Izwe Savings and Loans PLC
(Registration number PL000162015)
Financial statements
for the year ended 31 December 2024

General Information

Country of incorporation and domicile	Ghana
Nature of business and principal activities	Micro finance, financial services and all related activities
Directors	Ms. Carole Ramella (Chairperson) Ms. Mabel Nana Nyarkoa Porbley Mr. Raymond K. Bismarck (Managing Director) Dr. Valentin Mensah Mr. Richard Ahulu
Registered office	1st Floor, Maestro Plaza Kotobabi Main Road Pig Farm Accra
Business address	1st Floor, Maestro Plaza Kotobabi Main Road Pig Farm Accra
Holding company	African Micro-Finance Equities incorporated in Mauritius
Ultimate holding company	Izwe Africa Holdings incorporated in Mauritius
Bankers	Absa Bank Ghana Limited Agric Development Bank Limited CAL Bank Limited Ecobank Ghana Limited Fidelity Bank Ghana Limited GCB Bank Limited Guaranty Trust Bank (Ghana) Limited La Community Bank Societe Generale Ghana Limited Standard Chartered Bank (Ghana) Limited Stanbic Bank Ghana Limited Zenith Bank (Ghana) Limited
Auditors	Ernst & Young Chartered Accountants 60 Rangoon Lane, Cantonments City PO Box KA 16009 Airport , Accra
Secretary	Akosua Akoma Asiama
Legal advisors	Bentsi - Enchill, Letsa & Ankomah No.4 Momotse Avenue, Adabraka, Accra
Company registration number	PL000162015

Contents

The reports and statements set out below comprise the financial statements presented to the shareholders:

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Izwe Savings and Loans PLC for the year ended 31 December 2024.

1. Objectives and nature of business

Izwe Savings and Loans PLC was incorporated in Ghana and is engaged in the provision of micro finance, financial services and all related activities. The company operates principally in Ghana, with its registered office at Maestro Plaza, Kotobabi Main Road, Pig Farm, Accra.

The company is authorised and licensed by the Bank of Ghana (BOG) as a Non-Bank Financial Institution and received its Savings and Loans Licence effective 17 March 2017. This status accords the company the legal and regulatory mandate to receive and intermediate deposits, as well as disburse loans.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) including the Hyperinflation Directive issued by the Institute of Chartered Accountants Ghana (ICAG) and in the manner required by the Companies Act 2019 (Act 992) and the Banks and Specialised Deposit-Talong Instutions Act 2016 (Act 930). The accounting policies have been applied consistently compared to the prior year.

The company recorded a profit after tax for the year ended 31 December 2024 of GH¢ 443 723, in comparison to the loss after tax of the prior year of GH¢ 206 440.

The company's interest income increased by 42% to GH¢ 178 298 953 in the current year from GH¢ 125 674 761 for the year ended 31 December 2023.

3. Authorised and issued stated capital

Refer to note 10 of the financial statements for detail of the movement in authorised and issued stated capital.

4. Dividends

No dividends were declared or paid to the shareholders during the year under review (2023: GH¢ Nil).

5. Holding company

The company's holding company is African Micro-Finance Equities which holds 89% (2023: 89%) of the company's equity and is incorporated in Mauritius.

6. Ultimate holding company

The company's ultimate holding company is Izwe Africa Holdings which is incorporated in Mauritius.

Directors' Report

7. Directors

The directors of the company during the year and to the date of this report are as follows:

Directors	Nationality	Qualifications/ Profession	Designation	Changes	Outside board and management position
Mr. Raymond K. Bismarck	Ghanaian	Banker	Executive (Managing Director)		Markray Ltd, WB-Investments Ltd
Ms. Carole Ramella	French	Accountant	Non-executive (Chairperson)		Aligned Real Estate Investment Trust PLC, GFA Consulting Ltd
Ms. Angela Akosua Kissiwah Gyasi	Ghanaian	Lawyer	Non-executive	Resigned 29 February 2024	
Ms. Mabel Nana Nyarkoa Porbley	Ghanaian	Business Executive	Non-executive		Ghana Insurance College Ltd, Integrated Delivery Xchanged Ltd, Sanlam Allianz General Insurance Ghana Ltd, Ghana Ltd, Tradecraft Ghana Ltd, Wyn Contracting Ltd
Dr. Valentin Mensah	Ghanaian	Accountant	Non-executive		Caccrads Ghana Ltd, Combining Business Solutions Ltd, G-Pak Ltd, Graphic Communications Group Ltd
Mr. Richard Ahulu	Ghanaian	Accountant	Non-executive		Hollard Insurance Ghana Ltd, Negotiated Benefits Trust Company Ltd

Biographical information of directors

Age category	Number of directors
41 - 60 years	5

8. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report that would have a material impact on the financial statements.

9. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Directors' Report

10. Auditors and audit fees

Ernst & Young Chartered Accountants were appointed as auditors in accordance with Section 139(5) of the Companies Act, 2019 (Act 992).

As at 31 December 2024, the amount payable in respect of audit fees was GH¢ 348 060 (2023: GH¢ 327 370).

The Audit Committee has the responsibility delegated from the board of directors for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor.

11. Secretary

The company secretary is Akosua Akoma Asiama of:

Business address:

Plot No. 98, Olive Drive
Pantang West
Accra

12. Property, plant and equipment

There was no change in the nature of the property and equipment of the company or in the policy regarding their use.

At 31 December 2024 the company's investment in property and equipment amounted to GH¢ 9 727 917 (2023: GH¢ 4 126 712), of which GH¢ 7 418 136 (2023: GH¢ 1 129 133) was added in the current year through additions, as disclosed in note 8 of the financial statements.

In the opinion of the directors, the recoverable amount of the items of property and equipment are not worth less than the amounts at which they are included in the financial statements.

13. Employees

At the end of the year, the total number of employees of the company was at 108 (2023: 131). The related salaries and wages was GH¢ 17 439 459 (2023: GH¢ 14 519 203).

14. Corporate social responsibility

A total of GH¢ 64 921 (2023: GH¢ Nil) was spent under the company's social responsibility programme with key focus on education and others.

The company did not make any donations to charities. No donations were made to political organisations.

15. Date of authorisation for issue of financial statements

The report of the directors and the financial statements have been authorised for issue by the directors on 28 March 2025 and signed on their behalf by the two directors below. No authority has been given to anyone to amend the financial statements after the date of issue.

Ms. Carole Ramella
Chairperson
31/03/2025

Mr. Raymond K. Bismarck
Director
31/03/2025

Corporate Governance Report

Introduction

The Board of Directors hereby confirms that the company has complied with all the internal control aspects of the principles of good corporate governance.

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 maintaining adequate accounting records and an effective system of risk management.

The financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by International Accounting Standards Board and comply with the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

There have been no contracts of significance subsisting during or at the end of the financial year in which any director or any substantial shareholder has been materially interested.

The roles of the Chairman and Managing Director are distinct and separate, with a clear division of responsibilities. The Chairman leads the Board and ensures the effective engagement and contribution of all executive and non-executive directors. The Managing Director has a responsibility for all businesses and acts in accordance with the authority delegated by the Board. Responsibility for the development of policy and strategy and operational management is delegated to the Managing Director.

Compliance and regulations

Compliance with applicable legislation, regulations, standards, and codes remains an essential characteristic of Izwe Savings and Loans Plc. The Board of Directors monitors compliance with these by means of management reports. Information on the outcomes of any significant interaction with key stakeholders such as the Company's regulators is also provided to the Board. In compliance, the Board of Directors ensures that key regulatory disclosures such as capital adequacy, non performing loan and liquid ratios are duly disclosed in the year end final statements.

Statement of Compliance

We hereby confirm that Izwe Savings and Loans Plc has complied with the following Directives, Codes of Corporate Governance and Listing Standards:

- BOG Corporate Governance Directive 2018
- BOG Fit and Proper Persons Directive 2019
- SEC Corporate Governance Code for Listed Companies 2020
- The Listing Rules of the Ghana Stock Exchange
- Corporate Governance Disclosure Directive, 2022

Remuneration structure

Directors remuneration is determined upon appointment and set out as follows:

Non-executive directors

All non-executive directors are provided with a letter of appointment setting out the terms of their engagement. The term of nonexecutive directors is governed by the Bank of Ghana directive on corporate governance, which limits the maximum period of service for non-executive directors to nine years.

Non-executive directors are paid directors' fees for attendance of Board and Sub-committee meetings.

Non-executive directors do not receive short-term incentives, nor do they participate in any long-term incentive schemes.

Executive Director

The executive director receives a remuneration package and qualifies for long-term incentives on the same basis as other employees.

Corporate Governance Report

Directors' interests in shares

Raymond K. Bismarck holds 1% of the company's ordinary shares.

Directors' interests in contracts

During the financial year, no contracts were entered into in which the directors or officers of the company had an interest, and which significantly affected the business of the company.

Role of the Board

The directors are responsible for the long-term success of the company, determine the strategic direction of the company and review operating, financial and risk performance. There is a formal schedule of matters reserved for the board of directors, including approval of the company's annual business plan, strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, all guarantees, treasury policies, the financial statements, the company's dividend policy, transactions involving the issue or purchase of company shares, borrowing powers, appointment to the board, alterations to the memorandum and articles of association, legal actions brought by or against the company, and the scope of delegations to board committees, subsidiary boards and the management committee. Responsibility for the development of policy and strategy and operational management is delegated to the executive director and a management committee, which as at the date of this report includes the executive director and 6 senior managers.

Directors' performance evaluation

Every other year the performance and effectiveness of the Board of Directors, its committees and individual directors is evaluated. The result of the evaluation is shared with all members of the board and Bank of Ghana. Overall, it was noted that the board of directors and its committees were operating in an effective manner and performing satisfactorily, with no major issues identified.

In accordance with the requirements of the Corporate Governance Directive (2018), the Board during the year went through half yearly Anti-Money Laundering / Combating Financing of Terrorism and The Proliferation of Weapons of Mass Destruction (AML/CFT & P) evaluations.

Annual Certification

- The Board has independently assessed and documented the corporate governance process of Izwe Savings and Loans PLC as effective and has successfully achieved its objectives.
- Directors are aware of their responsibilities to the institution as persons charged with governance.

All directors of the Company completed their Corporate Governance Director Certification Programmes for 2024. The certification program covered the following topics;

- Capital planning and emerging risk areas
- Cyber and fraud risk management

Professional development and training

On appointment to the board, directors are provided with a full, formal and tailored programme of induction, to familiarise them with the company's business, the risks and strategic challenges it faces, and the economic, competitive, legal and regulatory environment in which the company operates. A programme of strategic and other reviews, together with the other training provided during the year, ensures that directors continually update their skills, their knowledge and familiarity with the company's businesses, and their awareness of sector, risk, regulatory, legal, financial and other developments to enable them to fulfil effectively their role on the board and committees of the board.

Conflicts of interest

The company has established appropriate conflicts authorisation procedures, whereby actual or potential conflicts are regularly reviewed and authorisations sought as appropriate. During the year, no such conflicts arose, and no such authorisations were sought.

Corporate Governance Report

Board balance and independence

The composition of the board of directors and its committees is regularly reviewed to ensure that the balance and mix of skills, independence, knowledge and experience is maintained. The board considers that the chairman is a non-executive director on appointment and the majority of the non-executive directors are independent as it pertains to the management of the company. The continuing independent and objective judgement of the non-executive directors has been confirmed by the board of directors.

Related party transactions

Related party transactions and balances are disclosed in note 13 to the financial statements. Raymond K. Bismarck has shares in the company. Other than service contracts, no director had a material interest in any contract to which the company was a party during the year.

The company has in place policies and procedures to ensure that all related party transactions are carried out at arm's length and in accordance with the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). This is intended to ensure that there is no favourable treatment given to a related party.

Code of Ethics

Employees

The company has a Code of Ethics for staff, and this has been made available to all employees of the company.

