

# PAN-AFRICAN SAVINGS AND LOANS COMPANY LIMITED

## Condensed Financial Statements For The Year Ended 31 December 2019

### CONDENSED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

	2019 GH¢	2018 GH¢
<b>Assets</b>		
Cash and cash equivalents	25,382,604	18,441,421
Loans and advances to customers	50,980,712	49,509,417
Property and equipment	12,584,769	2,043,038
Intangible assets	265,257	441,465
Current tax assets	651,223	-
Deferred tax assets	2,039,207	2,064,100
Other assets	3,647,264	8,068,718
<b>Total assets</b>	<b>95,551,036</b>	<b>80,568,159</b>
<b>Liabilities</b>		
Deposits from customers	71,228,941	62,253,456
Due to banks	-	3,339,273
Current tax liabilities	-	52,063
Other liabilities	10,157,725	2,701,634
<b>Total liabilities</b>	<b>81,386,666</b>	<b>68,346,426</b>
<b>Equity</b>		
Stated capital	9,800,000	9,800,000
Income surplus	(695,562)	(1,666,880)
Regulatory credit risk reserve	-	-
Statutory reserve	5,059,932	4,088,613
<b>Total equity</b>	<b>14,164,370</b>	<b>12,221,733</b>
<b>Total liabilities and equity</b>	<b>95,551,036</b>	<b>80,568,159</b>

### CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Stated capital GH¢	Income surplus GH¢	Regulatory credit risk reserve GH¢	Statutory reserve GH¢	Total GH¢
<b>2019</b>					
At 1 January	9,800,000	(1,666,880)	-	4,088,613	12,221,733
<b>Total comprehensive income:</b>					
Profit for the year	-	1,942,637	-	-	1,942,637
Total comprehensive income	-	1,942,637	-	-	1,942,637
<b>Transfers</b>					
Transfer to statutory reserve	-	(971,319)	-	971,319	-
Total transfers	-	(971,319)	-	971,319	-
<b>At 31 December</b>	<b>9,800,000</b>	<b>(695,562)</b>	<b>-</b>	<b>5,059,932</b>	<b>14,164,370</b>
<b>2018</b>					
At 1 January	9,800,000	(2,146,736)	1,272,996	2,834,746	11,761,006
IFRS 9 transition adjustment	-	(2,729,342)	-	-	(2,729,342)
Tax effect	-	682,335	-	-	682,335
Transfer to income surplus in respect of IFRS 9 adoption	-	1,272,996	(1,272,996)	-	-
<b>Restated balance at 1 January</b>	<b>9,800,000</b>	<b>(2,920,747)</b>	<b>-</b>	<b>2,834,746</b>	<b>9,713,999</b>
<b>Total comprehensive income:</b>					
Profit for the year	-	2,507,734	-	-	2,507,734
Total comprehensive income	-	2,507,734	-	-	2,507,734
<b>Transfers</b>					
Transfer to statutory reserve	-	(1,253,867)	-	1,253,867	-
Total transfers	-	(1,253,867)	-	1,253,867	-
<b>At 31 December</b>	<b>9,800,000</b>	<b>(1,666,880)</b>	<b>-</b>	<b>4,088,613</b>	<b>12,221,733</b>

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 GH¢	2018 GH¢
Interest income calculated using the effective interest method	32,208,823	31,391,162
Interest expense	(2,668,893)	(2,446,739)
<b>Net interest income</b>	<b>29,539,930</b>	<b>28,944,423</b>
Fee and commission income	7,015,692	6,731,649
<b>Total Revenue</b>	<b>36,555,622</b>	<b>35,676,072</b>
Other operating income	79,235	59,301
Impairment loss on financial assets	(761,943)	(2,313,429)
Depreciation and amortisation	(2,891,836)	(1,630,494)
Personnel expenses	(16,834,308)	(15,888,695)
Operating expenses	(12,856,194)	(12,147,131)
Finance cost	(131,095)	(119,032)
<b>Profit before tax</b>	<b>3,159,481</b>	<b>3,636,592</b>
National fiscal stabilisation levy	(157,974)	(181,830)
Income tax expense	(1,058,870)	(947,028)
<b>Profit for the year</b>	<b>1,942,637</b>	<b>2,507,734</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>1,942,637</b>	<b>2,507,734</b>

