and Fees	271,350	63,463
Impairment on Financial assets	(9,775,855)	(13,973,666)
Share of profit from equity accounted investments	653,883	2,158,351
Other income from equity accounted Investments	2,351,397	-
Value added	8,114,485	7,969,994
Distributed as follows		
To employees:		
Executive & Non-executive directors	14,500	43,139
Other employees	5,782,809	6,622,553
	5,797,309	6,665,692
To Government:		
Income tax	(7,647,543)	1,051,184
To shareholders:		
Dividends to shareholders	-	-
To expansion and growth:		
Depreciation and amortisation	1,883,706	2,457,834
Other operating expenses	9,131,475	13,639,015
	11,015,181	16,096,849
To retained earnings	(16,345,548)	(13,741,363)
51. Staff Cost		
Salaries and wages	4,231,013	4,678,227
Social Security cost	459,981	635,474
Other staff cost	1,086,459	1,279,746
Staff training	5,356	29,106
	5,782,809	6,622,553
52. Occupancy		
Rent & rates	1,624,274	1,375,829
Water, electricity & conservancy	398,762	438,358
	2,023,036	1,814,187

Notes to the Financial Statements

Figures in GH¢	2021	2020
53. General and administrative expenses		
Security services	673,946	960,696
Communication expenses	323,041	366,896
Marketing, advertising & promotion	2,441,165	2,579,792
Professional & legal fees	826,290	894,899
Fuel cost	486,043	592,992
Other operating cost	2,696,716	6,369,553
	7,447,201	11,764,828

54. Contingent liabilities and contingent assets

54.1 Contingent liability

	2021	2020
Estimated financial effect	1,268,149	6,647,025

At the year end there were some legal cases pending against the Company and should judgement go in favour of plaintiffs, above is the estimated likely amount. No provisions have been made in the financial statements in respect of these amounts.

54.2 Contingent asset

	2021	2020
Estimated financial effect	14,777,359	-

At the year end there were some recovery actions pending by the Company and should the Company be successful, above is the estimated likely amount. No provisions have been made in the financial statements in respect of these amounts.

55. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis.

The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

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