Board and waiver to the code ethics

The regulations of the company provides for ethics for the board and provides that the directors stand in a fiduciary relationship towards the company in any transaction with it or on its behalf. A director shall act at all times in what he believes to be in the best interests of the company as a whole so as to preserve its assets, further its business, and promote the purposes for which it was formed, and in such manner as a faithful, diligent, careful and ordinarily skilful director would act in the circumstances. In consideration whether a particular transaction or course of action is in the best interests of the company as a whole, a director may have regard to the interests of the employees, as well as the members of the company and when appointed by or as representative of a special class of members, employees or creditors may give special but not exclusive, consideration to the interests of that class.

Environmental and social responsibility

The company's environmental and social impacts and responsibilities are effectively entrenched in the company's culture through the emphasis placed on the application of its activities and values in all its operations. The company therefore regards sustainable and social development as a fundamental aspect of sound business management.

The Board

The directors are required in terms of the Companies Act, 2019 (Act 992) to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards ("IFRS"). The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

Corporate Governance Report

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company’s cash flow forecast for the next 12 months and, in light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The directors have placed a board approved succession plan which has been duly submitted to the Bank of Ghana. The succession plan focuses on developing and retaining the best qualified and competitive personnel ready to take up key positions in the company when they become vacant to ensure effective continuity of the company.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 12 to 16.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

Izwe Savings and Loans Plc conducts assessments on its key material issues and applies the necessary governance and budgetary provisions to address them. On an ongoing basis, the Board periodically reviews the strategy and governing policies of the company and makes recommendations for enhancements and corrective measures to address any shortcomings or gaps identified.

Audit Committee

The Audit Committee is responsible for the supervision and monitoring of all audit and assurance matters. It provides direct supervision over the Company’s operations.

Responsibilities

The responsibilities of the Audit Committee are as follows:

- Approve the Internal Audit plan for the year.
- Propose to the Board of Directors the appointment of independent External Auditor and determine audit fees.
- Evaluate the effectiveness of Internal Control Systems and analyse periodic information on such systems.
- Evaluate the results of work performed by the External Auditor.
- Examine the process of preparation of annual and interim financial statements on the basis of reports provided by those responsible for the related Function at least once a year.
- Evaluate potential findings arising from the institution’s Internal Audit function or from other third parties’ examinations and/or investigations, in particular the inspection reports from the Bank of Ghana (BOG).

Corporate Governance Report

- Evaluate the adequacy and effectiveness of the institution's procedures and systems for ensuring compliance with legal and regulatory requirements and internal policies.
- Oversee procedures and internal controls consistent with the institution's corporate governance structure, including evaluating the work plans prepared by the institution's Compliance and Anti-Money Laundering Functions.
- Meet at least twice in a year with both the Internal and External Auditors to approve their audit plan and receive their final report respectively.
- Maintain effective working relationships with the Board of Directors, management and the Internal and External Auditors.

The Internal Auditor of the institution reports directly to the Audit Committee and sits in all meetings of the Committee. The Audit Committee shall consider and discuss reports on control environment weaknesses, their root causes, management responses and remediation actions.

Membership

- The Audit Committee is composed of three (3) Non-Executive Directors with experiences in banking, insurance, investment, technology, audit, economics, and finance.
- The Audit Committee is chaired by Dr. Valentin Mensah. Members include Mr. Richard Ahulu and Ms. Mabel Nana Nyarkoa Porbley.

Members of the Audit Committee shall avoid placing themselves in any position of real or apparent conflict of interest, and in any such case shall notify the Chairman of the Committee. The Audit Committee, which meets quarterly, provides formal report to the Board at each quarterly meeting of the Board.

Risk Committee

The Risk Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities in respect of:

- The risks inherent in the business of the Company and the control processes with respect to such risks.
- The risk profile of the Company.
- The risk management activities of the Company.
- Information Technology governance and its operations in the Company.
- Review the risk appetite of the institution on the basis of the analysis from the Chief Risk Officer and formulate appropriate policies for its implementation.
- Review significant financial and other risk exposures and the steps management has taken to monitor, control and report such exposures, including, without limitation, review of credit, market, liquidity, reputation, operational, fraud and strategic risks and evaluate risk exposure and tolerance and approve appropriate transaction or trading limits.
- Review the scope of the work of the risk and compliance departments and their planned activities with respect to the risk management activities of the institution.
- Review reports and significant findings identified by the risk and compliance departments with respect to the risk management activities of the institution, together with management's responses and follow-up to these reports.
- Review significant reports from regulatory agencies relating to risk issues and management responses.
- Review the activities of the internal Information Technology governance framework and its operations in the institution.

Membership

- The Risk Committee comprises of two (2) Non- Executive Directors and the Chief Executive Officer with finance, economics, banking, and investment expertise.
- The Risk Committee is chaired by Mr. Richard Ahulu, Members include Ms. Mabel Nana Nyarkoa Porbley and Mr. Raymond Kwakye Bismarck.

The Risk Committee, which meets and reports to the Board quarterly, has oversight responsibility for all risks associated with the business of the institution including credit, market, financial, and operational risks.

Corporate Governance Report

The Committee, as part of the governance structure, has delegated the day to day risk management function of the Company to the Assets and Liability Management Committee (ALMC).

The ALMC is chaired by the Chief Financial officer with Chief Executive Officer and some Heads of Departments as members. Its purpose is to recommend policies and guidelines to the Board including management of balance sheet growth, deposits, advances, and investments.

Remuneration and Nominating Committee

The Remuneration and Nominating Committee is composed of members with insurance, finance, banking, legal, human resource, and organizational behaviour management competencies.

The Committee is chaired by Ms. Mabel Nana Nyarkoa Porbley and has Mr. Richard Ahulu and Mr. Raymond Kwakye Bismarck as members.

The objectives of the Remuneration and Nominating Committee is to review the appointments and compensation of the executive and senior management and make recommendations to the Board for their consideration and approval. During the year the Committee met twice and discussed the remuneration structure and recommended it for the Board's approval.

Board Meetings and Attendance

Board meetings are held once every quarter. Below are the attendances of the Board meetings held in 2024:

Board Members	Board Meeting	Audit Committee	Risk Committee	Remuneration and Nominating Committee	Other
Ms. Carole Ramella	4/4	N/A	N/A	N/A	2/2
Mr. Raymond Kwakye Bismarck	4/4	4/4	4/4	2/2	2/2
Ms. Mabel Nana Nyarkoa Porbley	4/4	4/4	4/4	2/2	2/2
Dr. Valentin Mensah	4/4	4/4	N/A	N/A	2/2
Mr. Richard Ahulu	4/4	4/4	4/4	2/2	2/2

Other relates to Extraordinary Board meetings

Mr. Raymond K Bismarck
Director
31/03/2025

Ms. Carole Ramella
Chairperson
31/03/2025

Ernst & Young Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
IZWE SAVINGS AND LOAN PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Izwe Savings and Loans Plc (the Financial Institution) set out on pages 17 to 64, which comprise the statement of financial position and the statement of profit or loss and other comprehensive income as at 31 December 2024, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Izwe Savings and Loans Plc as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board including the IAS29 Hyperinflation Directive issued by the Institute of Chartered Accountants Ghana and the requirements of the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit -Taking Institutions Act, 2016 (Act 930).

Basis for opinion

We conducted our audit in accordance with Internal Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Financial Institution in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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. For the matter below, we have provided our description of how our audit addressed the matter as provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The result of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Allowance for expected credit losses on loans and advances to customers	

IFRS 9 introduced a forward-looking Expected Credit Loss (ECL) model.
 	
The ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.
 	
The amount of ECL's recognized as a loss allowance or provision depends on the extent of credit deterioration since the initial recognition and recognition of impairment could be done on a 12-month expected credit losses or lifetime expected credit losses. Impairment computations under IFRS 9 therefore involves the use of models that takes into account:
• The probability-weighted outcome.
• Reasonable and supportable information that is available without undue cost or Loan loss provision is a key area of judgement for management. Significant judgements in the determination of the Company's Expected Credit Loss includes:
  • Use of assumptions in determining ECL modelling parameters.
  • Portfolio segmentation for ECL computation
  • Determination of a significant increase credit risk and
  • Determination of associations between macroeconomic scenarios.
 	
The use of different models and assumptions can significantly affect the level of allowance for expected credit losses on loans and advances to customers. Due to the significance of such loans which account for about 74% of total assets of the Company, and the significant use of judgements, the assessment of the allowance for expected credit losses is a key audit matter.
 	
The information on expected credit losses on loans and advances to customers is provided in Note 5 'Loans and advances to customers' of the financial statements.
	We obtained an understanding of the Company's credit risk modelling methodology.
	
	We validated and tested the ECL model of the Company by assessing the data integrity and the internal controls around the model.
	
	We have also performed, among others, the following substantive audit procedures:
	
	• Reviewed the accounting policies and framework of the methodology developed by the Company in order to assess its compliance with IFRS 9.
	• Verified sampled underlying contracts of financial assets to determine the appropriateness of management's classification and measurement of these instruments in the ECL model.
	• Reviewed and tested the methodology developed to calculate loan loss provision under IFRS 9, concentrating on aspects such as factors for determining a 'significant increase in credit risk', staging of loans, testing specific models related to Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) ;
	• Tested the accuracy and completeness of data used in modelling the risk parameter, Recalculating the ECL;
	• Reviewed forward looking information / multiple economic scenario elements;
	• For stage 3 exposures, we tested the reasonableness of the assumptions underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral, estimated period of realization for collaterals, etc;
	• We have also analyzed information relating to the allowance for expected credit losses on loans and advances to customers disclosed in the Notes to the financial statements.

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Other information

The Directors are responsible for the other information. The other information comprises, the Report of the Directors as required by the Companies Act, 2019 (Act 992), Corporate Governance Report and the Value-Added statement included in the 64-page document titled "Izwe Savings and Loans Plc financial statements for the year ended 31 December 2024", other than the 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 an audit opinion or any form of assurance conclusion thereon.

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 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 and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board including the IAS 29 Hyperinflation Directive issued by the Institute of Chartered Accountants Ghana and the requirements of the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016(Act 930) and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Financial Institution's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Financial Institution or to cease operations, or have no realistic alternative but to do so.

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 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 judgement 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 controls 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 Financial Institution'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 the 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 Financial Institution'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 Financial Institution 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 controls that we identify during our audit.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal requirements

The Companies Act, 2019 (Act 992) requires that in carrying out our audit 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 purposes of our audit;

ii. In our opinion, proper books of account have been kept by the Financial Institution, so far as appears from our examination of those books;

iii. The statement of Financial Position and the statement of comprehensive Income (statement of profit or loss and other comprehensive Income) of the Financial Institution are in agreement with the underlying books of account.

iv. In our opinion, to the best of our information and according to the explanations given to us, the accounts give the information required under the Act, in the manner so required and give a true and fair view of the state of affairs of the Financial Institution at the end of the financial year and of the profit or loss for the financial year then ended;

v. We are independent of the Financial Institution pursuant to section 143 of the Companies Act, 2019 (Act 992).

The Banks and Specialized Deposit-Taking Institutions Act, 2016, (Act 930) under Section 85 (2) requires that we report on certain matters. Accordingly, we state that:

i. The accounts give a true and fair view of the statement of affairs of the Financial Institution and the results of operations for the year under review;

ii. We were able to obtain all the information and explanations required for the efficient performance of our duties;

iii. The transactions of the Financial Institution are generally within the powers of the Financial Institution;

iv. The Financial Institution has generally complied with the provisions of the Financial Institution's and Specialised Deposit-Taking Institutions Act, 2016, (Act 930).

The Financial Institution has generally complied with the provisions of the Anti-Money Laundering Act, 2008, (Act 749), the Anti-Terrorism Act, 2008 (Act 762) and regulations made under these enactments.

Other matters

The Financial Institution has generally complied with the provisions of the Corporate Governance Disclosure Directive 2022 issued by the Bank of Ghana.

The financial statements of Izwe Savings and Loan Plc for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2024.

The Engagement Partner on the audit resulting in this independent auditor's report is Pamela Des Bordes (ICAG/P/1329).

