PRESS RELEASE

PR. No 084/2024

IZWE SAVINGS AND LOANS PLC (IZWE)-

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

IZWE has released its Report and Financial Statements for the year ended December 31, 2023, as per the attached.

Issued in Accra, this 12th day of April 2024

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att'd.

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Deloitte.

Izwe Savings and Loans PLC

Report and Financial statements
31 December 2023

CLASSIFICATION: CONFIDENTIAL

General Information

Country of incorporation and domicile	Ghana
Nature of business and principal activities	Micro finance, financial services and all related activities
Directors	Carole Ramella (Chairperson) Raymond K. Bismarck (Managing Director) Mabel Nana Nyarkoa Porbley Angela Akosua Kissiwah Gyasi Dr. Valentin Mensah Richard Ahulu
Registered office	1st Floor, Maestro Plaza Kotobabi Main Road Pig Farm Accra
Business address	1st Floor, Maestro Plaza Kotobabi Main Road Pig Farm Accra
Holding company	African Micro-Finance Equities incorporated in Mauritius
Ultimate holding company	Izwe Africa Holdings incorporated in Mauritius
Bankers	Access Bank (Ghana) Plc Agricultural Development Bank Limited Absa Bank Ghana Limited CAL Bank Limited Ecobank Ghana Limited Fidelity Bank Ghana Limited GCB Bank Limited Guaranty Trust Bank (Ghana) Limited National Investment Bank Limited Republic Bank (Ghana) Limited Societe Generale (Ghana) Limited Stanbic Bank Ghana Limited Standard Chartered Bank (Ghana) Limited La Community Bank
Auditors	Deloitte & Touche Chartered Accountants The Deloitte Place Plot No. 71, Off George Walker Bush Highway North Dzorwulu, Box 453, Accra
Secretary	Trustee Services Limited
Legal advisors	Bentsi - Enchill, Letsa & Ankomah No.4 Momotse Avenue, Adabraka, Accra
Company registration number	PL000162015

Contents

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

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Izwe Savings and Loans PLC for the year ended 31 December 2023.

1. Objectives and nature of business

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

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

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

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2019 (Act 992), of Ghana and in accordance with the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The accounting policies have been applied consistently compared to the prior year.

The company recorded a loss after tax for the year ended 31 December 2023 of GH¢ 206 440, in comparison to the profit after tax of the prior year of GH¢ 1 070 444.

The company's interest income increased by 3% to GH¢ 113 625 177 in the current year from GH¢ 110 164 324 for the year ended 31 December 2022.

3. Authorised and issued stated capital

There have been no changes to the authorised or issued stated capital during the year under review.

4. Dividends

No dividends were declared or paid to the shareholders during the year under review (2022: GH¢ Nil).

5. Holding company

The company's holding company is African Micro-Finance Equities which holds 89% (2022: 89%) of the company's equity and is incorporated in Mauritius.

6. Ultimate holding company

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

Directors' Report

7. Directors

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

Directors	Nationality	Qualifications/ Profession	Designation	Outside board and management position
Carole Ramella	French	Accountant	Non-executive (Chairperson)	GFA Consulting Ltd, Nexto Pharmaceuticals Ltd
Raymond K. Bismarck	Ghanaian	Banker	Executive (Managing Director)	MarkRay Limited
Angela Akosua Kissiwah Gyasi	Ghanaian	Lawyer	Non-executive	Cellulant Ghana Ltd, International Business Machines Ghana Ltd, Me Electmetal Ghana Ltd, Shearwa Ghana Ltd
Mabel Nana Nyarkoa Porbley	Ghanaian	Business Executive	Non-executive	Integrated Delivery Xchanged Ltd, Saham Insurance Ghana Ltd, The Ghana National Bureau (Ecowas Brown Card Insurance Scheme), Wyn Contracting Ltd
Dr. Valentin Mensah	Ghanaian	Accountant	Non-executive	Graphic Communications Group Limited, Obapack Company Ltd., Combining Business Solutions Ltd.
Richard Ahulu	Ghanaian	Accountant	Non-executive	Negotiated Benefits Trust Company Ltd., Hollard Insurance Ghana Ltd.

Biographical information of directors

Age category	Number of directors
41 - 60 years	6

8. Events after the reporting period

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

9. Going concern

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

Directors' Report

10. Auditors and audit fees

The 2023 audit was the sixth year Deloitte & Touche performed the external audit of the company. The Audit Committee will commence the process of appointing new auditors during the second quarter of 2024 in compliance with the mandatory auditor rotation requirements of Section 139(11) of the Companies Act, 2019 (Act 992). Deloitte & Touche will continue to hold the office of external auditor until the appointment of the new auditors.

As at 31 December 2023, the amount payable in respect of audit fees was GH¢ 327 370 (2022: GH¢ 202 578).

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

11. Secretary

The company secretary is Trustee Services Limited of:

Business address:

No.4 Momotse Avenue
Adabraka
Accra

12. Property, plant and equipment

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

At 31 December 2023 the company's investment in property and equipment amounted to GH¢ 4 126 712 (2022: GH¢ 4 643 972), of which GH¢ 1 129 133 (2022: GH¢ 1 662 174) was added in the current year through additions, as disclosed in note 9 of the financial statements.

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

13. Employees

At the end of the year, the total number of employees of the company was at 131 (2022: 123). The related salaries and wages was GH¢ 14 519 203 (2022: GH¢ 13 900 693).

14. Corporate social responsibility

A total of GH¢ Nil (2022: GH¢ 56 824) was spent under the company's social responsibility programme with key focus on education and others.

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

15. Date of authorisation for issue of financial statements

The report of the directors and the financial statements have been authorised for issue by the directors on 28 March 2024 and signed on their behalf by the two directors below. No authority has been given to anyone to amend the financial statements after the date of issue.

Richard Ahulu **Director**	**Carole Ramella** **Chairperson**

Corporate Governance Report

Introduction

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

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

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

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

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

Compliance and regulations

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

Statement of Compliance

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

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

Remuneration structure

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

Non-executive directors

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

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

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

Executive Director

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

Corporate Governance Report

Directors' interests in shares

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

Directors' interests in contracts

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

Role of the Board

The directors are responsible for the long-term success of the company, determine the strategic direction of the company and review operating, financial and risk performance. There is a formal schedule of matters reserved for the board of directors, including approval of the company's annual business plan, strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, all guarantees, treasury policies, the financial statements, the company's dividend policy, transactions involving the issue or purchase of company shares, borrowing powers, appointment to the board, alterations to the memorandum and articles of association, legal actions brought by or against the company, and the scope of delegations to board committees, subsidiary boards and the management committee. Responsibility for the development of policy and strategy and operational management is delegated to the executive director and a management committee, which as at the date of this report includes the executive director and 3 senior managers.

