



UTRAK SAVINGS AND LOANS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Utrak Savings and Loans Limited
Report and financial statements 2020

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Utrak Savings and Loans Limited
Corporate Information

BOARD MEMBERS	David Christian Asante-Kwatia	Chairman (Expired)
	Kwabena Atuahene	Member
	Prof. Comfort Charity Atuahene	Member
	Ernest Kwasi Danquah	Member
	Brenda Atuahene	Member
	Lawrence Kwame Wiredu	Member (Expired)
SECRETARY	Rudolph Asare -Danso Plot 24 Block IV P. O. Box UP 1011 Kumasi	
MANAGEMENT	Kwabena Atuahene	Chief Executive Officer
	Akosua Konadu Osafo	General Manager
	Eric Osei Bobbie	Head of Credit
	Rudolph Asare-Danso	Head of Administration
	Francis Baidoo	Head of Operations
	George Mensah	Head of Finance
	Samuel Kumi Lamptey	Head of Audit
AUDITORS	P K F P. O. Box 976 Kumasi	
SOLICITORS	Legal Ink (Lawyers and Notaries) Box KS 1749 Kumasi	
BANKERS	Ecobank Ghana Limited ABSA Bank Ghana Limited Zenith Bank Ghana Limited GCB Bank Limited Fidelity Bank Ghana Limited Bank of Africa Ghana Limited UMB Bank Ghana Limited Societe Generale Bank Ghana Limited Access Bank Ghana Limited	
REGISTERED OFFICE	Plot 24 Block IV Asokwa Residential Area P. O. Box UP 1011 Kumasi	

Utrak Savings and Loans Limited

Report of the directors

In accordance with the requirements of Section 136 of the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit -Taking Institutions Act 2016 (Act 930), we the Board of Directors of Utrak Savings and Loans Limited, do herewith submit our annual report on the state of affairs of the Company for the year ended 31 December 2020.

Statement of Directors Responsibilities

The directors are responsible for the preparation of financial statements that give a true and fair view of Utrak Savings and Loans Limited, comprising the statements of financial position at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and Banks and Specilized Deposit - Taking Institutions Act 2016 (Act 930). In addition, the directors are responsible for the preparation of the report of the directors.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company to continue as going concerns and believe that the shareholders will introduce additional capital into the business.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

The Directors report as follows:

	2020 GH¢	2019 GH¢
Interest Income	4,931,193	8,202,173
Loss before tax	(7,579,114)	(6,467,159)
from which is deducted; a provision for estimated income tax expense of	264,396	60,980
leaving a Loss after tax of	(7,314,717)	(6,406,179)
which is to be added to the deficit brought forward of	(6,340,379)	65,800
resulting in a balance to be carried forward on the income surplus account at December 31 of	(13,655,096)	(6,340,379)

Utrak Savings and Loans Limited
Report of the directors (continued)

Nature of Business

The principal activity of the Company during the year was in accordance with Section 2 of the Regulations of the Company. This represents no change from the activities carried out for the previous year.

Particulars of entries in the Interests Register during the financial year

No Director had any interest in contracts and proposed contracts with the Company during the year under review, hence there were no entries recorded in the Interests Register as required by 194(6), 195(1)(a) and 196 of the Companies Act 2019, (Act 992).

Corporate Social Responsibility and Code of Ethics

There was no amount spent by the company on corporate social responsibility during the year.

Capacity Building of Directors to Discharge their Duties

A training on current development on the financial market was organised for directors during the year under review.

Auditors and Audit fees

In accordance with Section 139(5) of the Companies Act, 2019, (Act 992), PKF will remain in office as auditors for the Company. As at 31 December, 2020, the amount payable in respect of audit fees was GH¢50,000.00.

Going Concern

The Board of Directors have made an assessment of the Company's ability to continue as a going concern and is satisfied that it will have the resources from its shareholders to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Dividend


The Directors did not propose dividend for the year.

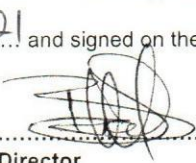
Acknowledgement

The Board of Directors hereby expresses its sincere appreciation for the support, loyalty and dedicated service of the staff, management and all stakeholders of the Company over the past year.

Approval of the report of the directors

The report of the directors of Utrak Savings and Loans Limited, was approved by the board of directors on 29/04/2021 and signed on their behalf by


.....
Director


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Director

Utrak Savings and Loans Limited
Statement of directors' responsibilities

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 asset of the company, and to prevent and detect fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
UTRAK SAVINGS AND LOANS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Utrak Savings and Loans 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 a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the possible effects of matters described in the Basis for Qualified Opinion section of the report, the accompanying financial statements give a true and fair view of the financial position of Utrak Savings and Loans Limited as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit Taking Institutions Act 2016 (Act 930).

Basis for Qualified Opinion

The Company failed to meet the minimum capital requirement of Fifteen Million Ghana Cedis (GH¢15, 000,000.00) for a company with a branch as stipulated by the Bank of Ghana for the Savings and Loans Companies as at the year end.

We have not received confirmation on the Fixed Deposit Investments totaling GH¢ 3, 866, 776 from GCB Amalgamated Fund for the year ended.

