

PROFIN (GHANA) LIMITED

**REPORTS & FINANCIAL STATEMENTS
FOR YEAR ENDED 31ST DECEMBER 2020**



BLA & ASSOCIATES
Chartered Accountants & Business Advisors
Accra, Ghana

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

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PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

CORPORATE INFORMATION

Board of Directors:	Prof. Kwame Adom-Frimpong Mr. Twumasi Ankrah Sarpong Mr. Daniel Kofi Bediako Prof. Anyetei Tonyeli Lassey Ms. Esther Adwo-Archer Mr. Ahmad Adade Boakye Mr. Francis Andoh Mr. Charles Acquah Mr. Kwabena Agyekum Adu Nyantakyi	(Chairman) (Managing Director) (Appointed - 1 st June 2020) (Appointed – 28 th Sep 2020)
Registered Office:	GPS Address: GA-206-6599 House No. 23 North Street Tesano-Accra P.O. Box CT 3592 Cantonments – Accra Email: info@profinghana.com Website: www.profinghana.com	
Company Secretary:	Mr. Daniel Kofi Bediako H/NO GB 440 New Gbawe, Accra P.O. Box KN 1133 Kaneshie, Accra	
Auditors:	BLA & ASSOCIATES Chartered Accountants P.O. Box AB 295 Abeka, Accra	
Solicitors:	Legal Ink No F89/7 Emmaus Road 2 nd Labone Street PMB 24 Kanda-Accra	
Bankers:	Ecobank Ghana Limited Fidelity Bank Limited Access Bank (Ghana) Limited Zenith Bank (Ghana) Limited	

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

**REPORT OF THE DIRECTORS
TO THE MEMBERS OF PROFIN (GHANA) LIMITED**

The Directors of the Company have the pleasure in submitting their Annual Report together with the Financial Statement for the year ended 31st December, 2020.

DIRECTORS RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in a manner required by the Companies Act, 2019 (Act 992) and for such internal control as the Directors determine is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

The Directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe the Company will not be a going concern in the year ahead.

PRINCIPAL ACTIVITIES OR NATURE OF BUSINESS

The company was incorporated to engage in:

- Brokerage
- Financial Services and Consultancy

There was no change in the nature of the company's business during the year under review.

FINANCIAL STATEMENTS

The Company's financial results for the year are set out in the attached financial statements.

RESULTS AND DIVIDEND

The Directors are yet to recommend the payment of dividend for the year.

APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements of the Company were approved by the Board of Directors and signed on its behalf by two Directors.

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

REPORT OF THE DIRECTORS
TO THE MEMBERS OF PROFIN (GHANA) LIMITED (CONTD)

DIRECTORS

The following individuals served as Directors during the year under review:

Prof. Kwame Adom-Frimpong	-	Chairman
Mr. Twumasi Ankrah Sarpong	-	Managing Director
Mr. Daniel Kofi Bediako	-	Member
Prof. Anyetei Tonyeli Lassey	-	Member
Ms. Esther Adwo Archer	-	Member
Mr. Ahmad Adade Boakye	-	Member
Mr. Francis Andoh	-	Member
Mr. Charles Acquah	-	Member (Appointed – 1 st June 2020)
Mr. Kwabena Agyekum Adu Nyantakyi	-	Member (Appointed – 28 th Sep 2020)

AUDITORS

The Auditors, BLA & Associated have expressed their intention to continue in office in accordance with section 139 (5) of the Companies Act, 2019 (Act 992).

STATEMENT OF DISCLOSURE TO AUDITORS

So far as the Directors are aware, there is no relevant information of which the Company's Auditors are unaware. Additionally, Directors have taken all necessary steps that they ought to have taken as Directors in order for them to become aware of all relevant audit information and to establish that the Company's Auditors are aware of that information.

The Board of Directors wish to confirm that no matter have arisen since 31st December, 2020 which materially affects the Financial Statements of the Company for the year ended on that date.

FUTURE PROSPECTS

The Directors believe that the prospect of the Company beyond 31st December, 2020 remains positive.

