

OAK FINANCIAL SERVICES LIMITED
REPORT OF DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

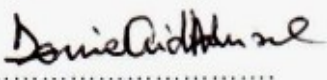
In accordance with the requirements of Section 136 of the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), we the Board of Directors of OAK Financial Services Limited, do herewith submit our annual report on the state of affairs of the Company for the year ended 31 December 2021.

The Directors report as follows:

| | 2021 | 2020 |
|--|---------------------------|-------------------|
| | GH¢ | GH¢ |
| Interest Income | <u>9,943,902</u> | <u>10,849,477</u> |
| (Loss) before tax | (2,005,667) | (230,470) |
| From which is deducted a Tax provision of | 289,524 | 102,267 |
| National Fiscal Stabilisation levy of | <u>0</u> | <u>0</u> |
| Leaving a balance of | (1,716,143) | (128,203) |
| This is to be added to an Income surplus | | |
| balance brought forward from the previous year of | 8,671 | 153,132 |
| Out of which dividend paid amounted to | <u>0</u> | <u>0</u> |
| making a total of | (1,707,472) | 24,929 |
| and transfer to Statutory Reserve Fund | 0 | 0 |
| and transfer to credit risk reserve of | (5,888) | (16,258) |
| Leaving a Balance on the Income Surplus Account of | <u>(1,713,360)</u> | <u>8,671</u> |

Approval of the report of the directors

The report of the directors of OAK Financial Services Limited was approved by the board of directors on 21/04/2022 and signed on their behalf by

Director 

Director 

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OAK FINANCIAL SERVICES LIMITED ON THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of OAK Financial Services Limited, which comprise the statement of financial position as of December 31, 2021, 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, the financial statements give a true and fair view of the financial position of OAK Financial Services Limited as of December 31, 2021, 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 Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The engagement partner on the audit resulting in this independent auditor's report is Christopher Kwesi Sey (ICAG/P/1177).


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For and on behalf of
SBJ Accounting and Consulting Services
Chartered Accountants
SBJ (ICAG/F/119)
Accra
.....21/04/.....2022

OAK FINANCIAL SERVICES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

| | <i>Note</i> | 2021 GH¢ | 2020 GH¢ |
|--|-------------|--------------------|-------------|
| Interest income | 2 | 9,943,902 | 10,849,477 |
| Interest expense | 3 | (5,306,264) | (4,988,068) |
| Net interest income | | 4,637,638 | 5,861,409 |
| Commission and fees | 4 | 786,297 | 560,087 |
| Other operating income | 5 | 27,413 | 6,760 |
| Operating income | | 5,451,348 | 6,428,256 |
| Impairment charge | 6b. | (1,014,493) | (534,178) |
| | | 4,436,855 | 5,894,078 |
| Operating expenses | 7 | (6,442,522) | (6,124,549) |
| Loss before tax | | (2,005,667) | (230,470) |
| National stabilisation levy | 10c | 0 | 0 |
| Taxation | 10a | 289,524 | 102,267 |
| Loss transferred to income surplus | | (1,716,143) | (128,203) |
| Other comprehensive income | | | |
| Profit/(Loss) in valuation of Shares | 14 | 24,532 | (266) |
| Other comprehensive income for the year | | 24,532 | (266) |
| Total comprehensive income for the year | | (1,691,611) | (128,469) |