Directors' performance evaluation

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

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

Annual Certification

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

All directors of the Company completed their Corporate Governance Director Certification Programmes for 2023. The certification program covered the following topics;

- Liquidity and treasury management
- Board cyber and IT governance
- Managing credit and large exposures

Professional development and training

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

Conflicts of interest

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

Corporate Governance Report

Board balance and independence

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

Related party transactions

Related party transactions and balances are disclosed in note 24 to the financial statements. Raymond K. Bismarck has shares in the company. Other than service contracts, no director had a material interest in any contract to which the company was a party during the year.

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

Code of Ethics

Employees

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

Board and waiver to the code ethics

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

Environmental and social responsibility

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

The Board

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

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

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

Corporate Governance Report

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

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

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

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 9 to 13.

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

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

Audit Committee

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

Responsibilities

The responsibilities of the Audit Committee are as follows:

- Approve the Internal Audit plan for the year.
- Propose to the Board of Directors the appointment of independent External Auditor and determine audit fees.
- Evaluate the effectiveness of Internal Control Systems and analyse periodic information on such systems.
- Evaluate the results of work performed by the External Auditor.
- Examine the process of preparation of annual and interim financial statements on the basis of reports provided by those responsible for the related Function at least once a year.
- Evaluate potential findings arising from the institution's Internal Audit function or from other third parties' examinations and/or investigations, in particular the inspection reports from the Bank of Ghana (BOG).
- Evaluate the adequacy and effectiveness of the institution's procedures and systems for ensuring compliance with legal and regulatory requirements and internal policies.
- Oversee procedures and internal controls consistent with the institution's corporate governance structure, including evaluating the work plans prepared by the institution's Compliance and Anti-Money Laundering Functions.
- Meet at least twice in a year with both the Internal and External Auditors to approve their audit plan and receive their final report respectively.
- Maintain effective working relationships with the Board of Directors, management and the Internal and External Auditors.

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

Corporate Governance Report

Membership

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

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

Risk Committee

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

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

Membership

- The Risk Committee comprises of three (3) Non- Executive Directors and the Chief Executive Officer with legal, finance, economics, banking, and investment expertise.
- The Risk Committee is chaired by Angela Gyasi, Members include Richard Ahulu and Raymond Kwakye Bismarck.

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

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

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

Remuneration and Nominating Committee

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

The Committee is chaired by Mabel Nana Nyarkoa Porbley and has Dr. Valentin Mensah and Angela Gyasi as members.

Corporate Governance Report

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

Board Meetings and Attendance

Board meetings are held once every quarter. Below are the attendances of the Board meetings held in 2023:

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

Other relates to Extraordinary Board meetings

Richard Ahulu
Director

Carole Ramella
Chairperson

Deloitte.

P. O. Box GP453
Accra
Ghana

Deloitte & Touche
Chartered Accountants
The Deloitte Place, Plot No. 71,
Off George Walker Bush Highway
North Dzorwulu
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Tel: +233 (0) 302 775 355
Email: ghdeloitte@deloitte.com.gh
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Independent Auditor's Report

To the shareholders of Izwe Savings and Loans PLC

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Izwe Savings and Loans PLC, set out on pages 17 to 65, which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, the notes to the financial statements, including a summary of material accounting policies and other explanatory disclosures

In our opinion, the financial statements give a true and fair view of the financial position of Izwe Savings and Loans PLC as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, with the IAS 29 directive issued by the Institute of Chartered Accountants, Ghana (ICAG), the requirements of the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit Taking-Institutions Act, 2016 (Act 930).

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA), International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Ghana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of financial statements in Ghana.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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Independent Auditor's Report

To the shareholders of Izwe Savings and Loans PLC

<table>
<tr><th colspan="2">Key Audit Matter</th></tr>
<tr><td>Loan loss impairment</td><td>Response</td></tr>
<tr><td>
As at December 31, 2023, the Company's loan and advances portfolio was GHS 401.4 million with an associated impairment allowance for expected credit losses ("ECL" or "loss allowance") of GHS 20.73 million.
As described in Note 1.2 and 5, ECL represents a complex accounting estimate, which is based on management's evaluation of probable loan losses expected to be incurred over the life of the loan.
Expected credit losses was considered to be a key audit matter due to the level of significant judgement applied by management in determining ECL.
The determination of related loss allowance is judgmental in nature. The areas of significant management judgement within the ECL measurement process include:

Probability of Default (PD) — This is an estimate of the likelihood of default over a given time horizon. Management's judgement considers historical default rates to predict the probability of default at future points-in-time incorporating forward looking economic information and qualitative information specific to portfolio segments.
The assessment of whether an exposure has met predefined default criteria as at the reporting date (i.e. a trigger event that has caused a deterioration in credit risk.

</td><td>
We performed the following procedures on the ECL for loans and advances with the assistance of our credit specialists:

Updated our understanding of management's processes around the measurement of the ECL including management's modelling methodology and assumptions.
Assessed the design and implementation of the relevant financial reporting controls relating to the processing input data and days past due, PDs and Staging.
Performed a methodology review of modelled ECL parameters and its compliance with IFRS 9 and documented our understanding of how management makes the estimate.
Assessed conformity of management's ECL accounting policy in the context of IFRS 9 and the Central bank's regulatory directives.
Based on an audit sample, agreed the input data (days past due) to underlying audit evidence including loan systems data and loan documentation.
Assessed the definition of default on SICR. We then examined and evaluated specific circumstances of borrowers for selected credit facilities to identify qualitative and quantitative factors resulting in significant increase in credit risk or default.
Challenged management on conclusions reached relating to the presence or otherwise of SICR.
Performed a recalculation of the ECL estimate together with our credit specialists to validate management's methodology and appropriate inclusion of assumptions and input data (loss given default rates and effective interest rates).

Based on the procedures described above, we found management's estimate to be reasonable.
</td></tr>
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Independent Auditor's Report
To the shareholders of Izwe Savings and Loans PLC

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the statement of Directors' Responsibilities and Value-Added statement which we obtained prior to the date of this report. The other information 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 and will not express an audit opinion or any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the requirements of 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of 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 this 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.

Independent Auditor's Report
To the shareholders of Izwe Savings and Loans PLC

- 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.
- 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year 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

In accordance with the Seventh Schedule of the Companies Act, 2019 (Act 992) we expressly state that:

1. We have obtained the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.

2. In our opinion:

    - proper books of accounts have been kept by the Company, so far as appears from our examination of those books.
    - the information and explanations given to us, were in the manner required by the Companies Act, 2019 (Act 992) and give a true and fair view of the:

        a. statements of financial position of the Company at the end of the financial year, and
        b. statements of profit or loss and other comprehensive income for the financial year

Deloitte.

Independent Auditor's Report
To the shareholders of Izwe Savings and Loans PLC

3. The Company's statements of financial position and statement of profit or loss and other comprehensive income are in agreement with the accounting records and returns.