Ernst + Young

Ernst & Young (ICAG/F/2025/126)
Chartered Accountants
Accra, Ghana

Date**: 31.03.2025**

Statement of Financial Position as at 31 December 2024

	Notes	2024 GH¢	2023 GH¢
Assets			
Cash and cash equivalents	3	22 337 099	10 863 319
Other assets	4	83 211 784	63 509 533
Loans and advances to customers	5	403 196 916	380 661 898
Current tax asset	25	349 465	1 428 227
Right-of-use assets	6	15 513 472	10 603 922
Deferred tax	7	10 906 790	8 876 311
Property and equipment	8	9 727 917	4 126 712
Intangible assets	9	28 771	38 496
Total assets		**545 272 214**	**480 108 418**
Equity and Liabilities			
Equity			
Stated capital	10	28 032 825	18 532 825
Deposit for shares	10	6 800 000	9 500 000
Statutory reserve		13 509 245	13 398 314
Credit risk reserve		5 346 528	-
Retained earnings		13 854 817	18 963 553
		67 543 415	**60 394 692**
Liabilities			
Bank overdraft	3	-	32 034 647
Deposits from customers	11	298 762 479	190 957 132
Loans and borrowings	12	124 820 958	136 691 879
Loan from related party	13	84 964	7 894 804
Other liabilities	14	40 236 913	43 568 342
Lease liabilities	6	13 823 485	8 566 922
		477 728 799	**419 713 726**
Total Equity and Liabilities		**545 272 214**	**480 108 418**

The financial statements and the notes on pages 17 to 64 were approved by the board of directors on the 28 March 2025 and were signed on its behalf by:

Mr. Raymond K Bismarck
Director
31/03/2025

Ms. Carola Ramella
Director
31/03/2025

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2024 GH¢	2023 GH¢
Interest income calculated using effective interest method	15	178 298 953	125 674 761
Interest expense calculated using effective interest method	16	(108 622 856)	(83 949 607)
Net interest income		**69 676 097**	**41 725 154**
Fee and commission income		22 822 026	17 508 661
Fee and commission expense		(5 408 678)	(8 054 798)
Net fee and commission income	17	**17 413 348**	**9 453 863**
Other operating income	18	1 747 056	3 721 633
Total other operating income		**1 747 056**	**3 721 633**
Amortisation	9	(9 725)	(10 131)
Depreciation	8	(1 797 676)	(1 598 273)
Depreciation - Right-of-use assets	6	(2 251 932)	(1 871 076)
Personnel costs	21	(21 067 513)	(16 873 490)
Exchange differences	19	-	704 006
Impairment (loss) / reversal on loans and advances	26	(22 115 970)	2 937 195
Operating expenses	20	(40 774 647)	(37 793 061)
Total operating expenses		**(88 017 463)**	**(54 504 830)**
Profit before taxation		**819 038**	**395 820**
Income tax expense	22	(375 315)	(602 260)
Profit / (loss) for the year		**443 723**	**(206 440)**
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		**443 723**	**(206 440)**

The accounting policies and notes on pages 21 to 64 form an integral part of the financial statements.

Izwe Savings and Loans PLC
(Registration number PL000162015)
Financial Statements for the year ended 31 December 2024

Statement of Changes in Equity

	Stated capital GH¢	Deposit for shares GH¢	Total share capital GH¢	Statutory reserve GH¢	Credit risk reserve GH¢	Total reserves GH¢	Retained earnings GH¢	Total equity GH¢
Balance at 01 January 2023	**18 532 825**	**-**	**18 532 825**	**13 449 924**	**-**	**13 449 924**	**19 118 383**	**51 101 132**
Loss for the year	-	-	-	-	-	-	(206 440)	(206 440)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(206 440)**	**(206 440)**
Shares in process of issue	-	9 500 000	9 500 000	-	-	-	-	9 500 000
Transfer between reserves	-	-	-	(51 610)	-	(51 610)	51 610	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**9 500 000**	**9 500 000**	**(51 610)**	**-**	**(51 610)**	**51 610**	**9 500 000**
Balance at 01 January 2024	**18 532 825**	**9 500 000**	**28 032 825**	**13 398 314**	**-**	**13 398 314**	**18 963 553**	**60 394 692**
Profit for the year	-	-	-	-	-	-	443 723	443 723
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**443 723**	**443 723**
Transfer to statutory reserve	-	-	-	110 931	-	110 931	(110 931)	-
Transfer to credit risk reserve	-	-	-	-	5 346 528	5 346 528	(5 346 528)	-
Issue of shares	9 500 000	(9 500 000)	-	-	-	-	-	-
Expenditure incurred in the issue of equity shares	-	-	-	-	-	-	(95 000)	(95 000)
Shares in process of issue	-	6 800 000	6 800 000	-	-	-	-	6 800 000
Total contributions by and distributions to owners of company recognised directly in equity	**9 500 000**	**(2 700 000)**	**6 800 000**	**110 931**	**5 346 528**	**5 457 459**	**(5 552 459)**	**6 705 000**
Balance at 31 December 2024	**28 032 825**	**6 800 000**	**34 832 825**	**13 509 245**	**5 346 528**	**18 855 773**	**13 854 817**	**67 543 415**
Note	10	10		10	10			

The accounting policies and notes on pages 21 to 64 form an integral part of the financial statements.

Statement of Cash Flows

	Notes	2024 GH¢	2023 GH¢
Cash flows from operating activities			
Cash generated from/(used in) operations	23	12 874 991	(48 835 403)
Interest received	15	162 654 889	113 625 177
Interest paid	16	(109 485 284)	(82 698 728)
Tax paid	25	(1 327 031)	(1 824 251)
Net cash generated from / (utilised in) operating activities		**64 717 566**	**(19 733 205)**
Cash flows from investing activities			
Purchase of property and equipment	8	(7 418 137)	(1 129 133)
Proceeds from sale of property and equipment	8	-	25 269
Purchases of intangible assets	9	-	(33 444)
Net cash used in investing activities		**(7 418 137)**	**(1 137 308)**
Cash flows from financing activities			
Proceeds received on issue of share capital	10	6 800 000	9 500 000
Expenses paid in the issue of equity shares		(95 000)	-
Proceeds from related party loans	13	3 600 000	23 480 500
Repayment of related party loans	13	(10 400 000)	(61 986 754)
Proceeds from loans and borrowings	12	25 000 000	53 100 660
Repayments of loans and borrowings	12	(37 018 332)	(36 955 010)
Payment on lease liabilities (principle)	6	(1 677 670)	(1 941 029)
Net cash used in financing activities		**(13 791 002)**	**(14 801 633)**
Total cash, cash equivalents and bank overdraft movement for the year		**43 508 427**	**(35 672 146)**
Cash, cash equivalents and bank overdraft at the beginning of the year		(21 171 328)	14 500 818
Total cash, cash equivalents and bank overdraft at the end of the year	3	**22 337 099**	**(21 171 328)**

Material Accounting Policies

Reporting entity

Izwe Savings and Loans PLC ("the company") is incorporated and domiciled in Ghana. The company's registered office is at 1st Floor, Maestro Plaza, Kotobabi Main Road, Accra. The company is licensed by the Bank of Ghana as a Non-Bank Financial Institution, holding a Savings and Loans license. These are the individual financial statements of the company.

1. Material accounting policies

Management has considered the principles of materiality in IFRS Practice Statement 2 Making Materiality Judgements, and only those accounting policies which are considered material have been presented in these financial statements.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) ("IFRS Accounting Standards"), and IFRIC® Interpretations issued by the IFRIC® Interpretations Committee and effective at the time of preparing these financial statements including the Hyperinflation Directive issued by the Institute of Chartered Accountants, Ghana (ICAG) and in the manner required by the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The ICAG issued a directive in November 2023 to accountants in business and accountants in practice, together with an update during November 2024 in terms of which the ICAG concluded that based on its analysis and interpretation, hyperinflation accounting will not be applicable for December 2024 financial reporting period since Ghana is not considered to be operating in a hyperinflationary economy. In this regard, the financial statements of the company, including the corresponding figures for the comparative period have not been stated in terms of the measuring unit current at the end of the reporting period.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow. They are presented in Ghanaian Cedis, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS Accounting Standards requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Other assets and loans and advances to customers

The company assesses its other assets and loans and advances to customers for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

The impairment (or loss allowance) for other assets and loans and advances to customers is calculated on a portfolio basis adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. Refer to note 4 for other assets and note 5 for loans and advances to customers considerations.

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Material Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

The carrying value less impairment allowances of other assets, loans and advances to customers, cash and cash equivalents and other liabilities are approximate fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the key assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value-in-use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of economic factors.

Deferred taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.3 Property and equipment

Property and equipment are tangible assets which the company holds for its own use and which are expected to be used for more than one year.

An item of property and equipment is recognised as an asset 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.

Property and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

Material Accounting Policies

1.3 Property and equipment (continued)

Property and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property and equipment have been assessed as follows:

Item	**Average useful life**
Furniture and fixtures	6 years
Motor vehicles	5 years
IT equipment	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Intangible assets

Intangible assets are initially measured at cost. They are subsequently stated at cost less accumulated amortisation and any accumulated impairment loss.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	**Average useful life**
Computer software	3 years

1.5 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows).

Financial liabilities:

- Amortised cost.

Note 26 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

Material Accounting Policies

1.5 Financial instruments (continued)

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Loans and advances to customers at amortised cost

Classification

Loans and advances to customers (note 5) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these advances give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on these advances.

Recognition and measurement

Loans and advances to customers are recognised when the company becomes a party to the contractual provisions of the advances. The advances are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the advance initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest rate method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest rate method

Interest income is calculated using the effective interest rate method, and is included in profit or loss in finance income (note 15).

The application of the effective interest rate method to calculate interest income on an advance is dependent on the credit risk of the advance as follows:

- The effective interest rate is applied to the gross carrying amount of the advance, provided the advance is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If an advance is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the advance, even if it is no longer credit-impaired.
- If an advance was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the advance in the determination of interest. If, in subsequent periods, the advance is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Loans and advances to customers denominated in foreign currencies

When loans and advances to customers are denominated in a foreign currency, the carrying amount of the advance is determined in the foreign currency. The carrying amount is then translated to the Cedi equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the exchange differences note (note 19).

Details of foreign currency risk exposure and the management thereof are provided in the specific loans and advances to customers note and in the financial instruments and risk management note (note 26).

Impairment

The company recognises a loss allowance for expected credit losses on all advances measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective advances.

Material Accounting Policies

1.5 Financial instruments (continued)

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on an advance has not increased significantly since initial recognition, then the loss allowance for that advance is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of an advance. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on an advance that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of an advance being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on an advance has increased significantly since initial recognition, the company compares the risk of a default occurring on the advance as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on an advance is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

By contrast, if an advance is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the advance has not increased significantly since initial recognition.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the company considers that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the company considers that default has occurred when an advance instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The company writes off an advance when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Advances written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

Material Accounting Policies

1.5 Financial instruments (continued)

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the advance at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Advances are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the advance, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all advances in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance (note 20).

Credit risk

Details of credit risk related to net advances are included in the specific notes and the financial instruments and risk management note (note 26).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of a net advances is included in profit or loss in other operating expenses (note 20).

Other assets

Classification

Other assets, excluding, when applicable, value added taxation and prepayments, are classified as financial assets subsequently measured at amortised cost (note 4).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on other assets.

Recognition and measurement

Other assets are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest rate method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Material Accounting Policies

1.5 Financial instruments (continued)

Application of the effective interest rate method

For receivables which contain a significant financing component, interest income is calculated using the effective interest rate method, and is included in profit or loss in investment income (note 15).

The application of the effective interest rate method to calculate interest income on other assets is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Other assets denominated in foreign currencies

When other assets are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Cedi equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in exchange differences (note 19).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 26).

Impairment

The company recognises a loss allowance for expected credit losses on other assets, excluding value added taxation and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for other assets at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable. The simplified approach under IFRS 9 is applied.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on other assets. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecasted direction of conditions at the reporting date, including the time value of money, where appropriate.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of other assets, through use of a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance (note 20).

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the other assets note (note 4) and the financial instruments and risk management note (note 26).

