SERVICES INTEGRITY SAVINGS AND LOANS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Contents

CORPORATE INFORMATION

Directors	Major Amarkai Amarteifio (Rtd) - Chairman Sebastian Gavor - Managing Director (Resigned 31 July 2019) Brigadier General Anthony Adokpa (Rtd) Brigadier General Daniel Kofi Amissah Lydia Daddy Major General W.A. Ayamdo (Appointed 22 November 2018) Rear Admiral P.K. Faidoo (Appointed 22 November 2018) CWO Barker Ramous (Appointed 22 November 2018) Thomas F.K. Senya (Appointed 22 November 2018)
Company secretary	Issah Adam
Registered office	Block 1 Labadi Villas Business Center Giffard Road, Burma Camp Accra
Auditor	PricewaterhouseCoopers Chartered Accountants No. 12 Airport City Una Home, 3rd Floor PMB CT 42 Cantonments, Accra
Bankers	Stanbic Bank Ghana Limited Ecobank Ghana Limited

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements of Services Integrity Savings and Loans Limited ('the Company') for the year ended 31 December 2018.

Statement of directors' responsibilities

The directors are responsible for the preparation of financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards and the requirements of the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The directors are responsible for ensuring that the Company keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have assessed the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

Principal activities

The Company is authorised to transact business as a savings and loans company.

Financial results

The financial results for the year ended 31 December 2018 are set out below.

	GHS
Profit for the year before tax of	**4,301,283**
from which is deducted national fiscal stabilization levy of	**(215,064)**
from which is deducted income tax expense of	**(2,708,042)**
giving a profit for the year after tax of	**1,378,177**
when added to the restated balance brought forward on income surplus of	**6,449,118**
from which is transferred to statutory reserve	**(689,089)**
leaving a balance carried forward on income surplus account of	**7,138,206**

Dividend

The directors do not recommend the payment of a dividend for the year ended 31 December 2018.

DIRECTORS' REPORT (continued)

Auditor

The auditor, PricewaterhouseCoopers, has expressed willingness to continue in office in accordance with Section 134 (5) of the Companies Act, 1963 (Act 179).

Approval of the financial statements

The financial statements of the Company were approved by the board of directors on 18 December 2019 and were signed on their behalf by:

....	....
Major Amarkai Amarteifio (Rtd)	**Lydia Daddy**
(Chairman)	**(Director)**

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SERVICES INTEGRITY SAVINGS AND LOANS LIMITED

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Services Integrity Savings and Loans Limited for the year ended 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

What we have audited

We have audited the financial statements of Savings and Loans Limited (the "Company") for the year ended 31 December 2018.

The financial statements on pages 10 to 51 comprise:

- the statement of financial position as at 31 December 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matter

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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Impairment allowance on financial assets

At 31 December 2018, the impairment recognised on financial assets are as follows:

Financial assets	Amounts outstanding	Impairment allowance
	GHS	GHS
Loans and advances to customers	36,184,500	597,255

The impairment of these financial assets have been determined on an expected credit loss basis under IFRS 9 as against the incurred loss model under IAS 39. IFRS 9 is a new accounting standard which requires considerable judgement and interpretation in its implementation. These judgements are key in determining the expected credit losses on relevant financial assets measured at amortised cost.

The data inputs required by IFRS 9 are from a number of systems that have not been used previously for the preparation of the accounting records. This increases the risk of completeness and accuracy of the data that has been used to create assumptions and operate the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.

</td><td>

We updated our understanding of the key controls within the loan origination, approval, monitoring and recovery processes and tested relevant controls.

We tested the assumptions adopted in staging credit exposures for reasonableness. We tested the adequacy of qualitative and quantitative factors applied in assessing significant increase in credit risk.

We checked that the applied definition of default used is consistent with IFRS 9 qualitative default criteria and days past due backstop indicator.

We applied a risk based targeted testing approach in selecting a sample of credit facilities for detailed reviews in order to identify quantitative and qualitative factors resulting in significant increase in credit risk (SICR) or default.

We tested the methodology used in determining the multi-scenario for 12-month and lifetime Probability of Default.

</td></tr>
</table>

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias: - Significant increase in credit risk (SICR) focusing on both the qualitative and quantitative criteria used by the Company - Definition of default and credit impaired assets focusing on both the qualitative and quantitative criteria used by the Company - Probability of Default - PD - (estimate of the likelihood that borrowers will be unable to meet their debt obligations over a particular time horizon) - Exposure At Default - EAD - (amount expected to be owed the Company at the time of default) - Loss Given Default - LGD - (percentage exposure at risk that is not expected to be recovered in an event of default) - Forward looking economic information and scenarios used in the models - Completeness, accuracy and integrity of data used in the model and the Expected Credit Loss (ECL) calculations. The accounting policies, critical estimates and judgements and impairment charge are set out in notes 2.4, 4.2, 6 and 7 to the financial statements.	We checked the completeness and accuracy of the respective credit exposures assessed for ECL and other inputs including collaterals. We checked that the projected EAD over the remaining lifetime of on-balance sheet exposures was in compliance with the requirements of IFRS 9. We tested the reasonableness of the Loss Given Default (LGD). We checked the forward-looking elements, which translate into an allowance for changes in macro-economic conditions and forecasts when estimating lifetime ECLs. We checked appropriateness of IFRS 9 ECL disclosures.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banks and Specialised 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 scepticism throughout the audit. We also:

Auditor's responsibilities for the audit of the financial statements (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 AND REGULATORY REQUIREMENTS

The Companies Act, 1963 (Act 179) 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 Company, so far as appears from our examination of those books; and
iii) the Company's balance sheet (Company's statement of financial position) and Company's profit and loss account (part of the Company's statement of comprehensive income) are in agreement with the books of account.

In accordance with section 85(2) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) we hereby confirm that:

i) the accounts give a true and fair view of the state of affairs of the Company and the results of operations for the period under review;
ii) we were able to obtain all the information and explanations required for the efficient performance of our duties as auditor;
iii) the Company's transactions were within its powers; and
iv) the Company has, in all material respects, complied with the provisions of this Act.