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 Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw attention to Note 31 in the financial statements, which indicates that the Company's financial position showed a net asset of The Company's financial position showed a Net Asset position of GH¢1,739, 475 (2019: GH¢9,054,193), after incurring a Net Loss of GH¢7,314,717 (2019 : GH¢6,406,278). As stated in Note 31, these events or conditions, along with other matters as set forth in Note 31, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit 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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There were no key audit matters for the year ended 2020.

Responsibilities of Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements that gives a true and fair view in accordance with International Financial Reporting Standards and in the manner required by 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 Board of Directors determines 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 intends to liquidate the Company or to cease operations, or has 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 as a whole 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.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the 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 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our 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.

Report on Other Legal and Regulatory Requirements

The Companies Act 2019, (Act 992) and the Banks and Specialized Deposit Taking Institutions Act 2016 (Act 930), requires that in carrying out our audit we consider and report to you on the following matters. 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 account have been kept by the Company, so far as appears from our examination of those books.
- iii) The financial position and statement of comprehensive Income of the company are in agreement with the accounting records.
- iv) The financial statements give a true and fair view of the state of affairs of the company and its results for the year under review.
- v) The Company's transactions are within its powers.
- vi) Adequate disclosure have been in the financial statements for the directors' emoluments and pension as well as amount due from officers and the amount reported in the financial statements are in agreement with the accounting records.
- vii) We are independent of the company in accordance with Section 143 of this Act.

PKF

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SIGNED BY: NANA ABENA ADU - GYAMFI (ICAG/P/1089)
FOR AND ON BEHALF OF PKF (ICAG/F/2021/039)
CHARTERED ACCOUNTANTS
FARRAR AVENUE
ACCRA

30TH APRIL 2021
.....

Utrak Savings and Loans Limited
Statement of profit or loss and other comprehensive income
for the year ended 31 December, 2020

	Note	2020 GH¢	2019 GH¢
Interest Income	6	4,931,193	8,202,173
Interest Expense	7	(4,236,665)	(4,408,713)
Net Interest Income		694,528	3,793,460
Commission and Fees Income	8	421,593	296,992
Other Operating Income	9	40,223	117,908
Operating Income		1,156,344	4,208,360
Operating Expenses	10	(8,485,357)	(10,438,362)
Credit impairment Loss	15	(250,101)	(237,157)
Loss before Stabilisation Levy		(7,579,114)	(6,467,159)
National Stabilisation Levy	11	0	0
Loss before tax		(7,579,114)	(6,467,159)
Income Tax Credit	12	264,396	60,980
Loss for the year		(7,314,718)	(6,406,179)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>		0	0
<i>Items that will be reclassified subsequently to profit or loss</i>			
Fair value losses through OC1 financial assets		0	0
Tax effect		0	0
		0	0
Total other comprehensive income for the year		0	0
Total Loss and other comprehensive income for the year		(7,314,718)	(6,406,278)

Utrak Savings and Loans Limited
Statement of financial position
as at 31 December, 2020

	Note	2020 GH¢	2019 GH¢ Restated
Assets			
Cash and Balances with Other Banks	13	3,798,522	1,294,231
Short-term investments	14	5,732,248	8,445,070
Loans and advances	16	20,666,450	20,510,660
Other assets	17	1,317,393	2,283,462
Deferred tax asset	12.5	66,022	0
Intangible asset	18	70,332	33,165
Property, plant and equipment	19	5,144,631	5,590,591
Total assets		36,795,598	38,157,179
Equity & liabilities			
Equity			
Stated capital	20	13,164,515	13,164,515
Deposit for Shares	21	265,112	265,112
Statutory Reserve Fund	22	1,964,945	1,964,945
Income surplus	23	(13,655,097)	(6,340,379)
Total shareholders' funds		1,739,475	9,054,194
Liabilities			
Bank Overdraft	24	466,080	249,878
Due to other Banks	25	0	1,156,192
Deposits and Current Accounts	26	32,606,095	24,713,851
Creditors and Accruals	27	1,983,948	2,768,587
Deferred tax liability	12.4	0	214,477
Total liabilities		35,056,123	29,102,985
Total equity & liabilities		36,795,598	38,157,179

Approved by the Board on..... 29/04/2021

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Director

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Director

Utrak Savings and Loans Limited
Statement of changes in equity
for the year ended 31 December, 2020

2020	Stated capital GH¢	Deposit for Shares	Statutory reserve fund GH¢	Income surplus GH¢	Total GH¢
Balance at 1 January	13,164,515	265,112	1,964,945	(6,340,379)	9,054,193
Total profit and other comprehensive income					
Loss for the year	0	0	0	(7,314,718)	(7,314,718)
Other comprehensive income					
Fair value losses on Fair Value through OCI	0	0	0	0	0
Tax effect	0	0	0	0	0
Total other comprehensive income	0	0	0	0	0
Total profit and other comprehensive income for the year					
	0	0	0	(7,314,718)	(7,314,718)
Balance at 31 December	13,164,515	265,112	1,964,945	(13,655,097)	1,739,475

Utrak Savings and Loans Limited
Statement of changes in equity
for the year ended 31 December, 2020

