

Summary Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 GH¢	2018 GH¢
Cash flows from operating activities		
Net Profit before taxation	6,998,596	8,880,499
Adjustments for:		
Impairment Loss on Financial Assets	6,781,082	10,773,365
Depreciation & Amortization	2,301,494	2,454,554
Share of Profit of Associate	(592,969)	(38,384)
Operating Profit before working capital changes	15,488,203	22,070,034
Change in Loans and Advances	14,108,901	(52,410,332)
Change in Other Assets	1,543,443	(1,128,409)
Change in Pledged Assets	14,693,758	11,549,132
Change in Short Term Investments	(9,018,227)	10,542,205
Change in Customers Deposits	(60,347,158)	27,785,613
Change in Banks, SDIs & Other BOG Licensed Fin.	(6,171,280)	6,239,667
Change in Due to Banks	11,844,191	0
Change in Other Liabilities	5,671,904	1,612,345
Change in Provision	(450,504)	342,994
Cash generated in operations	(12,636,769)	26,603,249
Taxation		
Tax Paid	(808,112)	(710,612)
Net Cash generated in operations	(13,444,881)	25,892,637
Cash flows from investing activities		
Purchase of Intangible Assets	(62,266)	(811,900)
Purchase of Property, Plant & Equipment	(368,252)	(1,592,262)
Net cash used in investing activities	(430,518)	(2,404,162)
Cash flows from financing activities		
Proceed from issue of shares	0	0
	0	0
Net Increase in cash and cash Equivalents	(13,875,399)	23,488,475
Cash and Cash Equivalents at beginning of the year	72,147,954	48,659,479
Cash and Cash Equivalents at end of the year	58,272,555	72,147,954

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 GH¢	2018 GH¢
Interest Income	96,117,237	130,018,910
Interest Expense	(61,215,657)	(87,489,837)
Net Interest Income	34,901,580	42,529,073
Other Income	1,579,149	1,928,482
Net Commission and Fees	1,511,338	2,484,769
Operating Income	37,992,067	46,942,324
Impairment Loss on Financial Assets	(6,781,082)	(10,773,365)
	31,210,985	36,168,959
Operating Expenses	(24,805,358)	(27,326,844)
Share of profit in associate	592,969	38,384
Net Profit before Tax	6,998,596	8,880,499
National Fiscal Stabilization Levy	(349,930)	(432,289)
Taxation	(1,964,687)	212,674
Net Profit transferred to Income Surplus Account	4,683,979	8,660,884
Basic earnings per share (Ghana cedi per share)	1.56	2.89

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	2019 GH¢	2018 GH¢
Assets		
Cash and Bank Balances	58,272,555	72,147,954
Non-Pledged Trading assets	62,228,865	58,488,833
Pledged Trading Assets	0	14,693,758
Loans and Advances	211,080,271	231,643,866
Investment (Other than Securities)	5,336,369	4,743,400
Deferred Tax Assets	8,539,934	7,069,851
Other Assets	1,236,062	2,779,505
Intangible Assets	1,505,449	2,167,519
Property, Plant & Equipment	12,884,348	7,468,254
Total Assets	361,083,853	401,202,940
Liabilities		
Due to Banks	11,844,191	0
Deposits from Banks, SDIs & Other BOG Licensed Fin	41,974,081	48,145,361
Deposits from Customers	204,757,271	270,056,236
Provision	862,550	1,313,054
Current Tax Liabilities	7,756,283	4,779,695
Other Liabilities	12,242,485	6,570,581
Total Liabilities	279,436,861	330,864,927
Shareholders' Funds		
Stated Capital	29,435,267	29,435,267
Revaluation Reserve	6,625,000	0
Statutory Reserve Fund	21,542,930	20,371,935
Credit Risk Reserve	34,091,061	37,835,487
Income Surplus Account	(10,047,267)	(17,304,676)
Total Shareholders' Funds	81,646,992	70,338,013
Total Liabilities and Shareholders' Funds	361,083,853	401,202,940