Material Accounting Policies

1.5 Financial instruments (continued)

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of other assets is included in profit or loss in other operating expenses (note 20).

Borrowings and loans from related parties

Classification

Borrowings (note 12) and loans from related parties (note 13) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest rate method, is included in profit or loss in interest on overdraft and lease liabilities.

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 26 for details of risk exposure and management thereof.

Borrowings and loans denominated in foreign currencies

When borrowings and loans are denominated in a foreign currency, the carrying amount of the borrowing and loan is determined in the foreign currency. The carrying amount is then translated to the Cedi equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in exchange differences (note 19).

Details of foreign currency risk exposure and the management thereof are provided in the specific borrowing and loan notes and in the financial instruments and risk management (note 26).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Other liabilities

Classification

Other liabilities (note 14), excluding, when applicable, value added taxation and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest rate method.

Material Accounting Policies

1.5 Financial instruments (continued)

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If other liabilities contain a significant financing component, and the effective interest rate method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Other liabilities expose the company to liquidity risk and possibly to interest rate risk. Refer to note 26 for details of risk exposure and management thereof.

Other liabilities denominated in foreign currencies

When other liabilities are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Cedi equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the exchange differences (note 19).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 26).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents and cash restricted for use

Cash and cash equivalents and cash restricted for use comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially measured at fair value and subsequently measured at amortised cost.

The carrying value of cash and cash equivalents and cash restricted for use approximate their fair values due to their short term nature.

Bank overdrafts and bank facilities

Bank overdrafts and bank facilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Material Accounting Policies

1.5 Financial instruments (continued)

Reclassification

Financial assets

The company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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.

Material Accounting Policies

1.6 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgements and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months. For these leases, the company recognises the lease payments as an operating expense (note 20) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the company has elected not to separate the non-lease components for leases of buildings.

Details of leasing arrangements where the company is a lessee are presented in Right-of-use assets (note 6).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;

1.7 Leases (continued)

- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 20).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in interest on overdraft and lease liabilities.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the right-of-use comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives on a straight-line basis, the useful lives are determined consistently with items of the same class of property and equipment. Refer to the accounting policy for property and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Material Accounting Policies

1.8 Impairment of non-financial assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss.

1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the company's shareholders.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Material Accounting Policies

1.10 Employee benefits (continued)

Social security contributions

This is a national pension scheme under which the company pays 13% of qualifying employees' basic monthly salaries to a state managed Social Security Fund for the benefit of the employees. All employers contributions are charged to the statement of profit and other comprehensive income as incurred and included under staff costs.

1.11 Interest

Interest income is recognised in profit or loss for all instruments measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liability (or, where appropriate, a shorter period) to the carrying amount of the financial assets or liability.

When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation of the effective interest rate includes all fees and instalments paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income includes interest earned on loans and advances and interest expense includes interest accrued on amounts due to related parties and borrowings for onward lending.

1.12 Fees and commission income

Fees and commission income and expenses relate mainly to transaction and services fees, which are recognised as the services are rendered.

Other fees and commission income, including accounts servicing fees, investment management fees and sale commission are recognised as the related services are performed. Other fees and commission expenses related to transactions and service fees, which are expensed as the services are provided.

1.13 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.14 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Cedis, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Cedis by applying to the foreign currency amount the exchange rate between the Cedi and the foreign currency at the date of the cash flow.

Notes to the Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

The amendments apply to circumstances where supplier finance arrangements exist. These are arrangements whereby finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions. The amendments require the disclosure of information about supplier finance arrangements that enable users of annual financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows as well as on the entity's exposure to liquidity risk.

The effective date of the amendments is for years beginning on or after 01 January 2024.

The company has adopted the amendments for the first time in the 2024 financial statements.

The impact of the amendments is not material.

Amendments to IAS 1 Presentation of Annual Financial Statements - Non-Current Liabilities with Covenants

The amendments apply to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non-current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of annual financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period.

The effective date of the amendments is for years beginning on or after 01 January 2024.

The company has adopted the amendments for the first time in the 2024 financial statements.

The impact of the amendments is not material.

Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback

The amendments require that a seller-lessee in a sale and leaseback transaction, shall determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right-of-use retained by the seller-lessee.

The effective date of the amendments is for years beginning on or after 01 January 2024.

The company has adopted the amendments for the first time in the 2024 financial statements.

The impact of the amendments is not material.

Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules

The amendments incorporate into IAS 12, taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. As an exception, deferred tax assets and liabilities shall not be recognised, nor information about them disclosed related to Pillar Two income taxes. Disclosures about applying this exception to deferred tax are required. Any current tax income or expense related to Pillar Two income taxes is required to be disclosed separately. In addition, where the legislation is enacted or substantively enacted, but not yet in effect, management are required to disclose known or reasonably estimable information of the entity's exposure to Pillar Two taxes arising from that legislation.

Notes to the Financial Statements

2. New Standards and Interpretations (continued)

The effective date of the amendment is for years beginning on or after 01 January 2024.

The company has adopted the amendment for the first time in the 2024 financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2025 or later periods:

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendments is to be determined by the IASB.

It is unlikely that the amendments will have a material impact on the financial statements.

IFRS 19 Subsidiaries without Public Accountability - Disclosures

This is a new standard which may be applied by subsidiaries which do not have public accountability. It is a disclosure only standard and provides for reduced disclosures for qualifying subsidiaries to apply, while still remaining compliant with the recognition, measurement and presentation requirements of IFRS Accounting Standards. The reduced disclosures provided in IFRS 19 may be applied by the subsidiary in their consolidated, separate or individual annual financial statements, provided that the ultimate or any intermediate parent produces consolidated annual financial statements available for public use that comply with IFRS Accounting Standards. A subsidiary has public accountability, and may not apply IFRS 19, if its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market, or if it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.

The effective date of the standard is for years beginning on or after 01 January 2027.

The company expects to adopt the standard for the first time in the 2027 financial statements.

The impact of this standard is currently being assessed by management.

IFRS 18 Presentation and Disclosure in Annual Financial Statements

This is a new standard which replaces IAS 1 Presentation of Financial Statements and introduces several new presentation requirements. The first relates to categories and subtotals in the statement of financial performance. Income and expenses will be categorised into operating, investing, financing, income taxes and discontinued operations categories, with two new subtotals, namely "operating profit" and "profit before financing and income taxes" also being required. These categories and subtotals are defined in IFRS 18 for comparability and consistency across entities. The next set of changes requires disclosures about management-defined performance measures in a single note to the annual financial statements. These include reconciliations of the performance measures to the IFRS Accounting Standards defined subtotals, as well as a description of how they are calculated, their purpose and any changes. The third set of requirements enhance the guidance on grouping of information (aggregation and disaggregation) to prevent the obscuring of information.

The effective date of the standard is for years beginning on or after 01 January 2027.

The company expects to adopt the standard for the first time in the 2027 financial statements.

The impact of this standard is currently being assessed by management.

Notes to the Financial Statements

2. New Standards and Interpretations (continued)

Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments

The amendments clarify the classification of financial assets with environmental, social and corporate governance ("ESG") and similar features, as such features could affect whether the assets are measured at amortised cost or fair value. The amendments also clarify the date on which a financial asset or financial liability is derecognised in cases where liabilities are settled through electronic payment systems.

The effective date of the amendments is for years beginning on or after 01 January 2026.

The company expects to adopt the amendments for the first time in the 2026 financial statements.

It is unlikely that the amendments will have a material impact on the financial statements.

Amendments to IAS 21 - Lack of Exchangeability

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of annual financial statements to understand the impact of the non-exchangeability on financial performance, financial position and cash flow.

The effective date of the amendments is for years beginning on or after 01 January 2025.

The company expects to adopt the amendments for the first time in the 2025 financial statements.

It is unlikely that the amendments will have a material impact on the financial statements.

Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

In December 2024, the IASB issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendments include:

- Clarifying the application of the 'own-use' requirements
- Permitting hedge accounting if these contracts are used as hedging instruments
- Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The effective date of the amendments is for years beginning on or after 01 January 2026.

The company expects to adopt the amendments for the first time in the 2026 financial statements.

It is unlikely that the amendments will have a material impact on the financial statements.

Notes to the Financial Statements

	2024 GH¢	2023 GH¢

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024 GH¢	2023 GH¢
Cash on hand	2 685 188	3 603 157
Bank balances	19 651 911	7 260 162
	22 337 099	**10 863 319**
Current assets	22 337 099	10 863 319
Current liabilities	-	(32 034 647)
	22 337 099	**(21 171 328)**
Bank overdraft	-	(32 034 647)

Overdraft facilities

The company has an unsecured bank overdraft facility of GH¢ 15 000 000 with Absa Bank Ghana Limited. The facility is 12 month renewable and interest is charged at a variable rate being 5.73% above the prevailing Ghana Reference Rate (GRR) which is the publicly quoted rate of interest per annum set by the Bank of Ghana from time to time.

The company has an unsecured bank overdraft facility of GH¢ 20 000 000 with Fidelity Bank Ghana Limited. The facility is 12 month renewable and interest is charged at a variable rate being 2.91% below the prevailing Ghana Reference Rate (GRR) which is the publicly quoted rate of interest per annum set by the Bank of Ghana from time to time.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired is considered high based on the financial perfomance of the counterparties. These counterparties are also regulated by the Bank of Ghana.

	2024 GH¢	2023 GH¢
Absa Bank Ghana Limited	5 472 727	1 817 592
Agric Development Bank Limited	232 071	267 576
CAL Bank Limited	183 991	920 863
Ecobank Ghana Limited	61 303	61 303
Fidelity Bank Ghana Limited	1 443 830	655 358
CGB Bank Limited	9 013 479	366 986
Guaranty Trust Bank (Ghana) Limited	18 813	11 093
La Community Bank	49 330	191 122
Societe Generale Ghana Limited	101 767	84 867
Standard Chartered Bank (Ghana) Limited	144 255	101 602
Stanbic Bank Ghana Limited	293 615	236 953
Zenith Bank (Ghana) Limited	363 267	-
Mobile operators and other	2 273 463	2 544 847
	19 651 911	**7 260 162**

Exposure to currency risk

Refer to note 26 Financial instruments and financial risk management for details of currency risk management for cash and cash equivalents.

Exposure to interest rate risk

Refer to note 26 Financial instruments and financial risk management for details of interest rate risk management for cash and cash equivalents.

Notes to the Financial Statements

	2024 GH¢	2023 GH¢

3. Cash and cash equivalents (continued)

Exposure to credit risk

Refer to note 26 Financial instruments and financial risk management for details of credit risk exposure and management for cash and cash equivalents.

Exposure to liquidity risk

Refer to note 26 Financial instruments and financial risk management for details of liquidity risk exposure and management for bank overdraft balances.

4. Other assets

	2024 GH¢	2023 GH¢
Financial instruments:		
Trade receivables	-	1 057 176
Other receivables*	68 036 281	42 686 672
Non-financial instruments:		
Deferred acquisition cost	12 325 616	16 970 789
Prepayments	2 849 887	2 794 896
	83 211 784	**63 509 533**

*Other receivables consist of amounts outstanding from the Controller and Accountant General's Department that was not yet received at financial year end. These represent repayments deducted at source from salaries of Government of Ghana employees yet to be remitted.

Financial instrument and non-financial instrument components of trade and other receivables

	2024 GH¢	2023 GH¢
At amortised cost	68 036 281	43 743 848
Non-financial instruments	15 175 503	19 765 685
	83 211 784	**63 509 533**

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

Exposure to currency risk

Refer to note 26 Financial instruments and risk management for details of currency risk management for trade and other receivables.

