# SARPONG CAPITAL MARKETS LIMITED

# REPORT AND FINANCIAL STATEMENTS
31 AUGUST 2019

AAK SERVICES
(CHARTERED ACCOUNTANTS)

## Sarpong Capital Markets Limited

# Report and financial statements - 31 August 2019

**Contents**

Sarpong Capital Markets Limited

# Directors, officials and registered office

| | |
|---|---|
| **Directors:** | Kofi Adusei Koduah-Sarpong - Board Chairman<br>Kofi Amoah Sarpong<br>Yaw Sarpong |
| **Secretary:** | Dehands Services<br>9 Carrot Avenue, Adjacent Lizzy's Sports Complex<br>East Legon<br>P.O. Box CT 9347<br>Cantonments - Accra<br>Ghana |
| **Registered office:** | 2 Almond Avenue and 21 Boundary Road,<br>Christian Services, Off Boundary Road, East Legon<br>GA-329-3127, JVM3+X8<br>Box CT 10881, Cantonments<br>Cantonments - Accra<br>Ghana |
| **Auditor:** | AAK Services<br>Chartered Accountants<br>No. 7A, Ninth Street, Tesano<br>P.O. Box AN 18603<br>Accra-North<br>Ghana |

# Report of the directors

The directors present their report and the accounts for the 8-months period ended 31 August 2019.

1. **Nature of business**
To act as securities trading principal and agent, to act as a primary dealer in Government securities buying, selling and financing Government securities directly with the Bank of Ghana, to act as participant in all licensed and recognized exchanges, to act as a market marker in equities, bonds, currencies, commodities and other financial instruments.

2. **Statement of directors' responsibilities**
The directors are responsible for preparing financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that 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 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 for Small and Medium sized Entities (IFRS for SMEs) and in the manner required by the Companies Act, 2019 (Act 992). 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.

3. **Summary of financial results**
The company has not started operations, as it is awaiting for a Broker Dealer and Issuing House License from the Securities and Exchange Commission Ghana and Forex Currency Dealer License & Foreign Currency Broker Authorisation License from the Bank of Ghana.

4. **Operations**
The company was incorporated on 20 March 2015. It has however, not undertaken any operational activity yet, as it is awaits its broker-dealer license from the Securities and Exchange Commission.

5. **Shareholding**
Sarpong Capital Markets Limited is wholly owned subsidiary of Sarpong Capital Limited.

# Report of the directors - continued

6. **Going concern considerations**
The board of directors have assessed the company's ability to continue as a going and concluded that once it starts executing its mandate, it will be able to generate enough resources to fund its activities.

7. **Audit fees**
The amount payable by way of audit fees was GH₵2,363(2018:GH₵1,750).

7. **Auditors**
The auditors, AAK Services (Chartered Accountants), have expressed their willingness to continue as the company's auditors. In accordance with section 139(5) of the Companies Act, 2019 (Act 992) they so continue.

8. **Approval of financial statements**
The financial statements of the company were approved by the Board of Directors on 2nd September 2019 and signed on its behalf by:

................................
**Director**

Date: 02 September 2019

................................
**Director**

Date: 02 September 2019

AAK Services

Chartered Accountants

7A Ninth Street, Tesano Accra
P. O. Box AN 18603,
Accra - North
Ghana

Tel: 233-21-256224
Fax: 233-21-256228
Email: aak@ghana.com

# Independent auditor's report

## To the members of Sarpong Capital Markets Limited

### Report on the audit of the financial statements

**Opinion**

We have audited the accompanying financial statements of Sarpong Capital Markets Limited, which comprise the statement of affairs as at 31 August 2019 and the notes to the financial statements including a summary of significant accounting policies and other explanatory disclosures.

In our opinion, the financial statements give a true and fair view of the statement of affairs of Sarpong Capital Markets Limited as at 30 April 2019 for the year then ended in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs), and in the manner required by the Companies Act, 2019 (Act 992).

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Company in accordance with the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (IFAC Code) as adopted by the Institute of Chartered Accountants Ghana (ICAG) and we have fulfilled our other ethical responsibilities in accordance with the IFAC Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matter - Going Concern Considerations**

The company is in the process of applying to the Securities and Exchange Commission Ghana and Bank of Ghana for the necessary licenses to commence its core activities. Should the company fail in the bid to obtain the various licenses, it might not be able to continue to operate into the foreseeable future.

**Other Information**

The directors are responsible for the other information. The other information comprises the Statement of Directors' Responsibility and the Report of the Directors. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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# Independent auditor's report - continued

## To the members of Sarpong Capital Markets Limited

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Statements**

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and the requirements of the Companies Act, 2019 (Act 992) 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.

In preparing the financial statements, the 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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# Independent auditor's report - continued

## To the members of Sarpong Capital Markets Limited

- 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 the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of management's 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 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

# AAK Services
Chartered Accountants

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# Independent auditor's report - continued

## To the members of Sarpong Capital Markets Limited

**Report on Other Legal and Regulatory Requirements**

The Companies Act, 2019 (Act 992) requires that in carrying out our audit work we consider and report 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 the audit.

ii) The company has kept proper books of account, so far as appears from our examination of those books.

iii) The company's statement of affairs are in agreement with the books of account and returns.

iv) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by Act 992 in the manner so required and give a true and fair view of the state of affairs of the company at the end of the reporting period.

v) We were independent of the company pursuant to section 143 of Act 992.

The engagement partner on the audit resulting in this independent auditor's report is **John K. Defortse (ICAG/P/1014)**

..............................................