4. We are independent of the Company, pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The Banks and Specialized Deposit-Taking Institution Act, 2016 (Act 930) requires that we state certain matters in our report. We hereby state that:

1. We confirm that the accounts give a true and fair view of the state of the affairs of the Company and the results of operations for the year under review.
2. We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors.
3. We confirm that the transactions of the Company were within its powers.
4. In our opinion, the Company has generally complied with the provisions of the Anti-Money Laundering Act, 2020 (Act 1044), the Anti-Terrorism Act, 2008 (Act 762) and Regulations made under these enactments.
5. The Company has generally complied with the 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 **Charlotte Forson-Abbey (ICAG/P/1509).**

Deloitte & Touche

For and on behalf of Deloitte & Touche (ICAG/F/2024/129)
Chartered Accountants
The Deloitte Place, Plot No.71
Off George Walker Bush Highway
North Dzorwulu
Accra, Ghana

28th March **2024**

Statement of Financial Position as at 31 December 2023

	Notes	2023 GH¢	2022 GH¢
Assets			
Cash and cash equivalents	3	10 863 319	22 535 256
Trade and other receivables	5	63 509 533	43 817 431
Net advances	4	380 661 898	288 304 165
Current tax receivable	25	1 428 227	-
Right-of-use assets	7	10 603 922	12 481 391
Deferred tax	8	8 876 311	9 458 780
Property and equipment	9	4 126 712	4 643 972
Intangible assets	6	38 496	15 183
Total assets		**480 108 418**	**381 256 178**
Equity and Liabilities			
Equity			
Equity Attributable to Equity Holders of Parent			
Stated capital	10	18 532 825	18 532 825
Money held towards capital	10	9 500 000	-
Reserves	10	13 398 314	13 449 924
Retained income		18 963 553	19 118 383
Total Equity		**60 394 692**	**51 101 132**
Liabilities			
Bank overdraft	3	32 034 647	8 034 438
Deposits from the public	13	190 957 132	106 424 251
Loans and borrowings	14	136 691 879	119 295 350
Loans from related parties	12	7 894 804	46 401 058
Trade and other payables	11	43 568 342	38 180 392
Current tax payable	25	-	376 233
Lease liabilities	7	8 566 922	11 443 324
		419 713 726	**330 155 046**
Total Equity and Liabilities		**480 108 418**	**381 256 178**

The financial statements and the notes on pages 17 to 65, were approved by the board of directors on 28 March 2024 and were signed on their behalf by:

Richard Ahulu
Director

Carole Ramella
Chairperson

The accounting policies and notes on pages 21 to 65 form an integral part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2023 GH¢	2022 GH¢
Interest and similar income	15	113 625 177	110 164 324
Interest and similar expenses	16	(83 949 607)	(69 620 129)
Net interest income		**29 675 570**	**40 544 195**
Fee and commission income		29 558 245	32 327 935
Fee and commission expense		(8 054 798)	(12 760 994)
Net fee and commission income	17	**21 503 447**	**19 566 941**
Other operating income	18	3 721 633	3 981 303
Total other operating income		**3 721 633**	**3 981 303**
Amortisation	6	(10 131)	(12 008)
Depreciation	9	(1 598 273)	(1 576 928)
Depreciation - Right-of-use assets	7	(1 871 076)	(2 325 733)
Personnel costs	21	(16 873 490)	(16 265 002)
Exchange differences	19	704 006	(247 492)
Impairment loss on loans and advances	26	2 937 195	(8 295 786)
Operating expenses	20	(37 793 061)	(33 946 278)
Total operating expenses		**(54 504 830)**	**(62 669 227)**
Profit before taxation		**395 820**	**1 423 212**
Taxation	22	(602 260)	(352 768)
(Loss) / profit for the year		**(206 440)**	**1 070 444**
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		**(206 440)**	**1 070 444**

The accounting policies and notes on pages 21 to 65 form an integral part of the financial statements.

Izwe Savings and Loans PLC

(Registration number PL000162015)
Financial Statements for the year ended 31 December 2023

Statement of Changes in Equity

	Stated capital	Money held towards capital	Statutory reserve	Retained income	Total equity
	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 01 January 2022	**18 532 825**	**-**	**13 182 313**	**18 315 550**	**50 030 688**
Profit for the year	-	-	-	1 070 444	1 070 444
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**1 070 444**	**1 070 444**
Transfer from statutory reserve	-	-	267 611	(267 611)	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**267 611**	**(267 611)**	**-**
Balance at 01 January 2023	**18 532 825**	**-**	**13 449 924**	**19 118 383**	**51 101 132**
Loss for the year	-	-	-	(206 440)	(206 440)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**(206 440)**	**(206 440)**
Shares in process of issue	-	9 500 000	-	-	9 500 000
Transfer between reserves	-	-	(51 610)	51 610	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**9 500 000**	**(51 610)**	**51 610**	**9 500 000**
Balance at 31 December 2023	**18 532 825**	**9 500 000**	**13 398 314**	**18 963 553**	**60 394 692**
Note	10	10			

The accounting policies and notes on pages 21 to 65 form an integral part of the financial statements.

Statement of Cash Flows

	Notes	2023 GH¢	Restated 2022 GH¢
Cash flows from operating activities			
Cash generated from / (used in) operations	23	15 426 088	(19 384 006)
Tax paid	25	(1 542 899)	(2 532 978)
Net cash generated from / (used in) operating activities		**13 883 189**	**(21 916 984)**
Cash flows from investing activities			
Purchase of property and equipment	9	(1 129 133)	(1 662 174)
Proceeds from sale of property, plant and equipment	9	25 269	1 482 637
Purchases of intangible assets	6	(33 444)	-
Net cash used in investing activities		**(1 137 308)**	**(179 537)**
Cash flows from financing activities			
Proceeds on issue of share capital	10	9 500 000	-
Proceeds from related party loans	12	23 480 500	44 220 000
Repayment of related party loans	12	(68 152 663)	-
Proceeds from loans and borrowings	14	53 100 660	67 076 777
Repayments of loans and borrowings	14	(62 477 698)	(91 286 927)
Payment on lease liabilities	7	(3 868 826)	(1 651 352)
Net cash (used in) / from financing activities		**(48 418 027)**	**18 358 498**
Total cash, cash equivalents and bank overdraft movement for the year		**(35 672 146)**	**(3 738 023)**
Cash, cash equivalents and bank overdraft at the beginning of the year		14 500 818	18 238 841
Total cash, cash equivalents and bank overdraft at the end of the year	3	**(21 171 328)**	**14 500 818**

The accounting policies and notes on pages 21 to 65 form an integral part of the financial statements.

Material Accounting Policies

Reporting entity

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

1. Material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act, 2019 (Act 992).

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

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

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

Key sources of estimation uncertainty

Trade and other receivables and net advances

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

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

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

Fair value estimation

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

Material Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

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

Deferred taxation

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

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

1.3 Property and equipment

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

An item of property and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

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

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

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

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

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

Material Accounting Policies

1.3 Property and equipment (continued)

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

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

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

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

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

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

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

1.4 Intangible assets

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

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

Item	Average useful life
Computer software	3 years

1.5 Financial instruments

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

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

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

Financial liabilities:
- Amortised cost.

