



# Multi Credit

## SAVINGS & LOANS LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	2021 GHS	2020 GHS
Interest Income	29,883,019	47,461,996
Interest Expense	(14,261,327)	(18,977,236)
<b>Net Interest Income</b>	<b>15,621,692</b>	<b>28,484,760</b>
Commissions and Fees	15,766,000	1,287,285
Other Operating Income	11,788	60,310
<b>Total Income</b>	<b>31,399,480</b>	<b>29,832,355</b>
Impairment charge on loans and advances	(3,365,928)	(4,340,000)
Personnel Cost	(10,510,913)	(10,622,031)
Depreciation and Amortisation	(2,457,420)	(3,680,367)
Interest on Borrowing and Finance Cost	(237,370)	-
Other Operating Expenses	(20,798,196)	(18,516,123)
<b>Net Operating Loss Before Taxation</b>	<b>(5,970,347)</b>	<b>(7,326,166)</b>
Income Tax Expenses	-	-
Deferred Tax Credit	3,315,855	1,041,901
<b>Loss For the Year</b>	<b>(2,654,492)</b>	<b>(6,284,265)</b>
<b>Other Comprehensive Income</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income/(Loss) for the year</b>	<b>(2,654,492)</b>	<b>(6,284,265)</b>

#### SUMMARY STATEMENT OF FINANCIAL POSITION

	2021 GHS	2020 GHS
<b>ASSETS</b>		
Cash and Cash Equivalents	11,517,336	20,159,348
Non- Pledged Trading Assets	149,063,576	168,333,298
Loans and Advances	98,916,517	77,819,401
Other Assets Accounts	22,063,529	23,680,620
Deferred Tax Assets	7,816,751	1,942,354
Current Corporate Tax Credits	1,400,000	1,366,933
Intangible Assets	862,330	1,247,157
Property & Equipment	11,021,429	9,567,547
<b>TOTAL ASSETS</b>	<b>302,661,468</b>	<b>304,116,658</b>
<b>LIABILITIES</b>		
Deposits and Current Accounts	271,578,376	279,254,597
Loans from Other Financial Institutions	4,657,402	-
Other Liabilities	5,099,694	3,440,115
Deferred Tax Liability	2,713,301	154,759
<b>TOTAL LIABILITIES</b>	<b>284,048,773</b>	<b>282,849,471</b>
<b>SHAREHOLDERS FUNDS</b>		
Stated Capital	28,480,008	28,480,008
Retained Earnings	(13,756,491)	(11,281,135)
Statutory Reserve Fund	3,805,766	3,805,766
Credit Risk Reserve	83,412	262,548
<b>TOTAL SHAREHOLDERS FUNDS</b>	<b>18,612,695</b>	<b>21,267,187</b>
<b>TOTAL SHAREHOLDERS FUNDS AND LIABILITIES</b>	<b>302,661,468</b>	<b>304,116,658</b>

#### SUMMARY STATEMENT OF CHANGES IN EQUITY

	2021 GHS	2020 GHS	2021 GHS	2020 GHS	2021 GHS	2020 GHS
Balance as at 1 Jan	28,480,008	3,805,766	262,548	(11,281,135)	21,267,187	27,551,452
Loss for the Year	-	-	-	(2,654,492)	(2,654,492)	(6,284,265)
<b>Transfer to:</b>						
Statutory Reserve	-	-	-	-	-	-
Movement for the Year	-	-	(179,136)	179,136	-	-
<b>Balance as at 31 Dec</b>	<b>28,480,008</b>	<b>3,805,766</b>	<b>83,412</b>	<b>(13,756,491)</b>	<b>18,612,695</b>	<b>21,267,187</b>
Balance as at 1 Jan	28,480,008	3,805,766	45,404	(4,779,726)	27,551,452	27,551,452
Loss for the Year	-	-	-	(6,284,265)	(6,284,265)	(6,284,265)
<b>Transfer to:</b>						
Movement for the Year	-	-	217,144	(217,144)	-	-
<b>Balance as at 31 Dec</b>	<b>28,480,008</b>	<b>3,805,766</b>	<b>262,548</b>	<b>(11,281,135)</b>	<b>21,267,187</b>	<b>21,267,187</b>