5. Loans and advances to customers

	2024 GH¢	2023 GH¢
Gross loans and advances to customers	440 167 344	401 396 196
Less: Allowance for impairment	(36 970 428)	(20 734 298)
	403 196 916	**380 661 898**

Categorisation of loans and advances to customers

Loans and advances to customers are categorised as follows in accordance with IFRS 9: Financial Instruments:

	2024 GH¢	2023 GH¢
At amortised cost	403 196 916	380 661 898

Notes to the Financial Statements

	2024 GH¢	2023 GH¢

5. Loans and advances to customers (continued)

Loans and advances to customers split by product

	2024 GH¢	2023 GH¢
Loans and advances to customers - Payroll (1)		
Advances - Payroll	356 093 151	330 652 140
Allowance for impairment - Payroll	(34 443 963)	(18 963 223)
	321 649 188	**311 688 917**
Loans and advances to customers - Secured lending (1)		
Advances - Secured lending	84 074 193	70 744 056
Allowance for impairment - Secured lending	(2 526 465)	(1 771 075)
	81 547 728	**68 972 981**

(1) The loans and advances to customers balance is currently held by a security trustee as collateral to secured lenders as disclosed in note 12.

Loans and advances to customers

The ageing of these loans are as follows:

2024	**Gross GH¢**	**Impairment GH¢**	**Net GH¢**
Current	294 104 893	(3 363 467)	290 741 426
Up to 30 days	27 043 844	(310 059)	26 733 785
Over 30 days less than 60 days	9 598 014	(477 858)	9 120 156
Over 60 days less than 90 days	4 800 952	(399 497)	4 401 455
Over 90 days less than 120 days	4 554 895	(1 447 910)	3 106 985
Over 120 days	100 064 746	(30 971 637)	69 093 109
	440 167 344	**(36 970 428)**	**403 196 916**

2023	**Gross GH¢**	**Impairment GH¢**	**Net GH¢**
Current	303 089 063	(3 730 238)	299 358 825
Up to 30 days	50 392 674	(9 393 710)	40 998 964
Over 30 days less than 60 days	9 563 965	(887 379)	8 676 586
Over 60 days less than 90 days	10 598 710	(911 790)	9 686 920
Over 90 days less than 120 days	4 372 052	(1 107 708)	3 264 344
Over 120 days	23 379 732	(4 703 473)	18 676 259
	401 396 196	**(20 734 298)**	**380 661 898**

Refer to note 26 for the reconciliation of the loss allowance.

The increase in loan balances exceeding 120 days in 2024 was due to repayment delays from government workers who have migrated abroad. The impairment provision has been increased to account for the anticipated losses.

Key ratios on net loans and advances	2024	2023
Impaired loss ratio	8.39%	5.17%
Non-performing loan ratio	22.70%	13.74%
Ratio of fifty largest exposure to total exposure	8.70%	9.16%

Impairment loss ratio is the allowance for impairment as a percentage of the gross loans and advances to customers.

	2024 GH¢	2023 GH¢

5. Loans and advances to customers (continued)

Non-performing loan ratio is the credit impaired financial assets (Stage 3) as a percentage of the gross loans and advances to customers.

Ratio of fifty largest exposure to total exposure is the 50 largest loans and advances to customers as a percentage of the gross loans and advances to customers.

Exposure to credit risk

Refer to note 26 Financial instruments and risk management for details of credit risk management for loans and advances to customers.

Exposure to currency risk

Refer to note 26 Financial instruments and risk management for details of currency risk management for loans and advances to customers.

6. Right-of-use assets

	2024			2023		
	Cost GH¢	Accumulated depreciation GH¢	Carrying value GH¢	Cost GH¢	Accumulated depreciation GH¢	Carrying value GH¢
Buildings	27 708 264	(12 194 792)	15 513 472	20 546 782	(9 942 860)	10 603 922

Reconciliation of right-of-use assets - 2024

	Opening balance GH¢	Additions GH¢	Leases derecognised GH¢	Lease modifications GH¢	Depreciation GH¢	Closing balance GH¢
Buildings	10 603 922	7 404 363	(508 645)	265 764	(2 251 932)	15 513 472

Reconciliation of right-of-use assets - 2023

	Opening balance GH¢	Additions GH¢	Leases derecognised GH¢	Lease modifications GH¢	Depreciation GH¢	Closing balance GH¢
Buildings	12 481 391	3 865 743	(2 956 889)	(915 247)	(1 871 076)	10 603 922

Other disclosures

	2024 GH¢	2023 GH¢
Interest expense on lease liabilities	2 725 464	2 275 998
Profit on derecognition of leases	(227 251)	(928 981)

At 31 December 2024, the company is committed to GH¢ Nil (2023: GH¢ Nil) for short-term leases.

Notes to the Financial Statements

	2024 GH¢	2023 GH¢

6. Right-of-use assets (continued)

Lease liabilities

The maturity analysis of lease liabilities is as follows:

	2024 GH¢	2023 GH¢
Within one year	2 921 080	1 452 286
Two to five years	22 895 878	13 059 064
More than five years	7 699 536	5 205 860
	33 516 494	19 717 210
Less finance charges component	(19 693 009)	(11 150 288)
	13 823 485	**8 566 922**
Non-current liabilities	12 643 781	7 637 964
Current liabilities	1 179 704	928 958
	13 823 485	**8 566 922**

Reconciliation of lease liabilities	2024 GH¢	2023 GH¢
Opening balance	8 566 922	11 443 324
New leases entered into in the current year	7 404 363	3 865 743
Lease modifications#	265 764	(915 247)
Leases derecognised in the year*	(735 894)	(3 885 869)
Interest expense for the year	2 725 464	2 275 998
Repayments for the year	(4 403 134)	(4 217 027)
Closing balance	**13 823 485**	**8 566 922**

*Leases derecognised relate to leases where the full lease term were not completed as per the original lease contracts signed and where notice were given as set out in lease contracts.

Lease modifications relate to changes in scope during the lease term mainly due to changes in payment terms.

Exposure to liquidity risk

Refer to note 26 Financial instruments and risk management for the details of liquidity risk exposure and management for lease liabilities.

Exposure to interest rate risk

Refer to note 26 Financial instruments and risk management for details of interest rate risk exposure and management for lease liabilities.

7. Deferred tax

Deferred income tax asset

	2024 GH¢	2023 GH¢
Deferred income tax asset	10 906 790	8 876 311

Notes to the Financial Statements

	2024 GH¢	2023 GH¢

7. Deferred tax (continued)

Reconciliation of deferred tax asset

	2024 GH¢	2023 GH¢
At beginning of year	8 876 311	9 458 780
Property and equipment	(93 232)	342 688
Right-of-use assets	562 983	235 524
Lease liabilities	(237 125)	(529 615)
Employee leave accrual	(2 197)	4 947
Provision for bad and doubtful debts	4 059 033	(2 519 496)
Calculated tax loss	(2 258 983)	2 258 983
Provision for expenses	-	(375 500)
At the end of the year	**10 906 790**	**8 876 311**

Deferred tax assets are recognised for temporary differences to the extent that the realisation of the related tax benefit through future taxable profits is probable.

8. Property, plant and equipment

	2024			2023		
	Cost GH¢	Accumulated depreciation GH¢	Carrying value GH¢	Cost GH¢	Accumulated depreciation GH¢	Carrying value GH¢
Furniture and fixtures	5 087 441	(3 892 095)	1 195 346	4 786 290	(3 298 909)	1 487 381
Motor vehicles	4 431 709	(2 584 425)	1 847 284	4 063 809	(2 099 910)	1 963 899
IT equipment	3 767 568	(2 460 629)	1 306 939	2 645 731	(1 970 299)	675 432
Capital - work in progress	5 378 348	-	5 378 348	-	-	-
Total	**18 665 066**	**(8 937 149)**	**9 727 917**	**11 495 830**	**(7 369 118)**	**4 126 712**

Reconciliation of property, plant and equipment - 2024

	Opening balance GH¢	Additions GH¢	Disposals GH¢	Depreciation GH¢	Closing balance GH¢
Furniture and fixtures	1 487 381	301 152	-	(593 187)	1 195 346
Motor vehicles	1 963 899	616 800	(19 256)	(714 159)	1 847 284
IT equipment	675 432	1 121 837	-	(490 330)	1 306 939
Capital - work in progress	-	5 378 348	-	-	5 378 348
	4 126 712	**7 418 137**	**(19 256)**	**(1 797 676)**	**9 727 917**

Reconciliation of property, plant and equipment - 2023

	Opening balance GH¢	Additions GH¢	Disposals GH¢	Depreciation GH¢	Closing balance GH¢
Furniture and fixtures	2 043 355	62 811	-	(618 785)	1 487 381
Motor vehicles	2 202 808	496 819	(48 120)	(687 608)	1 963 899
IT equipment	397 809	569 503	-	(291 880)	675 432
	4 643 972	**1 129 133**	**(48 120)**	**(1 598 273)**	**4 126 712**

Schedule of disposals - 2024	Cost GH¢	Accumulated depreciation GH¢	Carrying value GH¢	Proceeds GH¢	Gain / (Loss) GH¢
Motor vehicles	248 900	(229 644)	19 256	-	(19 256)

Notes to the Financial Statements

8. Property, plant and equipment (continued)

Schedule of disposals - 2023	Cost GH¢	Accumulated depreciation GH¢	Carrying value GH¢	Proceeds GH¢	Gain / (Loss) GH¢
Motor vehicles	169 880	(121 760)	48 120	25 269	(22 851)
	169 880	**(121 760)**	**48 120**	**25 269**	**(22 851)**

9. Intangible assets

	2024			2023		
	Cost GH¢	Accumulated amortisation GH¢	Carrying value GH¢	Cost GH¢	Accumulated amortisation GH¢	Carrying value GH¢
Computer software	598 903	(570 132)	28 771	565 459	(560 407)	5 052
Work in progress - computer software	-	-	-	33 444	-	33 444
Total	**598 903**	**(570 132)**	**28 771**	**598 903**	**(560 407)**	**38 496**

Reconciliation of intangible assets - 2024

	Opening balance GH¢	Capitalised GH¢	Amortisation GH¢	Closing balance GH¢
Computer software	5 052	33 444	(9 725)	28 771
Work in progress - computer software	33 444	(33 444)	-	-
	38 496	**-**	**(9 725)**	**28 771**

Reconciliation of intangible assets - 2023

	Opening balance GH¢	Additions GH¢	Amortisation GH¢	Closing balance GH¢
Computer software	15 183	-	(10 131)	5 052
Work in progress - computer software	-	33 444	-	33 444
	15 183	**33 444**	**(10 131)**	**38 496**

10. Stated capital

Authorised
10 000 000 Ordinary shares of no par value
5 000 101 (2023: 5 000 000) Non-cumulative, non-redeemable preferences shares of no par value

Reconciliation of number of shares issued:		
Reported as at 01 January 2024	7 020 000	7 020 000
Issue of shares non-cummulative, non redeemable preference shares	101	-
	7 020 101	**7 020 000**

Unissued ordinary shares are under the control of the directors in terms of a resolution of the shareholders passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Notes to the Financial Statements

	2024 GH¢	2023 GH¢

10. Stated capital (continued)

	2024 GH¢	2023 GH¢
Issued		
2 020 000 Ordinary shares of no par value	2 119 520	2 119 520
5 000 101 (2023: 5 000 000) Non-cumulative, non-redeemable preference shares of no par value	25 913 305	16 413 305
	28 032 825	**18 532 825**
Deposit for shares	6 800 000	9 500 000

All issued shares are fully paid. The money held towards capital relates to Non-cumulative, non-redeemable preferences shares of no par value which is in the process of being issued by the company. The shares in process of registration in 2023 was finally registered and issued in August 2024. The company received regulatory approval on 21 October 2024 from the Bank of Ghana for the issue of the additional preference shares and the application for the alteration in the stated capital of the company was submitted to the Office of the Registrar of Companies on 30 October 2024. The finalisation of the application was in progress at year end.

Statutory reserve

Statutory reserve represents the cumulative amounts set aside from annual net profit / (loss) after tax as required by Section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 93). The proportion of net profits / (loss) transferred to this reserve ranges from 12.5% to 50.0% of net profit / (loss) after tax depending on the ratio of existing statutory reserve fund to paid up capital. The percentage applied for the year was 25.0% (2023: 25.0%).

Credit risk reserve

Credit risk reserve represents differences in impairment provisioning on loans and advances to customers resulting from the application of IFRS impairment rules and the credit loss provisioning rules of Bank of Ghana.

