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SERVICES INTEGRITY SAVINGS AND LOANS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Contents

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CORPORATE INFORMATION

Directors	Major Amarkai Amarteifio (Rtd) - Chairman Sebastian Gavor - Managing Director (Resigned 31 July 2019) Brigadier General Anthony Adokpa (Rtd) (Resigned 13 June 2019) Brigadier General Daniel Kofi Amissah Lydia Daddy - Managing Director (Appointed 1 November 2019) Major General W.A. Ayamdo Rear Admiral P.K. Faidoo (Rtd) Chief Warrant Officer Barker Ramous Thomas F.K. Senya
Company secretary	Issah Adam
Registered office	Block 1 Labadi Villas Business Center Giffard Road, Burma Camp Accra
Independent Auditor	PricewaterhouseCoopers PwC Tower A4 Rangoon Lane, Cantonments City PMB CT42, Cantonments Accra, Ghana
Bankers	Stanbic Bank Ghana Limited Ecobank Ghana Limited

REPORT OF THE DIRECTORS

We, the Board of Services Integrity Savings and Loans Limited (the 'Company'), submit herewith the Annual Report on the state of affairs of the Company for the year ended 31 December 2019.

Directors' Responsibility Statement

The Company’s directors are responsible for the preparation of the financial statements that give a true and fair view of Services Integrity Savings and Loans Limited’s financial position at 31 December 2019, and of the profit or loss and cash flows for the period then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930). In addition, the directors are responsible for the preparation of this directors' report.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the 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 and dividend

The financial results for the year ended 31 December 2019 are set out below:

	GHS
Profit for the year before tax of	**4,702,739**
from which is deducted national fiscal stabilisation levy of	**(235,137)**
from which is deducted income tax expense of	**(354,940)**
giving a profit for the year after tax of	**4,112,662**
which when added to a balance brought forward on retained earnings account of	**7,138,206**
from which is transferred to: credit risk reserve	**(259,376)**
statutory reserve	**(2,056,331)**
leaving a balance carried forward on income surplus account of	**8,935,161**

The directors do not recommend the payment of a dividend for the year ended 31 December 2019.

REPORT OF THE DIRECTORS (continued)

Corporate Social Responsibilities

The Company spent a total of GH¢20,198 on corporate social responsibilities during the year. These are mainly in the form of sponsorships and donations to the Ghana Armed Forces and its members.

Audit fee payable

The audit fee for the year ended 31 December 2019 is disclosed on page 49.

Capacity of directors

The Company ensures that only fit and proper persons are appointed to the Board after obtaining the necessary approval from the regulator, Bank of Ghana. Relevant training and capacity building programs are put in place to enable the directors discharge their duties. All of the directors have been certified for attending such training during the year.

Directors

The names of the directors who served during the year are provided on page 1. No director had any interest at any time during the year, in any contract of significance, other than a service contract with the Company. No directors had interest in the shares of the Company.

Auditor

The auditor, PricewaterhouseCoopers, will continue in office in accordance with Section 139 (5) of the Companies Act, 2019 (Act 992) and Section 81 of the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930).

Approval of the financial statements

The financial statements of the Company were approved by the board of directors on 27 May 2020 and were signed on their behalf by:

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

CORPORATE GOVERNANCE REPORT

Services Integrity Savings and Loans Limited is committed to fulfilling its corporate governance obligations and responsibilities in the best interests of its stakeholders by ensuring that its policies and procedures reflect a high standard of corporate governance practices.

Board of Directors Composition

As at 31 December 2019, the Board of Directors of the Company was made up of a Non-Executive Chairman, five (5) Non-Executive Directors and one (1) Executive Director with a good blend of relevant skills, competencies and experience. The directors have relevant knowledge about their statutory responsibilities as well as responsibilities to their stakeholders.

Profile of Directors

Major Amarkai Amarteifio (Rtd)

Major Amarkai Amarteifio (Rtd) is the Chairman of the Board. He is a retired military officer and a legal practitioner. He holds other directorships with La Community Rural Bank, Red Sea Housing Services and Accra Great Olympics Football Club Limited.

Major General William A. Ayamdo

Major General William A. Ayamdo is a military officer. He is a graduate of Royal Military Academy (RMA) Sandhurst, United Kingdom; Royal College of Defence Studies (RCDS), United Kingdom and National Defence University (NDU), United States of America. Major General Ayamdo was a Commandant at Military Academy & Training School (MATS) of the Ghana Army. He also serves on the Board of Trustees of the Ghana Armed Forces Provident Fund.

Rear Admiral Peter K. Faidoo (Rtd)

Rear Admiral Peter K. Faidoo is a retired naval officer. He holds an LLB (Hons) and Masters in Public Administration (MPA).

Brigadier General Daniel K. Amissah

Brig. Gen. Daniel K. Amissah is a military officer and an MSc. holder. He is a Board Member and also serves on the Board of Trustees of the Ghana Armed Forces Provident Fund.