With respect to the provisions of the Anti-Money Laundering Act, 2008 (Act 749) (as amended), the Anti-Terrorism Act, 2008, (Act 762) and the Regulations made under these enactments, we did not identify any instances of non-compliance based on procedures we performed.

The engagement partner on the audit resulting in this independent auditor's report is Oseini Amui (ICAG/P/1139).

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2019/028)
Chartered Accountants
Accra, Ghana
Date: 8 January 2020

STATEMENT OF FINANCIAL POSITION

(All amounts are in Ghana cedis)

		At 31 December	
		2018	2017
Assets	Note		
Cash and bank balances	5	**4,865,297**	5,534,310
Investment securities	6	**158,541,255**	110,287,132
Loans and advances to customers	7	**35,587,245**	666,006
Other assets	8	**501,439**	-
Intangible assets	10	**1,498,722**	1,345,593
Property and equipment	11	**13,631,813**	12,069,823
Total assets		**214,625,771**	129,902,864
Liabilities			
Customer deposits	13	**3,742,686**	454,216
Other liabilities	14	**2,428,850**	1,848,954
Due to related party	9	**129,617,708**	52,829,604
Current income tax liability	15	**4,638,538**	2,403,643
Deferred income tax liability	12	**1,569,457**	1,108,006
Total liabilities		**141,997,239**	58,644,423
Equity			
Stated capital	16	**62,000,000**	62,000,000
Income surplus	17	**7,138,206**	6,457,204
Statutory reserve	18	**3,490,326**	2,801,237
Total equity		**72,628,532**	71,258,441
Total liabilities and equity		**214,625,771**	129,902,864

The notes on pages 14 to 51 are an integral part of these financial statements.

The financial statements on pages 10 to 51 were approved by the Board of Directors on ………December 2019 and signed on its behalf by:

Signature: **Signature:**

Major Amarkai Amarteifio (Rtd)
(Chairman)

Lydia Daddy
(Director)

STATEMENT OF COMPREHENSIVE INCOME
(All amounts are in Ghana cedis)

	Note	Year ended 31 December 2018	2017
Interest income	19	**37,965,883**	24,033,168
Interest expenses	20	**(21,301,076)**	(12,202,693)
Net interest income		**16,664,807**	11,830,475
Fees and commission income	21	**700,746**	532
Other income	22	**3,697,103**	2,227,420
Operating income		**21,062,656**	14,058,427
Personnel expenses	24	**(6,131,455)**	(3,798,314)
Depreciation and amortisation	25	**(1,949,669)**	(715,773)
Operating expenses	26	**(2,711,979)**	(1,456,983)
Net operating income before impairment		**10,269,553**	8,087,357
Impairment on financial assets	23	**(5,968,270)**	-
Profit before tax		**4,301,283**	8,087,357
National fiscal stabilisation levy	27	**(215,064)**	(404,368)
Income tax expense	28	**(2,708,042)**	(2,080,515)
Profit for the year		**1,378,177**	5,602,474
Other comprehensive income		-	-
Total comprehensive income for the year		**1,378,177**	5,602,474

The notes on pages 14 to 51 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

(All amounts are in Ghana cedis)

	Stated capital	Income surplus	Statutory reserve	Total
Year ended 31 December 2018				
Balance at 1 January 2018	62,000,000	6,457,204	2,801,237	**71,258,441**
Changes in accounting policy (Note 2.1 (c))	-	(10,782)	-	**(10,782)**
Deferred income tax	-	2,696	-	**2,696**
Restated balance at 1 January 2018	62,000,000	6,449,118	2,801,237	**71,250,355**
Profit for the year	-	1,378,177	-	**1,378,177**
Other comprehensive income	-	-	-	**-**
Total comprehensive income	**-**	**1,378,177**	**-**	**1,378,177**
Transfer to statutory reserve	**-**	**(689,089)**	**689,089**	**-**
Balance at 31 December 2018	**62,000,000**	**7,138,206**	**3,490,326**	**72,628,532**
Year ended 31 December 2017				
At 1 January 2017	62,000,000	3,655,967	-	65,655,967
Comprehensive income:				
Profit for the year	-	5,602,474	-	5,602,474
Other comprehensive income	-	-	-	-
Total comprehensive income	-	5,602,474	-	5,602,474
Transfer to statutory reserve	-	(2,801,237)	2,801,237	-
Balance at 31 December 2017	62,000,000	6,457,204	2,801,237	71,258,441

The notes on pages 14 to 51 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(All amounts are in Ghana cedis)

	Notes	Period ended 31 December 2018	2017
Cash flows from operating activities			
Profit before income tax		**4,301,283**	8,087,357
Adjustments for:			
Depreciation expense	11	**1,571,316**	692,966
Amortisation charge	10	**378,353**	22,807
Increase in investment securities		**(34,079,881)**	(23,728,348)
Decrease in due from related party		**-**	22,500,000
Increase in other assets		**(501,439)**	-
Increase in loans and advances to customers		**(34,932,021)**	(666,006)
Increase in customer deposits		**3,288,470**	454,216
Increase in due to related party		**76,788,104**	12,202,693
Increase in other liabilities		**364,832**	684,647
Cash flow from operating activities		**17,179,017**	20,250,332
Tax paid		**(9,000)**	-
Net cash flow from operating activities		**17,170,017**	20,250,332
Cash flows from investing activities			
Purchase of property and equipment	11	**(3,133,306)**	(10,229,716)
Purchase of intangible assets	10	**(531,482)**	(1,368,400)
Net cash used in investing activities		**(3,664,788)**	(11,598,116)
Increase in cash and cash equivalents		**13,505,229**	8,652,216
Cash and bank balances at 1 January	5	**12,895,786**	4,243,570
Cash and cash equivalents at 31 December	5	**26,401,015**	12,895,786

The notes on pages 14 to 51 are an integral part of these financial statements.

NOTES

1. General information

Services Integrity Savings and Loans Limited provides savings and loans products to personnel of the Ghana Armed Forces and the general public. The Company is a limited liability company incorporated and domiciled in Ghana. The address of the Company's registered office is Block 1 Labadi Villas Business Center, Giffard Road, Burma Camp, Accra.