.....
Prof. Kwame Adom-Frimpong
(Chairman)

.....
Mr. Twumasi Ankrah Sarpong
(Managing Director)

Date..... Accra

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020



BLA & ASSOCIATES

Chartered Accountants & Business Advisors

GPS Address: GPS GA-260-0309
Office Location: #219/10, Boi Street, Kaneshie
Postal Address: P.O. Box ABK-295, Accra, Ghana
Phone Contacts: 233 (0)24 464 3895; (0)20 877 6929
Email: blassociates.ghana@gmail.com

INDEPENDENT AUDITORS'S REPORT
TO THE MEMBERS OF PROFIN (GHANA) LIMITED

Opinion

We have audited the financial statements of Profin (Ghana) Limited, which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in equity and 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 Profin (Ghana) Limited as of December 31, 2020 and its financial performance and its cash flows for the year then ended and are in accordance with International Financial Reporting Standards and comply with the Companies Act, 2019 (Act 992).

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), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PROFIN (GHANA) LIMITED
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PROFIN (GHANA) LIMITED (CONTD)

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 content of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate evidence to support such transactions.

Responsibilities of the Directors

The Board of Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the Board of 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 Board of 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 Board of Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 International Standards on Auditing 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.

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PROFIN (GHANA) LIMITED (CONTD)

As part of an audit in accordance with International Standards on Auditing, 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, a fraud may involve collusion, forgery, intentional omissions, , misrepresentations, or to 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 Board of Directors.
- Conclude on the appropriateness of the Board of 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 auditors report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify 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 Board of 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 and other persons charged with governance 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PROFIN (GHANA) LIMITED (CONTD)**

Report on Other Legal and Regulatory Requirements

In compliance with the requirement of section 137 of the Companies Act, 2019 (Act 992); we confirm that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion proper books of accounts have been kept by the Company, so far as appears from our examination of those books, and
- iii. The statement of financial position and the statement of comprehensive income of the Company are in agreement with the books of accounts.

The company is licensed and regulated under the Banks and Specialized Deposit-Taking Institutions Act, 2016. The company has complied with Anti Money Laundering Act, 2008 (Act 749), the Anti-Terrorism Act, 2008 (Act 762) and the regulations made under these enactments.

The Financial Statements were prepared in a manner required by the Banks and Specialized Deposit-Taking Institutions Act, 2016, except otherwise raised in other sections of our report.

The engagement partner on the audit resulting in the independent auditor's is Bossman Nii Laryea Laryea (ICAP/P/1025).

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For and on behalf of
BLA & ASSOCIATES (ICAG/F/2021/085)
Chartered Accountants
P. O. BOX AB 295
Abeka Accra

Dated:2021

Accra.

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

**INCOME STATEMENT FOR THE YEAR ENDED
31ST DECEMBER, 2020**

	NOTES	2020	2019
		GHS	GHS
Interest Income	4	8,728,298	9,031,749
Interest Expense	5	(3,746,034)	(3,324,125)
Net Interest Income		4,982,264	5,707,624
Fees & Other Charges	6	696,629	814,888
Operating Income		5,678,893	6,522,512
Operating Expense	7	(4,795,650)	(4,798,858)
Net Operating Profit before Tax		883,243	1,723,654
National Fiscal Stabilisation Levy	8	(42,784)	(86,183)
Net Operating Profit after Stabilisation Levy		840,459	1,637,471
Taxation	8	(165,894)	(373,520)
Net Profit after Tax		674,565	1,263,951

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2020

	NOTES	2020 GHS	2019 GHS
ASSETS			
Cash and Bank Balances	9	2,207,605	757,308
Investments	10	13,520,013	9,340,806
Loans & Advances to customers	11	17,914,438	17,394,374
Other Assets & Receivables	12	710,063	413,704
Investments (Equity)	13	648	648
Property, Plant & Equipment	14	7,281,492	7,259,925
		41,634,259	35,166,765
EQUITY & LIABILITIES			
Current Liabilities			
Deposits	15	21,973,816	19,330,818
Other Liabilities & Payables	16	766,661	791,318
Taxation	8	27,418	245,443
		22,767,895	20,367,579
Equity			
Stated Capital	17	7,000,000	7,000,000
Income Surplus		1,575,145	1,528,872
Revaluation Surplus		2,888,958	3,001,077
Statutory Reserve	21	3,507,309	3,170,026
Credit Risk Reserve	25	123,154	99,211
Deposits for Shares	26	3,771,798	-
		18,866,364	14,799,186
		41,634,259	35,166,765