Mrs. Lydia Daddy

Mrs. Lydia Daddy is the Managing Director of the Company. She is a chartered accountant and sits on the Board of Valley View University

Mr. Thomas F. Senya

Mr. Thomas F. Senya is a chartered accountant and an Associate Member of Chartered Institute of Management Accountants (ACMA) with a Masters in Business Administration (Finance). He holds another directorship with the Micheletti Staff Occupational Pension Scheme.

Chief Warrant Officer Ramous Barker

Chief Warrant Officer Ramous Barker is a soldier with the Ghana Armed Forces. He serves on the Board of Trustees of the Ghana Armed Forces Provident Fund.

CORPORATE GOVERNANCE REPORT (continued)

BOARD EFFECTIVENESS REVIEW

Directors Responsibilities

The directors of the Company are responsible for approving and overseeing the institution's strategic objectives, risk strategy, corporate governance and corporate values.

The Board of Directors monitors compliance with applicable legislation, regulations and standards in Ghana.

The Board met ten (10) times during the period.

Committees

The Board has delegated some of its work to the Audit and Risk Sub-Committees.
Members of the committees are as follows:

Audit Committee

Name of Director	Position
Mr. Thomas K. Senya	Chairman
Brigadier Geneneral Daniel K. Amissah	Member
Rear Admiral Peter K. Faidoo (Rtd)	Member

Risk Committee

Name of Director	Position
Major General William A. Ayamdo (Rtd)	Chairman
Brigadier General Daniel K. Amissah	Member
Mrs. Lydia Daddy	Member

Attendance at Board Meetings

The meetings of the Board and its sub-committees are presented in the table below:

Name of Director	Board Meeting Attendance	Audit Committee Meeting Attendance	Risk Committee Meeting Attendance
Major Amarkai Amarteifio (Rtd)	10	NA	NA
Major General William A. Ayamdo (Rtd)	9	NA	1
Brigadier General Daniel K. Amissah	10	4	1
Rear Admiral Peter K. Faidoo (Rtd)	5	1	NA
Chief Warrant Officer Ramous Barker	7	NA	NA
Mr. Thomas Senyah	10	4	NA
Mrs. Lydia Daddy	10	NA	1
Mr. Sebastian D.K.N Gavor	4	NA	NA
Brigadier General Anthony Adokpa	1	NA	NA

CORPORATE GOVERNANCE REPORT (continued)

Shares held by Directors and other related parties

No director or related party held shares as at December 31, 2019 except as disclosed in note 16 to the financial statements.

External Evaluation of the Board

There has been no external evaluation of the Board so far. The Board is however considering the engagement of a competent professional firm to carry out this exercise.

Conflict of Interest

The Board Charter contains a Conflict of Interest Policy for the Board. Conflict of interest disclosures were made to the Bank of Ghana during the year.

Corporate Governance Certification

Four (4) directors and the Board Secretary have obtained certification for participating in the 2019 Annual Directors' Training Program.

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 (the "Company") as at 31 December 2019, 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, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

What we have audited

We have audited the financial statements of Services Integrity Savings and Loans Limited for the year ended 31 December 2019.

The financial statements comprise:

- the statement of financial position as at 31 December 2019;
- 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 Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants and the independence requirements of section 143 of the Companies Act, 2019 (Act 992) that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

<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

IFRS 9 requires the Company to recognise expected credit losses ('ECL') on financial instruments, which involves significant judgement and estimates. This requires considerable judgement and interpretation and the application of forward-looking economic information reflecting management's view of potential future economic environment in its implementation.

The Company's credit exposures and respective impairment at 31 December 2019, where applicable, are as follows:

<table>
<tr><th>Exposures assessed for expected credit loss</th><th>Gross balance</th><th>Impairment</th></tr>
<tr><td></td><td>GHS'000</td><td>GHS'000</td></tr>
<tr><td>Cash and bank balances</td><td>7,563,650</td><td>-</td></tr>
<tr><td>Investment securities</td><td>43,610,733</td><td>436,107</td></tr>
<tr><td>Loans and advances to customers</td><td>66,434,082</td><td>607,987</td></tr>
<tr><td>Other assets</td><td>2,976,919</td><td>-</td></tr>
</table>
Key judgements and estimates in respect of the timing and measurement of expected credit losses (ECL) include:

• Definition of default and credit impaired assets focusing on both the qualitative and quantitative criteria used by the Company;
• Allocation of assets to stage 1, 2, or 3 using the significant increase in credit risk (SICR) criteria and focusing on both the qualitative and quantitative indicators;
• Accounting interpretations and modelling assumptions used to build the models that calculate the ECL such as the Probability of Default – PD, Exposure at Default – EAD and Loss Given Default – LGD;
• Inputs and assumptions used to estimate the impact of multiple economic information such as inflation rate, interest rate and GDP growth estimates;
• Valuation and recoverability of collateral used by the Company; and
• Completeness and valuation of post model adjustments.
</td><td>
We obtained an understanding of and evaluated controls supporting management's estimates and assumptions and tested selected key controls.

We assessed the measurement decisions and the ECL models developed by the Company which include challenging management's determination of:
- significant increase in credit risk,
- default,
- probability of default,
- exposure at default, and
- loss given default.