	2019	Stated capital GH¢	Deposit for Shares GH¢	Statutory reserve fund GH¢	Income surplus GH¢	Total GH¢
Balance at 1 January		13,164,515	265,112	1,964,945	65,800	15,460,372
Total profit and other comprehensive income						
Loss for the year		0	0	0	(6,406,179)	(6,406,179)
Other comprehensive income						
Fair value Gains on Fair Value through OCI		0	0	0	0	0
Tax effect		0	0	0	0	0
Total other comprehensive income		0	0	0	0	0
Total profit and other comprehensive income for the year						
		0	0	0	(6,406,179)	(6,406,179)
Balance at 31 December		13,164,515	265,112	1,964,945	(6,340,379)	9,054,193

Utrak Savings and Loans Limited

Statement of cash flows

for the year ended 31 December, 2020

	2020	2019
	GH¢	GH¢
Cash flows from operating activities		
Loss before tax	(7,579,114)	(6,467,159)
Adjustments:		
Depreciation & Amortisation Charge	569,397	663,651
Credit Impairment Loss	250,101	237,157
Operating loss before working capital changes	(6,759,616)	(5,566,351)
Changes in operating assets and liabilities		
Change in Loans and Advances	(405,891)	6,483,057
Change in Other Assets	966,069	478,654
Change in Deposits and Current Accounts	7,878,140	3,780,730
Change in Creditors and Accruals	(784,639)	22,652
	894,063	5,198,742
IncomeTax Paid	(2,000)	(25,000)
National Stabilization Levy Paid	0	(3,000)
Net cash out flow from operating activities	892,063	5,170,742
Cash flow from investing activities		
Purchase of Property, Plant and Equipment	(80,104)	(75,140)
Purchase of Intangibles	(80,500)	0
Net cash out flow from investing activities	(160,604)	(75,140)
Cash flow from Financing activities		
Changes in Loans	(1,156,192)	(1,940,599)
Net Change in cash and cash equivalents	(424,733)	3,155,003
Cash and Cash Equivalents at 1 January	9,489,423	6,334,420
Cash and Cash Equivalents at 31 December	9,064,690	9,489,423
Cash and Cash equivalents		
Cash and Balances with Other Banks	3,798,522	1,294,231
Short Term Investments	5,732,248	8,445,070
Due to other Banks	(466,080)	(249,878)
	9,064,690	9,489,423

Utrak Savings and Loans Limited
Notes to the financial statements
for the year ended 31 December, 2020

1. General information

Utrak Savings and Loans Limited (UTRAK) ("the Company") is a limited liability company incorporated under the Companies Act, 2019 (Act 992) in 2006, 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 address of its registered office is Plot 24 Block IV, Asokwa Residential Area; P. O. Box UP 1011 Kumasi, Ghana.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.2 Basis of preparation

The financial statements have been prepared on a historical cost convention. Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

Fair value is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants will take those characteristics into account when pricing the asset or liability at the measurement date.

Functional and presentation currency

The financial statements are presented in Ghana cedi which is the Company's functional and presentation currency. Except otherwise indicated, the financial information presented has been rounded off to the nearest one Ghana cedi.

Preparation of the financial statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate.

Utrak Savings and Loans Limited
Notes to the financial statements
for the year ended 31 December, 2020

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Income and statement of cash flows

The Company has elected to present a single statement of profit or loss and other comprehensive income and presents its expenses by function of expense method.

The Company reports cash flows from operating activities using the direct method. Interest received is presented within investing cash flows; interest paid is presented within operating cash flows.

The principal accounting policies are set out below:

2.3 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.4 Intangible assets

a) Initial recognition

Intangible assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

b) Subsequent measurement

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including internally generated goodwill, is written off in profit or loss as incurred.

c) Amortisation

Intangible asset are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date they are available for use.

The annual amortization rate for the current and comparative years are as follows:

- computer software licenses: 33.33%

Utrak Savings and Loans Limited
Notes to the financial statements
for the year ended 31 December, 2020

2.5 Property, plant and equipment

All property, plant and equipment (PPE) is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and where applicable borrowing costs.

Cost of an item of PPE includes its purchase price and any direct attributable costs. Cost includes the cost of replacing part of an existing PPE at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an item of PPE.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

Motor vehicles	20%
Office furniture & equipment	20%
Computer hardware	33.33%
Building	2%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year end.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill - are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Utrak Savings and Loans Limited
Notes to the financial statements
for the year ended 31 December, 2020

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses on goodwill are not reversed.

2.7 Financial instruments

(a) Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Company transfers substantially all risks and rewards of ownership.

The Company's financial assets consist of loans and receivables and available-for-sale financial assets.

Financial assets recognised in the statement of financial position as trade and other receivables are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

Cash and cash equivalents are also classified as loans and receivables. They are subsequently measured at amortised cost. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short- term highly liquid investments with original maturities of three months or less.

The Company assesses at each financial position date whether there is objective evidence that a financial asset or Company of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in statement of profit or loss.

In relation to Loans and receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

Utrak Savings and Loans Limited
Notes to the financial statements
for the year ended 31 December, 2020

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in statement of profit or loss.