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

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

Material Accounting Policies

1.5 Financial instruments (continued)

Net advances at amortised cost

Classification

Net advances (note 4) are classified as financial assets subsequently measured at amortised cost.

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Application of the effective interest rate method

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

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

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

Net advances denominated in foreign currencies

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

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

Impairment

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

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

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

Material Accounting Policies

1.5 Financial instruments (continued)

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

Significant increase in credit risk

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

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

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

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

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

Definition of default

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

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

Write off policy

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

Measurement and recognition of expected credit losses

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

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

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

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

Material Accounting Policies

1.5 Financial instruments (continued)

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

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

Credit risk

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

Derecognition

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

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

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, value added taxation and prepayments, are classified as financial assets subsequently measured at amortised cost (note 5).

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Application of the effective interest rate method

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

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

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

Material Accounting Policies

1.5 Financial instruments (continued)

Trade and other receivables denominated in foreign currencies

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

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

Impairment

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

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

Measurement and recognition of expected credit losses

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

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

Write off policy

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

Credit risk

Details of credit risk are included in the trade and other receivables note (note 5) and the financial instruments and risk management note (note 26).

Derecognition

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

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

Borrowings and loans from related parties

Classification

Borrowings (note 14) and loans from related parties (note 12) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

Material Accounting Policies

1.5 Financial instruments (continued)

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

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

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

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

Borrowings and loans denominated in foreign currencies

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

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

Derecognition

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

Trade and other payables

Classification

Trade and other payables (note 11), excluding, when applicable, value added taxation and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

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

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

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

Material Accounting Policies

1.5 **Financial instruments (continued)**

Trade and other payables denominated in foreign currencies

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

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

Derecognition

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

Cash and cash equivalents and cash restricted for use

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

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

Bank overdrafts and bank facilities

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

Derecognition

Financial assets

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

Financial liabilities

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

Reclassification

Financial assets

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

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

Financial liabilities

Financial liabilities are not reclassified.

Material Accounting Policies

1.6 Tax

Current tax assets and liabilities

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

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

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

Deferred tax assets and liabilities

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

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

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

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Tax expenses

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

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

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

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

1.7 Leases

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

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

Material Accounting Policies

1.7 Leases (continued)

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

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

Company as lessee

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

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

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

Details of leasing arrangements where the company is a lessee are presented in note 7 Right-of-use assets.

Lease liability

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

Lease payments included in the measurement of the lease liability comprise the following:
- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

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

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

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

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:
- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

Material Accounting Policies

1.7 Leases (continued)

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

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

Right-of-use assets

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

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

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

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

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

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

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

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

1.8 Impairment of non-financial assets

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

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

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

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

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

Material Accounting Policies

1.8 Impairment of non-financial assets (continued)

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

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

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

1.9 Share capital and equity

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

Ordinary shares are classified as equity.

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

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

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

1.10 Employee benefits

Short-term employee benefits

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

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

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

Social security contributions

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

1.11 Interest

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

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

Material Accounting Policies

1.11 Interest (continued)

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

1.12 Fees and commission income

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

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

1.13 Borrowing costs

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

1.14 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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

Notes to the Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Amendments to IAS 12 Deferred Tax - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The company has adopted the amendment for the first time in the 2023 financial statements.

The impact of the amendment is not material.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The company has adopted the amendment for the first time in the 2023 financial statements.

The impact of the amendment is not material.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty."

The effective date of the amendment is for years beginning on or after 01 January 2023.

The company has adopted the amendment for the first time in the 2023 financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2024 or later periods:

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

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

Notes to the Financial Statements

2. New standards and interpretations (continued)

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

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

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

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

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

The company expects to adopt the amendment for the first time in the 2024 financial statements.

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

Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

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

The company expects to adopt the amendment for the first time in the 2024 financial statements.

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

Amendments to IAS 1 - Non-current Liabilities with Covenants

Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

Notes to the Financial Statements

2. New standards and interpretations (continued)

The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

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

It is unlikely that the amendment will have a material impact on the company's financial statements.

Amendments to IAS 7 and IFRS 7 - Supplier finance arrangements

The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs.

The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following:

The terms and conditions of SFAs.

- The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.
- The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers.
- The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
- Non-cash changes in the carrying amounts of financial liabilities in (b).
- Access to SFA facilities and concentration of liquidity risk with finance providers.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

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

It is unlikely that the amendment will have a material impact on the company's financial statements.

Notes to the Financial Statements

	2023 GH¢	2022 GH¢

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	2023 GH¢	2022 GH¢
Cash on hand	3 603 157	3 586 813
Bank balances	7 260 162	18 948 443
	10 863 319	**22 535 256**
Current assets	10 863 319	22 535 256
Current liabilities	(32 034 647)	(8 034 438)
	(21 171 328)	**14 500 818**
Bank overdraft	(32 034 647)	(8 034 438)

Overdraft facilities

A one year renewed overdraft facility was obtained on 15 August 2023 of GH¢ 15,000,000 with Absa Bank Ghana Limited.

A one year overdraft facility was obtained on 11 September 2023 of GH¢ 20,000,000 with Fidelity Bank Ghana Limited.

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

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating	2023 GH¢	2022 GH¢
AAA	-	560 311
AA+	3 817 592	1 170 982
A+	841 826	-
A-	11 093	-
B	366 987	9 167
B-	61 303	10 994 955
B3	-	1 209 317
BB	267 576	-
BB-	-	1 692 522
BB+	236 953	-
BBB	-	294 580
BBB+	-	70 761
Cash on hand	3 603 157	3 586 813
Unrated	1 656 832	2 945 848
	10 863 319	**22 535 256**

Exposure to currency risk

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

Exposure to interest rate risk

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

Notes to the Financial Statements

	2023 GH¢	2022 GH¢

3. Cash and cash equivalents (continued)

Exposure to credit risk

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

Exposure to liquidity risk

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

4. Net advances

	2023 GH¢	2022 GH¢
Loans and receivables		
Gross loans and advances to customers	401 396 196	319 116 445
Less: Allowance for impairment	(20 734 298)	(30 812 280)
	380 661 898	**288 304 165**

Categorisation of loans and advances to customers

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

	2023 GH¢	2022 GH¢
At amortised cost	380 661 898	288 304 165

Loans and advances split by product

	2023 GH¢	2022 GH¢
Net advances - Payroll (1)		
Advances - Payroll	330 652 140	253 085 809
Allowance for impairment - Payroll	(18 963 223)	(23 138 033)
	311 688 917	**229 947 776**
Net advances - Secured lending (1)		
Advances - Secured lending	70 744 056	66 030 636
Allowance for impairment - Secured lending	(1 771 075)	(7 674 247)
	68 972 981	**58 356 389**

(1) The net advances balance is currently held by a security trustee as collateral to secured lenders as disclosed in note 14.