We examined a sample of financial assets which had not been identified by management as impaired or for which there was no significant increase in credit risk at the reporting date and formed our own judgement.

We assessed the reasonableness of forward-looking information incorporated into the impairment calculations by challenging the multiple economic scenarios chosen and the weighting applied.

We confirmed the value of collateral assigned to the Company at the reporting date and reconciled that to the model input.
</td></tr>
</table>

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
These judgements are key in the development of the impairment assessment tool which has been built and implemented to measure the expected credit losses on relevant credit exposures. Expected credit loss allowances relating to credit impaired loans and advances (referred to as being in Stages 3) are primarily estimated on an individual basis. Judgement is required to determine when a loan is considered to be credit impaired, and then to estimate the expected future cash flows related to that loan under multiple weighted scenario outcomes. An expected credit loss allowance is determined on credit exposures which are not classified as being credit impaired at the reporting date (referred to as being in Stages 1 and 2) using impairment assessment tools based on key assumptions including probability of default and loss given default. The accounting policies, critical estimates, judgements and impairment charges are set out in notes 2.4, 3, 4.2, 8, 9 and 26 to the financial statements.	We tested the data used in the ECL calculation by reconciling to source systems. We re-performed certain model calculations to evaluate the inputs and risk parameter outputs. We considered post-model adjustments in the context of key model and data limitations identified by management, challenged their rationale and recalculated where necessary. We assessed the adequacy and appropriateness of disclosures for compliance with IFRS 9.

Other information

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

Our opinion on the financial statements does not cover the other information and we do not express 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, 2019 (Act 992) 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:

- 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;

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of 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, 2019 (Act 992) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and

iii) the Company's statement of financial position and 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

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.

Non-compliance with a section of the Banks and Specialised Deposit-Taking Institution Act, 2016 (Act 930)

The Company's transactions were within its powers and except as indicated in Note 35, the Company, in all material respect, complied with the relevant provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

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

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2020/028)

Chartered Accountants

Accra, Ghana

28 May 2020

pwc

STATEMENT OF FINANCIAL POSITION
(All amounts are in Ghana cedis)

		At 31 December	
		2019	2018
Assets	Note		
Cash and bank balances	7	**7,563,650**	4,865,297
Investment securities	8	**43,174,626**	158,541,255
Loans and advances to customers	9	**65,826,095**	35,587,245
Other assets	10	**3,560,809**	501,439
Intangible assets	11	**1,118,746**	1,498,722
Right-of-use asset	12	**1,342,011**	-
Property and equipment	13	**9,980,239**	13,631,813
Total assets		**132,566,176**	214,625,771
Liabilities			
Customer deposits	14	**10,436,568**	3,742,686
Other liabilities	15	**1,964,970**	2,428,850
Due to related party	16	**37,291,086**	129,617,708
Lease liability	12	**1,412,793**	-
Current income tax	17	**4,232,379**	4,638,538
Deferred income tax	18	**487,186**	1,569,457
Total liabilities		**55,824,982**	141,997,239
Equity			
Stated capital	19	**62,000,000**	62,000,000
Retained earnings	20	**8,935,161**	7,138,206
Credit risk reserve	21	**259,376**	-
Statutory reserve	21	**5,546,657**	3,490,326
Total equity		**76,741,194**	72,628,532
Total liabilities and equity		**132,566,176**	214,625,771

The financial statements on pages 13 to 51 were approved by the Board of Directors on ………May 2020 and signed on its behalf by:

Signature:

Major Amarkai Amarteifio (Rtd)
(Chairman)

Signature:

Lydia Daddy
(Director)

The notes on pages 17 to 51 are an integral part of these financial statements.

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

	Note	Year ended 31 December 2019	2018
Interest income	22	**44,035,895**	37,965,883
Interest expenses	23	**(27,471,700)**	(21,301,076)
Net interest income		**16,564,195**	16,664,807
Fees and commission income	24	**1,020,531**	700,746
Other income	25	**63,672**	3,697,103
Operating income		**17,648,398**	21,062,656
Personnel expenses	27	**(6,597,724)**	(6,131,455)
Depreciation and amortisation	28	**(2,659,701)**	(1,949,669)
Operating expenses	29	**(6,124,034)**	(2,711,979)
Net operating income before impairment		**2,266,939**	10,269,553
Impairment release/(charge) on financial assets	26	**2,435,800**	(5,968,270)
Profit before tax		**4,702,739**	4,301,283
National fiscal stabilisation levy	30	**(235,137)**	(215,064)
Income tax expense	31	**(354,940)**	(2,708,042)
Profit for the year		**4,112,662**	1,378,177
Other comprehensive income		**-**	-
Total comprehensive income for the year		**4,112,662**	1,378,177

The notes on pages 17 to 51 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
(All amounts are in Ghana cedis)