Retained earnings

Retained earnings represents the residual of cumulative annual profits / (loss) that is available for distribution to shareholders.

11. Deposits from customers

	2024 GH¢	2023 GH¢
Short term customer deposits	298 762 479	190 957 132

The company raises short term retail and corporate funding from customers. These have maturities less than 1 year and are unsecured deposits.

	2024 GH¢	2023 GH¢
Analysis of deposits from customers		
Opening balance	190 957 132	106 424 251
Additions	1 736 114 479	951 769 033
Repayments	(1 694 904 497)	(905 779 636)
Interest expense	66 595 365	38 543 484
Closing balance	**298 762 479**	**190 957 132**

Exposure to liquidity risk

Refer to note 26 Financial instruments and risk management for details of liquidity risk exposure and management for deposits from customers.

Exposure to currency risk

Refer to note 26 Financial instruments and risk management for details of currency risk management for deposits from customers.

Notes to the Financial Statements

	2024 GH¢	2023 GH¢

11. Deposits from customers (continued)

Exposure to interest rate risk

Refer to note 26 Financial instruments and risk management for details of interest rate risk management for deposits from customers.

12. Loans and borrowings

	2024 GH¢	2023 GH¢
Absa Bank Ghana Limited This loan is senior secured over the net loan book, bears interest at a variable rate, interest is serviced monthly and principal repayments of GH¢ 1 875 000 are made each quarter. The final repayment date falls on the date 24 months after the first drawdown of the facility, which was the 29th of April 2022.	-	3 761 855
Listed notes - Subordinated The term on these notes were issued with a minimum of 5 years to maturity and they bear no security. The issue comprises only fixed rate notes.	26 808 702	26 793 836
Listed Corporate Notes - Senior secured The term on these notes were issued with a minimum 3 years to maturity and are secured by the loan book. The issue comprises of fixed rate notes of GH¢ 25 000 000 and accrued interest. Interest is payable bi-annually.	26 146 575	26 162 500
Listed Corporate Notes - Senior unsecured The term on these notes with a minimum 3 years to maturity and are unsecured. The issue comprises of fixed rate notes of GH¢ 50 000 000 and accrued interest. Interest is payable bi-annually. Additional notes of GH¢ 25 000 000 were issued in 2024 with maturity in April 2027 with similar terms as the initial notes.	52 555 480	26 263 699
Fidelity Bank Ghana Limited The Fidelity Bank Ghana Limited term loan of GH¢ 27 000 000 was obtained on 10 March 2022. The facility bears interest at a variable rate and interest is serviced monthly, with quarterly repayments of principal of GH¢ 2 250 000. A further term loan of GH¢ 53 100 660 was obtained on 3 October 2023. The facility bears interest at a variable rate and is repaid monthly.	19 310 201	53 709 989
	124 820 958	**136 691 879**

Split between non-current and current portions

	2024 GH¢	2023 GH¢
Non-current liabilities	75 000 000	118 068 205
Current liabilities	49 820 958	18 623 674
	124 820 958	**136 691 879**

Analysis of loans and borrowings	2024 GH¢	2023 GH¢
Opening balance	136 691 879	119 295 350
Additions	25 000 000	53 100 660
Repayments	(73 235 343)	(67 490 580)
Interest expense	36 364 422	31 786 449
Closing balance	**124 820 958**	**136 691 879**

Notes to the Financial Statements

	2024 GH¢	2023 GH¢

12. Loans and borrowings (continued)

Exposure to liquidity risk

Refer to note 26 Financial instruments and risk management for details of liquidity risk exposure and management for loans and borrowings.

Exposure to currency risk

Refer to note 26 Financial instruments and risk management for details of currency risk exposure and management for loans and borrowings.

Exposure to interest rate risk

Refer to note 26 Financial instruments and risk management for details of interest rate risk exposure and management for loans and borrowings.

13. Related parties

Relationships

Ultimate holding company	Izwe Africa Holdings
Holding company	African Micro-Finance Equities (89.1%)
Fellow subsidiary	African Micro-Finance Holdings
Other shareholders	Mr. Abedi Pele Ayew (9.9%) Mr. Raymond K. Bismarck (1%)
Directors	Mr. Raymond K. Bismarck Ms. Angela Akosua Kissiwah Gyasi (Resigned 28 February 2024) Ms. Mabel Nana Nyarkoa Porbley Ms. Carole Ramella Dr. Valentin Mensah Mr. Richard Ahulu

Related party balances

	2024 GH¢	2023 GH¢
Loan accounts - Owing to related party		
African Micro-Finance Holdings	(84 964)	(7 894 804)

	2024 GH¢	2023 GH¢
Analysis of related party		
Opening balance	(7 894 804)	(46 401 058)
Additions	(3 600 000)	(23 480 500)
Repayments	10 421 617	68 152 663
Interest expense	(21 617)	(6 165 909)
Interest relieve	1 009 840	-
Closing balance	**(84 964)**	**(7 894 804)**

The loan with African Micro-Finance Holdings is unsecured, interest free (2023: 30.5%) and is payable on written notice from the lender.

Exposure to currency risk

Refer to note 26 Financial instruments and risk management for details of currency risk management for the loan from related party.

Notes to the Financial Statements

	2024 GH¢	2023 GH¢

13. Related parties (continued)

Exposure to liquidity risk

Refer to note 26 Financial instruments and risk management for details of liquidity risk exposure and management for the loan from related party.

Exposure to interest rate risk

Refer to note 26 Financial instruments and risk management for details of interest rate risk management for the loan from related party.

	2024 GH¢	2023 GH¢
Amounts included in other liabilities regarding related parties		
African Micro-Finance Holdings	(2 324 972)	(3 412 829)

The amount is unsecured, interest free and is repayable on demand.

Related party transactions

	2024 GH¢	2023 GH¢
Interest (relieve) / paid to related parties		
African Micro-Finance Holdings	(988 223)	6 165 909

	2024 GH¢	2023 GH¢
Compensation to directors and other key management		
Director fees	341 420	267 100
Loans to directors and key management	468 364	521 673
Key management emoluments	6 086 112	4 449 071
	6 895 896	**5 237 844**

14. Other liabilities

	2024 GH¢	2023 GH¢
Financial instruments:		
Other payables	8 633 668	4 553 463
Amounts due to related parties	2 324 972	3 412 829
Other accruals	618 386	993 528
Non-financial instruments:		
Unearned arrangement fee income	27 579 972	33 412 574
Payroll related accruals	1 079 915	1 195 948
	40 236 913	**43 568 342**

Other payables relate to insurance premiums due for payment and refunds due to customers.

Other accruals related to amounts due to suppliers.

Unearned arrangement fee income relates to the unearned portion of the fees raised on loans and advances to customers.

Financial instrument and non-financial instrument components of trade and other payables

	2024 GH¢	2023 GH¢
At amortised cost	11 577 026	8 959 820
Non-financial instruments	28 659 887	34 608 522
	40 236 913	**43 568 342**

Exposure to currency risk

Refer to note 26 Financial instruments and financial risk management for details of currency risk management for other liabilities.

Notes to the Financial Statements

	2024 GH¢	2023 GH¢

14. Other liabilities (continued)

Exposure to liquidity risk

Refer to note 26 Financial instruments and financial risk management for details of liquidity risk exposure and management for other liabilities.

15. Interest income calculated using effective interest method

	2024 GH¢	2023 GH¢
Loans and advances to customers	161 652 985	113 304 826
Interest received from staff loans and bank	1 001 904	320 351
Fees recognised over the life of the loans and advances	15 644 064	12 049 584
	178 298 953	**125 674 761**

16. Interest expense calculated using effective interest method

	2024 GH¢	2023 GH¢
Interest (relieve) / expense on amounts due to related parties	(988 223)	6 165 909
Interest expense on deposits to customers	66 595 365	38 543 484
Interest expense on loans and borrowings	36 364 423	31 786 449
Interest expense on bank overdraft	3 925 826	5 177 767
Interest expense on lease liability	2 725 465	2 275 998
	108 622 856	**83 949 607**

17. Net fee and commission income

	2024 GH¢	2023 GH¢
Fee and commission income on loans and advances to customers	22 822 026	17 508 661
Fee and commission expense on loans and advances to customers	(5 408 678)	(8 054 798)
	17 413 348	**9 453 863**

18. Net other operating income

	2024 GH¢	2023 GH¢
Recoveries from loans written off	1 519 805	2 792 653
Profit on derecognition of leases	227 251	928 980
	1 747 056	**3 721 633**

19. Exchange differences

	2024 GH¢	2023 GH¢
Exchange differences	-	(704 006)

Refer to note 26 Financial instruments and financial risk management for details of currency risk management for other liabilities.

Notes to the Financial Statements

	2024 GH¢	2023 GH¢

20. Expenses by nature

	2024 GH¢	2023 GH¢
Advertising costs	4 020 747	3 654 565
Audit fees	348 060	327 370
Bank charges	398 422	1 183 200
Collection costs	7 523 999	7 121 769
Credit bureau	104 562	71 706
Fixed asset expenses	1 168 650	1 032 526
Information technology consulting expenses	6 502 009	5 892 163
Insurance	891 930	1 410 382
Legal and consulting fees	1 231 955	1 069 412
Loss on disposal of property and equipment	19 256	22 851
Other expenses	2 480 702	2 039 254
Postage and courier	155 174	141 827
Printing and stationery	641 395	593 540
Refreshments	291 450	397 928
Rent and utilities	1 460 801	1 070 330
Repairs and maintenance	917 896	1 336 029
Staff welfare costs	319 928	912 356
Telephone and data costs	1 589 530	1 358 980
Travel and accommodation	9 338 258	5 733 768
Value added taxation write-off	1 369 923	2 423 105
	40 774 647	**37 793 061**

Other expenses mainly comprise license and registration fees, cash in transit cost and general premises related costs.

21. Personnel costs

	2024 GH¢	2023 GH¢
Salaries and wages	17 439 459	14 519 203
Leave pay	172 380	121 125
Directors fees	341 420	267 100
Company contributions (Medical and pension funds)	3 114 254	1 966 062
	21 067 513	**16 873 490**

22. Income tax expense

Major components of the tax expense

	2024 GH¢	2023 GH¢
Current		
Local income tax - current period	2 364 841	-
Stabilisation levy	40 952	19 791
	2 405 793	**19 791**
Deferred		
Originating and reversing temporary differences	(2 030 478)	582 469
	375 315	**602 260**

Notes to the Financial Statements

	2024 GH¢	2023 GH¢

22. Income tax expense (continued)

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2024 GH¢	2023 GH¢
Accounting profit	819 038	395 820
Tax at the applicable tax rate of 25% (2023: 25%)	204 760	98 955
Tax effect of adjustments on taxable income		
Stabilisation levy	40 952	19 791
Permanent differences	129 603	483 514
	375 315	**602 260**

The company has a calculated tax loss of GH¢ Nil (2023: GH¢ 9 073 490) which is available for utilisation against future taxable income.

23. Cash generated from/(used in) operations

	2024 GH¢	2023 GH¢
Profit before taxation	819 038	395 820
Adjustments for non-cash items:		
Depreciation and amortisation	4 059 331	3 479 480
Loss on disposal of property and equipment	19 256	22 851
Profit on derecognition of leases	(227 251)	(928 981)
Interest income excluding fees	(162 654 889)	(113 625 177)
Interest expenses	108 622 856	83 949 608
Changes in working capital:		
Other assets	(19 702 251)	(19 692 102)
Trade and other payables	(3 331 429)	5 387 950
Loans and advances from customers	(22 535 018)	(92 357 733)
Deposits from customers	107 805 348	84 532 881
	12 874 991	**(48 835 403)**

The interest disclosure in the Statement of Cash Flows has been repositioned to the main body to improve visibility, necessitating adjustments to the operating and financing cash flow sections. with adjustments made to the comparatives as well.