Summary Financial Statements FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Stated Capital GH¢	Income Surplus GH¢	Credit Risk Reserve GH¢	Statutory Reserve Fund GH¢	Revaluation Surplus GH¢	Total GH¢
2019						
Balance as at 1 January	29,435,267	(17,304,676)	37,835,487	20,371,935	0	70,338,013
Transfer from Credit Risk Reserve	0	3,744,426	(3,744,426)	0	0	0
Revaluation of Building	0	0	0	0	6,625,000	6,625,000
Transfer to Statutory Reserve Fund	0	(1,170,995)	0	1,170,995	0	0
Net Profit for the Year	0	4,683,979	0	0	0	4,683,979
Balance at 31 December	29,435,267	(10,047,267)	34,091,061	21,542,930	6,625,000	81,646,992
2018						
Balance as at 1 January	29,435,267	919,106	11,902,367	18,206,714	0	60,463,454
IFRS 9 Adjustment	0	1,213,675	0	0	0	1,213,675
Transfer to Credit Risk Reserve	0	(25,933,120)	25,933,120	0	0	0
Transfer to Statutory Reserve Fund	0	(2,165,221)	0	2,165,221	0	0
Net Profit for the Year	0	8,660,884	0	0	0	8,660,884
Balance at 31 December	29,435,267	(17,304,676)	37,835,487	20,371,935	0	70,338,013

Significant Accounting Policies

Statement of Compliance

The financial statements have been prepared by following International Financial Reporting Standards (IFRS) and by Act 930 (Act 2016), Banks and Specialized Deposit-Taking Institutions Act and the Companies Act 992 (2019).

Basis of Preparation

The financial statements have been extracted from the audited financial statement of the company. Capital Adequacy Ratio is 14.74% for 2019 (2018: 11.33%) There was no default in statutory liquidity and sanctions in 2019 and 2018

Qualitative Disclosure

The company's activities expose it to a variety of financial risks and inherent operational risks because of the core savings and loans operations. BOND aim is, therefore, to achieve a balance between risk and return and minimise potential adverse effects. Risk management is carried out by the Risk Management Department under policies approved by the Board of Directors. The Board provides written policies for overall risk management and specific areas such as credit, liquidity, market and other operational risks.

Reports of the Directors

The directors are responsible for the preparation of the financial statement which gives a true and fair view of the state of affairs of BOND following IFRS and relevant legislations. The directors submit their report together with the audited financial statements for the year ended 31 December 2019.

Going Concern

The Directors have assessed BOND's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The Directors are not aware of any material uncertainties that may cast significant doubt upon BOND's ability to continue as a going concern.

Response to Auditors Qualified Opinion

The Security and Exchange Commission (SEC), as the Receiver of All-Time Capital Limited, validated BOND's exposure and indicated its readiness to pay the validated amount in full. Consequently, the liability as far as the exposure to All-Time is concerned falls directly on SEC.

On FirstBanc Financial Services Limited (FirstBanc), SEC is yet to validate our exposure to the company. However, there is a cross-exposure where FirstBanc holds investment with BOND and vice versa. BOND has Ghs 5.6m placements with FirstBanc while that held by BOND in favour of FirstBanc is Ghs 4.9m. We, therefore, expect that the indebtedness of BOND to FirstBanc should be set-off against the indebtedness of FirstBanc to BOND to arrive at the level of impairment to be applied instead of looking at one side of the transaction.

The financial statements were approved by the Board of Directors on the 18th of August 2020.



Director

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOND SAVINGS & LOANS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2019

We have audited the accompanying financial statements of BOND Savings and Loans Limited (BOND) which comprise the statement of financial position as at December 31, 2019 and the statement of profit and loss, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the effects of the matter described in the basis of the qualified opinion section of our report, the financial statements give a true and fair view of the financial position of BOND as at 31st of December 2019 and of its financial performance and its cash flows for the year ended in accordance with IFRS and comply with the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The Basis for the Qualified Opinion

- The company's short term investments included an impaired investment of Ghs 10,375,074 placed at All-Time Capital Limited whose operating license had been revoked by the regulatory authority, Security and Exchange Commission. BOND should have provided for this impaired investment as required by IFRS9 which would have led to a loss position of Ghs 3,376,479 and a loss after tax of Ghs 5,691,095.

- BOND offset its impaired investment of Ghs 5,690,321 and deposit of Ghs 4,951,807 at FirstBanc Financial Services Limited which is under receivership. This contravenes the offsetting criteria as required by International Accounting Standards (IAS) 32 for financial instruments presentation.

- If BOND had been IAS32 compliant, the impairment loss would have worsened the net loss position before tax to Ghs 8,328,286. The capital adequacy ratio for the year ended 31st December 2019 would have worsened to 9.87% (2018: 11.10%).

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis of opinion.

Directors Responsibilities

The Board of Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and in the manner required by the Companies Act, 992 (2019) and Banks and Specialised Deposit-Taking Institutions Act, 930 (2016) and for such internal controls as the Board determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors Responsibilities

Our objective is to express an opinion on 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.

PKF

Signed by: F. Bruce Tagoe (ICAG/P/1087)

For and on behalf of PKF (ICAG/F/2020/039)

Chartered Accountants

Farrar Avenue, Accra.

18th August 2020