	Stated capital	Retained earnings	Credit risk reserve	Statutory reserve	Total
Year ended 31 December 2019					
Balance at 1 January 2019	**62,000,000**	**7,138,206**	**-**	**3,490,326**	**72,628,532**
Comprehensive income:					
Profit for the year	**-**	**4,112,662**	**-**	**-**	**4,112,662**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**4,112,662**	**-**	**-**	**4,112,662**
Transfer to credit risk reserve	**-**	**(259,376)**	**259,376**	**-**	**-**
Transfer to statutory reserve	**-**	**(2,056,331)**	**-**	**2,056,331**	**-**
Balance at 31 December 2019	**62,000,000**	**8,935,161**	**259,376**	**5,546,657**	**76,741,194**
Year ended 31 December 2018					
Balance at 1 January 2018	62,000,000	6,457,204	-	2,801,237	71,258,441
Change in accounting policy - IFRS 9 adoption (Note 9)	-	(10,782)	-	-	(10,782)
Deferred income tax impact on adoption of IFRS 9 (Note 18)	-	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

The notes on pages 17 to 51 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(All amounts are in Ghana cedis)

	Notes	Year ended 31 December **2019**	2018
Cash flows from operating activities			
Profit before income tax		**4,702,739**	4,301,283
Adjustments for:			
Depreciation expense	12,13	**2,279,725**	1,571,316
Amortisation charge	11	**379,976**	378,353
Write-off of property and equipment	13	**14,654**	-
Impairment of prepayment for ATM equipment	10	**2,553,209**	-
Decrease/(increase) in investments over 91 days	8	**137,005,537**	(34,079,881)
Increase in other assets	10	**(3,059,370)**	(501,439)
Increase in loans and advances to customers	9	**(30,238,851)**	(34,932,021)
Increase in mandatory reserve		**(669,388)**	(328,847)
Increase in customer deposits	14	**6,693,882**	3,288,470
(Decrease)/increase in due to related party	16	**(92,326,622)**	76,788,104
Increase in lease liability		**150**	-
(Decrease)/increase in other liabilities	15	**(699,016)**	364,832
Cash flow from operating activities		**26,636,625**	16,850,170
Tax paid	17	**(1,843,370)**	(9,000)
Net cash flow from operating activities		**24,793,255**	16,841,170
Cash flows from investing activities			
Purchase of property and equipment	13	**(1,125,382)**	(3,133,306)
Purchase of intangible assets	11	**-**	(531,482)
Net cash used in investing activities		**(1,125,382)**	(3,664,788)
Increase in cash and cash equivalents		**23,667,873**	13,176,382
Cash and cash equivalents at 1 January	7	**26,026,746**	12,850,364
Cash and cash equivalents at 31 December	7	**49,694,619**	26,026,746

The notes on pages 17 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.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(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 2019 and have an impact on the Company's financial statements.

IFRS 16 – Leases

The Company has adopted IFRS 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The Company has used the simplified retrospective approach hence there is no impact on the income statement as at the transition date. The new accounting policies are disclosed in Notes 2.7 and 12.

IFRS 16 affected primarily the accounting by lessees and resulted in the recognition of almost all leases on the balance sheet. The standard removed the current distinction between operating and financing leases and required 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1. Basis of preparation (continued)

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

IFRS 16 – Leases (continued)

The statement of profit or loss is also affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense is replaced with interest and depreciation, so key metrics like EBITDA changed.

Operating cash flows is 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 continues to be presented as operating cash flows.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 17% for Ghana Cedi denominated lease liabilities. No leases were previously classified as finance lease by the Company.

Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The Company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Measurement of lease liabilities

	2019
Operating lease commitments disclosed as at 31 December 2018	5,370,600
Discounted using the lessee's incremental borrowing rate	1,412,643
Add: additional finance lease liabilities recognised on 1 January 2019	-
Total lease liability recognised as at 1 January 2019	1,412,643
Of which are:	
Current lease liabilities	-
Non-current lease liabilities	1,412,643

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1. Basis of preparation (continued)

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

IFRS 16 – Leases (continued)

Measurement of right of use assets

The right-of use asset is measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 1 January 2019.

Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by GHS 1,412,643
- lease liabilities – increase by GHS 1,412,643

Improvements to IFRS Standards 2015-2017 Cycle

The following improvements were finalised in December 2018 and effective on 1 January 2019:

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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1. Basis of preparation (continued)

(d) Standards and interpretations issued/amended but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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.

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.

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)

Amortised cost and effective interest rate (continued)

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.

(i) 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. 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.

(ii) Classification and subsequent measurement

The Company applies 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.

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)

(ii) Classification and subsequent measurement (continued)

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 represent 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.
- 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.

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)

(ii) Classification and subsequent measurement (continued)

- *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.

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.

(iii) 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.

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) 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.

(v) 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 believe 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.

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)

(vi) 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.

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.

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. 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.5 Property and equipment (continued)

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 Leases

The Company has changed its accounting policy for leases where the Company is the lessee. The new policy is described below and the impact of the change in Notes 2.1 (c) and 12.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases.