(b) Financial liabilities

Liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other liabilities, as appropriate.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are classified as other liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in Loan and Receivables and other payables are recognised initially at fair value and subsequently amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

2.8 Pre-payment

Pre-payments are carried at cost less any accumulated impairment losses.

2.9 Stated capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.10 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved.

2.11 Creditors and other payables

Creditors and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Utrak Savings and Loans Limited
Notes to the financial statements
for the year ended 31 December, 2020

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as finance cost over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.

2.13 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

The Company capitalises borrowing costs on qualifying investment properties, PPE and inventories.

2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income or equity - in which case, the tax is also recognised in other comprehensive income or equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position in the countries where the Company operates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Utrak Savings and Loans Limited

Notes to the financial statements

for the year ended 31 December, 2020

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying value of the Company's investment property is assumed to be realised by sale at the end of use. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the statement of financial position regardless of whether the Company would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.15 Provisions

Provisions for legal claims are recognised when:

- The Company has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

Where the Company, as lessee, is contractually required to restore a leased property to an agreed condition prior to release by a lessor, provision is made for such costs as they are identified.

Utrak Savings and Loans Limited

Notes to the financial statements

for the year ended 31 December, 2020

2.16 Revenue recognition

Revenue includes advisory fees, commissions and fees, interest income on investments, gain on disposal of securities and management fees.

Fees and commissions

Fees and commission are generally recognized on accrual basis. Fees and commission fee including advisory fees, sales commission, placement fees and syndication fees are recognised as the related services are performed. Fees and commission arising from negotiating or participating in a transaction on behalf of a third party, such as acquisition of shares and other securities are recognised upon completion of the underlying transaction.

Interest income and expense

Interest income and expense are recognised within 'finance income' and 'finance costs' in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset. The Company has chosen to capitalise borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividends income

Revenue is recognised when the company's right to receive the payment is established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Other income

Other incomes are recognised as and when they are earned.

2.17 General and administrative expenses

Expenses include legal, accounting, auditing and other fees. They are recognised in profit or loss in the period in which they are incurred (on an accruals basis).

Utrak Savings and Loans Limited
Notes to the financial statements
for the year ended 31 December, 2020

2.18 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss for the year.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents, unless they are capitalised, are presented net in the statement of profit or loss within finance costs and finance income respectively.

3. New and revised standards, amendments and interpretations

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Effective on or after 1 January 2023

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard. Effective on or after 1 January 2022

Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. Effective on or after 1 January 2022

Amendments to IFRS 17

Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 *Insurance Contracts* was published in 2017. The main changes are:

- Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023

Utrak Savings and Loans Limited
Notes to the financial statements
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- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk
- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination
- Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level
- Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives
- Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts
- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach

Effective on or after 1 January 2023

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9 *Financial Instruments*, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)

The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.

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Notes to the financial statements
for the year ended 31 December, 2020

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments in *Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)* introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

Effective on or after 1 January 2021

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Effective on or after 1 January 2023

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Effective on or after 1 January 2023

Utrak Savings and Loans Limited
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4. Critical accounting judgments and key sources of estimation uncertainties

Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. Estimates and assumptions are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(b) Fair value of non-derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Utrak Savings and Loans Limited
Notes to the financial statements
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5. Correction of Errors and change in accounting policies

Equity reported at 31 December, 2019 and at 1 January, 2019 can be reconciled to the amounts reported under GNAS respectively as follows:

		31-Dec-19			31-Dec-18		
		As Previously Reported	Change in Policy or correction of error	As Re-stated	As Previously Reported	Change in Policy or correction of error	As Re-stated
		GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Assets	Note						
Cash and Balances with Other Banks		1,294,231	0	1,294,231	1,789,189	0	1,789,189
Short-term investments	i)	4,578,294	3,866,776	8,445,070	3,677,831	3,049,111	6,726,942
Loans and advances	i)	20,039,775	470,885	20,510,660	26,614,447	379,270	26,993,717
Other assets		2,201,095	0	2,201,095	2,707,957	0	2,707,957
Deferred Expenditure	ii)	534,266	(534,266)	0	633,439	(633,439)	0
Receivable from Related Parties	i)	4,337,661	(4,337,661)	0	3,428,381	(3,428,381)	0
National Stabilization Levy		18,893	0	18,893	15,893	0	15,893
Taxation		63,474	0	63,474	38,474	0	38,474
Deferred tax asset	iii)	0	0	0	0	0	0
Intangible asset	vi)	0	33,165	33,165	0	24,565	24,565
Property, plant and equipment	vii)	5,089,699	501,101	5,590,800	5,579,136	608,874	6,188,010
Total assets		38,157,178	0	38,157,178	44,484,750	0	44,484,750
Equity & Liabilities							
Equity							
Stated capital		13,164,515	0	13,164,515	13,164,515	0	13,164,515
Deposit for Shares	viii)	0	265,112	265,112	0	265,112	265,112
Statutory Reserve Fund		1,964,945	0	1,964,945	1,964,945	0	1,964,945
Credit Risk Reserve	ix)	26,584	(26,584)	0	26,584	(26,584)	0
Income surplus	x)	(6,357,315)	17,146	(6,340,169)	39,216	26,584	65,800
Total shareholders' funds		8,798,729	255,674	9,054,403	15,195,260	265,112	15,460,372
Liabilities							
Bank Overdraft		249,878	0	249,878	1,973,073	0	1,973,073
Due to other Banks		1,156,192	0	1,156,192	3,096,791	0	3,096,791
Deposits and Current Accounts		24,710,413	3,438	24,713,851	20,849,598	83,523	20,933,121
Creditors and Accruals		2,759,148	9,438	2,768,586	2,745,935	0	2,745,935
Payable to Related Parties		268,550	(268,550)	0	348,635	(348,635)	0
Deferred tax liability		214,477	0	214,477	275,457	0	275,457
Total liabilities		29,358,449	(255,674)	29,102,775	29,289,489	(265,112)	29,024,377
Total equity & liabilities		38,157,178	0	38,157,178	44,484,750	0	44,484,750

