Services Integrity Savings and Loans Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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Contents

CORPORATE INFORMATION

Directors

Major Amarkai Amarteifio (Rtd) - Chairman
Lydia Daddy - Managing Director
Brigadier General Daniel Kofi Amissah
Major General W.A. Ayamdo
Rear Admiral P.K. Faidoo (Rtd)
Chief Warrant Officer Barker Ramous
Thomas F.K. Senya
Major General Thomas Oppong-Peprah (Appointed 14 December 2020)
Vice Admiral Seth Amoama (Appointed 14 December 2020)

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

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 2020.

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 2020, 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 2020 are set out below:

	GH¢
Profit for the year before tax of	8,747,692
from which is deducted national fiscal stabilisation levy of	(437,385)
from which is deducted income tax expense of	(3,900,600)
giving a profit for the year after tax of	4,409,707
which when added to a balance brought forward on retained earnings account of	8,935,161
from which is transferred to: credit risk reserve	(248,164)
statutory reserve	(2,204,853)
leaving a balance carried forward on retained earnings account of	10,891,851

The directors do not recommend the payment of a dividend for the year ended 31 December 2020 (2019: Nil).

REPORT OF THE DIRECTORS (continued)

Corporate Social Responsibilities

The Company spent a total of GH¢44,391 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 2020 is disclosed in Note 29.

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 **22 April 2021** and were signed on their behalf by:

…………………………………	…………………………………
Major Amarkai Amarteifio (Rtd)	**Lydia Daddy**
Chairman	**Managing 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 2020, the Board of Directors of the Company was made up of a Non-Executive Chairman, seven (7) 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. He 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.

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)

Profile of Directors (continued)

Major General Thomas Oppong-Peprah

Major General Thomas Oppong-Peprah is a military officer. He holds a Master of Arts degree in International Security and Strategy from the Kings' College, London as well as an Executive Master of Business Administration degree in Human Resource Management from the University of Ghana, Legon. Additionally, the General holds a Bachelor of Science degree in Administration from the University of Ghana and a Post-Graduate Certificate in Public Administration from the Ghana Institute of Management and Public Administration, GIMPA.

Vice Admiral Seth Amoama

Vice Admiral Seth Amoama, the current Chief of the Defence Staff. He is an aluminus of the Galilee Institute of Management in Israel and holds a Master of Science Degree in Strategic Studies from the Political Science Department of University of Ibadan, Nigeria.

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 five (5) 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 General 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

CORPORATE GOVERNANCE REPORT (continued)

BOARD EFFECTIVENESS REVIEW (continued)

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)	5	N/a	N/A
Major General William A. Ayamdo (Rtd)	5	4	0
Brigadier General Daniel K. Amissah	5	4	N/A
Rear Admiral Peter K. Faidoo (Rtd)	1	0	n/A
Chief Warrant Officer Ramous Barker	5	N/A	N/A
Mr. Thomas Senyah	5	4	NA
Mrs. Lydia Daddy	4	4	N/A
Major General Thomas Oppong-Peprah	4	N/A	N/A
Rear Admiral Seth Amoama	4	N/A	N/a

Shares held by Directors and other related parties

No director or related party held shares as at 31 December 2020 except as disclosed in note 16 to the financial statements.

External Evaluation of the Board

An external Board evaluation was undertaken during the year ended 31 December 2020. The report on this was submitted to the Board on 15 April 2021.

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

Eight (8) directors and the Board Secretary have obtained certification for participating in Directors' Training Program.

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 2020, 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 2020.

The financial statements comprise:

- the statement of financial position as at 31 December 2020;
- 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)

Key audit matter	How our audit addressed the key audit matter
Impairment allowance on loans and advances and investment securities At 31 December 2020, the Company's gross loans and advances was GH¢ 135,956,625 and gross investment securities was GH¢ 34,197,001. Expected credit loss of GH¢ 967,766 and GH¢ 341,970 respectively were recognised on these financial assets. Loans and advances are primarily made to members of the Ghana Armed Forces and staff of the Company. Investment securities is made up of fixed deposits with financial institutions. The company uses the Expected Credit Loss (ECL) approach, which takes into account a broad range of information, including forward-looking macroeconomic conditions with a number of underlying assumptions regarding the choice of inputs such as interest rates, gross domestic product growth rates, inflation rates and the effect of probability of default (PD), Exposure at default (EAD) and Loss given default (LGD). 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; • Completeness and accuracy of data used to calculate the ECL;	Our audit procedures related to the Company's impairment of loans and advances and investment securities included the following: 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 reviewed client loan files and repayment history to assess significant increase in credit risk. 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.

Other information

The directors are responsible for the other information. The other information comprises Corporate Information, the Report of the Directors, the Corporate Governance Report and the Value Added Statement 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.

TO THE MEMBERS OF SERVICES INTEGRITY SAVINGS AND LOANS LIMITED (continued)

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 except as indicated in Note 34, 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 leader on the audit resulting in this independent auditor's report is Destiny Selorm Attatsitsey (ICAG/P/1619).