2. Summary of significant accounting policies

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

2.1. Basis of preparation

a) Compliance with IFRS

The financial statements of Services Integrity Savings and Loans Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

b) Historical cost convention

The financial statements have been prepared under the historical cost convention.

(c) New standards, amendments and interpretations adopted by the Company

The following standards, amendments and International Financial Reporting Interpretation Committee (IFRIC) interpretations were adopted by the Company for the first time for the financial year beginning on or after 1 January 2018 and have an impact on the Company's financial statements.

(i) IFRS 9 – Financial Instruments

The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Company did not early adopt IFRS 9 in previous periods. As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening income surplus and other reserves of the current period.

Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year. The adoption of IFRS 9 has resulted in changes in accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Company. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail in Note 2.4 below.

NOTES
(All amounts are in Ghana Cedis unless otherwise stated)

2. Summary of significant accounting policies

2.1. Basis of preparation (continued)

(c) New standards, amendments and interpretations adopted by the Company (continued)

(i) IFRS 9 – Financial Instruments

Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

	IAS 39		IFRS 9	
Financial assets	**Measurement category**	**Carrying amount**	**Measurement category**	**Carrying amount**
Cash and cash equivalents	Amortised cost (Loans and receivables)	5,534,310	Amortised cost (Hold to collect)	5,534,310
Investment securities	Amortised cost (Held to maturity)	110,287,132	Amortised cost (Hold to collect)	110,287,132
Loans and advances to customers	Amortised cost (Loans and receivables)	666,006	Amortised cost (Hold to collect)	655,224

There were no changes to the classification or measurement of financial liabilities. They remained classified as financial liabilities measured at amortised cost.

Reclassification from retired categories with no change in measurement

As indicated above, some financial assets have been reclassified to new categories under IFRS 9, as their previous categories under IAS 39 were “retired” with no changes to their measurement basis. They include those previously classified as held to maturity and loans and receivables and measured at amortised cost.

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The Company performed a detailed analysis of its business models for managing financial assets and analysis of cash flow characteristics. The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

2. Summary of significant accounting policies

2.1. Basis of preparation (continued)

(c) New standards, amendments and interpretations adopted by the Company (continued)

(i) IFRS 9 – Financial Instruments

	IAS 39 Carrying amount 31 December 2017	Remeasurements	IFRS 9 Carrying amount 1 January 2018
Cash and cash equivalents – Amortised cost			
Closing balance under IAS 39 and opening balance under IFRS 9	5,534,310	-	5,534,310
Investment securities – Amortised cost			
Closing balance under IAS 39	110,287,132	-	-
Remeasurement: ECL allowance	-	-	-
Opening balance under IFRS 9	-	-	110,287,132
Loans and advances to customers – Amortised cost			
Closing balance under IAS 39	666,006	-	-
Remeasurement: ECL allowance	-	(10,782)	-
Opening balance under IFRS 9	-	-	655,224
Total financial assets	**116,487,448**	**(10,782)**	**116,476,666**

There are no reclassifications of financial instruments upon the adoption of IFRS 9.

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The total remeasurement loss of GH¢ 1,040,039 was recognised in opening reserves at 1 January 2018.

Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

The following table reconciles the prior period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 January 2018:

Measurement category	Loan loss allowance under IAS 39	Re-measurement	Loss allowance under IFRS 9
Cash and cash equivalents	-	-	-
Investment securities	-	-	-
Loans and advances to customers	-	(10,782)	(10,782)
Other assets	-	-	-
Total	-	(10,782)	(10,782)

NOTES (continued)
(All amounts are in Ghana Cedis unless otherwise stated)

2. Summary of significant accounting policies

2.1. Basis of preparation (continued)

d) Standards issued but not yet effective

(ii) IFRS 15 - Revenue from contracts with customers

The Company has adopted IFRS 15 - Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. In accordance with the transition provisions in IFRS 15, the Company has adopted the new rules with the cumulative effect method. However, no adjustments were passed on adoption on IFRS 15. There were no material effect on revenue recognised by the Company on the adoption of IFRS 15.

d) Standards issued but not yet effective

(i) IFRS 16 - Leases

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, 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.

The Company is in the process of reviewing all leasing arrangements in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Company's operating leases.

The Company will apply the standard for its mandatory adoption date of 1 January 2019. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

NOTES (continued)

2. Summary of significant accounting policies

2.1. Basis of preparation (continued)

d) Standards issued but not yet effective (continued)

(i) Annual Improvements to IFRS Standards 2015-2017 Cycle

The following improvements were finalised in December 2017:

IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.

IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.

IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling separately recognise any changes in the asset ceiling through other comprehensive income.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company's financial statements.

2.2 Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Ghana cedis, which is the Company's functional and presentation currency.

Transactions and balances
Other currency transactions are accounted for at the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in currencies other than the Ghana cedis at the balance sheet date are translated into Ghana cedis at the exchange rates ruling at that date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.3 Cash and cash equivalents

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

2.4 Financial assets and financial liabilities

2.4.1 Financial assets

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate,such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired at initial recognition – the Company calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus,in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities (continued)

2.4.1 Financial assets (continued)

Measurement methods (continued)

Initial recognition and measurement (continued)

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the differences is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(i) Classification and subsequent measurement

From 1 January 2018, the Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt instruments is described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and investment securities.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represents solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities (continued)

2.4.1 Financial assets (continued)

Measurement methods (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in ‘other operating income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within ‘Net trading income' in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- *Business model:* The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

- *SPPI:* Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the `SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities (continued)

2.4.1 Financial assets (continued)

Measurement methods (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

(ii) Impairment

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects**:**

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

The Company has applied IFRS 9 prospectively and has not restated the comparative information. The comparative information provided continues to be accounted for in accordance with the Company’s previous accounting policy.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities (continued)

2.4.1 Financial assets (continued)

Measurement methods (continued)

(iv) Determination of fair values

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the reporting dates.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, and related controls and procedures applied, directors believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities (continued)