Utrak Savings and Loans Limited
Notes to the financial statements
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5. Correction of Errors and change in accounting policies (continued)

Reconciliation of total comprehensive income for the year ended 31 December 2019

	As Previously Reported GH¢	Change in Policy or correction of error GH¢	As Re-stated GH¢
Notes			
Interest Income	8,202,174	0	8,202,174
Interest Expense	(4,408,714)	0	(4,408,714)
Net Interest Income	3,793,460	0	3,793,460
Commission and Fees Income	296,992	0	296,992
Other Operating Income	117,909	0	117,909
Operating Income	4,208,361	0	4,208,361
Operating Expense	(10,428,714)	(9,748)	(10,438,462)
Credit impairment Loss	(237,157)		(237,157)
Profit before Stabilisation Levy	(6,457,510)	(9,748)	(6,467,258)
National Stabilisation Levy	0	0	0
Profit Before Taxation	(6,457,510)	0	(6,467,258)
Income tax expense	60,980		60,980
Profit after taxation	(6,396,530)	0	(6,406,278)
Other comprehensive income			
Fair value losses on available-for-sale assets	0	0	0
Tax effect	0	0	0
Total other comprehensive income for the year	0	0	0
Total profit and other comprehensive income for the year	(6,396,530)	0	(6,406,278)

Utrak Savings and Loans Limited
Notes to the financial statements
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5. Correction of Errors and change in accounting policies (continued)

i) Plant and equipment / Intangible assets

Under the previous GAAP, intangible assets including software that did not form an integral part of computer hardware, had been recognised as part of Property, Plant and Equipment. These are now recognised separately under "Intangible Assets".

ii) Receivable from Related Parties/ Short Term Investment

These were short - term investments and loans classified as part of receivable from related parties. This has been re-classified but disclosed as related party transactions.

iii) Deferred Expenditure/Property, plant and equipment

These capital expenditure on lease properties. These expenditure have now been added to the Property plant & equipment and spread over the useful lives of these leases.

iv) Income surplus / Credit Risk Reserve

The basis for arriving at this reserve could not be explained therefore this has been adjusted with the income surplus account.

v) Deposits for Shares / Payable to Related Parties

These were advances towards capital and deposits in favour of some of the related parties of the Company; these have subsequently be captured as part

vi) Income Surplus /Creditors and Accruals

The Audit fees paid was more than what was accrued for; the adjustments has been made the through the income surplus.

Utrak Savings and Loans Limited
Notes to the financial statements
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	2020 GH¢	2019 GH¢
6. Interest Income:		
Interest on Loans & Advances	4,712,903	7,329,773
Interest on Investments	218,290	872,400
	<u>4,931,193</u>	<u>8,202,173</u>
7. Interest Expense:		
Interest on Customers Fixed Deposit Accounts	3,628,116	3,181,649
Interest on Savings Accounts	195,032	147,616
Interest on Borrowings	196,724	708,001
Commission on Controller & Ghana Police Loans	216,793	371,447
	<u>4,236,665</u>	<u>4,408,713</u>
8. Commission and Fees Income:		
Commission on Turnover	79,215	87,024
Processing & Commitment Fees	342,378	209,968
	<u>421,593</u>	<u>296,992</u>
9. Other Operating Income		
Bad Debt Recovered	39,622	57,281
Rent	0	42,445
Others	601	18,182
	<u>40,223</u>	<u>117,908</u>
10. Operating Expense includes the following:		
Auditors' Remuneration	50,000	39,438
Depreciation	569,397	663,651
Directors' Remuneration	173,987	231,489

Utrak Savings and Loans Limited
Notes to the financial statements
for the year ended 31 December, 2020