24. Net debt reconciliation

Analysis of net debt and movements of net debt for each period presented:

	2024 GH¢	2023 GH¢
Cash and cash equivalents	22 337 099	10 863 319
Lease liabilities	(13 823 485)	(8 566 922)
Loans and borrowings	(124 820 958)	(136 691 879)
Deposits from customers	(298 762 479)	(190 957 132)
Loans from related parties	(84 964)	(7 894 804)
Bank overdraft	-	(32 034 647)
Net debt	**(415 154 787)**	**(365 282 065)**

24. Net debt reconciliation (continued)

	Lease liabilities	Loans and borrowings	Deposits from customers	Loans from related parties	Cash and cash equivalents / bank overdraft	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Net debt as at 01 January 2023	(11 443 324)	(119 295 350)	(106 424 251)	(46 401 058)	14 500 818	(269 063 165)
Operating cash flows	-	-	(84 532 881)	-	-	(84 532 881)
Financing cash flows	1 941 029	(16 145 650)	-	38 506 254	(35 672 146)	(11 370 512)
New leases	(3 865 743)	-	-	-	-	(3 865 742)
Other changes	4 801 116	-	-	-	-	4 801 117
Interest expense	(2 275 998)	(31 786 449)	(38 543 484)	(6 165 909)	(5 177 767)	(83 949 606)
Interest payments (presented as operating cash flows)	2 275 998	30 535 570	38 543 484	6 165 909	5 177 767	82 698 729
Net debt as at 31 December 2023	(8 566 922)	(136 691 879)	(190 957 132)	(7 894 804)	(21 171 328)	(365 282 065)
Operating cash flows	-	-	(107 805 347)	-	-	(107 805 347)
Financing cash flows	1 677 670	12 018 332	-	6 800 000	43 508 427	64 004 430
New leases	(7 404 363)	-	-	-	-	(7 404 362)
Other changes	470 130	-	-	-	-	470 131
Interest expense	(2 725 464)	(36 364 423)	(66 595 365)	988 223	(3 925 826)	(108 622 854)
Interest payments (presented as operating cash flows)	2 725 464	36 217 012	66 595 365	21 617	3 925 826	109 485 285
Net debt as at 31 December 2024	**(13 823 485)**	**(124 820 958)**	**(298 762 479)**	**(84 964)**	**22 337 099**	**(415 154 787)**

The net debt reconciliation has been detailed in 2024 to improve visibility of the movement, with adjustments made to the comparatives as well. The cash and cash equivalents and bank overdraft has been combined to clarify disclosure as contained the Statement of Cash Flows

The interest disclosure in the Statement of Cash Flows has been repositioned to the main body to improve visibility, necessitating adjustments to the operating and financing cash flow sections. with adjustments made to the comparatives as well.

25. Tax paid

	2024	2023
Balance at beginning of the year	1 428 227	(376 233)
Current tax recognised in profit or loss	(2 405 793)	(19 791)
Tax paid during the year	1 327 031	1 824 251
Balance at end of the year	**349 465**	**1 428 227**

26. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2024

	Notes	Amortised cost GH¢	Total GH¢
Loans and advances to customers	5	403 196 916	403 196 916
Other assets	4	68 036 281	68 036 281
Cash and cash equivalents	3	22 337 099	22 337 099
		493 570 296	**493 570 296**

Notes to the Financial Statements

26. Financial instruments and risk management (continued)

2023

	Notes	Amortised cost GH¢	Total GH¢
Loans and advances to customers	5	380 661 898	380 661 898
Other assets	4	43 743 848	43 743 848
Cash and cash equivalents	3	10 863 319	10 863 319
		435 269 065	**435 269 065**

Categories of financial liabilities

2024

	Notes	Amortised cost GH¢	Leases	Total GH¢
Other liabilities	14	11 577 026	-	11 577 026
Loans and borrowings	12	124 820 958	-	124 820 958
Loans from related parties	13	84 964	-	84 964
Lease liabilities*	6	-	13 823 485	13 823 485
Deposits from customers	11	298 762 479	-	298 762 479
		435 245 427	**13 823 485**	**449 068 912**

2023

	Notes	Amortised cost GH¢	Leases	Total GH¢
Other liabilities	14	8 959 820	-	8 959 820
Loans and borrowings	12	136 691 879	-	136 691 879
Loans from related parties	13	7 894 804	-	7 894 804
Lease liabilities*	6	-	8 566 922	8 566 922
Bank overdraft	3	32 034 647	-	32 034 647
Deposits from customers	11	190 957 132	-	190 957 132
		376 538 282	**8 566 922**	**385 105 204**

* Lease liabilities have been included in the disclosure of categories of financial liabilities for 2024. The comparative disclosure for 2023 has also been amended.

Notes to the Financial Statements

		2024 GH¢	2023 GH¢

26. Financial instruments and risk management (continued)

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes deposits from customers disclosed in note 11, borrowings disclosed in notes 12 and 13, cash and cash equivalents disclosed in note 3 and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debt.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

Regulatory capital

Regulatory capital refers to the capital that the company must hold as stated capital at any given point in time as per the requirements of the Bank of Ghana. The company has complied with the minimum capital requirement of GH¢ 15,000,000.

Capital Adequacy

The capital adequacy ratio is the quotient of the capital base and the company's weighted asset base. In accordance with the Bank of Ghana regulations, a minimum ratio of 10% is to be maintained.

Tier 1 capital, which includes ordinary stated capital, perpetual bonds (which are classified as innovative Tier 1 securities), retained earnings, translation reserve and minority interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital, which includes qualifying subordinated liabilities, and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available for sale.

The capital structure and gearing ratio of the company at the reporting date was as follows:

		2024 GH¢	2023 GH¢
Loans and borrowings	12	124 820 958	136 691 879
Loans from related parties	13	84 964	7 894 804
Bank overdraft	3	-	32 034 647
Deposits from customers	11	298 762 479	190 957 132
Total borrowings		**423 668 401**	**367 578 462**
Cash and cash equivalents	3	(22 337 099)	(10 863 319)
Net borrowings		**401 331 302**	**356 715 143**
Equity		67 543 415	60 394 692
Total capital		**468 874 717**	**417 109 835**

Notes to the Financial Statements

26. Financial instruments and risk management (continued)

	2024 GH¢	2023 GH¢
Tier 1 Capital		
Ordinary stated capital / Shares (note 10)	2 119 520	2 119 520
Permanent non-cumulative preference shares	25 913 305	16 413 305
Deposit for shares	6 800 000	9 500 000
Retained earnings	13 854 817	18 963 553
Statutory reserve	13 509 245	13 398 314
	62 196 887	**60 394 692**
Less:		
Prepaids	2 849 887	2 794 896
Deferred acquisition cost	12 325 616	16 970 789
Deferred tax	10 906 790	8 876 311
Intangible assets	28 771	38 496
	26 111 064	**28 680 492**
Net Tier 1 Capital	**36 085 823**	**31 714 200**
Subordinated term debt (limited to 50% of tier 1)	26 808 702	26 793 836
Tier 2 Capital (limited to 50% of tier 1)	**31 098 444**	**26 793 836**
Adjusted capital base	**62 894 525**	**58 508 036**
Total assets	545 272 214	480 108 418
Less:		
Cash on hand	2 685 188	3 603 157
Intangibles	26 111 064	28 680 492
80% claim on banks	15 721 529	5 808 130
Adjusted total assets	**500 754 433**	**442 016 639**
3 years average gross income	69 231 291	62 883 440
Adjusted asset base	**569 985 724**	**504 900 079**
CAR	11.03%	11.59%

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has established the risk committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports quarterly to the board of directors on its activities.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The company audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee and the risk committee.

26. Financial instruments and risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company is exposed to credit risk on net advances, trade and other receivables, cash restricted for use and cash and cash equivalents. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party.

Management, for loans issued to customers, uses independent credit bureau reports and its internally developed scorecards when assessing the credit quality of the loan applicant. The internally generated scorecards are developed on the back of the company's risk tolerance, past history with the client and the client's financial position amongst other factors which are included in the company's credit policy. The loans and advances to customers have been reduced by the amount Izwe expects will not be collected in the future to take into account the company's credit exposure.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Net advances which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade and other receivables which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other financial assets, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade and other receivables.

The maximum exposure to credit risk is presented in the table below:

26. Financial instruments and risk management (continued)

	Notes	2024			2023		
		Gross carrying amount GH¢	Credit loss allowance GH¢	Amortised cost GH¢	Gross carrying amount GH¢	Credit loss allowance GH¢	Amortised cost GH¢
Loans and advances to customers	5	440 167 344	(36 970 428)	403 196 916	401 396 196	(20 734 298)	380 661 898
Other assets	4	68 036 281	-	68 036 281	43 743 848	-	43 743 848
Cash and cash equivalents*	3	19 651 911	-	19 651 911	7 260 162	-	7 260 162
		527 855 536	**(36 970 428)**	**490 885 108**	**452 400 206**	**(20 734 298)**	**431 665 908**

* Excludes petty cash not subject to credit risk.

Reconciliation of impairment loss on loans and advances to customers	**2024 GH¢**	**2023 GH¢**
Movement in credit loss allowance recognised in interest and similar income	(2 206 162)	295 690
Movement in credit loss allowance recognised in impairment loss on loans and advances	(14 029 968)	9 782 292
Impairment loss write off	(8 086 002)	(6 845 097)
Impairment loss on loans and advances	**(22 115 970)**	**2 937 195**

Reconciliation of credit loss allowance (Total)	**12 month expected credit losses (Stage 1) GH¢**	**Lifetime expected credit losses (Stage 2) GH¢**	**Credit impaired financial assets (Stage 3) GH¢**	**Total GH¢**
Opening balance	4 213 221	1 695 018	14 826 059	20 734 298
Originations	1 560 212	275 688	6 188 542	8 024 442
Existing book movements	(1 311 557)	261 728	11 086 563	10 036 734
Settlements in the ordinary course of business	(665 203)	(99 908)	(1 059 935)	(1 825 046)
Closing balance	**3 796 673**	**2 132 526**	**31 041 229**	**36 970 428**

Reconciliation of credit loss allowance (Payroll)	**12 month expected credit losses (Stage 1) GH¢**	**Lifetime expected credit losses (Stage 2) GH¢**	**Credit impaired financial assets (Stage 3) GH¢**	**Total GH¢**
Opening balance	4 059 054	1 389 145	13 515 025	18 963 224
Originations	1 297 425	250 860	4 284 910	5 833 195
Existing book movements	(1 327 814)	245 705	12 231 565	11 149 456
Settlements in the ordinary course of business	(576 847)	(84 868)	(840 196)	(1 501 911)
	3 451 818	**1 800 842**	**29 191 304**	**34 443 964**

Notes to the Financial Statements

26. Financial instruments and risk management (continued)

Reconciliation of credit loss allowance (Secured lending)	**12 month expected credit losses (Stage 1) GH¢**	**Lifetime expected credit losses (Stage 2) GH¢**	**Credit impaired financial assets (Stage 3) GH¢**	**Total GH¢**
Opening balance	154 167	305 873	1 311 034	1 771 074
Originations	262 787	24 829	1 903 632	2 191 248
Existing book movements	16 257	16 022	(1 145 002)	(1 112 723)
Settlements in the ordinary course of business	(88 357)	(15 040)	(219 739)	(323 136)
	344 854	**331 684**	**1 849 925**	**2 526 463**

Reconciliation of loans and advances to customers (Total)	**12 month expected credit losses (Stage 1) GH¢**	**Lifetime expected credit losses (Stage 2) GH¢**	**Credit impaired financial assets (Stage 3) GH¢**	**Total GH¢**
Current portfolio	289 614 015	570 189	3 920 688	294 104 892
Up to 30 days	21 168 377	2 687 118	3 188 349	27 043 844
Over 30 days less than 60 days	3 501 024	4 265 369	1 831 621	9 598 014
Over 60 days less than 90 days	1 353 660	3 447 292	-	4 800 952
Over 90 days less than 120 days	1 669 440	154 185	2 731 270	4 554 895
Over 120 days	8 299 589	547 621	91 217 537	100 064 747
Gross loans and advances to customers	325 606 105	11 671 774	102 889 465	440 167 344
Credit loss allowance	(3 796 672)	(2 132 527)	(31 041 229)	(36 970 428)
Net loans and advances to customers	**321 809 433**	**9 539 247**	**71 848 236**	**403 196 916**

The classification of advances is based on the number of instalment a customer is in arrears. Customers with one or less instalment in arrears are classified in 12 month expect credit losses, customers with more than one full instalment but up to three installments in arrears are classified in Lifetime expected credit losses and customers with more than three full installments in arrears are classified as Credit impaired financial assets.