Loans and advances to customers

The ageing of these loans are as follows:

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

Notes to the Financial Statements

	2023 GH¢	2022 GH¢

4. Net advances (continued)

2022	Gross GH¢	Impairment GH¢	Net GH¢
Current	228 096 537	(3 478 864)	224 617 673
Up to 30 days	28 314 320	(642 545)	27 671 775
Over 30 days less than 60 days	8 813 446	(731 000)	8 082 446
Over 60 days less than 90 days	10 448 017	(1 399 271)	9 048 746
Over 90 days less than 120 days	8 649 582	(2 281 165)	6 368 417
Over 120 days	34 794 543	(22 279 435)	12 515 108
	319 116 445	**(30 812 280)**	**288 304 165**

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

Key ratios on net loans and advances		
Impaired loss ratio	5.17%	9.66%
Non-performing loan ratio	13.74%	12.32%
Ratio of fifty largest exposure to total exposure	9.16%	9.38%

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

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

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

Exposure to credit risk

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

Exposure to currency risk

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

5. Trade and other receivables

Financial instruments:		
Trade receivables	1 057 176	-
Amounts due from related parties	-	1 662 879
Trade receivables at amortised cost	1 057 176	1 662 879
Other receivables*	42 686 672	25 128 077
Non-financial instruments:		
Deferred acquisition cost	16 970 789	14 636 135
Prepayments	2 794 896	2 390 340
Total trade and other receivables	**63 509 533**	**43 817 431**

*Other receivables consist of amounts outstanding from the Controller and Accountant General's Department that was not yet received as per the financial year end, the amount consist of two months of payments that is due.

Notes to the Financial Statements

	2023 GH¢	2022 GH¢

5. Trade and other receivables (continued)

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

	2023 GH¢	2022 GH¢
At amortised cost	43 743 848	26 790 956
Non-financial instruments	19 765 685	17 026 475
	63 509 533	**43 817 431**

Exposure to credit risk

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

Exposure to currency risk

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

6. Intangible assets

	2023			2022		
	Cost GH¢	Accumulated amortisation GH¢	Carrying value GH¢	Cost GH¢	Accumulated amortisation GH¢	Carrying value GH¢
Computer software	565 459	(560 407)	5 052	565 459	(550 276)	15 183
Work in progress - computer software	33 444	-	33 444	-	-	-
Total	**598 903**	**(560 407)**	**38 496**	**565 459**	**(550 276)**	**15 183**

Reconciliation of intangible assets - 2023

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

Reconciliation of intangible assets - 2022

	Opening balance GH¢	Amortisation GH¢	Closing balance GH¢
Computer software	27 191	(12 008)	15 183

7. Right-of-use assets

	2023			2022		
	Cost GH¢	Accumulated depreciation GH¢	Carrying value GH¢	Cost GH¢	Accumulated depreciation GH¢	Carrying value GH¢
Buildings	20 546 782	(9 942 860)	10 603 922	20 553 175	(8 071 784)	12 481 391

Notes to the Financial Statements

7. Right-of-use assets (continued)

Reconciliation of right-of-use assets - 2023

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

Reconciliation of right-of-use assets - 2022

	Opening balance GH¢	Lease modifications GH¢	Depreciation GH¢	Closing balance GH¢
Buildings	16 907 340	(2 100 216)	(2 325 733)	12 481 391

Other disclosures

Interest expense on lease liabilities	2 275 998	3 658 492
Profit on derecognition of leases	(928 980)	(806 499)

At 31 December 2023, the company is committed to GH¢ Nil (2022: GH¢ Nil) for short-term leases.

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	1 452 286	3 716 695
Two to five years	13 059 064	15 965 429
More than five years	5 205 860	5 619 087
	19 717 210	25 301 211
Less finance charges component	(11 150 288)	(13 857 887)
	8 566 922	**11 443 324**

Reconciliation of lease liabilities		
Opening balance	11 443 324	12 330 752
New leases entered into in the current year	3 616 531	-
Lease modifications	(2 543 205)	(2 643 474)
Leases derecognised in the year	(2 356 900)	(251 094)
Interest expense for the year	2 275 998	3 658 492
Repayments for the year	(3 868 826)	(1 651 352)
Closing balance	**8 566 922**	**11 443 324**

Exposure to liquidity risk

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

Exposure to interest rate risk

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

8. Deferred tax

Deferred income tax asset

Deferred income tax asset	8 876 311	9 458 780

Notes to the Financial Statements

	2023 GH¢	2022 GH¢

8. Deferred tax (continued)

Reconciliation of deferred tax asset

	2023 GH¢	2022 GH¢
At beginning of year	9 458 780	6 127 907
Property and equipment	342 688	66 154
Right-of-use assets	235 524	379 809
Lease liabilities	(529 615)	(468 130)
Employee leave accrual	4 947	28 362
Provision for bad and doubtful debts	(2 519 496)	2 949 178
Calculated tax loss	2 258 983	-
Provision for expenses	(375 500)	375 500
At the end of the year	**8 876 311**	**9 458 780**

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

9. Property and equipment

	2023			2022		
	Cost GH¢	Accumulated depreciation GH¢	Carrying value GH¢	Cost GH¢	Accumulated depreciation GH¢	Carrying value GH¢
Furniture and fixtures	4 786 290	(3 298 909)	1 487 381	4 723 479	(2 680 124)	2 043 355
Motor vehicles	4 063 809	(2 099 910)	1 963 899	3 736 870	(1 534 062)	2 202 808
IT equipment	2 645 731	(1 970 299)	675 432	2 076 228	(1 678 419)	397 809
Total	**11 495 830**	**(7 369 118)**	**4 126 712**	**10 536 577**	**(5 892 605)**	**4 643 972**

Reconciliation of property and equipment - 2023

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

Reconciliation of property and equipment - 2022

	Opening balance GH¢	Additions GH¢	Disposals GH¢	Depreciation GH¢	Closing balance GH¢
Furniture and fixtures	2 343 956	359 683	-	(660 284)	2 043 355
Motor vehicles	2 610 127	992 613	(714 478)	(685 454)	2 202 808
IT equipment	319 121	309 878	-	(231 190)	397 809
Capital - Work in progress (1)	478 908	-	(478 908)	-	-
	5 752 112	**1 662 174**	**(1 193 386)**	**(1 576 928)**	**4 643 972**

(1) Capital – work in progress consist of a vehicle not yet in use, no borrowing costs have been capitalised.