Leases of property, plant and equipment where the Company, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

The Company leases its current office under non-cancellable operating lease arrangements.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The Company's lease contracts are typically made for fixed periods of 1 year to 5 years, but may have extension options. Contracts may contain both lease and non-lease components. The Company may allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.7 Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. As the Company does not revalue its land and buildings that are presented within property, plant and equipment, it has chosen not to revalue the right-of-use buildings held by the Company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property leases of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.8 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.

2.9 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.10 Employee benefits

Defined contribution plans

The Company and its employees contribute to defined contribution 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.

2.11 Stated capital

Ordinary shares issued are classified as stated capital.

2.12 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).

NOTES (continued)

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

Measurement of the expected credit loss allowance (continued)

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.

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.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).

NOTES (continued)

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

Lease term (continued)

- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).

Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

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 comprises 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 interest rates and 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.

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.

NOTES (continued)

4. Financial risk management

4.1 Market risk (continued)

Interest rate risk (continued)

At 31 December 2019	3 – 12 months	Above 12 months	Non-interest bearing	Total
Financial assets				
Cash and bank balances	-	-	7,563,650	**7,563,650**
Loans and advances	28,925,541	36,124,577	775,977	**65,826,095**
Other assets	-	-	2,976,919	**2,976,919**
Investment securities	43,174,626	-	-	**43,174,626**
Total financial assets	**72,100,167**	**36,124,577**	**11,316,546**	**119,541,290**
Financial liabilities				
Customers' deposits	10,066,694	-	369,874	**10,436,568**
Due to related party	35,100,000	-	2,191,086	**37,291,086**
Other liabilities	-	-	1,964,970	**1,964,970**
Total financial liabilities	**45,166,694**	**-**	**4,525,930**	**49,692,624**
Total interest repricing gap	**26,933,473**	**36,124,577**	**6,790,616**	**69,848,666**
At 31 December 2018				
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	133,290,018	-	1,296,182	134,586,200
Total interest repricing gap	25,739,993	34,274,075	4,393,529	64,407,597

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.

NOTES (continued)

4. Financial risk management (continued)

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. 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.

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:

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.

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)

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 2019.

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:

Quantitative criteria

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

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)

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).
- 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.

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 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 2019 are set out below:

Scenario	Weight %	GDP Growth %	Interest %	Inflation %
Base case	50	1.5	14.5	8
Improvement	15	3	15.1	5
Deterioration	35	0.1	10	11

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 subsequent year as a base.
2. Inflation – Inflation is used to assess the relative health of the economy. Forward looking information is incorporated by using the projected inflation rate for the subsequent year as a base.
3. Interest rate – Interest rate is used due to its impact on the relative liquidity and likelihood of default of counterparties. Forward looking information is incorporated by using the expected inflation rates for the next four 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:

	2019	2018
Cash at bank	**5,952,014**	4,865,297
Loans and advances	**66,527,632**	36,196,792
Investment securities	**43,610,733**	158,541,255
Other assets	**2,976,919**	1,580
Total	**119,067,298**	199,604,924

At 31 December 2019, 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.

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

4. Financial risk management (continued)

4.2 Credit risk (continued)

4.2.2 Maximum exposure to credit risk (continued)

	31 December 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances with banks	5,952,014	-	-	5,952,014
Investment securities	43,610,733	-	-	43,610,733
Loans to customers	65,260,607	901,556	365,469	66,527,632
Other assets	2,976,919	-	-	2,976,919
Gross carrying amount	**117,800,273**	**901,556**	**365,469**	**119,067,298**
Loss allowance	(1,000,998)	(7,747)	(128,899)	(1,137,644)
Carrying amount	**116,799,275**	**893,809**	**236,570**	**117,929,654**

	31 December 2018			
	Stage 1	Stage 2	Stage 3	Total
Balances with banks	4,865,297	-	-	4,865,297
Investment securities	-	158,541,255	-	158,541,255
Loans to customers	35,886,348	246,671	63,773	36,196,792
Other assets	1,580	-	-	1,580
Gross carrying amount	40,753,225	158,787,926	63,773	199,604,924
Loss allowance	(580,392)	(3,993)	(12,870)	(597,255)
Carrying amount	40,172,833	158,783,933	50,903	199,007,669

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)

4.3 Liquidity risk (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 2019	**Up to 1 month**	**1 - 3 months**	**3 - 12 months**	**Above 1 year**	**Total**
Financial liabilities					
Customer deposits	3,831,347	1,207,035	6,430,468	-	11,468,850
Due to related party	-	-	41,089,028	-	41,089,028
Other liabilities	1,964,970	-	-	-	1,964,970
Total financial liabilities	**5,796,317**	**1,207,035**	**47,519,496**	**-**	**54,522,848**
Financial assets held for managing liquidity risk					
Cash and bank balances	7,563,650	-	-	-	7,563,650
Loans and advances	1,705,673	3,630,617	24,365,228	36,124,577	65,826,095
Other assets	-	2,976,919	-	-	2,976,919
Investment securities	-	43,174,626	-	-	43,174,626
	9,269,323	**49,782,162**	**24,365,228**	**36,124,577**	**119,541,290**
Liquidity gap	**3,473,006**	**48,575,127**	**(23,154,268)**	**36,124,577**	**65,018,442**
At 31 December 2018					
Financial liabilities					
Customer deposits	2,735,041	493,690	1,156,442	-	4,385,173
Due to related party	-	-	165,284,358	-	165,284,358
Other liabilities	1,225,806	-	-	-	1,225,806
Total financial liabilities	3,960,847	493,690	166,440,800	-	170,895,337
Financial assets held for managing liquidity risk					
Cash and bank balances	4,865,297	-	-	-	4,865,297
Loans and advances	1,605	801,715	509,850	34,274,075	35,587,245
Investment securities	21,535,718	-	137,005,537	-	158,541,255
	26,402,620	801,715	137,515,387	34,274,075	198,993,797
Liquidity gap	22,441,773	308,025	(28,925,413)	34,274,075	28,098,460