The Financial Statements were approved by the Board of Directors

.....
 Prof. Kwame Adom-Frimpong
 (Chairman)

.....
 Mr. Twumasi Ankrach Sarpong
 (Managing Director)

Dated.....
 Accra

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

STATEMENT OF CHANGES IN EQUITY
AS AT 31ST DECEMBER 2020

2020

	Stated Capital GHS	Income Surplus GHS	Revaluation Surplus GHS	Statutory Reserve GHS	Credit Risk Reserve GHS	Total GHS
Bal. at 1 Jan	7,000,000	1,528,872	3,001,077	3,170,026	99,211	14,799,186
Profit for year	-	674,565	-	-	-	674,565
Dividends Paid	-	(379,185)	-	-	-	(379,185)
Statutory Reserve	-	(337,283)	-	337,283	-	-
Credit Risk Reserve	-	(23,943)	-	-	23,943	-
Transfer of Excess Depreciation	-	82,219	(82,219)	-	-	-
Transfer from Revaluation	-	29,900	(29,900)	-	-	-
Bal. at 31 Dec	7,000,000	1,575,145	2,888,958	3,507,309	123,154	15,094,566

2019

	Stated Capital GHS	Income Surplus GHS	Revaluation Surplus GHS	Statutory Reserve GHS	Credit Risk Reserve GHS	Total GHS
Bal. at 1 Jan	7,000,000	1,185,973	3,083,296	2,538,050	-	13,807,319
Profit for year	-	1,263,951	-	-	-	1,263,951
Dividends Paid	-	(272,084)	-	-	-	(272,084)
Statutory Reserve	-	(631,976)	-	631,976	-	-
Credit Risk Reserve	-	(99,211)	-	-	99,211	-
Transfer of Excess Depreciation	-	82,219	(82,219)	-	-	-
Bal. at 31 Dec	7,000,000	1,528,872	3,001,077	3,170,026	99,211	14,799,186

PROFIN (GHANA) LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

	2020	2019
	GHS	GHS
OPERATING ACTIVITIES		
Profit before tax	883,243	1,723,654
Depreciation	400,499	367,751
Profit on Asset Disposal	(27,575)	-
Operating Cash Flow before movement in working capital	1,256,167	2,091,405
Loans & Advances to Customers	(520,064)	(1,920,152)
Other Assets & Receivables	(296,359)	(153,208)
Other Liabilities & Payables	(24,657)	240,304
Deposits from Investment Clients	2,642,998	3,363,074
Net Cash flow from Operating Activities	3,058,085	3,621,423
Taxation	(426,703)	(225,015)
INVESTING ACTIVITIES		
Proceeds from Asset	50,000	-
Purchase of Property, Plant & Equipment	(444,491)	(82,890)
Net Cash flow from Investing Activities	(394,491)	(82,890)
FINANCING ACTIVITIES		
Dividend	(379,185)	(272,084)
Deposit for Shares	3,771,798	-
Net Cash flow from Financing Activities	3,392,613	(272,084)
Net Increase in Cash & Cash Equivalent	5,629,504	3,041,434
Cash & Cash Equivalents at 1 st January	10,098,114	7,056,680
Cash & Cash Equivalents at 31 st December	15,727,618	10,098,114
Analysis of Cash & Cash Equivalent		
Cash & Bank Balances	2,207,605	757,308
Government Securities	2,135,362	1,842,885
Fixed Deposits	11,384,651	7,497,921
	15,727,618	10,098,114

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

1. REPORTING ENTITY

Profin (Ghana) Limited is a private limited liability company incorporated in Ghana under the Ghana Companies Act, 2019 (Act 992) and licensed by the Bank of Ghana. The company is domiciled in Ghana with its registered office at House, No. 23, North Street, Tesano-Accra.