Notes to the Financial Statements

	2023 GH¢	2022 GH¢

9. Property and equipment (continued)

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

Schedule of disposals - 2022	Cost	Accumulated depreciation	Carrying value	Proceeds	Gain / (Loss)
	GH¢	GH¢	GH¢	GH¢	GH¢
Motor vehicles	1 992 046	(1 277 568)	714 478	1 482 637	768 159
Work in progress	478 908	-	478 908	-	(478 908)
	2 470 954	**(1 277 568)**	**1 193 386**	**1 482 637**	**289 251**

10. Stated capital

Authorised
10 000 000 Ordinary shares of no par value
5 000 000 Non-cumulative, non-redeemable preferences shares of no par value

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

Issued	2023	2022
2 020 000 Ordinary shares of no par value	2 119 520	2 119 520
5 000 000 Non-cumulative, non-redeemable preference shares of no par value	16 413 305	16 413 305
	18 532 825	**18 532 825**
Money held towards capital	9 500 000	-

All issued shares are fully paid. The money held towards capital relates to 95 Non-cumulative, non-redeemable preferences shares of no par value which is in the process of being issued by the company. The company is currently in the process of obtaining the relevant regulatory approvals.

Statutory reserve

This represents non-distributable reserves maintained by the entity in accordance with the Bank and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

Retained income

This represents the residual of cumulative annual profits that is available for distribution to shareholders.

Notes to the Financial Statements

	2023 GH¢	2022 GH¢

11. Trade and other payables

Financial instruments:		
Other payables	4 553 463	11 696 684
Amounts due to related parties	3 412 829	-
Other accruals	993 528	1 414 380
Non-financial instruments:		
Unearned arrangement fee income	33 412 574	24 072 530
Payroll related accruals	1 195 948	996 798
	43 568 342	**38 180 392**

Unearned arrangement fee income relates to the unearned portion of the fees raised on loan facilities to customers.

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

At amortised cost	8 959 820	13 111 064
Non-financial instruments	34 608 522	25 069 328
	43 568 342	**38 180 392**

Exposure to currency risk

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

Exposure to liquidity risk

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

12. Related parties

Relationships

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

Related party balances

Loan accounts - Owing to related parties		
African Micro-Finance Holdings	(7 894 804)	(46 401 058)

Notes to the Financial Statements

	2023 GH¢	2022 GH¢

12. Related parties (continued)

Analysis of related parties

	2023 GH¢	2022 GH¢
Opening balance	(46 401 058)	-
Additions	(23 480 500)	(44 220 000)
Repayments	68 152 663	-
Interest expense	(6 165 909)	(2 181 058)
Closing balance	**(7 894 804)**	**(46 401 058)**

The loan with African Micro-Finance Holdings was unsecured, bore interest at a fixed rate of 30.5% (2022: 30.0%) and was payable on written notice from the lender in 6 equal monthly instalments commencing on the first business day of the second calendar month following the date on which the written notice was delivered.

Exposure to currency risk

Refer to note 26 Financial instruments and risk management for details of currency risk management for loans from related parties.

Exposure to liquidity risk

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

Exposure to interest rate risk

Refer to note 26 Financial instruments and risk management for details of interest rate risk management for loans from related parties.

Amounts included in trade and other receivables / (trade and other payables) regarding related parties

	2023 GH¢	2022 GH¢
African Micro-Finance Holdings	(3 412 829)	1 662 879

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

Related party transactions

Interest paid to related parties

	2023 GH¢	2022 GH¢
African Micro-Finance Holdings	6 165 909	2 181 058

Compensation to directors and other key management

	2023 GH¢	2022 GH¢
Director fees	267 100	209 000
Loans to directors and key management	521 673	511 476
Key management emoluments	4 449 071	4 306 116
	5 237 844	**5 026 592**

13. Deposits from the public

	2023 GH¢	2022 GH¢
Short term customer deposits	190 957 132	106 424 251

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

Notes to the Financial Statements

	2023 GH¢	2022 GH¢

13. Trade and other payables (continued)

Analysis of deposits from the public		
Opening balance	106 424 251	185 314 502
Additions	951 769 033	443 594 420
Repayments	(909 855 835)	(552 556 696)
Interest expense	42 619 683	30 072 025
Closing balance	**190 957 132**	**106 424 251**

Exposure to liquidity risk

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

Exposure to currency risk

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

Exposure to interest rate risk

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

14. Loans and borrowings

	2023 GH¢	2022 GH¢
Absa Bank Ghana Limited This loan is senior secured over the net loan book, bears interest at a variable rate, interest is serviced monthly and principal repayments of GH¢ 1 875 000 are made each quarter. The final repayment date falls on the date 24 months after the first drawdown of the facility, which was the 29th of April 2022.	3 761 855	11 167 817
Listed notes - Subordinated The terms on these notes are 5 years to maturity and they bear no security. The issue comprises only variable rate notes.	26 793 836	26 818 750
Listed Corporate Notes The terms on these notes range from 3 to 5 years to maturity. The senior secured notes are secured over the loan book. The issue comprises of fixed rate notes of GH¢ 45 222 287 (The balance consist of a capital balance of GH¢ 43 000 000 and accrued interest of GH¢ 2 222 287).	52 426 199	45 222 287
Fidelity Bank Ghana Limited The Fidelity Bank Ghana Limited term loan of GH¢ 27 000 000 was obtained on 10 March 2022. The facility bears interest at a variable rate and interest is serviced monthly, with quarterly repayments of principal of GH¢ 2 250 000. A further term loan of GH¢ 53 100 660 was obtained on 3 October 2023. The facility bears interest at a variable rate and is repaid monthly.	53 709 989	20 583 590
Regional Education Finance Fund for Africa The Regional Education Finance Fund for Africa was obtained on 12 February 2020. The loan bears interest at a variable rate and is payable bi-annually. Capital is repayable in 4 equal annual amounts. The loan is Senior Secured over the net loan book.	-	15 502 906
	136 691 879	**119 295 350**

Notes to the Financial Statements

14. Loans and borrowings (continued)

Details of movement

	2023 GH¢	2022 GH¢
Analysis of loans and borrowings		
Opening balance	119 295 350	112 975 873
Additions	53 100 660	67 076 777
Repayments	(62 477 698)	(91 286 927)
Interest expense	26 773 567	30 529 627
Closing balance	**136 691 879**	**119 295 350**

Exposure to liquidity risk

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

Exposure to currency risk

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

Exposure to interest rate risk

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

15. Interest and similar income

	2023 GH¢	2022 GH¢
Loans and advances to customers	113 304 826	109 801 352
Interest received from staff loans and bank	320 351	362 972
	113 625 177	**110 164 324**

16. Interest and similar expenses

	2023 GH¢	2022 GH¢
Interest expense on amounts due to related parties	6 165 909	2 181 058
Interest on borrowings	70 329 933	61 436 590
Interest expense on bank overdraft	5 177 767	2 343 989
Interest expense on lease liability	2 275 998	3 658 492
	83 949 607	**69 620 129**