2.4.1 Financial assets (continued)

(vi) Accounting policies applied until 31 December 2017

a) Classification

The Company classified the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made were set out below:

<table>
<tr><th colspan="2">Category
(as defined by IAS 39)</th><th colspan="2">Class (as determined by the Company)</th><th>Subclasses</th></tr>
<tr><td rowspan="9">Financial instruments</td><td rowspan="3">Loans and receivables</td><td colspan="3">Cash and bank balances</td></tr>
<tr><td colspan="2" rowspan="2">Loans and advances to customers</td><td>Business loans</td></tr>
<tr><td>Staff loans</td></tr>
<tr><td>Held-to-maturity</td><td>Investment securities</td><td>Government treasury bills</td><td>Unlisted</td></tr>
<tr><td rowspan="5">Financial liabilities at amortised cost</td><td colspan="3">Other financial liabilities</td></tr>
<tr><td colspan="3">Borrowings</td></tr>
<tr><td colspan="2" rowspan="3">Deposits from customers</td><td>Savings accounts</td></tr>
<tr><td>Fixed deposits</td></tr>
<tr><td>Current account</td></tr>
</table>

i) Financial assets

The Company classified its financial assets in the following categories: loans and receivables and held-to-maturity. Management determined the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market other than:

- those that the Company intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designated as at fair value through profit or loss;
- those that the Company upon initial recognition designates as available-for-sale; or
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables were initially recognised at fair value, which was the cash consideration to originate the loan including any transaction costs, and measured subsequently at amortised cost using the effective interest rate method.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities (continued)

2.4.1 Financial assets (continued)

(vi) Accounting policies applied until 31 December 2017 (continued)

Held-to-maturity

Held-to-maturity investments were non-derivative financial asset with fixed or determinable payments and fixed maturities that the Company's management had the positive intention and ability to hold to maturity other than:

i. those that the Company upon initial recognition designates as at fair value through profit or loss;
ii. those that the Company designates as available for sale; and
iii. those that meet the definition of loans and receivables.

Held-to-maturity financial assets were initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost using effective interest method.

ii) Financial liabilities

The Company's financial liabilities were mainly deposits from customers and other liabilities. Such financial liabilities were initially recognised at fair value and subsequently measured at amortised cost.

(b) Determination of fair values

The determination of fair values was the same as disclosed in Note 2.4.1 (iv) above.

(c) Derecognition

Derecognition of financial assets was the same as disclosed in Note 2. 4.1 (iii).

(d) Impairment of financial assets

Assets carried at amortised cost

The Company assessed at each reporting date whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or group of financial assets was impaired and impairment loss was incurred if, and only if, there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. Objective evidence that a financial asset or group of assets was impaired included observable data that came to the attention of the Company about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities (continued)

2.4.1 Financial assets (continued)

(vi) Accounting policies applied until 31 December 2017 (continued)

(d) Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

- the Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider; and

- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

    - adverse changes in the payment status of borrowers in the group or;
    - national or local economic conditions that are likely to correlate with defaults on the assets in the group.

The Company first assessed whether objective evidence of impairment existed individually for financial assets that were individually significant, and collectively for financial assets that were not individually significant. If the Company determined that no objective evidence of impairment existed for an individually assessed financial asset, it included the asset in a group of financial assets with similar credit risk characteristics and collectively assessed them for impairment. Assets that were individually assessed for impairment and for which an impairment loss was or continued to be recognised are not included in a collective assessment of impairment.

If there was objective evidence that an impairment loss on individually significant loans and receivables had been incurred, the amount of the loss was measured as the difference between the assets' carrying amount and the present value of estimated future cashflows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset was reduced through the use of an allowance account and the amount of the loss was recognised in the profit or loss.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflected the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets were grouped on the basis of similar credit risk characteristics. Those characteristics were relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment were estimated on the basis of the contractual cash flows of the assets in the Company and historical loss experience for assets with credit risk characteristics similar to those in the Company.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities (continued)

2.4.1 Financial assets (continued)

(vi) Accounting policies applied until 31 December 2017 (continued)

Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

Historical loss experience was adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period in which the historical loss experience was based and to remove the effects of conditions in the historical period that do not exist currently.

When a loan was uncollectible, it was written off against the related provision for loan impairment. Such loans were written off after all the necessary procedures had been completed and the amount of the loss had been determined.

Subsequent recoveries of amounts previously written off decreased the amount of the allowance for loan impairment in the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreased and the decreased could be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss was reversed by adjusting the allowance account. The amount of the reversal was recognised in the profit or loss.

(e) Offsetting financial instruments

Offsetting financial instruments was same was disclosed in Note 2.4.1(v).

2.4.2 Financial Liabilities

a) Classification

The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

b) Measurement

The ‘amortised cost’ of a financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.5. Property and equipment

All property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight line method to allocate the cost of property and equipment to their residual values over their estimated useful lives as follows:

Furniture, fittings and office equipment	20%
Motor vehicles	20%
Computer hardware	20%

Depreciation commences when the assets are ready for their intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income in profit or loss.

2.6 Intangible assets

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use specific software. These costs are amortised on the basis of expected useful lives. Software has a maximum expected useful life of 5 years. Software are carried at cost less any amortisation and impairment losses, if any.

2.7 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.8 Income tax

Current income tax

Income tax expense comprises current and deferred income tax. Current income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits 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 income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.9 Employee benefits

Defined contribution plans

The Company and its employees contribute to defined pension schemes. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company’s contributions to the defined contribution schemes are recognised as an employee benefit expense when they fall due. The Company has no further payment obligations once the contributions have been paid.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided

NOTES (continued)

2.10 Stated capital

Ordinary shares issued are classified as stated capital.

2.11 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

3. Critical accounting estimates and judgements in applying accounting policies

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

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring Expected Credit Loss (ECL), such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios and the associated ECL.

Refer to Notes 2.4 and 4.2 for further details on these estimates and judgements.