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

5. 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

	2019	2018
Tier 1 capital		
Ordinary share capital	**62,000,000**	62,000,000
Retained earnings	**8,935,161**	7,138,206
Credit risk reserve	**259,376**	-
Statutory reserves	**5,546,657**	3,490,326
Total qualifying tier 1 capital	**76,741,194**	72,628,532
Less:		
Intangibles (prepayments)	**(583,890)**	(499,859)
Total adjusted regulatory capital base	**76,157,304**	72,128,673
Total tier 2 capital	**-**	-
Total regulatory capital	**76,157,304**	72,128,673
Risk-weighted assets		
On-statement of financial position	**159,921,465**	236,173,695
Off-statement of financial position	**-**	-
Total risk-weighted assets	**159,921,465**	236,173,695
Other regulatory adjustments	**-**	-
Adjusted asset base	**159,921,465**	236,173,695
Capital adequacy ratio (adjusted regulatory capital base as a percentage of risk weighted asset base)	**48%**	31%

6. Fair value of financial assets and liabilities

The fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

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

6. Fair value of financial assets and liabilities (continued)

The table below sets out the carrying amounts and fair values of those financial assets and liabilities not presented on the Company's statement of financial position at their fair values:

	Amortised cost	Other liabilities at amortised cost	Total	Fair value
At 31 December 2019				
Cash and bank balances	7,563,650	-	7,563,650	7,563,650
Investment securities	43,174,626	-	43,174,626	44,038,118
Loans and advances to customers	65,826,095	-	65,826,095	65,142,617
Other assets	2,976,919	-	2,976,919	2,976,919
Total financial assets	**119,541,290**	**-**	**119,541,290**	**119,721,304**
Financial liabilities				
Customer deposits	-	10,436,568	10,436,568	10,645,299
Other liabilities	-	1,964,970	1,964,970	1,964,970
Due to related party	-	37,291,086	37,291,086	38,036,908
Lease liabilities	-	1,412,793	1,412,793	1,412,793
Total financial liabilities	**-**	**51,105,417**	**51,105,417**	**52,059,970**
At 31 December 2018				
Cash and bank balances	4,865,297	-	4,865,297	4,865,297
Investment securities	158,541,255	-	158,541,255	156,163,136
Loans and advances to customers	35,587,245	-	35,587,245	35,053,437
Other assets	1,580	-	1,580	1,580
Total financial assets	198,995,377	-	198,995,377	196,083,450
Financial liabilities				
Customer deposits	-	3,742,686	3,742,686	3,686,545
Other liabilities		2,428,850	2,428,850	2,428,850
Due to related party	-	129,617,708	129,617,708	127,673,442
Total financial liabilities	-	135,789,244	135,789,244	133,788,837

Other assets

Other assets are carried at amortised cost less impairment. The amortised cost is a reasonable approximation of its fair value.

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

6. Fair value of financial assets and liabilities (continued)

Loans and advances to customers

The loans and advances to customers are carried at amortised cost net of charges for impairment. The estimated fair value of the accounts receivable represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Investment securities

Investment securities are carried at amortised cost less impairment. The estimated fair value of investment securities represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Cash and bank balances

The carrying values of cash and bank balances are a reasonable approximation of fair value.

7. Cash and bank balances

	2019	2018
Cash on hand	**1,611,636**	1,605,497
Cash at bank	**5,952,014**	3,259,800
Cash and bank balances	**7,563,650**	4,865,297

Cash at bank includes mandatory deposit reserve of GHS1,043,657 (2018: GHS374,269).

For the purposes of the statement of cashflows, cash and cash equivalents comprise the following:

	2019	2018
Cash and bank balances	**7,563,650**	4,865,297
Investment securities maturing within 91 days of purchase (Note 8)	**43,174,626**	21,535,718
Mandatory reserve	**(1,043,657)**	(374,269)
Cash and cash equivalents	**49,694,619**	26,026,746

8. Investment securities

Fixed deposit	**43,610,733**	163,910,760
Expected loss allowance	**(436,107)**	-
Investment securities written off	**-**	(5,369,505)
	43,174,626	158,541,255

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

8. Investment securities (continued)

Investment securities mature as follows:

- within 91 days of purchase	**43,174,626**	21,535,718
- over 91 days of purchase	**-**	137,005,537
	43,174,626	158,541,255

Investment securities are classified as hold to collect.