	2020 GH¢	2019 GH¢
10.1 Operating Expenses:		
a. Staff Cost:		
Salaries and Wages	3,191,018	4,199,155
Social Security Fund - Employers Contribution	376,050	518,845
Provident Fund- Employers contribution	122,326	179,970
Out Station Allowance	13,820	37,148
Staff Training & Development	18,296	24,436
Medical Expenses	182,754	236,872
Staff Welfare	333,736	324,834
Directors' Remuneration	173,987	231,489
Board Meeting Expenses	6,700	15,588
Staff Clothing Allowance	36,464	126,833
End of Service Benefits	0	58,695
National Service Allowance	8,135	10,200
	<u>4,463,286</u>	<u>5,964,065</u>
b. Occupational Cost:		
Office Rent	163,961	129,959
Electricity and Water	225,372	258,107
Security Guard Expenses	413,837	550,748
Generator Running Expenses	19,709	227,294
	<u>822,879</u>	<u>1,166,108</u>
c. Depreciation and Amortization:		
Building	73,379	36,711
Plant	78,184	78,184
Motor Vehicles	158,854	164,950
Furniture & Equipment	71,101	104,129
Computers & Accessories	23,247	100,581
Right - to - Use -Asset	121,299	143,973
Software	43,333	35,123
	<u>569,397</u>	<u>663,651</u>

Utrak Savings and Loans Limited
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	2020 GH¢	2019 GH¢
10.1 Operating Expenses (Continued):		
d. General and Administrative Expenses		
Local Travelling & Transport	170,239	87,483
Printing & Stationery	84,920	29,419
Subscription & Renewals	13,400	68,105
Postage & Telecommunication	358,176	266,188
Donations	17,540	16,040
Cleaning & Sanitation	119,196	100,218
Social Responsibility	8,500	6,001
Advertising & Promotion	113,320	293,403
Bank Charges	60,108	108,007
Hotel & Accommodation	68,703	45,182
Motor Running Cost	160,740	165,010
Insurance	232,794	184,312
Professional Fees	99,310	45,441
Audit Expenses	1,300	5,438
Audit Fee	50,000	39,438
Repairs & Maintenance	101,669	57,397
Repairs & Maintenance -Building	93,115	19,923
Shortage in Till	1,390	3,523
Sundry Office Expenses	12,736	11,458
Surcharges & Penalties	242,619	0
Newspapers & Periodicals	2,692	11,628
Software Maintenance	310,002	98,555
Loan Recovery Expenses	6,206	6,825
Bad Debt	0	975,544
Fuel & Lubricants	301,120	0
	<u>2,629,795</u>	<u>2,644,538</u>
 Total Operating Expense	 <u><u>8,485,357</u></u>	 <u><u>10,438,362</u></u>

Utrak Savings and Loans Limited
Notes to the financial statements
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11. National Fiscal Stabilisation Levy

Year of Assessment	Balance 1 Jan. GH¢	Payment during the year GH¢	Over/Under Provision GH¢	Provision for the year GH¢	Balance 31 Dec. GH¢
2019	(18,893)	0	0	0	(18,893)
2020	0	0	0	0	0
	<u>(18,893)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(18,893)</u>

2020
GH¢

2019
GH¢

12. Income tax

12.1 Income tax expense

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

Statement of profit or loss

Current income tax charge	0	0
Under provision for current tax	16,103	0
	<u>16,103</u>	<u>0</u>
Deferred tax charge	(280,499)	(60,980)
Income tax reported in the statement of profit or loss	<u>(264,396)</u>	<u>(60,980)</u>

12.2 Reconciliation of Effective Tax

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the statutory tax rate on the applicable profit as follows:

Accounting profit before income tax	<u>(7,579,114)</u>	404,663
Statutory income tax rate of 25% (2018: 25%)	(1,894,778)	101,166
Non-deductible expenses for tax purposes	65,040	129,459
Effect of capital allowances utilised	0	(100,946)
under provision for current tax	16,103	236,139
Change in recognised temporary differences	1,549,239	(269,493)
Income tax expense reported in the statement of profit or loss	<u>(264,396)</u>	<u>60,980</u>
Effective tax rate	<u>3%</u>	<u>-15%</u>

Utrak Savings and Loans Limited
Notes to the financial statements
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12.3 Current income tax payable

Year of assessment	Balance at 1 Jan. GH¢	Paid during the year GH¢	Under Provision	Charge to profit or loss GH¢	Balance at 31 Dec. GH¢
2019	(63,474)	0	16,103	0	(47,371)
2020	0	(2,000)	0	0	(2,000)
	(63,474)	(2,000)	16,103	0	(49,371)

This computation is subject to agreement with the Ghana Revenue Authority.

12.4 Deferred tax liability

12.5 The movement on the deferred tax account is as follows:

	2020 GH¢	2019 GH¢
Balance at January 1	214,477	275,457
Origination/reversal of temporary differences:		
recognised in the statement of profit or loss (Note 12.7)	(280,499)	(60,980)
recognised in equity	0	0
Balance at December 31	(66,022)	214,477

12.6 Recognised deferred tax liabilities and assets are as follows:

Deferred tax liabilities		
Accelerated tax depreciation	621,792	275,457
Loan portfolio Impairment	(687,814)	(60,980)
	(66,022)	214,477
 Deferred tax assets	 (687,814)	 (60,980)
Deferred tax liabilities	621,792	275,457
Net deferred tax liability	(66,022)	214,478

12.7

The deferred tax (liability) in the statement of profit or loss comprises the following:

Accelerated tax depreciation	62,525	0
Provision for loan impairment	(343,024)	(60,980)
	(280,499)	(60,980)