**For and on behalf of AAK Services (ICAG/F/2019/114)**
**Chartered Accountants**
**No. 7A, Ninth Street**
**Tesano, Accra**
**Ghana**

SEPTEMBER 2, **2019**

CLASSIFICATION: CONFIDENTIAL

## Sarpong Capital Markets Limited

# Statement of affairs

**As at 31 August 2019**

| **Assets** | **Notes** | **2019 GH¢** | 2018 GH¢ |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 6 | **202,592** | - |
| **Current assets** | | | |
| Receivables and prepayments | 7 | **157,175** | 102,250 |
| Bank and cash balances | 8 | **751,716** | - |
| | | **908,891** | 102,250 |
| **Total assets** | | **1,111,483** | 102,250 |
| **Equity and liabilities** | | | |
| **Capital and reserves** | | | |
| Stated capital | 9 | **1,100,000** | 100,000 |
| | | **1,100,000** | 100,000 |
| **Current liabilities** | | | |
| Payables and accruals | 10 | **11,483** | 2,250 |
| | | **11,483** | 2,250 |
| **Total equity & liabilities** | | **1,111,483** | 102,250 |

The statement of affairs was approved by the board on 2nd September 2019 and signed on its behalf as follows:

.................................. **Director**

.................................. **Director**

Date: 02...... September 2019

Date: 02...... September 2019

# Notes to the financial statements

**For the 8-months period ended 31 August 2019**

**1. General information**

Sarpong Capital Markets Limited (the Company) is a limited liability company incorporated in Ghana. The address of its registered office and principal place of business can be found on page 2 of this report. Their principal activity has been described in the report of the directors on page 3.

**2. Basis of preparation and accounting policies**

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board. They are presented in Ghana Cedis (GH¢).

**2.1 Statement of compliance**

The company's financial statements are presented in accordance with, and comply with, International Financial Reporting Standards for Small and Medium-Sized Entities issued by the International Accounting Standard Board.

**3 Accounting policies**

The significant accounting policies adopted ad applied by the company have been summarised below.

**3.1 Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Items of property, plant and equipment are at fair value (using the revaluation model) less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of PP&E:

| | | |
|---|---|---|
| Fittings and fixtures | - | 10% |
| Computers | - | 25% |

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains/ (losses) – net' in the profit or loss.

# Notes to the financial statements

**For the 8-months period ended 31 August 2019**

**3.1 Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within the cash and cash equivalents for the purposes of cash flow reporting.

**3.2 Trade and other receivables**

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

**3.3 Trade payables**

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into US$ using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

**3.4 Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**4 Key sources of estimation uncertainty**

When there is the need for estimations in relation to cost, management considers its past experience in relation to similar liabilities.

**5 Restriction on payment of dividend**

Under the Companies Act, 2019 (Act 992) dividends cannot be paid unless the company is able, after such payment or distribution, to pay its debts as they fall due and amount of such payment does not exceed the retained earnings immediately prior to making such payment or distribution.

# Notes to the financial statements

**For the 8-months period ended 31 August 2019**

**6. Property, plant and equipment**

**31 August 2019**

| | Furniture & Fittings GH¢ | Computers GH¢ | Total 31-Aug-19 GH¢ |
|---|---|---|---|
| **Cost:** | | | |
| Balance as at 1 January | - | - | - |
| Additions during the year | 178,136 | 31,715 | 209,851 |
| | 178,136 | 31,715 | 209,851 |
| **Depreciation:** | | | |
| Balance as at 1 January | - | - | - |
| Charged for the year | 5,938 | 1,321 | 7,259 |
| | 5,938 | 1,321 | 7,259 |
| **Net book value:** | | | |
| **31 August 2019** | 172,198 | 30,394 | 202,592 |

**31 December 2018**

| | Furniture & Fittings GH¢ | Computers GH¢ | Total 31-Dec-18 GH¢ |
|---|---|---|---|
| Cost: | | | |
| Balance as at 1 January | - | - | - |
| Additions during the year | - | - | - |
| | - | - | - |
| Depreciation: | | | |
| Balance as at 1 January | - | - | - |
| Charged for the year | - | - | - |
| | - | - | - |
| Net book value: | | | |
| 31 December 2018 | 0 | 0 | 0 |

## 7. Receivables and prepayments

| | 2019 GH¢ | 2018 GH¢ |
|---|---|---|
| Due from shareholder | - | 100,000 |
| Pre-operating expenses | 157,175 | 2,250 |
| | 157,175 | 102,250 |

*Included in pre-operating expenses is accrued audit fee of GHC2,000 (2018: GHC1,750)*

*The directors did not receive any emoluments and/or pensions during the period. There was also no emoluments to directors and/or past directors in respect of loss of office.*

## 8. Bank and cash balances

| | 2019 GH¢ | 2018 GH¢ |
|---|---|---|
| Bank | 751,716 | - |

## 9. Stated capital

a. The authorised capital is 500,000 shares of no par value.
b. Stated capital is made up as follows:

| | 2019 No. of Shares | 2019 Stated Capital GH¢ | 2018 No. of Shares | 2018 Stated Capital GH¢ |
|---|---|---|---|---|
| Issued for cash | 1,000 | 1,100,000 | 1,000 | 100,000 |

There is no outstanding liability on any shares.

## 10. Payables

| | 2019 GH¢ | 2018 GH¢ |
|---|---|---|
| Accrued audit fees | 5,863 | 1,750 |
| Other creditors | 5,620 | 500 |
| | 11,483 | 2,250 |

# Notes to the financial statements

**For the 8-months period ended 31 August 2019**

**11. Capital commitments**

There were no capital commitments as at 31 August 2019.

**12. Contingent liabilities**

There was no contingent liabilities as at 31 August 2019.

**13. Events after reporting period**

There were no events after the reporting date of 31 August 2019.

AAK SERVICES (CHARTERED ACCOUNTANTS)

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