The Company has its objects:

- Brokerage
- Financial Service and Consultancy

2. BASIS OF PREPARATION

a. Statement of Compliance

The Financial Statements have been prepared in a manner required by Ghana Companies Act, 2019 (Act 992)

b. Basis of Accounting

The Financial Statements have been prepared under the historical cost convention and therefore do not take into consideration changing monetary values.

c. Functional and Presentation Currency

The Financial Statements are presented in Ghana Cedi (GHS) which is the company's functional currency. All figures are rounded up to the nearest Ghana Cedi.

d. Use of estimates and judgements

The preparation of financial statement 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. Actual results may differ from the estimates and assumptions so made.

Estimates and the underlying assumptions are reviewed periodically. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects both current and future periods.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

e. Risk Management

The company's activities expose the business to risks. The Company is exposed to the following types of risks: credit risk, liquidity risk, market and operations risk. These risks are managed professionally and in a targeted manner.

The Company's risk management policies are established to identify and analyse risks faced by the company, set appropriate risks limits and controls as well as monitor these risks and adherence to established policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

f. Disclosures

	2020	2019
	%	%
Capital adequacy ratio	37.79	42.15
Non-performing loans ratio	16.84	15.00
Liquid ratio	71.57	52.24
Statutory liquidity breach (times)	Nil	Nil
Statutory liquidity defect sanction (GHS)	Nil	Nil

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are the principal accounting policies adopted by the company and have been consistently applied in preparing these Financial Statements:

a. Financial Instruments

- i.** Financial Instruments are classified as Financial Assets and Financial Liabilities. Financial Assets are classified mainly into Financial Assets measured a fair value and Financial Assets measured at amortized cost; Financial Assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit or loss, available-for-sale Financial Assets and loans and receivables.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020**

Impairment of Financial Asset

A financial asset or a group of financial asset is considered impaired only if there is an objective evidence of impairment as a result of one or more event(s) that have occurred after initial recognition of the asset and the event or events have adverse impact on the estimated future cash flow of such financial asset, or group of financial assets.

The amount of impairment is measured as the difference between the carrying value of the financial asset or group of financial assets and the estimated future cash flows discounted at the original effective interest rate used to originate the financial asset or group of financial assets in question.

Evidence of impairment may include indications that the holders of the bank's loans and advances are expecting significant financial difficulty, default or delinquencies in the payment of interest and /or principal. It may also include the fact include the fact that the debt is being restructured to reduce the burden on the borrower.

Impairment of Loans and Advances

Provision for credit losses is made, have regard to specific risk. The provisions are made in respect of those advances that have been individually reviewed and specifically identified as bad or doubtful. In determining the level of provision required, management considers numerous factors including, but not limited to, domestic economic conditions, the composition of the advance portfolio and prior bad debt experience.

Provisions made during the year are charged as separate amount in the Profit and Loss account. When an advance is deemed irrecoverable it is written off against the related bad debt provision. Subsequent recoveries of advances that have been written off are credited to the profit and loss account under the category of Other Operating Income.

ii. Stated Capital

Ordinary shares are recognized as equity where the company has no obligation to deliver cash or other assets to shareholders.

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

iii. Accounting for leases

Leases of Property, Plant and Equipment where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finances are capitalized at the inception of the lease at the lower of their fair value and the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in non-current liabilities.

The interest element of the finance charge is charges to the income statement account over the lease period. Property, Plant and Equipment acquired under finance leases is depreciated over the estimated useful life of the asset. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement account on a straight-line basis over the period of the lease.

b. Property, Plant and Equipment

i. Recognition and Measurement

Items of Property, Plant and Equipment are measured at cost less accumulated depreciation and impairment loss. Cost includes expenditures that are directly attributable to the acquisition of asset.

The cost of the self-constructed assets include the cost of material and direct labour, any other materials and direct attributed to bring the asset to a working condition for its intended use. Where major component of an item of property, plant and equipment have different useful lives they are accounted for as separate items.

ii. Subsequent Cost

The cost of replacing part of an item of property, plant and equipment is recognized 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. The cost of the day-to-day servicing of the property, plant and equipment are recognized in the Income Statement as incurred.