#### SUMMARY STATEMENT OF CASH FLOWS

	2021 GHS	2020 GHS
<b>NET CASH INFLOWS FROM OPERATING ACTIVITIES</b>		
Loss Before Taxation	(5,970,347)	(7,326,166)
Depreciation & Amortisation	2,457,420	3,680,367
Changes in Non - Cash Item	566,933	-
Impairment Charges on Financial Assets	3,365,928	4,340,000
<b>Profit before Changes in Working Capital</b>	<b>419,934</b>	<b>694,201</b>

#### CHANGES IN OPERATING ASSETS AND LIABILITIES

Changes in Non - Pledged Trading Assets	19,269,722	(23,190,738)
Changes in Loans & Advances to Customers	(24,463,044)	(18,368,023)
Changes in Other Assets Accounts	1,617,091	(3,646,507)
Changes in Customers Deposits	(7,676,222)	61,623,934
Changes in Other Liabilities	1,659,579	1,070,374
	(9,172,939)	18,183,241
Tax Paid	(600,000)	(800,000)
<b>Net Cash (Used in)/ from Operating Activities</b>	<b>(9,772,939)</b>	<b>17,383,241</b>

#### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	(4,170,245)	(654,063)
Purchase of Intangible Assets	(57,230)	(279,479)
Proceeds from Disposal of Property and Equipment	701,000	845,000
<b>Net Cash (used in)/ from Investing Activities</b>	<b>(3,526,475)</b>	<b>(88,542)</b>

#### CASH FLOWS FROM FINANCING ACTIVITIES

Changes in Borrowed Funds	4,657,402	(8,142,274)
<b>Net Cash (Used in )/ from Financing Activities</b>	<b>4,657,402</b>	<b>(8,142,274)</b>
<b>Net Increase /(Decrease) in Cash and Cash Equivalents</b>	<b>(8,642,012)</b>	<b>9,152,424</b>
<b>Cash and Cash Equivalent at Start</b>	<b>20,159,348</b>	<b>11,006,924</b>
<b>Cash and Cash Equivalent at Close</b>	<b>11,517,336</b>	<b>20,159,348</b>

#### ANALYSIS OF CASH AND CASH EQUIVALENTS

<b>Cash on Hand</b>	<b>7,830,973</b>	<b>10,928,153</b>
<b>Balances with Other Banks</b>	<b>3,686,363</b>	<b>9,231,195</b>
	<b>11,517,336</b>	<b>20,159,348</b>

#### SUMMARY NOTES

##### 1. Reporting Entity

Multi Credit Savings and Loans Limited is a Limited Liability Company incorporated under the Companies Act, 1963, Act 179 (now repealed and replaced by the Companies Act, 2019, Act 992) in 1997, and domiciled in Ghana. The Company is licensed by the Bank of Ghana (BOG) to receive deposits from and grant loans to customers and also provide any other service ancillary to financial services allowed by the regulator.

The Registered office is located at Trust House BA 85 Bantama, P.O. Box 1920 Kumasi, Ghana.

##### 2. Summary of Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are consistent with the accounting policies applied in preparation of the audited financial statements of the Company for the year ended 31 December 2021. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### 2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The financial statements have been prepared on a historical cost convention, except as disclosed in the accounting policy.

Additional information required under the Companies Act 2019, (Act 992) and the Banks and Specialized Deposit Taking Institutions Act, 2016, Act 930 have been included, where appropriate.

The preparation of financial statements in conformity with IFRS 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 5 to the full financial statements.

These financial statements are presented in Ghana cedis, which is the Company's functional currency.