OAK FINANCIAL SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

| | <i>Note</i> | 2021 GH¢ | 2020 GH¢ |
|--|-------------|-------------------|-------------------|
| Assets | | | |
| Cash and bank balances | 12 | 651,852 | 3,345,486 |
| Short-term investments | 13 | 9,184,063 | 12,802,536 |
| Investment (equities) | 14 | 52,371 | 27,839 |
| Loans and advances | 15 | 36,501,816 | 25,447,382 |
| Other assets | 16 | 2,592,040 | 3,660,232 |
| Property, plant and equipment | 17 | 706,266 | 834,700 |
| Deferred tax assets | 11 | 1,013,856 | 724,332 |
| Total assets | | 50,702,264 | 46,842,507 |
| Liabilities | | | |
| Market borrowings | 18 | 41,476,431 | 36,007,515 |
| Other liabilities | 19 | 843,633 | 625,303 |
| Taxation | 10 | (566,795) | (453,417) |
| National stabilisation levy | 10 | (216,927) | (194,427) |
| Total Liabilities | | 41,536,342 | 35,984,974 |
| Shareholders' funds | | | |
| Stated capital | 20 | 7,000,000 | 7,000,000 |
| Capital surplus | 21 | 319,049 | 294,517 |
| Mandatory reserve fund | 22 | 3,205,106 | 3,205,106 |
| Regulatory credit risk reserve | 23 | 355,127 | 349,239 |
| Income surplus | 24 | (1,713,360) | 8,671 |
| Total shareholder's funds | | 9,165,922 | 10,857,533 |
| Total liabilities and shareholders' funds | | 50,702,264 | 46,842,507 |

Approved by the Board on APRIL 21.....2022

Denise Aidoo Director

A. A. A. Director

OAK FINANCIAL SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY FOR
THE YEAR ENDED 31 DECEMBER 2021

| 2021 | Stated capital GH¢ | Capital surplus account GH¢ | Mandatory reserve fund GH¢ | Regulatory credit risk reserve GH¢ | Income surplus account GH¢ | Total GH¢ |
|---|-----------------------------------|--|---|---|---|----------------------|
| Balance as at 1 January | 7,000,000 | 294,517 | 3,205,106 | 349,239 | 8,671 | 10,857,533 |
| Loss for the Year | 0 | 0 | 0 | 0 | (1,716,143) | (1,716,143) |
| Net change in available for sale investments, net of tax | 0 | 24,532 | 0 | 0 | 0 | 24,532 |
| Total comprehensive income for the year | 0 | 24,532 | 0 | 0 | (1,716,143) | (1,691,611) |
| Transfer to/(from) regulatory credit risk reserve | 0 | 0 | 0 | 5,888 | (5,888) | 0 |
| Total transfers to / (from) reserves | 0 | 0 | 0 | 5,888 | (5,888) | 0 |
| Balance as at 31 December | 7,000,000 | 319,049 | 3,205,106 | 355,127 | (1,713,360) | 9,165,922 |
| 2020 | | | | | | |
| Balance as at 1 January | 7,000,000 | 294,783 | 3,205,106 | 332,981 | 153,132 | 10,986,002 |
| Loss for the year | 0 | 0 | 0 | 0 | (128,203) | (128,203) |
| Net change in available for sale investments, net of tax | 0 | (266) | 0 | 0 | 0 | (266) |
| Total comprehensive income for the year | 0 | (266) | 0 | 0 | (128,203) | (128,469) |
| Transfer to/(from) regulatory credit risk reserve | 0 | 0 | 0 | 16,258 | (16,258) | 0 |
| Total transfers to / (from) reserves | 0 | 0 | 0 | 16,258 | (16,258) | 0 |
| Transactions with owners | | | | | | |
| Dividends paid to shareholders | 0 | 0 | 0 | 0 | 0 | 0 |
| Total distributions to owners | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance as at 31 December | 7,000,000 | 294,517 | 3,205,106 | 349,239 | 8,671 | 10,857,533 |