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

c. Depreciation

Depreciation is recognized in the Statement of Comprehensive income on a straight-line basis over the estimated useful economic life of each part of an item of property, plant and equipment. Leased asset are depreciated over the shorter of the lease term and their useful lines. The depreciation rates for the current year are:

Office Furniture	15%
Furniture and Fittings	15%
Computer Equipment	33.33%
Office Equipment	20%
Safe	20%
Motor Vehicle	20%
Generators	20%
Head Office Building	2.5%

Depreciation methods, useful economic lives and residual values are reassessed at each reporting time. Gains and losses on disposal of property, plant and equipment are included in the Statement of Comprehensive Income.

d. Cash and Cash Equivalent

For the purposes of the statement of Cash Flow, Cash and Cash Equivalents comprise cash on hand, deposits held at the banks and investments in money market instruments and bank overdraft.

e. Employee Benefits

The Company contributes to a Defined Contribution Pension & Retirement Scheme that is regulated by the National Pension Act, 2007 (Act 766). Under this law the total Contribution is made up of the First Tier managed by the Social Security and National Insurance Trust (SSNIT). Tier 2 and Tier 3 Pension Funds are managed by appointed Licensed Trustees. The Company's obligation is therefore limited to the required contributions and the pension and retirement liabilities and obligation rest with the Social Security & National Insurance Trust (SSNIT) and the appointed Licensed Trustees.

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

f. Revenue Recognition

The recognition of Interest Income ceases when the payment of interest and principal is in doubt. Interest income from investments and loans are included in income as they are earned on an accrual basis.

g. Income Tax

Current tax is the expected tax payable on the chargeable income for the period at the tax rates obtains at the Statement of Financial Position date and any adjustment to the liability in respect of previous periods.

4. INTEREST INCOME	2020 GHS	2019 GHS
Interest on Loan & Advances	6,864,551	7,756,777
Investment Income	1,863,747	1,274,974
	8,728,298	9,031,749
5. INTEREST EXPENSE		
Interest on Deposits	3,746,034	3,324,125
6. FEES & OTHER CHARGES		
Facility Fees	590,513	750,507
Other Income - Charges	78,541	64,379
Other Income – Profit on Disposal of Assets	27,575	-
	696,629	814,888
7. OPERATING & ADMINISTRATIVE EXPENSES		
Depreciation Expense	400,499	367,751
Impairment Loss	807,641	921,100
Auditor's Fees (incl. NHIL/GETFL/VAT)	32,485	29,531
Directors' Remuneration	597,483	537,573
Employment Cost	1,976,418	1,941,326
Occupancy Cost	296,956	281,207
Other Operating & Admin Expense	684,168	720,370
	4,795,650	4,798,858

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

	2020 GHS	2019 GHS
=		
Directors' Emolument is made up of:		
Non-Executive Directors' Fees & Expenses	189,245	172,967
Executive Director: Salary & Allowances	408,238	364,606
	597,483	537,573

8. TAXATION

	Balance 1 Dec 2020 GHS	Charge during year GHS	Payment during year GHS	Balance 31 Dec 2020 GHS
Corporate Tax				
2015	(46,923)	-	-	(46,923)
2016	(17,462)	-	-	(17,462)
2017	4,619	-	-	4,619
2018	(18,400)	-	-	(18,400)
2019	208,520	-	(208,520)	-
2020	-	165,894	(142,000)	23,894
	130,354	165,894	(350,520)	(54,272)
NFSLevy				
2015	35,244	-	-	35,244
2016	23,662	-	-	23,662
2017	-	-	-	-
2018	-	-	-	-
2019	56,183	-	(56,183)	-
2020	-	42,784	(20,000)	22,784
	115,089	42,784	(76,183)	81,690
	245,443	208,678	(426,703)	27,418