NOTES (continued)

3. Critical accounting estimates and judgements in applying accounting policies (continued)

Income taxes

Significant estimates are required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain. 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 current income tax and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Hold to collect financial assets

The Company classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as hold to collect. This classification requires significant judgement. In making this judgement, the Company uses the Business model and Solely for Payment of Principal and Interest (SPPI) model to assess that the purpose for holding these assets was to collect the contractual cash flows associated with the assets.

If the Company were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Company is required to reclassify the entire category as hold to collect and sell. Accordingly, the investments would be measured at fair value instead of amortised cost.

Other accounting judgements, estimates and assumptions applied as at 31 December 2017

Impairment losses on loans and advances

Prior to 1 January 2018, the Company reviewed its loan portfolios to assess whether an allowance for impairment was to be recorded in the statements of comprehensive income. In particular, judgement by management was required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates were based on assumptions about a number of factors and actual results could differ, resulting in future changes to the allowance. In addition to specific allowances against individually significant loans and advances, the Company also made a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, had a greater risk of default than when originally granted.

This took into consideration factors such as any deterioration in country risk, industry, and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

NOTES (continued)

3. Critical accounting estimates and judgements in applying accounting policies (continued)

Other accounting judgements, estimates and assumptions applied as at 31 December 2017 (continued)

Held-to-maturity instruments

In accordance with IAS 39 guidance, the Company classified some non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification required significant judgement. In making this judgement, the Company evaluated its intention and ability to hold such investments to maturity. If the Company were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Company was required to reclassify the entire category as available-for-sale. Accordingly, the investments would be measured at fair value instead of amortised cost.

4. Financial risk management

The Company's activities expose it to a variety of financial risks. The most important types of risk are credit risk, liquidity risk and market risk. Market risk includes currency risk and interest rate risk.

The Company's aim in managing risk is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance. 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.

Financial risk management is carried out by the Risk management department under policies approved by the Board of Directors. The directors have overall responsibility for the establishment and oversight of the company's risk management framework

4.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign exchange risk

The Company is not exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities.

Interest rate risk

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

NOTES (continued)

4. Financial risk management

4.1 Market risk (continued)

Interest rate risk (continued)

The table on the next page summarises the Company's exposure to interest rate risks. It includes the Company's financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

At 31 December 2018	**3 – 12 months**	**Above 12 months**	**Non-interest bearing**	**Total**
Financial assets				
Cash and bank balances	-	-	4,865,297	**4,865,297**
Loans and advances	488,756	34,274,075	824,414	**35,587,245**
Investment securities	158,541,255	-	-	**158,541,255**
Total financial assets	**159,030,011**	**34,274,075**	**5,689,711**	**198,993,797**
Financial liabilities				
Customers' deposits	3,672,310	-	70,376	**3,742,686**
Due to related party	129,617,708	-	-	**129,617,708**
Other liabilities	1,225,806	-	-	**1,225,806**
Total financial liabilities	**134,515,824**	**-**	**70,376**	**134,586,200**
Total interest repricing gap	**24,514,187**	**34,274,075**	**5,619,335**	**64,407,597**
At 31 December 2017				
Financial assets				
Cash and bank balances	-	-	5,534,310	5,534,310
Loans and advances	3,623	662,383	-	666,006
Investment securities	110,287,132	-	-	110,287,132
Total financial assets	110,290,755	662,383	5,534,310	116,487,448
Financial liabilities				
Customer deposits	120,000	-	334,216	454,216
Due to related party	52,829,604	-	-	52,829,604
Other liabilities	-	-	861,054	861,054
Total financial liabilities	52,949,604	-	1,195,270	54,144,874
Total interest repricing gap	57,341,151	662,383	4,339,040	62,342,574

NOTES (continued)

4. Financial risk management

4.1 Market risk (continued)

Interest rate risk (continued)

The Company's interest bearing financial assets are subject to fixed interest rates. The carrying amount or the future cashflows of these financial assets will therefore not fluctuate with a change in market interest rates.

4.2 Credit risk

The Company takes on exposures to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The management of credit default risks begins with the credit officers. Through credit analysis, the Company minimises this risk at the beginning of the credit cycle, that is, when the loan application is received and processed by the responsible loan officer. Key to the analysis is training of the loan officers in credit evaluation techniques. Credit decisions are based on a documented analysis of the customer, including an appraisal of collateral, if applicable.

Loan approvals create an effective mechanism for addressing credit risks in the course of issuing loans and for reducing the risk of fraud.

Credit officers develop close working relationships with credit customers and monitor their business activities on a regular basis with the objective of reducing arrears to the minimum and identifying problem loans at an early stage. The Company also monitors the quality of the loan portfolio on an ongoing basis, using a portfolio at risk (PAR) definition that includes all exposures with payments overdue by more than 30 days as the basic measure of current portfolio quality. Exposure to credit risk is also managed in part by collateral and personal guarantees.

4.2.1 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months

Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Significant increase in credit risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

4. Financial risk management (continued)

4.2 Credit risk (continued)

4.2.1 Expected credit loss measurement (continued)

Quantitative criteria:

The remaining Lifetime PD at the reporting date has increased, compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised.

Qualitative criteria

For Loan portfolios, if the borrower meets one or more of the following criteria:

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last [12] months
- If the borrower is on the Watchlist and/or the instrument meets one or more of the following criteria
- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default

- Early signs of cashflow or liquidity problems such as delay in servicing of trade creditors/loans. The assessment of SICR incorporates forward-looking information and is performed on a weekly basis at a portfolio level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness.

Backstop

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Low Credit Risk Exemption

The Company has not used the low credit risk exemption for any financial instruments in the period ended 31 December 2018.

Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

4. Financial risk management (continued)

4.2 Credit risk (continued)

4.2.1 Expected credit loss measurement (continued)

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Company's expected loss calculations. An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months.