17. Net fee and commission income / (expense)

	2023 GH¢	2022 GH¢
Fee and commission income on loans and advances	29 558 245	32 327 935
Fee and commission expense on loans and advances	(8 054 798)	(12 760 994)
	21 503 447	**19 566 941**

18. Net other operating income

	2023 GH¢	2022 GH¢
Receivables recovered	2 792 653	2 885 553
Profit on derecognition of right-of-use assets	928 980	806 499
Profit on sale of property and equipment	-	289 251
	3 721 633	**3 981 303**

Notes to the Financial Statements

	2023 GH¢	2022 GH¢

19. Exchange differences

Exchange differences	(704 006)	247 492

20. Expenses by nature

Advertising costs	3 654 565	2 952 324
Audit fees	327 370	202 578
Bank charges	1 183 200	552 960
Collection costs	7 121 769	5 232 528
Credit bureau	71 706	162 520
Fixed asset expenses	1 032 526	793 244
Information technology consulting expenses	5 892 163	6 555 515
Insurance	1 410 382	1 256 549
Legal and consulting fees	1 069 412	1 852 361
Loss on disposal of property and equipment	22 851	-
Other expenses	2 039 254	1 824 066
Postage and courier	141 827	147 687
Printing and stationery	593 540	346 676
Refreshments	397 928	299 612
Rent and utilities	1 070 330	904 579
Repairs and maintenance	1 336 029	870 547
Staff welfare costs	912 356	207 145
Telephone and data costs	1 358 980	1 197 876
Travel and accommodation	5 733 768	5 910 963
Value added taxation write-off	2 423 105	2 676 548
	37 793 061	**33 946 278**

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

21. Personnel costs

Salaries and wages	14 519 203	13 900 693
Leave pay	121 125	322 263
Directors fees	267 100	209 000
Company contributions (Medical and pension funds)	1 966 062	1 833 046
	16 873 490	**16 265 002**

22. Taxation

Major components of the tax expense

Current		
Local income tax - current period	-	3 612 480
Stabilisation levy	19 791	71 161
	19 791	**3 683 641**
Deferred		
Originating and reversing temporary differences	582 469	(3 330 873)
	602 260	**352 768**

Notes to the Financial Statements

	2023 GH¢	2022 GH¢

22. Taxation (continued)

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	395 820	1 423 212
Tax at the applicable tax rate of 25% (2022: 25%)	98 955	355 803
Tax effect of adjustments on taxable income		
Stabilisation levy	19 791	71 161
Permanent differences	483 514	(74 196)
	602 260	**352 768**

The company has a calculated tax loss of GH¢ 9 035 932 (2022: GH¢ Nil) which is available for utilisation against future taxable income.

23. Cash generated from/(used in) operations

Profit before taxation	395 820	1 423 212
Adjustments for non-cash items:		
Depreciation and amortisation	3 479 480	3 914 669
Loss / (profit) on disposal of property and equipment	22 851	(289 251)
WHT tax credits on interest income	(281 352)	(273 733)
Lease derecognition and modifications	(1 375 549)	(794 352)
Interest and similar income	(113 625 177)	(110 164 324)
Interest and similar expenses	83 949 607	69 620 129
Interest received	113 625 177	110 164 324
Interest paid	(6 016 082)	(3 178 927)
Changes in working capital:		
Trade and other receivables	(19 692 102)	5 775 427
Trade and other payables	5 387 950	7 161 445
Net advances	(92 357 733)	6 219 651
Deposits from the public	41 913 198	(108 962 276)
Cash generated from/(used in) operations	**15 426 088**	**(19 384 006)**

Notes to the Financial Statements

	2023 GH¢	2022 GH¢

24. Net debt reconciliation

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

	2023	2022
Cash and cash equivalents	10 863 319	22 535 256
Loans and borrowings and deposits from the public	(327 649 011)	(225 719 601)
Loans from related parties	(7 894 804)	(46 401 058)
Lease liabilities	(8 566 922)	(11 443 324)
Bank overdraft	(32 034 647)	(8 034 438)
Net debt	**(365 282 065)**	**(269 063 165)**

	Cash and cash equivalents	Lease liabilities	Loans and borrowings and deposits from the public	Loans from related parties	Bank overdraft	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Net debt as at 01 January 2022	23 140 301	(12 330 752)	(298 290 375)	-	(4 901 460)	(292 382 286)
Cash flows	(605 045)	1 651 352	133 172 426	(44 220 000)	(3 132 978)	86 865 755
Non-cash flows	-	(763 924)	(60 601 652)	(2 181 058)	-	(63 546 634)
Net debt as at 31 December 2022	22 535 256	(11 443 324)	(225 719 601)	(46 401 058)	(8 034 438)	(269 063 165)
Cash flows	(11 671 937)	3 868 826	(32 536 160)	44 672 163	(24 000 209)	(19 667 317)
Non-cash flows	-	(992 424)	(69 393 250)	(6 165 909)	-	(76 551 583)
Net debt as at 31 December 2023	**10 863 319**	**(8 566 922)**	**(327 649 011)**	**(7 894 804)**	**(32 034 647)**	**(365 282 065)**

25. Tax paid

	2023	2022
Balance at the beginning of the year	(376 233)	500 697
Current tax for the year recognised in profit or loss	(19 791)	(3 683 641)
WHT tax credits on interest income	281 352	273 733
Balance at the end of the year	(1 428 227)	376 233
	(1 542 899)	**(2 532 978)**

26. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2023

	Notes	Amortised cost GH¢	Total GH¢
Net advances	4	380 661 898	380 661 898
Trade and other receivables	5	43 743 848	43 743 848
Cash and cash equivalents	3	10 863 319	10 863 319
		435 269 065	**435 269 065**

26. Financial instruments and risk management (continued)

2022

	Notes	Amortised cost GH¢	Total GH¢
Net advances	4	288 304 165	288 304 165
Trade and other receivables	5	26 790 956	26 790 956
Cash and cash equivalents	3	22 535 256	22 535 256
		337 630 377	**337 630 377**

Categories of financial liabilities

2023

	Notes	Amortised cost GH¢	Total GH¢
Trade and other payables	11	8 959 820	8 959 820
Loans and borrowings	14	136 691 879	136 691 879
Loans from related parties	12	7 894 804	7 894 804
Bank overdraft	3	32 034 647	32 034 647
Deposits from the public	13	190 957 132	190 957 132
		376 538 282	**376 538 282**

2022

	Notes	Amortised cost GH¢	Total GH¢
Trade and other payables	11	13 111 064	13 111 064
Loans and borrowings	14	119 295 350	119 295 350
Loans from related parties	12	46 401 058	46 401 058
Bank overdraft	3	8 034 438	8 034 438
Deposits from the public	13	106 424 251	106 424 251
		293 266 161	**293 266 161**

Capital risk management

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

The capital structure of the company consists of debt, which includes borrowings disclosed in notes 14 and 12, cash and cash equivalents disclosed in note 3 and equity as disclosed in the statement of financial position.