9. Loans and advances to customers

	2019	2018
Gross loans and advances	**66,527,632**	36,196,792
Provision against unsupported loan balances	**(91,261)**	-
Change in accounting policy - IFRS 9 adoption	**-**	(10,782)
Impairment allowance on loans and advances to customers	**(607,987)**	(586,473)
Irrecoverable loans written off	**(2,289)**	(12,292)
Net loans and advances	**65,826,095**	35,587,245

All loans and advances to customers are current.

10. Other assets

Prepaid expenses	**583,890**	499,859
Prepayment for ATM equipment	**2,553,209**	-
Claims receivable	**2,976,919**	1,580
	6,114,018	501,439
Impairment of prepayment for ATM equipment	**(2,553,209)**	-
	3,560,809	501,439

11. Intangible assets

Cost		
At 1 January	**1,899,882**	1,368,400
Additions	**-**	531,482
At 31 December	**1,899,882**	1,899,882
Accumulated amortisation		
At 1 January	**401,160**	22,807
Charge for the year	**379,976**	378,353
At 31 December	**781,136**	401,160
Net book amount		
At 31 December	**1,118,746**	1,498,722

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

12. Leases

(i) Amounts recognised in the balance sheet

The statement of financial position shows the following amounts in relation to leases;

	31 December 2019	1 January 2019
Right of use assets		
Buildings	**1,342,011**	1,412,643
Lease liabilities		
Non-current	**1,412,793**	1,412,643

(ii) Amounts recognised in the statement of profit or loss

The statement of comprehensive income shows the following amounts relation to leases;

	31 December 2019	1 January 2019
Depreciation charge of right of use of assets – Buildings	**70,632**	-
Interest expense on lease liabilities	**240,149**	-

13. Property and equipment

	Work in progress	Computer and office equipment	Motor vehicles	Furniture and fittings	Building and improvement	Total
Year ended 31 December 2019						
Cost						
At 1 January	957,319	12,916,374	318,095	1,756,936	-	15,948,724
Additions	867,075	196,814	3,650	57,843	-	1,125,382
Transfers	(690,174)	189,042	-	3,450	497,682	-
Reclassification to other assets	-	(2,553,209)	-	-	-	(2,553,209)
Write off	(14,654)	-	-	-	-	(14,654)
At 31 December	**1,119,566**	**10,749,021**	**321,745**	**1,818,229**	**497,682**	**14,506,243**
Accumulated depreciation						
At 1 January	-	1,555,120	173,768	588,023	-	2,316,911
Charge for the year	-	1,778,407	64,167	354,077	12,442	2,209,093
At 31 December	**-**	**3,333,527**	**237,935**	**942,100**	**12,442**	**4,526,004**
Net book amount						
At 31 December 2019	**1,119,566**	**7,415,494**	**83,810**	**876,129**	**485,240**	**9,980,239**

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

13. Property and equipment (continued)

Year ended 31 December 2018	Work in progress	Computer and office equipment	Motor vehicles	Furniture and fittings	Total
Cost					
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	-	-	-
	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	957,319	11,361,254	144,327	1,168,913	13,631,813

14. Customer deposits

	2019	2018
Current account	**2,946,686**	2,076,629
Savings account	**829,306**	407,748
Term deposit	**6,660,576**	1,258,309
	10,436,568	3,742,686

All customer deposits are current.

15. Other liabilities

Accrued expenses	**326,987**	1,058,232
Accounts payable	**199,882**	167,654
National fiscal stabilisation levy (Note 30)	**1,438,101**	1,202,964
	1,964,970	2,428,850

Other liabilities are current.

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

16. Related party transactions

The Ghana Armed Forces Provident Fund holds 100% of the issued ordinary shares of the Company.

The following transactions were carried out with related parties:

	2019	2018
Advances from related party:		
Ghana Armed Forces Provident Fund	**35,100,000**	55,703,200
Repayment of advances from related party:		
Ghana Armed Forces Provident Fund	**154,216,252**	-
Other income		
Income from interest on advances to director	**-**	3,654,491
Interest expense:		
Advances from Ghana Armed Forces Provident Fund	**26,549,630**	21,158,877

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

	2019	2018
Due to related party:		
Ghana Armed Forces Provident Fund	**37,291,086**	129,617,708

The movement in borrowings is as follows:

	2019	2018
At 1 January	**129,617,708**	52,829,604
Drawdown from Ghana Armed Forces Provident Fund	**35,340,000**	55,703,200
Interest on borrowings	**26,549,630**	21,084,904
Repayments	**(154,216,252)**	-
At 31 December	**37,291,086**	**129,617,708**
Deposits from key management personnel	**2,867,899**	157,796

The amounts due to Ghana Armed Forces Provident Fund include office lease payable of GHS260,000. Interest is payable at 17% per annum on borrowings.

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 29.