Measuring ECL — Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

4. Financial risk management (continued)

4.2 Credit risk (continued)

4.2.1 Expected credit loss measurement (continued)

- Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. The assumptions underlying the ECL calculation — such as how the maturity profile of the PDs and how collateral values change etc. — are monitored and reviewed on a quarterly basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

Economic Variable Assumptions

The most significant period end assumptions used for the ECL estimate as at 31 December 2018 are set out below:

Scenario	**Weight %**	**GDP Growth %**	**Interest %**	**Inflation %**
Base case	50	7.6	8	9
Improvement	15	8	15	5
Deterioration	35	6	5	15

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

4. Financial risk management (continued)

4.2 Credit risk (continued)

4.2.1 Expected credit loss measurement (continued)

The forward looking economic information affecting the ECL model are as follows:

1. GDP Growth – GDP growth is used to assess the relative health of the economy. Forward looking information is incorporated by using the projected GDP growth rate for the current year as a base.
2. Consumer price index (CPI) – CPI is used due to its influence on monetary policy and on interest rates. Interest rate has an impact on borrowers' likelihood of default. Forward looking information is incorporated by using the expected change in inflation rates for the next three quarters.

4.2.2 Maximum exposure to credit risk

For financial assets recognised on the balance sheet, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Company would have to pay if the guarantees were to be called upon. For loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

Credit risk exposures relating to on balance sheet assets are as follows:

	2018	2017
Cash at bank	**3,259,800**	5,411,874
Loans and advances	**36,196,792**	666,006
Investment securities	**158,541,255**	110,287,132
Total	**197,997,847**	116,365,012

4.2.3 Analysis of credit quality

The credit quality of financial asset is managed by the Company using internal credit ratings.

The Company's credit exposures were categorised under IAS 39 as follows:

Rating	**Categorisation**
Grade 1 – 3: Low to fair risk	Exposures that are neither past due nor impaired
Grade 4 – 5: Watch list	Exposures that are past due but not impaired
Grade 6: Substandard	Individually impaired facilities
Grade 7: Doubtful	Individually impaired facilities
Grade 8: Loss	Individually impaired facilities

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

4. Financial risk management (continued)

4.2 Credit risk (continued)

4.2.3 Analysis of credit quality (continued)

At 31 December 2018, the Company's credit risk exposures were categorised under IFRS 9 as follows:

- Stage 1 – At initial recognition and no significant increase in credit risk after initial recognition
- Stage 2 – Significant increase in credit risk since initial recognition
- Stage 3 – Credit impaired

The tables below show the credit quality by class of financial assets and the allowance for impairment losses held by the Company against those assets as at 31 December 2018.

	Stage 1	**Stage 2**	**Stage 3**	**2018**	2017
	12-month	**Lifetime**	**Lifetime**	**Total**	Total
Balances with banks	**4,865,297**	**-**	**-**	**4,865,297**	5,534,310
Investment securities	**-**	**158,541,255**	**-**	**158,541,255**	110,287,132
Loans to customers	**35,886,348**	**246,671**	**63,773**	**36,196,792**	666,006
Other assets	**1,580**	**-**	**-**	**1,580**	-
Gross carrying amount	**40,753,225**	**158,787,926**	**63,773**	**199,604,924**	116,487,448
Loss allowance	**(580,392)**	**(3,993)**	**(12,870)**	**(597,255)**	-
Carrying amount	**40,172,833**	**158,783,933**	**50,903**	**199,007,669**	116,487,448

The tables below show the credit quality by class of financial assets and the allowance for impairment losses held by the Company against those assets as at 31 December 2017.

	Bank balances	Investment securities	Loans to customers	Other assets	Total
Neither past due or impaired	5,534,310	110,287,132	666,006	-	116,487,448
Past due but not impaired	-	-	-	-	
Individually impaired	-	-	-	-	-
Gross carrying amount	5,534,310	110,287,132	666,006	-	116,487,448
Loss allowance	-	-	-	-	-
Carrying amount	5,534,310	110,287,132	666,006	-	116,487,448

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

4. Financial risk management (continued)

4.2 Credit risk (continued)

4.3.3 Analysis of credit quality (continued)

Neither past due nor impaired

Loans and advances classified as neither past due nor impaired are loans and advances assessed as performing by reference to the Company's policy on credit impairment provision.

Past due but not impaired

Loans and advances less than 90 days past due are not considered impaired unless information available to the Company proves otherwise. There were no loans past due but not impaired as at 31 December 2017.

Individually impaired

There were no individually impaired loans and advances as at 31 December 2017.

4.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its obligation when they fall due. Liquidity risk also includes failure to make funds available to depositors as well as fulfil commitments to lend.

Liquidity risk is monitored regularly by the Treasury department and periodic reports are made available to management.

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

4. Financial risk management (continued)

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity date. The amounts in the table below are the contractual undiscounted cash flows:

At 31 December 2018	Up to 1 month	1 - 3 months	3 - 12 months	Above 1 year	Total
Financial liabilities					
Customer deposits	2,532,445	457,120	1,070,780	-	**4,060,345**
Due to related party	-	-	151,652,718	-	**151,652,718**
Other liabilities	1,225,806	-	-	-	**1,225,806**
Total financial liabilities	**3,758,251**	**457,120**	**152,723,498**	**-**	**156,938,869**
Cash and bank balances	4,865,297	-	-	-	**4,865,297**
Loans and advances	1,486	15,609	472,083	35,707,614	**36,196,792**
Investment securities	21,535,718	-	137,005,537	-	**158,541,255**
Financial assets held for managing liquidity risk	**26,402,501**	**15,609**	**137,477,620**	**35,707,614**	**199,603,344**
Liquidity gap	**22,644,250**	**(441,511)**	**(15,245,878)**	**35,707,614**	**42,664,475**

At 31 December 2017	Up to 1 month	1 - 3 months	3 - 12 months	Above 1 year	Total
Financial liabilities					
Customer deposits	334,216	-	131,967	-	466,183
Due to related party	960,141	1,920,283	8,641,272	52,670,613	64,192,309
Other liabilities	605,656	255,398	-	-	861,054
Total financial liabilities	1,900,013	2,175,681	8,773,239	52,670,613	65,519,546
Cash and bank balances	5,534,310	-	-	-	5,534,310
Loans and advances	15,948	47,843	143,530	641,377	848,698
Investment securities	1,171,316	6,508,603	110,287,132	-	117,967,051
Financial assets held for managing liquidity risk	6,721,574	6,556,446	110,430,662	641,377	124,350,059
Liquidity gap	4,821,561	4,380,765	101,657,423	(52,029,236)	58,830,513