##### 2.2 Risk Management

##### 2.2.1 Quantitative Disclosures

	2021	2020
<b>Capital Adequacy Ratio</b>	7.65%	9.43%
<b>Non-Performing Loans Ratio</b>	40.77%	42.73%
<b>Loan Loss Provision Ratio</b>	22.04%	24.02%
<b>Liquid Ratio</b>	53.06%	61.98%

##### 2.2.2. Qualitative Disclosures

- The Company's risk management framework defines the approach to risk management.
- The scope of risks that are directly managed by the Company is as follows: Credit risk, Operational risk, Market risk, Liquidity risk, Legal and Compliance risk, Strategic risk, Reputational risk and Capital risk.

- Key elements of the Company's risk management framework are as follows :

- Establishment of the Company's risk philosophy , culture and objectives;
- Establishment of the Company's risk management governance framework;
- Articulation of the Company's risk management stakeholders and development of an action plan to meet their risk management expectations ; and
- Establishment of policies and procedures to identify, measure, monitor, report and control the risks the Company faces. The processes adopted for risk management for the year ended 31 December 2021 are consistent with those adopted for the year ended 31 December 2020.

DIRECTORS’ REPORT CONTN’D

The directors present their report together with the audited financial statements for the year ended 31 December 2021 in accordance with the Companies Act ,2019 ( Act 992) and the Banks and Specialized Deposit – Taking Institutions Act ,2016 (Act 930) which discloses the state of the affairs of the Company .

Statement of Director's Responsibility

The directors are responsible for preparing financial statements for each financial year to give a true and fair view of the state of affairs of the Company and of its profit and loss for the period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether the applicable accounting standards have been followed
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with International Financial Reporting Standards. They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

The Directors have no plans or intentions, for example to dispose of the business or cease operations that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Nature of Business

The Company is authorised by Bank of Ghana to carry on the business of full banking services.

Approval of the Financial Statements

The Board of Directors approved the financial statements on 23rdMay, 2022 and were signed on their behalf by:



Board Member



Board Member

INDEPENDENT AUDITOR’S REPORT

Opinion

The Summary financial statements, which comprise the statement of financial position as at December 31, 2021, the statement of comprehensive income, statement of cash flows for the year then ended, statement of changes in equity and related notes are derived from the audited financial statements of Multi Credit Savings and Loans Limited for the year ended 31 December 2021

In our opinion, , the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the

International Financial Reporting Standards, the requirements of the Companies Act 2019 (Act 992) and the Banks and Specialized Deposit Taking Institutions Act, 2016, Act 930.

Summary Financial Statements

The Summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards, the requirements of the Companies Act 2019 (Act 992) and the Banks and Specialized Deposit Taking Institutions Act, 2016, Act 930 as applicable to financial statements. 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 Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 24<sup>th</sup> May, 2022. That report also includes

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

A 'Report on Other Legal and Regulatory Requirements' which comprise report on Compliance with the provisions of the Companies Act, 2019 (Act 992); and Compliance with the provisions of the Banks and Specialized Deposit Taking Institutions Act, 2016, Act 930.

Director's responsibility for the Summary Financial Statements

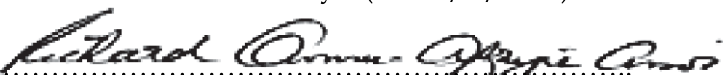
The Directors are responsible for the preparation of the summary financial statements in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit Taking Institutions Act, 2016, Act 930, and for such 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.

The Directors are therefore responsible for the preparation of the summary financial statements in accordance with the Bank of Ghana Guide for financial publication for banks and Bank of Ghana (BOG) licensed financial institutions.

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 (ISA) 810 Revised, Engagement to Report on Summary Financial Statements.

The engagement partner on the audit resulting in this independent auditor's report is Dr.Richard Owusu – Afriyie (ICAG/P/1144).



Richard Owusu-Afriyie & Associates (ICAG/F/2022/084)  
Chartered Accountants  
House of Grace, Adum, Kumasi