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

	2020 GHS	2019 GHS
9. CASH & BALANCES		
Bank Balances	2,206,446	756,594
Cash Balances	1,159	714
	2,207,605	757,308
10. INVESTMENTS		
Government securities	2,135,362	1,842,885
Fixed Deposits	11,384,651	7,497,921
	13,520,013	9,340,806
11. LOANS & ADVANCES TO CUSTOMERS		
Loans & Advances made to Customers	20,124,888	18,797,183
Impairment Loss	(2,210,450)	(1,402,809)
	17,914,438	17,394,374
12. OTHER ASSETS & RECEIVABLES		
Investment Interest Receivables	267,760	233,668
Other Assets	442,303	180,036
	710,063	413,704
13. INVESTMENT IN LISTED EQUITY		
This presents investment held on the Ghana Stock Exchange	648	648

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

14. PROPERTY, PLANT & EQUIPMENT (PPE)

	Office Furniture GHS	Fixtures & Fittings GHS	Generator GHS	Computers GHS	Safe GHS	Motor Vehicles GHS	Office Buildings GHS	Total GHS
Cost/Valuation								
Bal. at 1 Jan	140,739	109,465	155,859	192,295	23,369	549,446	7,082,089	8,253,253
Acquisition	24,384	45,492	82,812	42,726	-	249,077	-	444,491
Disposals	-	-	-	-	-	(29,900)	-	(29,900)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Bal. at 31 Dec	165,123	154,957	238,671	235,021	23,360	768,623	7,082,089	8,667,844
	=====	=====	=====	=====	=====	=====	=====	=====
Depreciation								
Bal. at 1 Jan	122,327	83,806	155,858	148,931	11,459	212,240	7,082,089	8,253,253
Acquisition	8,827	16,241	-	33,179	2,800	145,422	194,030	400,499
Disposals	-	-	-	-	-	(7,475)	-	(7,475)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Bal. at 31 Dec	131,154	100,047	155,858	182,110	14,259	350,187	452,737	1,386,352
	=====	=====	=====	=====	=====	=====	=====	=====
Carrying Amount								
At 31 Dec 2020	<u>33,969</u>	<u>54,910</u>	<u>82,813</u>	<u>52,911</u>	<u>9,101</u>	<u>418,436</u>	<u>6,629,352</u>	<u>7,281,492</u>
At 31 Dec 2019	<u>18,412</u>	<u>25,660</u>	<u>-</u>	<u>43,364</u>	<u>11,900</u>	<u>337,206</u>	<u>6,823,382</u>	<u>7,259,925</u>

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

15. DEPOSITS

	2020	2019
	GHS	GHS
This represents total deposits from Clients	21,973,816	19,330,818
	21,973,816	19,330,818

16. OTHER LIABILITIES & PAYABLES

	2020	2019
	GHS	GHS
Account Payables:		
Accrued interest payable on client's deposits	699,375	690,949
Due GRA, SSNIT and others	67,286	100,369
	766,661	791,318
	766,661	791,318

17. STATED CAPITAL

	2020		2019	
	# of shares	GHS	# of shares	GHS
a. AUTHORISED CAPITAL				
Ordinary Shares of no par value	100,000,000	-	100,000,000	-
	100,000,000	-	100,000,000	-
b. ISSUED ORDINARY SHARES				
Cash Consideration	100,000,000	7,000,000	100,000,000	7,000,000
	100,000,000	7,000,000	100,000,000	7,000,000

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

18. CONTINGENT LIABILITIES

There is contingent liabilities of GHS 90,000 against Profin (Ghana) limited at the Statement of Financial Position date. This is as a result of legal suit filed against Profin (Ghana) Limited for the aforementioned sum.

If the plaintiff wins against Profin (Ghana) Limited the amount will be increased by the interest and damages against the Company. However, the Legal Counsel for Profin (Ghana) Limited finds the possibility of the plaintiff winning the case against them remote.

19. POST STATEMENT OF FINANCIAL POSITION EVENT

Events subsequent to the Statement of Financial position are reflected in the Statement of Financial Position only to the extent that they relate to the year under consideration and the effect is material.

20. CAPITAL COMMITMENTS

There were no commitments for capital expenditure not provided for at the Statement of Financial Position date.