NOTES (continued)
(All amounts are in Ghana cedis)

4.4 Capital risk management

The Company's objectives when managing capital are:

- To comply with the capital requirements set by the regulator;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Regulatory capital

	2018	2017
Tier 1 capital		
Ordinary share capital	**62,000,000**	62,000,000
Income surplus	**7,138,206**	6,457,204
Statutory reserves	**3,490,326**	2,801,237
Total tier 1 capital	**72,628,532**	71,258,441
Tier 2 capital		
Total tier 2 capital	**-**	-
Total regulatory capital	**72,628,532**	71,258,441
Risk-weighted assets		
On-statement of financial position	**174,825,189**	125,450,929
Off-statement of financial position	-	-
Total risk-weighted assets	**174,825,189**	125,450,929
Other regulatory adjustments	-	-
Adjusted asset base	**174,825,189**	125,450,929
Capital adequacy ratio	**42%**	57%

NOTES (continued)
(All amounts are in Ghana cedis)

5. Cash and cash equivalents

	2018	2017
Cash on hand	**1,605,497**	122,436
Cash at bank	**3,259,800**	5,411,874
Cash and bank balances	**4,865,297**	5,534,310
Investment securities maturing within 91 days of purchase (Note 6)	**21,535,718**	7,361,476
Cash and cash equivalents	**26,401,015**	12,895,786

6. Investment securities

	2018	2017
Fixed deposit	**163,910,760**	110,287,132
Irrecoverable investment securities written off	**(5,369,505)**	-
	158,541,255	110,287,132

Investment securities mature as follows:

	2018	2017
- within 91 days of purchase	**21,535,718**	7,361,476
- over 91 days of purchase	**137,005,537**	102,925,656
	158,541,255	110,287,132

Investment securities are classified as hold to collect.

7. Loans and advances to customers

	2018	2017
Gross loans and advances	**36,196,792**	666,006
Change in accounting policy - IFRS 9 adoption	**(10,782)**	-
Impairment allowance on loans and advances	**(586,473)**	-
Irrecoverable loans written off	**(12,292)**	-
Net loans and advances	**35,587,245**	666,006

All loans and advances to customers are current.

8. Other assets

	2018	2017
Prepayments	**499,859**	-
Other receivables	**1,580**	-
	501,439	-

NOTES (continued)
(All amounts are in Ghana cedis)

9. Related party transactions

The Ghana Armed Forces Provident Fund holds 93.75% of the issued ordinary shares of the Company. The remaining 6.25% of the issued ordinary shares are held by Zeera Group Limited.

The following transactions were carried out with related parties:

	2018	2017
Advances to director:		
Sebastian Gavor	-	1,400,000
Advances from related party:		
Ghana Armed Forces Provident Fund	**55,703,200**	-
Other income		
Income from interest on advances to director	**3,654,491**	2,227,420
Interest expense:		
Advances from Ghana Armed Forces Provident Fund	**21,158,877**	12,202,693

Year end balances arising from transactions with related parties are as follows:

	2018	2017
Due to related party:		
Ghana Armed Forces Provident Fund	**129,617,708**	52,829,604

The movement in borrowings is as follows:

At 1 January	**52,829,604**	40,626,911
Drawdown from Ghana Armed Forces Provident Fund	**55,703,200**	-
Interest payable	**21,084,904**	12,202,693
	129,617,708	52,829,604

The amounts due to Ghana Armed Forces Provident Fund include office rent expenses of GHS20,000. Interest is payable at 25% per annum.

Deposits from key management personnel	**157,796**	-

NOTES (continued)
(All amounts are in Ghana cedis)

9. Related party transactions (continued)

Transactions with directors

Remuneration is paid to directors in the form of fees to non-executive directors and emoluments to the executive directors of the Company.

Directors' emoluments are disclosed in Note 26.

Key management personnel

The compensation of key management paid to or payable for employee services is shown below:

	2018	2017
Salaries and other short-term employment benefits	**3,308,707**	2,136,414

10. Intangible assets

	2018	2017
Cost		
At 1 January	**1,368,400**	-
Additions	**531,482**	1,368,400
At 31 December	**1,899,882**	1,368,400
Accumulated amortisation		
At 1 January	**22,807**	-
Charge for the year	**378,353**	22,807
At 31 December	**401,160**	22,807
Net book amount		
At 31 December	**1,498,722**	1,345,593

NOTES (continued)
(All amounts are in Ghana cedis)

11. Property and equipment

	Work in progress	Computer and Office equipment	Motor vehicles	Furniture and fittings	Total
Year ended 31 December 2018					
At 1 January	236,800	10,645,303	303,192	1,630,123	**12,815,418**
Additions	961,934	2,029,656	14,903	126,813	**3,133,306**
Transfers	(241,415)	241,415	-	-	**-**
At 31 December	**957,319**	**12,916,374**	**318,095**	**1,756,936**	**15,948,724**
Accumulated depreciation					
At 1 January	-	383,989	111,142	250,464	**745,595**
Charge for the year	-	1,171,131	62,626	337,559	**1,571,316**
At 31 December	**-**	**1,555,120**	**173,768**	**588,023**	**2,316,911**
Net book amount					
At 31 December 2018	**957,319**	**11,361,254**	**144,327**	**1,168,913**	**13,631,813**
Year ended 31 December 2017 Cost					
At 1 January	-	1,469,863	303,192	812,647	2,585,702
Additions	236,800	9,175,440	-	817,476	10,229,716
At 31 December	236,800	10,645,303	303,192	1,630,123	12,815,418
Accumulated depreciation					
At 1 January	-	1,621	50,670	338	52,629
Charge for the year	-	382,368	60,472	250,126	692,966
At 31 December	-	383,989	111,142	250,464	745,595
Net book amount					
At 31 December 2017	236,800	10,261,314	192,050	1,379,659	12,069,823

NOTES (continued)
(All amounts are in Ghana cedis)

12. Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 25%.

