

# BEST POINT SAVINGS AND LOANS LIMITED

## SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022



### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2022

	2022 GH¢	2021 GH¢
Interest income	71,598,524	58,447,470
Interest expense	(19,559,423)	(18,075,505)
Net interest income	52,039,101	40,371,965
Net fee and commission income	4,216,061	3,353,186
Other operating income	1,380,866	1,172,845
Total operating income	57,636,028	44,897,996
Net impairment loss on financial assets	(33,038,107)	(2,223,709)
Personnel expense	(24,168,225)	(18,275,613)
Other operating expenses	(19,216,376)	(15,208,238)
Profit before income tax	(18,786,680)	9,190,436
Income tax expense	(3,912,120)	(3,615,618)
Profit for the year	(22,698,800)	5,574,818
Basic earnings per share	(0.6460)	0.1586

### STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

	2022 GH¢	2021 GH¢
<b>ASSETS</b>		
Cash and cash equivalents	33,181,612	35,246,517
Investment securities	290,094,293	289,130,872
Loans and advances to customers	46,135,492	44,696,859
Current tax asset	-	761,832
Deferred tax asset	764,954	388,372
Intangible assets	955,674	276,666
Other assets	2,200,775	2,952,808
Property, plant and equipment	9,203,744	8,910,561
Total Assets	382,536,546	382,364,488
<b>LIABILITIES</b>		
Deposits from customers	360,800,640	338,263,400
Other liabilities	8,275,309	5,144,439
Current tax assets	313,861	-
Total Liabilities	369,389,810	343,407,839
<b>EQUITY</b>		
Stated capital	35,140,000	35,140,000
Income surplus	(32,247,905)	(9,983,607)
Statutory reserve	9,709,204	9,709,204
Credit risk reserve	545,437	3,979,938
Deposit for shares	-	111,114
Total equity attributable to equity holders	13,146,736	38,956,649
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>382,536,546</b>	<b>382,364,488</b>

Approved by the Board on 26th April, 2023

  
Board Chairman  
MR. ISAAC EMMIL OSEI-BONSU

  
Managing Director  
DR. FRED SAFO-KANTANKA

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2022

	2022 GH¢	2021 GH¢
<b>Cash flow from operating activities</b>		
Profit/(loss) before tax	(18,786,680)	9,190,436
Adjustments for:		
Depreciation and amortisation	4,586,304	4,096,299
Impairment on financial assets	33,038,107	2,223,709
(Profit)/loss on disposal of assets	(57,700)	(20,000)
Adjustment for loan write off	(3,000,000)	-
Change in loans and advances to customers	(3,801,184)	(12,913,491)
Change in other assets	752,033	1,154,702
Changes in short-term investment	(31,638,978)	(18,627,851)
Change in deposits from customers	22,537,240	32,031,730
Change in other liabilities	3,130,870	1,903,763
Income tax paid	(3,213,009)	(3,644,700)
Net cash used in operating activities	3,547,004	15,394,597
<b>Cash flow from investing activities</b>		
Proceeds from disposal of assets	57,700	20,000
Purchase of property, plant & equipment	(4,754,807)	(5,340,821)
Purchase of intangible assets	(803,687)	-
Net Cash Used in Investing Activities	(5,500,795)	(5,320,821)
<b>Cash flows from financing activities</b>		
Deposit for shares returned	(111,114)	-
Net increase in cash and cash equivalent	(2,064,905)	10,073,776
Cash and cash equivalents at 1st January	35,246,517	25,172,740
Cash and cash equivalents at 31st December	33,181,612	35,246,517
<b>Composition of cash and cash equivalents</b>		
Cash in hand	7,860,330	7,840,278
Balances with banks	25,321,282	27,406,239
	33,181,612	35,246,517

### STATEMENT OF CHANGES IN EQUITY

2022	Stated Capital GH¢	Income Surplus GH¢	Credit Risk Reserve GH¢	Statutory Reserve GH¢	Deposit For Shares GH¢	Total Equity GH¢
Balance as at 1st January 2022	35,140,000	(9,983,607)	3,979,938	9,709,204	111,114	38,956,649
Reversal of impairment on loan write off	-	-	(3,000,000)	-	-	(3,000,000)
Restated balance	35,140,000	(9,983,607)	979,938	9,709,204	111,114	35,956,649
Profit for the year	-	(22,698,800)	-	-	-	(22,698,800)
Transaction with owners, recorded directly in equity and Transfers						
Deposit for shares returned	-	-	-	-	(111,114)	(111,114)
Transfer to Statutory Reserve	-	-	-	-	-	-
Transfer from Credit Risk Reserve	-	434,501	(434,501)	-	-	-
Total transactions with owners and transfers	-	434,501	(434,501)	-	(111,114)	(111,114)
Balance as at 31st December, 2022	35,140,000	(32,247,906)	545,437	9,709,204	-	13,146,735
<b>2021</b>						
Balance as at 1st January 2021	35,140,000	(13,020,508)	4,229,430	6,921,795	-	33,270,716
Profit for the year	-	5,574,818	-	-	-	5,574,818
Transaction with owners, recorded directly in equity and transfers						
Deposit for shares	-	-	-	-	111,114	111,114
Transfer to statutory reserve	-	(2,787,409)	-	2,787,409	-	-
Transfer from credit risk reserve	-	249,492	(249,492)	-	-	-
Total transactions with owners and transfers	-	(2,537,917)	(249,492)	2,787,409	111,114	111,114
Balance as at 31st December, 2021	35,140,000	(9,983,607)	3,979,938	9,709,204	111,114	38,956,649



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### SUMMARY NOTES TO THE FINANCIAL STATEMENTS

#### 1.0 REPORTING ENTITY

The "Company" is a company domiciled in Ghana. The address of the Company's registered office is Old Peace FM Building, Mile 7 Junction, Off Achimota-Ofoankor Road, P. O. Box CT 10191, Cantonments-Accra. The Company primarily is involved in mobilising of savings and giving out of loans.