Utrak Savings and Loans Limited
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	2020 GH¢	2019 GH¢
13. Cash and Balances with Other Banks		
Cash on Hand	831,630	655,228
Balances with Other Banks	2,966,892	639,003
	<u>3,798,522</u>	<u>1,294,231</u>
14. Short Term Investments		
Fidelity Bank - Fixed Deposit Instruments	1,865,472	4,578,294
Utrak Capital - Fixed Deposit Instruments	3,866,776	3,866,776
	<u>5,732,248</u>	<u>8,445,070</u>
15. Credit impairment allowance account		
Balance at 1 January	2,501,153	2,263,996
Charge for the year	250,101	237,157
Balance at 31 December	<u>2,751,254</u>	<u>2,501,153</u>
16. Loans and advances		
a. Loans		
Savings Loans	781,558	813,562
Group Loans	118,463	464,912
Asset Financing Loans	52,175	37,601
Imports & Business Loans	42,764	43,101
GPS Loans	1,251,661	822,339
SME Loans	805,838	792,396
Emergency Loans	61,280	62,814
Controller loans	18,243,043	18,048,084
Staff Personal loan	1,279,868	1,214,334
Salary Loans	42,498	46,289
b. Advances		
Short Term Limits	738,556	666,382
	<u>23,417,704</u>	<u>23,011,813</u>
Provision for bad and doubtful debts	<u>(2,751,254)</u>	<u>(2,501,153)</u>
	<u>20,666,450</u>	<u>20,510,660</u>
17. Other assets		
Prepayment	852,007	997,901
Interest Receivable	93,950	385,073
Other Receivable	142,947	588,233
Due from Agents	102,600	86,299
Stocks - Stationery and Consumables	57,625	143,589
Current tax asset	49,371	63,474
National Stabilization Levy	18,893	18,893
	<u>1,317,393</u>	<u>2,283,462</u>

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21 a. Intangible assets

Cost	Computer software licenses GH¢	Total GH¢
Balance at 1 January 2019	544,493	544,493
Balance at 31 December 2019	544,493	544,493
Additions during 2020	80,500	80,500
Balance at 31 December 2020	624,993	624,993
Accumulated amortisation and impairment:		
Balance at 1 January 2019	475,997	475,997
Amortisation and impairment during 2019	35,331	35,331
Balance at 31 December 2019	511,328	511,328
Amortisation and impairment during the year 2020	43,333	43,333
Balance at 31 December 2020	554,661	554,661
Carrying amount at 31 December 2019	33,165	33,165
Carrying amount at 31 December 2020	70,332	70,332

Utrak Savings and Loans Limited
Notes to the financial statements
for the year ended 31 December, 2020

19. Property, plant & equipment

2020

COST

	Building	Plant	Motor Vehicles	Equipment & Furniture	Computer & Accessories	Right -of-use Asset	Capital Work- in Progress	Total GH¢
Balance at 1:1:2020	4,932,340	687,061	1,900,608	1,025,358	814,023	732,739	55,106	10,147,235
Additions during the year	0	0	15,801	49,009	15,294	0	0	80,104
Balance at 31:12:2020	4,932,340	687,061	1,916,409	1,074,367	829,317	732,739	55,106	10,227,339

DEPRECIATION

Balance at 1:1:2020	637,422	379,712	1,609,519	939,286	792,232	198,473	0	4,556,644
Charge for the year	73,379	78,184	158,854	71,101	23,247	121,299	0	526,064
Balance at 31:12:2020	710,801	457,896	1,768,373	1,010,387	815,479	319,772	0	5,082,708

NET BOOK VALUE

Balance as at 31:12:20	4,221,539	229,165	148,036	63,980	13,838	412,967	55,106	5,144,631
Balance as at 31:12:19	4,294,918	307,349	291,089	86,072	21,791	534,266	55,106	5,590,591

There were no impairment charges in 2020.

In 2020, no borrowing costs were capitalised for PPE.

Utrak Savings and Loans Limited
Notes to the financial statements
for the year ended 31 December, 2020

19. Property, plant & equipment

2019	Building	Plant	Motor Vehicles	Equipment & Furniture	Computer & Accessories	Right-of-use Asset	Capital Work-in Progress	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
COST								
Balance at 1:1:2019	4,932,340	687,061	1,900,608	1,010,418	1,343,116	687,939	55,106	10,616,588
Additions during the year	0	0	0	14,940	15,400	44,800	0	75,140
Reclassification	0	0	0	0	(544,493)	0	-	(544,493)
Balance at 31:12:2019	4,932,340	687,061	1,900,608	1,025,358	814,023	732,739	55,106	10,147,235
DEPRECIATION								
Balance at 1:1:2019	600,711	301,528	1,444,569	835,157	1,167,548	54,500	0	4,404,013
Charge for the year	36,711	78,184	164,950	104,129	100,681	143,973	0	628,628
Reclassification	0	0	0	0	(475,997)	0	0	(475,997)
Balance at 31:12:2019	637,422	379,712	1,609,519	939,286	792,232	198,473	0	4,556,644
NET BOOK VALUE								
Balance as at 31:12:19	4,294,918	307,349	291,089	86,072	21,791	534,266	55,106	5,590,591
Balance as at 31:12:18	4,331,629	385,533	456,039	175,261	175,568	633,439	55,106	6,212,575

There were no impairment charges in 2019.