The classification of customers in lifetime expected credit losses and credit impaired financial assets are amended to 12 month expected credit losses where the customer serviced the last five instalments successfully even if the previously outstanding instalments remains unpaid. This process in terms of the IFRS 9 model only applies to the classification and not the ageing of the advances.

Reconciliation of loans and advances to customers (Payroll)	**12 month expected credit losses (Stage 1) GH¢**	**Lifetime expected credit losses (Stage 2) GH¢**	**Credit impaired financial assets (Stage 3) GH¢**	**Total GH¢**
Current portfolio	253 509 561	-	-	253 509 561
Up to 30 days	14 597 290	-	-	14 597 290
Over 30 days less than 60 days	2 540 984	2 466 784	-	5 007 768
Over 60 days less than 90 days	1 353 660	2 617 507	-	3 971 167
Over 90 days less than 120 days	861 569	154 185	2 665 338	3 681 092
Over 120 days	2 961 838	13 726	72 350 711	75 326 275
Gross loans and advances to customers	275 824 902	5 252 202	75 016 049	356 093 153
Credit loss allowance	(3 451 818)	(1 800 843)	(29 191 303)	(34 443 964)
Net loans and advances to customers	**272 373 084**	**3 451 359**	**45 824 746**	**321 649 189**

Notes to the Financial Statements

26. Financial instruments and risk management (continued)

Reconciliation of loans and advances to customers (Secured lending)	12 month expected credit losses (Stage 1) GH¢	Lifetime expected credit losses (Stage 2) GH¢	Credit impaired financial assets (Stage 3) GH¢	Total GH¢
Current portfolio	36 104 454	570 189	3 920 688	40 595 331
Up to 30 days	6 571 087	2 687 118	3 188 349	12 446 554
Over 30 days less than 60 days	960 040	1 798 585	1 831 621	4 590 246
Over 60 days less than 90 days	-	829 785	-	829 785
Over 90 days less than 120 days	807 871	-	65 932	873 803
Over 120 days	5 337 751	533 895	18 866 826	24 738 472
Gross loans and advances to customers	49 781 203	6 419 572	27 873 416	84 074 191
Credit loss allowance	(344 854)	(331 684)	(1 849 925)	(2 526 463)
Net loans and advances to customers	**49 436 349**	**6 087 888**	**26 023 491**	**81 547 728**

Credit collateral

The company holds collateral against loans and advances to customers (Secured Lending) on its Vehicle Asset Finance product (Car4Cash) and Landed Property product in the form of title interests over vehicles and landed property. The maximum tenure of the products is 48 months. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and generally are updated when appropriate.

At year end, the total collateral against these advances is GH¢ 320 375 899 (2023: GH¢ 316 325 108).

The main type of collateral obtained is private or personal vehicles. Management monitors the market values of collaterals and will request additional collateral in accordance with the underlying agreement where necessary.

Collateral repossessed

During the year, there were 8 vehicles (2023: 15 vehicles) repossessed and renegotiated assets by the company.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due.

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, finance maintains flexibility in funding by maintaining availability under committed credit lines.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Notes to the Financial Statements

26. Financial instruments and risk management (continued)

2024

		Carrying amount GH¢	Gross nominal cashflow GH¢	12 Months GH¢	1 - 2 years GH¢	2 - 5 years GH¢	Over 5 Years GH¢
Financial assets							
Cash and cash equivalents	3	22 337 099	22 337 099	22 337 099	-	-	-
Other assets	4	68 036 281	68 036 281	68 036 281	-	-	-
Loans and advances to customers	5	403 196 916	788 711 987	292 648 219	193 412 276	302 651 492	-
Total financial assets		**493 570 296**	**879 085 367**	**383 021 599**	**193 412 276**	**302 651 492**	**-**
Financial liabilities							
Other liabilities	14	11 577 026	11 577 026	11 577 026	-	-	-
Loans and borrowings	12	124 820 958	160 774 819	65 482 956	39 524 486	55 767 377	-
Lease liabilities	6	13 823 485	33 516 494	2 921 080	7 037 180	15 858 698	7 699 536
Deposits from customers	11	298 762 479	298 762 479	298 762 479	-	-	-
Loan from related party	13	84 964	84 964	84 964	-	-	-
Total financial liabilities		**449 068 912**	**504 715 782**	**378 828 505**	**46 561 666**	**71 626 075**	**7 699 536**
Liquidity surplus / (shortage)		**44 501 384**	**374 369 585**	**4 193 094**	**146 850 610**	**231 025 417**	**(7 699 536)**

2023

		Carrying amount GH¢	Gross nominal cashflow GH¢	12 Months GH¢	1 - 2 years GH¢	2 - 5 years GH¢	Over 5 Years GH¢
Financial assets							
Cash and cash equivalents	3	10 863 319	10 863 319	10 863 319	-	-	-
Other assets	4	43 743 848	43 743 848	43 743 848	-	-	-
Loans and advances to customers	5	380 661 898	766 649 727	257 489 306	302 465 918	206 694 503	-
Total financial assets		**435 269 065**	**821 256 894**	**312 096 473**	**302 465 918**	**206 694 503**	**-**
Financial liabilities							
Bank overdraft	3	32 034 647	32 034 647	32 034 647	-	-	-
Other liabilities	14	8 959 820	8 959 820	8 959 820	-	-	-
Loans and borrowings	12	136 691 879	220 134 450	47 490 459	125 049 952	47 594 039	-
Lease liabilities	6	8 566 922	19 717 210	1 452 286	6 618 603	6 440 461	5 205 860
Deposits from customers	11	190 957 132	190 957 132	190 957 132	-	-	-
Loan from related party	13	7 894 804	7 894 804	7 894 804	-	-	-
Total financial liabilities		**385 105 204**	**479 698 063**	**288 789 148**	**131 668 555**	**54 034 500**	**5 205 860**
Liquidity surplus / (shortage)		**50 163 861**	**341 558 831**	**23 307 325**	**170 797 363**	**152 660 003**	**(5 205 860)**

Notes to the Financial Statements

26. Financial instruments and risk management (continued)

Foreign currency risk

The company is exposed to foreign currency risk as a result of certain transactions which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the company deals primarily are US Dollars and South African Rands.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

At 31 December 2024, if the currency had weakened/strengthened by 5% against the US Dollar with all other variable held constant, post-tax profit for the year would have been GH¢ Nil (2023: GH¢ 127 981) higher/lower, mainly as a result of foreign exchange gains or losses on transition of US Dollar denominated loans and borrowings.

2024	**USD (Cedi equivalent)**	**Cedi**	**Total**
Assets			
Loans and advances to customers	-	403 196 916	403 196 916
Cash and cash equivalents	-	22 337 099	22 337 099
Other assets	-	68 036 281	68 036 281
Total financial assets	**-**	**493 570 296**	**493 570 296**
Liabilities	**USD (Cedi equivalent)**	**Cedi**	**Total**
Loans and borrowings	-	(124 820 958)	(124 820 958)
Other liabilities	-	(11 577 026)	(11 577 026)
Deposits from customers	-	(298 762 479)	(298 762 479)
Total financial liabilities	**-**	**(435 160 463)**	**(435 160 463)**
Net financial position	**-**	**58 409 833**	**58 409 833**

2023		**USD (Cedi equivalent)**	**Cedi**	**Total**
Assets				
Loans and advances to customers		-	380 661 898	380 661 898
Cash and cash equivalents		-	10 863 319	10 863 319
Other assets		-	43 743 848	43 743 848
Total financial assets		**-**	**435 269 065**	**435 269 065**
Liabilities				
Loans and advances to customers		-	(136 691 879)	(136 691 879)
Other liabilities		(3 412 829)	(5 546 991)	(8 959 820)
Bank overdraft		-	(32 034 647)	(32 034 647)
Deposits from customers		-	(190 957 132)	(190 957 132)
Total financial liabilities		**(3 412 829)**	**(365 230 649)**	**(368 643 478)**
Net financial position	**(3 412 829)**	**70 038 416**	**-**	**66 625 587**

The company did not have any foreign currency exposure during 2024. The USD amount due to a related party (refer note 13) was converted to the company's functional currency effective 1 January 2024.

Notes to the Financial Statements

26. Financial instruments and risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The debt of the company is comprised of different instruments, which bear interest at either fixed or floating interest rates. The ratio of fixed and floating rate instruments in the loan portfolio is monitored and managed, by incurring either variable rate bank loans or fixed rate bonds as necessary. Interest rates on all borrowings compare favourably with those rates available in the market.

The company policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period. Interest rates on loans and advances are fixed and have not been included in the analysis below.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Notes	Carrying amount	
		2024	**2023**
Variable rate instruments:			
Assets			
Cash and cash equivalents*	3	19 651 911	7 260 162
Liabilities			
Loans and borrowings	12	(19 310 201)	(57 471 844)
Bank overdraft	3	-	(32 034 647)
		(19 310 201)	**(89 506 491)**
Net variable rate financial instruments		**341 710**	**(82 246 329)**

*Excludes petty cash not subject to interest rate risk.

Fixed rate instruments:			
Assets			
Loans and advances to customers	5	403 196 916	380 661 898
Liabilities			
Loans and borrowings		(105 510 757)	(67 349 114)
Deposits from customers	12	(298 762 479)	(190 957 132)
		(404 273 236)	**(258 306 246)**
Net fixed rate financial instruments		**(1 076 320)**	**(1 076 320)**

Variable rate instruments:
Assets

Liabilities

Variable rate financial assets as a percentage of total interest bearing financial assets	4.65 %	1.87 %
Variable rate financial liabilities as a percentage of total interest bearing financial liabilities	4.56 %	25.73 %

Notes to the Financial Statements

26. Financial instruments and risk management (continued)

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2024	2024	2023	2023
Increase or decrease in rate - 1.0% (2023: 1.0%)	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Cash and cash equivalents	196 519	(196 519)	72 602	(72 602)
Loans and borrowings	(193 102)	193 102	(574 718)	574 718
Bank overdraft	-	-	(320 346)	80 344
	3 417	**(3 417)**	**(822 462)**	**582 460**
Impact on retained earnings:				
Cash and cash equivalents	147 389	(147 389)	54 452	(54 452)
Loans and borrowings	(144 827)	144 827	(431 039)	431 039
Bank overdraft	-	-	(240 260)	(240 260)
	2 562	**(2 562)**	**(616 847)**	**136 327**

Price risk

The company is not exposed to equity securities price risk because there are no investments held by the company and classified on the statement of financial position at fair value through profit or loss.

27. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied is that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors is not aware of any new material changes that may adversely impact the company. The directors is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

28. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report that would have a material impact on the financial statements.

29. Contingent liabilities

There are no active legal proceedings against the company as at 31 December 2024 (2023: None).

Value Added Statement

	2024 GH¢	2023 GH¢
Value Added		
Other operating income	17 413 348	9 453 863
Direct cost of services and other costs	-	-
Impairment loss on financial assets	(22 115 972)	2 937 195
Total Value Added	**(4 702 624)**	**12 391 058**
Value Distributed		
To Pay Employees		
Salaries, wages, medical and other benefits	(20 726 093)	(16 606 390)
Directors	(341 420)	(267 100)
	(21 067 513)	**(16 873 490)**
To Pay Government		
Income tax	2 364 841	-
Education tax	40 952	19 791
	2 405 793	**19 791**
To be retained in the business for expansion and future wealth creation:		
Depreciation and amortisation	(4 059 331)	(3 479 480)
Deferred tax	(2 030 478)	582 469
	(6 089 809)	**(2 897 011)**
Value retained		
Retained profit	3 080 678	4 651 953
	3 080 678	**4 651 953**