OAK FINANCIAL SERVICES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

| | 2021 GH¢ | 2020 GH¢ |
|---|--------------------|-------------|
| Cash flows from operating activities | | |
| Net Loss before taxation | (2,005,667) | (230,470) |
| Adjustments for: | | |
| Depreciation charge | 332,306 | 314,507 |
| Impairment charge | 1,014,493 | 534,178 |
| | <hr/> | <hr/> |
| Operating (loss)/profit before working capital changes | (658,868) | 618,215 |
| Changes in loans and advances | (12,068,928) | (935,037) |
| Changes in other assets | 1,068,192 | (626,916) |
| Changes in market borrowings | 5,468,916 | 4,762,886 |
| Changes in other liabilities | 218,331 | 185,698 |
| | <hr/> | <hr/> |
| Cash (used in)/ generated from operations | (5,972,357) | 4,004,846 |
| Taxation | | |
| Income tax paid | (113,378) | (153,220) |
| National stabilization levy paid | (22,500) | (11,250) |
| | <hr/> | <hr/> |
| Net Cash (used in)/ generated from operations | (6,108,235) | 3,840,376 |
| | <hr/> | <hr/> |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (203,872) | (147,270) |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (203,872) | (147,270) |
| | <hr/> | <hr/> |
| Cash flows from financing activities | | |
| Dividends paid | 0 | 0 |
| | <hr/> | <hr/> |
| Net cash used in financing activities | 0 | 0 |
| | <hr/> | <hr/> |
| Net (decrease)/increase in cash and cash equivalents | (6,312,107) | 3,693,106 |
| Cash and cash equivalents at beginning of the year | 16,148,022 | 12,454,916 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at end of the year | 9,835,915 | 16,148,022 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Analysis of balances of cash and cash equivalents | | |
| Bank and cash balances | 651,852 | 3,345,486 |
| Short term investments | 9,184,063 | 12,802,536 |
| | <hr/> | <hr/> |
| | 9,835,915 | 16,148,022 |
| | <hr/> <hr/> | <hr/> <hr/> |

OAK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Corporate Information

OAK Financial Services Limited ("The Company") is a private non-bank financial institution limited by shares, incorporated and domiciled in Ghana under the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Act, 2016 (Act 930). The Company is permitted by its regulations to carry on, inter alia, the business of banking in all aspects and other businesses and agencies incidental thereto.

The address of the registered office of the Company is 5 Standfast Street, Kokomlemle, P. O. Box KA 9526, Airport, Accra - Ghana.

B. Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and interpretations issued by the International Accounting Standards Board and its committees, as required by the Institute of Chartered Accountants (Ghana).

C. Basis of Preparation

These financial statements have been prepared on a historical cost basis except for the following assets and liabilities that are stated at their fair values: financial instruments that are at fair value through the statement of comprehensive income; financial instruments classified as available-for-sale; and property, plant and equipment.

D. Use of Estimate and Judgement

The preparation of financial statements in conformity with IFRS requires Management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and other factors that are reasonable under the circumstances, the results of which form the basis of making the judgement about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of the revision and future periods if the revision affects both current and future periods.

OAK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL RISK MANAGEMENT

1. Introduction and Overview

An organization may be exposed to different types of financial risks depending on the size and complexity of business activities. OAK Financial Services Limited, however, is generally exposed to credit, market, liquidity, operational, compliance, legal, regulatory and reputational risks.

The Company's risk management framework, objectives, policies, procedures, and processes for identifying, measuring, monitoring, and controlling these risks, and regulatory capital management are presented below;

Risk Management Framework

The Board of Directors and Senior Management have developed and established policies and procedures to facilitate effective risk management. These policies and procedures guide risk appetite/tolerance limit, risk identification, monitoring, and control, and adherence to set risk limits. The risk management policies and procedures are continually reviewed to reflect changes in the economic and financial landscape as well as the products and services offered.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The responsibilities of the Board of Directors include setting out the Company's overall risk appetite/tolerance limit, and ensuring that the Company's overall risk exposure is maintained at prudent levels and consistent with available capital. They also include ensuring that Executive Management, as well as individuals responsible for Risk Management, possess sound expertise and knowledge to accomplish the risk management function and ensuring that appropriate policies and procedures for risk management are in place.

The Board of Directors' Technical Committee and Management Credit Committee, and the Management team respectively oversee the implementation of the broad risk management policies and objectives of the Company.