In 2019, no borrowing costs were capitalised for PPE.

Utrak Savings and Loans Limited
Notes to the financial statements
for the year ended 31 December, 2020

20. Stated capital

The number of shares authorised, issued and in treasury are;

	Number of Shares		Proceeds	
	2020	2019	2020 GH¢	2019 GH¢
Authorised shares				
Number of ordinary shares of no par value	20,000,000,000	20,000,000,000	13,164,515	13,164,515
Issued shares				
Issued for cash consideration	13,164,515	13,164,515	11,481,555	11,481,555
Capitalisation issue	0	0	1,682,960	1,682,960
	<u>13,164,515</u>	<u>13,164,515</u>	<u>13,164,515</u>	<u>13,164,515</u>
Movements on issued shares are as follows:				
Balance at 1 January	13,164,515	13,164,515	13,164,515	13,164,515
Additional shares issued for cash	0	0	0	0
Balance at 31 December	<u>13,164,515</u>	<u>13,164,515</u>	<u>13,164,515</u>	<u>13,164,515</u>

21. Deposit for Shares

Balance at 1 January	265,112	265,112
Movement in the Year	0	0
Balance at 31 December	<u>265,112</u>	<u>265,112</u>

22. Statutory Reserve Fund

Balance at 1 January	1,964,945	1,964,945
Transfer from Income Surplus Account	0	0
Balance at 31 December	<u>1,964,945</u>	<u>1,964,945</u>

23. Income surplus

This represents the residual of cumulative annual profits that is available for distribution to shareholders.

Utrak Savings and Loans Limited
Notes to the financial statements
for the year ended 31 December, 2020

	2020 GH¢	2019 GH¢
24. Bank Overdraft		
24.1 Ecobank Ghana Limited	0	5,908
24.2 Fidelity Bank Ghana Limited	466,080	243,970
Total Overdraft	466,080	249,878
25. Due from Other Banks		
25.1 Fidelity Bank Ghana Limited		
Balance at 1 January	1,156,192	3,096,791
Drawdown for the Year	0	1,500,000
Repayments for the Year	(1,156,192)	(3,440,599)
Balance at 31 December	0	1,156,192

The Company has been granted the following facilities by Fidelity Ghana Limited as follows:

Loan and Overdraft

This facility consist of a GHC 300,000.00 overdraft facility and a GHC 1,500, 000.00 revolving short term loan. The purpose of the facilities is to finance the shortfalls in the Borrowers working capital requirements. The facilities have an interest rate of 24% per annum

The facilities are secured by the following:

fixed and floating charge over the borrowers assets

right of set off over an amount of GHC 1, 680, 000 in borrowers fixed deposits account

3) Personal guarantee of the borrower's majority shareholder

1) a
2) Lien and

26. Deposits and Current Accounts

Current Accounts	1,332,482	1,172,796
Savings Accounts	5,695,498	7,964,403
Fixed Deposits	17,023,466	8,557,520
Susu	8,079,027	7,019,132
Guaranteed Deposits	475,622	0
	32,606,095	24,713,851

Utrak Savings and Loans Limited
Notes to the financial statements
for the year ended 31 December, 2020

	2020 GH¢	2019 GH¢
27. Creditors and Accruals		
Interest Payable on Fixed/Savings Accounts	1,056,751	1,365,532
Other Creditors	877,197	1,403,055
Accrued Charges	50,000	0
	<u>1,983,948</u>	<u>2,768,587</u>
28. Commitments		
There were no capital commitments at 31 December 2020, (2019:Nil).		
29. Contingent liabilities		
There were no contingent liabilities at 31 December 2020, (2019:Nil).		
30. Related party transactions and balances		
A number of transactions are entered into with related parties in the normal course of business. These normally include loans advanced to related persons. The disbursements and related outstanding balances at the year-end are as follows:		
The loans to directors and key management personnel are repayable from various cycles ranging from monthly to annually over the tenor and have average interest rates of 20%.		
30.1 Key management personnel and directors		
Directors' Emoluments	<u>173,987</u>	<u>231,489</u>
30.2 Receivable from related parties		
Utrak Capital Management Limited (Fixed Deposit)	3,866,776	3,866,776
Utrak Capital Management Limited (Overdraft Facility)	662,791	470,885
	<u>4,529,567</u>	<u>4,337,661</u>
30.3 Payable to related parties		
Kwabena Atuahene	272,639	267,619
Brenda Atuahene	261	931
	<u>272,900</u>	<u>268,550</u>

Utrak Savings and Loans Limited
Notes to the financial statements
For the year ended 31 December, 2020

31. Material uncertainty related to going concern

The Company's financial position showed a Net Asset position of GH¢1,739,475 (2019: Net Liability of GH¢9054,193), after incurring a Net Loss of GH¢7,314,717 (2019 : GH¢6,406,278).

These financial statements have been prepared on a going concern basis which assumes that the Company will continue operations into the foreseeable future upon generating enough revenue and the introduction of adequate resources by the Shareholders.