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2021/028)
Chartered Accountants
Accra, Ghana
29 April 2021

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

		At 31 December	
		2020	2019
Assets	Note		
Cash and bank balances	7	**3,949,472**	7,563,650
Investment securities	8	**33,855,031**	43,174,626
Loans and advances to customers	9	**134,988,859**	65,826,095
Other assets	10	**1,167,647**	3,560,809
Intangible assets	11	**738,769**	1,118,746
Right-of-use asset	12	**1,271,379**	1,342,011
Property and equipment	13	**8,974,792**	9,980,239
Total assets		**184,945,949**	132,566,176
Liabilities			
Customer deposits	14	**24,260,763**	10,436,568
Other liabilities	15	**2,630,609**	1,964,970
Due to related party	16	**73,899,318**	37,291,086
Lease liability	12	**1,412,967**	1,412,793
Current income tax	17	**1,456,366**	4,232,379
Deferred income tax	18	**135,025**	487,186
Total liabilities		**103,795,048**	55,824,982
Equity			
Stated capital	19	**62,000,000**	62,000,000
Retained earnings	20	**10,891,851**	8,935,161
Credit risk reserve	21	**507,540**	259,376
Statutory reserve	21	**7,751,510**	5,546,657
Total equity		**81,150,901**	76,741,194
Total liabilities and equity		**184,945,949**	132,566,176

The financial statements on pages 13 to 50 were approved by the Board of Directors on **22 April 2021** and signed on its behalf by:

Signature:

Major Amarkai Amarteifio (Rtd)
Chairman

Signature:

Lydia Daddy
Managing Director

The notes on pages 17 to 50 are an integral part of these financial statements.

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

	Note	Year ended 31 December 2020	2019
Interest income	22	**26,870,625**	44,035,895
Interest expense	23	**(8,301,605)**	(27,471,700)
Net interest income		**18,569,020**	16,564,195
Fees and commission income	24	**3,557,651**	1,020,531
Other income	25	**4,508,431**	3,039,861
Operating income		**26,635,102**	20,624,587
Impairment on financial assets	26	**(173,722)**	(540,389)
Personnel expenses	27	**(8,580,594)**	(6,597,724)
Depreciation and amortisation	28	**(2,758,871)**	(2,659,701)
Operating expenses	29	**(6,374,223)**	(6,124,034)
Profit before tax		**8,747,692**	4,702,739
National fiscal stabilisation levy	30	**(437,385)**	(235,137)
Income tax expense	31	**(3,900,600)**	(354,940)
Profit for the year		**4,409,707**	4,112,662
Other comprehensive income		-	-
Total comprehensive income for the year		**4,409,707**	4,112,662

The notes on pages 17 to 50 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 2020					
Balance at 1 January	62,000,000	8,935,161	259,376	5,546,657	76,741,194
Comprehensive income:					
Profit for the year	-	4,409,707	-	-	4,409,707
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	4,409,707	-	-	4,409,707
Transfer to credit risk reserve	-	(248,164)	248,164	-	-
Transfer to statutory reserve	-	(2,204,853)	-	2,204,853	-
Balance at 31 December	62,000,000	10,891,851	507,540	7,751,510	81,150,901
Year ended 31 December 2019					
Balance at 1 January	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	62,000,000	8,935,161	259,376	5,546,657	76,741,194

The notes on pages 17 to 50 are an integral part of these financial statements.

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

	Notes	Year ended 31 December 2020	2019
Cash flows from operating activities			
Profit before income tax		**8,747,692**	4,702,739
Adjustments for:			
Depreciation expense	12,13	**2,378,894**	2,279,725
Amortisation charge	11	**379,977**	379,976
Write-off of property and equipment	13	**-**	14,654
Impairment of prepayment for ATM equipment	10	**-**	2,553,209
Decrease in investments over 91 days	8	**-**	137,005,537
Decrease/(increase) in other assets	10	**2,393,162**	(3,059,370)
Increase in loans and advances to customers	9	**(68,162,048)**	(30,238,851)
Increase in mandatory reserve	7	**(411,989)**	(669,388)
Increase in customer deposits	14	**13,824,195**	6,693,882
Increase/(decrease) in due to related party	16	**36,608,232**	(92,326,622)
Increase in lease liability	12	**174**	150
Increase/(decrease) in other liabilities	15	**665,639**	(699,016)
Cash flow (used in)/generated from operating activities		**(3,576,072)**	26,636,625
National fiscal stabilisation levy paid	30	**(1,438,101)**	-
Tax paid	17	**(7,028,774)**	(1,843,370)
Net cash flow (used in)/generated from operating activities		**(12,042,947)**	24,793,255
Cash flows from investing activities			
Purchase of property and equipment	13	**(1,302,815)**	(1,125,382)
Net cash used in investing activities		**(1,302,815)**	(1,125,382)
(Decrease)/increase in cash and cash equivalents		**(13,345,762)**	23,667,873
Cash and cash equivalents at 1 January	7	**49,694,619**	26,026,746
Cash and cash equivalents at 31 December	7	**36,348,857**	49,694,619

The notes on pages 17 to 50 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 amendments and International Financial Reporting Interpretation Committee (IFRIC) interpretations were adopted by the Company for the first time for the financial year beginning on 1 January 2020.

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(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 2020 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

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

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.

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.

NOTES (continued)

2. **Summary of significant accounting policies (continued)**

2.7 Leases (continued)

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.

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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

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.

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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

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).

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.

NOTES (continued)

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

Income taxes (continued)

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).
- 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.

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

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.