Key management personnel

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

	2019	2018
Salaries and other short-term employment benefits	**2,465,242**	3,308,707

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

17. Current income tax

Year ended 31 December 2019	**At 1 January**	**Charged to profit or loss**	**Payments**	**At 31 December**
Up to 2018	**4,638,538**	**-**	**(1,252,965)**	**3,385,573**
2019	**-**	**1,437,211**	**(590,405)**	**846,806**
	4,638,538	**1,437,211**	**(1,843,370)**	**4,232,379**
Year ended 31 December 2018				
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

18. 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 2019	**At 1 January**	**(Released) /charged to profit or loss**	**Charged to equity**	**At 31 December**
Property, equipment and intangible assets	1,718,770	(930,049)	-	**788,721**
Leases	-	(17,696)	-	**(17,696)**
Impairment on financial assets	(149,313)	(134,526)	-	**(283,839)**
	1,569,457	**(1,082,271)**	**-**	**487,186**
Year ended 31 December 2018				
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

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

19. 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:

	2019		2018	
	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 2019 (2018: Nil).

20. Retained earnings

Retained earnings represents profits retained by the Company. The amount is shown as part of statement of changes in equity.

21. Reserves

Credit risk reserve

Credit risk reserve represents the excess of total loans and advances provision determined in accordance with Bank of Ghana prudential guidelines over the impairment loss for loans and advances recognised in the income statement under IFRS framework.

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 2,056,331 for the year ended 31 December 2019 (2018: GHS689,089).

22. Interest income

	2019	2018
Investment securities	**31,102,583**	33,298,745
Loans and advances to customers	**12,933,312**	4,667,138
	44,035,895	37,965,883

23. Interest expense

Customer deposits	**681,920**	142,199
Lease liabilities	**240,149**	-
Borrowings	**26,549,631**	21,158,877
	27,471,700	21,301,076

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

24. Fees and commission income

	2019	2018
Fee income	1,020,531	700,746

25. Other income

Income from advances to a director	-	3,654,491
Sundry income	63,672	42,612
	63,672	3,697,103

26. Net impairment (release)/charge on financial assets

Recovery of investments written off	(2,976,189)	-
Provision against unsupported loan balances	91,261	-
Impairment charge on loans and advances to customers	10,732	586,473
Impairment charges on investments	436,107	-
Irrecoverable investments written off	-	5,369,505
Irrecoverable loans and advance written off	2,289	12,292
	(2,435,800)	5,968,270

27. Personnel expenses

Personnel expenses comprise:

Wages and salaries	2,719,692	2,519,321
Employer pension contributions	277,482	228,389
Other staff related costs	3,600,550	3,383,745
	6,597,724	6,131,455

28. Depreciation and amortisation

Depreciation expense (Note 12,13)	2,279,725	1,571,316
Amortisation charge (Note 11)	379,976	378,353
	2,659,701	1,949,669

29. Operating expenses

Operating expenses include:

Directors emoluments	569,443	388,357
Auditors remuneration	90,000	96,000
Rent	-	20,000
Professional fees	180,943	224,574
Printing and stationery	206,367	308,658
Repairs and maintenance	686,471	258,051
Impairment of prepayment for ATM equipment	2,553,209	-
Administrative expenses	1,837,601	1,416,339
	6,124,034	2,711,979

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

30. National fiscal stabilisation levy

The National fiscal stabilisation levy is chargeable at 5% 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 2019	**1,202,964**	**235,137**	**1,438,101**
Year ended 31 December 2018	987,900	215,064	1,202,964

31. Income tax expense

	2019	2018
Current income tax (Note 17)	**1,437,211**	2,243,895
Deferred income tax (Note 18)	**(1,082,271)**	464,147
	354,940	2,708,042

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

	2019	2018
Profit before tax	**4,702,739**	4,301,283
Tax using the domestic corporate tax rate of 25%	**1,175,685**	1,075,321
Tax effect of:		
Revisions to tax charged for 2016	**-**	1,505,775
Revisions to tax charged for 2017	**-**	(58,676)
Recognition of previously unrecognized deferred taxes	**(844,422)**	-
Non-deductible expenses	**23,677**	185,621
	354,940	2,708,041

32. Contingent liabilities

There are no contingent liabilities at 31 December 2019 (2018: Nil).

33. Capital commitments

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

	2019	2018
Property and equipment	**82,440**	606,353

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

34. Regulatory disclosures

Defaults in statutory liquidity and accompanying sanctions

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

35. Non-compliance with a section of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930)

Section 62(2) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), prohibits a bank, specialised deposit taking institution or financial holding company from taking an aggregate unsecured financial exposure in excess of ten percent (10%) of its net own funds. The Company had placements exceeding the prescribed exposure limit at the end of the year under review.

36. Events after the reporting period

It is envisioned that the COVID 19 pandemic will most likely have an impact on the economy and as a result the Expected Credit Loss (ECL) provisions relating to forward looking information will be impacted. The Company is, however, not able to produce a reliable estimate of this impact at this point.

The directors are not aware of any other material events that have occurred between the date of the statement of financial position and the date of this report.