21. STATUTORY RESERVE

These are funds transferred, out of the company's net profit after provision for tax but before declaring any dividend for each year as required under Section 34 of the Banks and Specialised Deposit-taking Institutions Act, 2016 (Act 930).

An amount not less 50% of net profit is transferred into the reserve fund until the amount in the institution's Mandatory Reserve Fund equals the amount of the minimum prescribed paid up capital.

22. COMPLIANCE

- a. IFRS Requirement:** The Company has fully adopted the International Financial Reporting Standard (IFRS) for Small and Medium Enterprises (IFRS for SME).
- b. Bank of Ghana Requirement:** Profin (Ghana) Limited has met the Bank of Ghana minimum capital requirement of GHS 7,000,000 for Finance House Companies.

PROFIN (GHANA) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

23. SHAREHOLDING STRUCTURE

i. Directors Shareholding

The Directors named below held the following number of shares in the Company as at 31st December 2020

	<u>No. of Shares</u>	<u>% of Issued Shares</u>
1. Esther Adwo Archer	16,250,000	16.25
2. Prof. Kwame Adom-Frimpong	5,000,000	5.00
3. Prof. Anyetei Tonyeli Lassey	5,000,000	5.00
4. Daniel Kofi Bediako	8,000,000	8.00
5. Twumasi Ankrah Sarpong	10,000,000	10.00
6. Ahmad Adade Boakye	2,500,000	2.50
7. Kwabena Agyekum Adu Nyantakyi	1,750,000	1.75
8. Charles Acquah	500,000	0.50
	<u>49,000,000</u> =====	<u>49.00%</u> =====

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

ii. List of Shareholders

	<u>No. of Shares</u>	<u>% of Issued Shares</u>
Olu Luther-King	40,000,000	40.00
Esther Adwo-Archer	16,250,000	16.25
Maxwell Mfum	10,000,000	10.00
Twumasi Ankrah Sarpong	10,000,000	10.00
Daniel Kofi Bediako	8,000,000	8.00
Prof. Kwame Adom-Frimpong	5,000,000	5.00
Prof. Anyetei Tonyeli Lassey	5,000,000	5.00
Ahmad Adade Boakye	2,500,000	2.50
Kwabena Agyekum Adu Nyantakyi	1,750,000	1.75
Francis Sarpong Boakye	750,000	0.75
Charles Acquah	500,000	0.50
H. Y. A Twumasi Sarpong	250,000	0.25
	<u>100,000,000</u>	<u>100</u>
	=====	=====

24. RELATED PARTY TRANSACTION

A number of transactions are entered into with related persons in the normal course of business. These include transactions with key management personnel, officers and other employee.

Transaction with Key Personnel

Key managements personnel are Directors, Senior Management Staff who have authority and responsibility for planning, directing and controlling the activities of Profin (Ghana) Limited.

PROFIN (GHANA) LIMITED
REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

a. Loans to Executive Director

	2020 GHS	2019 GHS
Balance as at 31 st December	Nil	Nil

b. Loans to Other key Management Personnel

	2020 GHS	2019 GHS
Balance as at 31 st December	8,286	58,752

c. Loans to Non-Executive Directors

Balance as at 31 st December	Nil	Nil
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25. CREDIT RISK RESERVE

Credit Risk Reserve is non-distributable reserve prescribed by Bank of Ghana to account for difference between impairment loss of financial asset per IFRS and the specific and general impairment loss on loans and Advances per the Central Bank's Prudential guidelines.

	2020 GHS	2019 GHS
Impairment loss per Bank of Ghana	2,333,604	1,502,020
Impairment loss per IFRS	(2,210,450)	(1,402,809)
Transfer to Credit Risk Reserve	123,154	99,211
Opening Balance January 1 st	(99,211)	-
Amount Transferred during year	23,943	99,211

PROFIN (GHANA) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

26. DEPOSIT FOR SHARES

Representing amounts received from existing and new shareholders for the acquisition of additional equity shares.

	2020	2019
	GHS	GHS
Amounts deposited for additional shares	3,771,798	-