### CONDENSED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 GH¢	2018 GH¢
<b>Cash flows from operating activities</b>		
Interest received	28,325,143	30,798,032
Interest paid	(2,772,051)	(2,373,171)
Fee and commission income received	7,015,692	6,731,649
Income received on previously written off loans	303,101	221,384
Other operating income	66,348	56,929
Cash paid to employees and other suppliers	(27,501,238)	(28,035,831)
National fiscal stabilisation levy paid	(217,353)	(183,609)
Income taxes paid	(1,677,884)	(1,425,300)
<b>Cash from operating activities before changes in operating assets and liabilities:</b>	<b>3,541,758</b>	<b>5,790,083</b>
<b>Changes in operating assets and liabilities:</b>		
Change in loans and advances to customers	1,347,342	(9,389,962)
Change in other assets	(526,518)	(2,964,271)
Change in customer deposits	9,078,643	10,316,454
Change in other liabilities	(867,519)	1,576,088
<b>Net cash generated from operating activities</b>	<b>12,573,706</b>	<b>5,328,392</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property and equipment	65,270	2,372
Purchase of intangible assets	(15,061)	(411,922)
Purchase of property and equipment	(751,712)	(193,882)
<b>Net cash used in investing activities</b>	<b>(701,503)</b>	<b>(603,432)</b>
<b>Cash flows from financing activities</b>		
Interest payment on borrowing	(131,095)	-
Payment of lease liability	(1,460,652)	-
<b>Net cash used in financing activities</b>	<b>(1,591,747)</b>	<b>-</b>
<b>Increase in cash and cash equivalents</b>	<b>10,280,456</b>	<b>4,724,960</b>
Cash and cash equivalents at 1 January	15,102,148	10,377,188
<b>Cash and cash equivalents at 31 December</b>	<b>25,382,604</b>	<b>15,102,148</b>

# PAN-AFRICAN SAVINGS AND LOANS COMPANY LIMITED

## Condensed Financial Statements For The Year Ended 31 December 2019

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Reporting Entity

Pan-African Savings and Loans Company Limited provides microcredit and savings products to the Ghanaian market. The Company is a limited liability company incorporated and domiciled in Ghana. The address of the Company's registered office is No. 19 Mayor Road, Ridge West, Accra. This is the individual financial statements of the Company.

#### 2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in a manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The Company was in compliance with the requirements of the Companies Act, 1973 (Act 179) until it was replaced with a new Companies Act, 2019 (Act 992) on 2 August 2019. This is the first set of the Company's annual financial statements in which IFRS 16 Leases has been applied. Except for IFRS 16 Leases, the accounting policies have been consistently applied to all years presented. The financial statements have been prepared under the measurement basis applied in the historical cost convention.

#### 3. Quantitative Disclosures

	2019	2018
Capital Adequacy Ratio(CAR)	10.19%	10.20%
Non-Performing Loans (NPL) Ratio	9%	19%

#### 4. Qualitative Disclosures

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Company's business, and operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The most important types of risks are credit risk, liquidity risk, market risk and operational risk. Market risk includes currency risk and interest rate risk.

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board's commitment to good risk management is evidenced by their support for the implementation and continued improvement of the risk management framework within the Company.

#### 5. Defaults in statutory liquidity and accompanying sanctions

	2019	2018
Default in statutory liquidity (times)	Nil	Nil
Default in statutory liquidity sanction (GH¢)	Nil	Nil

Signed

Effie Simpson-Ekuban

Signed

Emelia Desiree Atta-Fynn

### INDEPENDENT AUDITOR'S REPORT

To the Members of Pan-African Savings and Loans Company Limited

#### Opinion

The condensed financial statements, which comprise the statement of financial position at 31 December 2019, the statements of comprehensive income, changes in equity and cash flows for the year then ended and related notes, are derived from the audited financial statements of Pan-African Savings and Loans Company Limited for the year ended 31 December 2019.

In our opinion, the accompanying condensed financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the basis described in the notes.

#### Condensed Financial Statements

The condensed financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) applied in the preparation of the audited financial statements of Pan-African Savings and Loans Company Limited. Reading the condensed financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon.

#### The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 6 April 2020. That report also includes:

- The communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the financial statements for the current period.

- An other matter paragraph describing that, COVID-19 affects the Company and results in certain uncertainties for the future financial position and performance of the Company. Uncertainties related to the potential effects of COVID-19 are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Company, the related disclosures and the appropriateness of the going concern assumption of the financial statements. The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of audited financial statements its effects are subject to levels of uncertainty. An audit cannot predict the unknowable factors or all possible future implications for a Company and this is particularly the case in relation to COVID-19.

#### Directors' Responsibility for the Condensed Financial Statements

The Directors are responsible for the preparation of the condensed financial statements in accordance with the basis described in the notes.

#### Auditor's Responsibility

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

The engagement partner on the audit resulting in this independent auditor's report is Labaran Amidu (ICAG/P/1472).

*KPMG*  
 For and on behalf of:  
 KPMG: (ICAG/F/2019/038)  
 CHARTERED ACCOUNTANTS  
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*6 April* ..... 2020

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