The movement on the deferred income tax is as follows:

Year ended 31 December 2018	**At 1 January**	**Charged to profit or loss**	**Charged to equity**	**At 31 December**
Deferred income tax liability				
Property, equipment and intangible assets	1,108,006	610,764	-	**1,718,770**
Impairment on financial assets on 1 January	-	-	(2,696)	**(2,696)**
Impairment on financial assets	-	(146,617)	-	**(146,617)**
	1,108,006	**464,147**	(2,696)	**1,569,457**
Year ended 31 December 2017				
Property, equipment and intangible assets	210,676	897,330	-	1,108,006

13. Customer deposits

	2018	2017
Current account	**2,076,629**	332,801
Savings account	**407,748**	1,415
Term deposit	**1,258,309**	120,000
	3,742,686	454,216

All customer deposits are current.

14. Other liabilities

Accrued expenses	**1,058,232**	605,656
Accounts payable	**167,654**	255,398
National fiscal stabilisation levy (Note 27)	**1,202,964**	987,900
	2,428,750	1,848,954

Other liabilities are current.

NOTES (continued)
(All amounts are in Ghana cedis)

15. Current income tax liability

Year end 31 December 2018	At 1 January	Charged to profit or loss	Payments	At 31 December
Up to 2017	**2,403,643**	**1,447,099**	**(9,000)**	**3,841,742**
2018	**-**	**796,796**	**-**	**796,796**
	2,403,643	**2,243,895**	**(9,000)**	**4,638,538**
Year end 31 December 2017				
Up to 2016	1,220,458	-	-	1,220,458
2017	-	1,183,185	-	1,183,185
	1,220,458	1,183,185	-	2,403,643

16. Stated capital

The authorised shares of the Company is 1,000,000,000 ordinary shares of no par value and have been issued for cash consideration as follows:

	2018		2017	
	Number of shares	**Amount**	Number of Shares	Amount
At 1 January	**10,000,000**	**62,000,000**	10,000,000	6,000,000
Settlement of unpaid liability	**-**	**-**	-	56,000,000
At 31 December	**10,000,000**	**62,000,000**	10,000,000	62,000,000

There was no unpaid liability on the issued shares as at 31 December 2018 (2017: Nil).

There are treasury shares.

17. Income surplus account

Income surplus account represents earnings retained by the Company. The movement in the income surplus account is shown as part of statement of changes in equity on page 12.

18. Statutory reserve

The statutory reserve represents amount set aside in accordance with Section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The movement is included in the statement of changes in equity on page 12 and is non-distributable. The company set aside GHS 689,089 for the year ended 31 December 2018 (2017: GHS2,801,237).

NOTES (continued)
(All amounts are in Ghana cedis)

19. Interest income

	2018	2017
Investment securities	**33,298,745**	24,007,552
Loans and advances to customers	**4,667,138**	25,616
	37,965,883	24,033,168

20. Interest expense

Customer deposits	**142,199**	-
Finance costs - borrowings	**21,158,877**	12,202,693
	21,301,076	12,202,693

21. Fees and commission income

Fee income	**700,746**	532

22. Other income

Income from advances to a director	**3,654,491**	2,227,420
Sundry income	**42,612**	-
	3,697,103	2,227,420

23. Net impairment loss on financial assets

Changes in impairment charges

Loans and advances	**586,473**	-
Irrecoverable investments written off	**5,369,505**	
Irrecoverable loans and advance written off	**12,292**	-
	5,968,270	-

24. Personnel expenses

Personnel expenses	**6,131,455**	3,798,314

Personnel expenses comprise:

Wages and salaries	**2,519,321**	1,712,955
Employer pension contributions	**228,389**	114,801
Other staff related costs	**3,383,745**	1,970,558
	6,131,455	3,798,314

NOTES (continued)
(All amounts are in Ghana cedis)

25. Depreciation and amortisation

	2018	2017
Depreciation expense (Note 11)	**1,571,316**	692,966
Amortisation charge (Note 10)	**378,353**	22,807
	1,949,669	715,773

26. Operating expenses

Operating expenses include:

	2018	2017
Directors emoluments	**388,357**	773,947
Auditors remuneration	**96,000**	26,945
Rent	**20,000**	-
Professional fees	**224,574**	27,570
Printing and stationery	**308,658**	350,075
Repairs and maintenance	**258,051**	132,791
Administrative expenses	**1,416,339**	145,655
	2,711,979	1,456,983

27. National fiscal stabilisation levy

The National fiscal stabilisation levy is a levy of 5% chargeable on the profit before tax of specified companies and institutions including non-bank financial institutions.

	At 1 January	**Charged to profit or loss**	**At 31 December**
Year ended 31 December 2018	**987,900**	**215,064**	**1,202,964**
Year ended 31 December 2017	583,532	404,368	987,900

28. Income tax expense

	2018	2017
Current income tax (Note 15)	**2,243,895**	1,183,185
Deferred income tax (Note 12)	**464,147**	897,330
	2,708,042	2,080,515

NOTES (continued)
(All amounts are in Ghana cedis)

28. Income tax expense (continued))

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the statutory tax rate of 25% as follows:

	2018	2017
(Loss)/profit before tax	**4,301,283**	8,087,357
Tax using the domestic corporate tax rate of 25%	**1,075,321**	2,021,839
Tax effect of:		
Revisions to tax charged for 2016	**1,505,775**	-
Revisions to tax charged for 2017	**(58,676)**	
Non-deductible expenses	**185,621**	58,676
	2,708,041	2,080,515

29. Contingent liabilities

There were no contingent liabilities at 31 December 2018 (2017: Nil).

30. Capital commitments

Significant capital expenditure committed to at the end of the reporting period but not recognised as liabilities is as follows:

	2018	2017
Property and equipment	**606,353**	820,567

31. Regulatory disclosures

Defaults in statutory liquidity and accompanying sanctions

Defaults in statutory liquidity (number of times)	**Nil**	Nil
Sanctions (GHS)	-	-