#### 2.0 BASIS OF PREPARATION

##### 2.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and adopted by Institute of the Chartered Accountants, Ghana (ICAG) and Guide for Financial Publications for Banks & BOG licensed Financial Institutions. These financial statements were approved by the Board of Directors on 26th April 2023.

##### 2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss or Other Comprehensive income.
- Investment property is measured at fair value.
- Property, plant & equipment are re-valued to reflect the fair value option.

##### 2.3 Functional and Presentation Currency

The financial statements are presented in Ghana Cedi (GH¢), which is the Company's functional currency.

##### 2.4 Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis.

#### 3.0 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Company

##### 3.1 Foreign Currency

##### 3.1.1 Foreign Currency Transactions

Transactions in foreign currencies are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the exchange rate at that date (closing rate).

##### 3.2 Interest Income and Expense

Interest revenue is generally recognised when future economic benefits of the underlying assets will flow to the organisation and it can be reliably measured. Interest income and expense are, however, generally recognised in profit or loss on straight-line basis using the effective interest method.

##### 3.3 Fees and Commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

##### 3.4 Income Tax Expense

Income tax expense comprises current and deferred tax.

##### 3.5 Property, Plant & Equipment

Items of property, plant & equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

##### 3.6 Intangible Assets – Computer Software

Software acquired by the Company is stated at cost less accumulated amortisation and accumulated impairment losses. Cost incurred to acquire and bring to use are capitalised and amortised on the basis of expected useful lives using the straight-line method. Maximum useful life ranges between 5 and 10 years.

##### 3.7 Events after Reporting Date

Events subsequent to the reporting date are reflected only to the extent that they relate directly to the financial statements and their effect is material.

#### 4.0 OTHER DISCLOSURES

##### I. Quantitative Disclosures

	2022	2021
Capital adequacy ratio (CAR) %	28	35
Liquidity ratio (%)	90	96
Gross non-performing loans ratio (%)	10	25
Amount spent on social responsibility activities(GHS)	60,000	56,506
Statutory liquidity breach (times)	None	None
Non-compliance with other prudential requirements	None	None

##### II. Qualitative Disclosures

#### RISK MANAGEMENT

##### Dominant Risks of the Company

The nature of the Company's business activities exposes it to various types of risks, notably, credit, liquidity, operational, compliance, and reputational risk.

##### Risk Governance

The Company maintains a risk governance structure which ensures oversight of and accountability for, the effective management of risks inherent in its operations. The risk governance system of the Company is multi-faceted, involving the Board of Directors and management level committees and ensure that risk management is performed at all levels of the Company's operations.

##### Liquidity Risk

The Company's liquidity risk management framework is designed to maintain sufficient liquidity to ensure safe and sound operations. There were no defaults in statutory liquidity requirement during the period.

##### Credit Risk

The Company manages credit risk through well-structured systems and controls geared to uncover early warning signals of non-performance.

##### Market Risk

The Company's exposure to this risk is basically in its foreign bank account balances.

##### Operational Risks

Operational risks are identified, monitored and controlled in the Company through well designed operating procedures and controls, insurance policies, business continuity planning, internal audit and timely and reliable management reporting systems.

##### Compliance Risk

The Company has embedded clear and accessible policies and procedures in its operations to forestall possible compliance failures.

##### Reputational Risk

The Company's reputational risk management revolves around effective communication between the Company and its stakeholders (customers, employees, regulators, shareholders etc)

### INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF BEST POINT SAVINGS AND LOANS LTD.

#### Our Opinion

In our opinion, the accompanying summary financial statements of Best Point Savings and Loans Ltd, are consistent, in all material respects, with the audited financial statements of the Company standing alone for the year ended 31st December 2022, on the basis described in the notes.

#### The summary financial statements

The summary financial statements derived from the audited financial statements for the year ended 31st December 2022 comprise:

- the summary statements of financial position as at 31st December 2022;
- the summary statements of comprehensive income for the year then ended;
- the summary statements of cash flows for the year then ended
- the summary statements of changes in equity for the year then ended, and
- the related notes to the summary financial statements.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards and the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-taking Institutions Act, 2016 (Act 930).

Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The audited financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

#### The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report. The 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 audited financial statements of the current period.

#### Directors' responsibility for the summary financial statements

The Directors are responsible for the preparation of the summary financial statements on the basis described in the notes.

#### Auditor's responsibility

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

The engagement partner on the audit resulting in this independent auditor's report is Dr. Adom Adu-Amoah (ICAG/P/1294)

Morrison & Associates (Licence Number: ICAG/F/2021/097)

(Chartered Accountants, Tax & Management Consultants)

Accra, Ghana

27th April 2023





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