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

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

Notes to the Financial Statements

		2023 GH¢	2022 GH¢

26. Financial instruments and risk management (continued)

Regulatory capital

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

Capital Adequacy

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

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

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

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

	Note	2023 GH¢	2022 GH¢
Loans and borrowings	14	136 691 879	119 295 350
Loans from related parties	12	7 894 804	46 401 058
Bank overdraft	3	32 034 647	8 034 438
Deposits from the public	13	190 957 132	106 424 251
Total borrowings		**367 578 462**	**280 155 097**
Cash and cash equivalents	3	(10 863 319)	(22 535 256)
Net borrowings		**356 715 143**	**257 619 841**
Equity		60 394 692	51 101 132
Total capital		**417 109 835**	**308 720 973**
Tier 1 Capital			
Ordinary stated capital / Shares (note 10)		2 119 520	2 119 520
Permanent non-cumulative preference shares		16 413 305	16 413 305
Money held towards capital		9 500 000	-
Retained earnings		18 963 553	19 118 383
Statutory reserves		13 398 314	13 449 924
		60 394 692	**51 101 132**
Less:			
Prepaids		2 794 896	2 390 340
Deferred acquisition cost		16 970 789	14 636 135
Deferred tax		8 876 311	9 458 780
Intangible assets		38 496	15 183
		28 680 492	**26 500 438**
Net Tier 1 Capital		**31 714 200**	**24 600 694**
Subordinated term debt (limited to 50% of tier 1)		26 793 836	25 550 566
Tier 2 Capital (limited to 50% of tier 1)		**26 793 836**	**25 550 566**
Adjusted capital base		**58 508 036**	**50 151 260**

Notes to the Financial Statements

	2023 GH¢	2022 GH¢
26. Financial instruments and risk management (continued)		
Total assets	480 108 418	381 256 178
Less:		
Cash on hand	3 603 157	3 586 813
Intangibles	28 680 492	26 500 438
80% claim on banks	5 808 130	15 158 754
Adjusted total assets	**442 016 639**	**336 010 173**
3 years average gross income	62 883 440	66 477 747
Adjusted asset base	**504 900 079**	**402 487 920**
CAR	11.59%	12.46%

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

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

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

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

Credit risk

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

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

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

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

Notes to the Financial Statements

26. Financial instruments and risk management (continued)

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

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

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

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

		2023			2022		
	Notes	Gross carrying amount GH¢	Credit loss allowance GH¢	Amortised cost GH¢	Gross carrying amount GH¢	Credit loss allowance GH¢	Amortised cost GH¢
Net advances	4	401 396 196	(20 734 298)	380 661 898	319 116 445	(30 812 280)	288 304 165
Trade and other receivables	5	43 743 848	-	43 743 848	26 790 956	-	26 790 956
Cash and cash equivalents*	3	10 863 319	-	10 863 319	22 535 256	-	22 535 256
		456 003 363	**(20 734 298)**	**435 269 065**	**368 442 657**	**(30 812 280)**	**337 630 377**

* Excludes petty cash not subject to credit risk.

Reconciliation of impairment loss on loans and advances	**2023 GH¢**	**2022 GH¢**
Movement in credit loss allowance recognised in interest and similar income	295 690	(658 891)
Movement in credit loss allowance recognised in impairment loss on loans and advances	9 782 292	(11 137 820)
Impairment loss write off	(6 845 097)	2 842 034
Impairment loss on loans and advances	**2 937 195**	**(8 295 786)**

Notes to the Financial Statements

26. Financial instruments and risk management (continued)

Reconciliation of credit loss allowance (Total)	12 month expected credit losses	Lifetime expected credit losses	Credit impaired financial assets	Total
	GH¢	GH¢	GH¢	GH¢
Opening balance	4 358 509	2 001 781	24 451 990	30 812 280
Originations	2 199 030	1 064 324	1 813 934	5 077 288
Existing book movements	(1 293 298)	(1 034 386)	(4 675 022)	(7 002 706)
Settlements in the ordinary course of business	(1 051 020)	(336 702)	(1 250 379)	(2 638 101)
Write offs	-	1	(5 514 464)	(5 514 463)
Closing balance	**4 213 221**	**1 695 018**	**14 826 059**	**20 734 298**

Reconciliation of credit loss allowance (Payroll)	12 month expected credit losses	Lifetime expected credit losses	Credit impaired financial assets	Total
	GH¢	GH¢	GH¢	GH¢
Opening balance	3 050 854	871 616	19 215 563	23 138 033
Originations	2 054 458	1 027 187	1 772 998	4 854 643
Existing book movements	(569 875)	(443 192)	(3 281 461)	(4 294 528)
Settlements in the ordinary course of business	(476 383)	(66 466)	(425 146)	(967 995)
Write offs	-	-	(3 766 929)	(3 766 929)
	4 059 054	**1 389 145**	**13 515 025**	**18 963 224**

Reconciliation of credit loss allowance (Secured lending)	12 month expected credit losses	Lifetime expected credit losses	Credit impaired financial assets	Total
	GH¢	GH¢	GH¢	GH¢
Opening balance	1 307 654	1 130 165	5 236 427	7 674 246
Originations	144 572	37 137	40 937	222 646
Existing book movements	(723 422)	(591 194)	(1 393 561)	(2 708 177)
Settlements in the ordinary course of business	(574 637)	(270 236)	(825 234)	(1 670 107)
Write offs	-	1	(1 747 535)	(1 747 534)
	154 167	**305 873**	**1 311 034**	**1 771 074**

Reconciliation of net advances (Total)	12 month expected credit losses	Lifetime expected credit losses	Credit impaired financial assets	Total
	GH¢	GH¢	GH¢	GH¢
Current portfolio	303 089 063	-	-	303 089 063
Up to 30 days	17 953 281	993 225	-	18 946 506
Over 30 days less than 60 days	1 198 761	8 365 204	-	9 563 965
Over 60 days less than 90 days	969 121	9 632 589	-	10 601 710
Over 90 days less than 120 days	864 027	-	3 508 025	4 372 052
Over 120 days	3 200 062	-	51 625 838	54 825 900
Gross advances	327 274 315	18 991 018	55 133 863	401 399 196
Credit loss allowance	(4 213 221)	(1 695 018)	(14 826 059)	(20 734 298)
Net advances	**323 061 094**	**17 296 000**	**40 307 804**	**380 664 898**

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

Notes to the Financial Statements

26. Financial instruments and risk management (continued)

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

Reconciliation of net advances (Payroll)	12 month expected credit losses	Lifetime expected credit losses	Credit impaired financial assets	Total
	GH¢	GH¢	GH¢	GH¢
Current portfolio	267 704 093	-	-	267 704 093
Up to 30 days	11 306 615	-	-	11 306 615
Over 30 days less than 60 days	1 198 761	6 141 424	-	7 340 185
Over 60 days less than 90 days	966 121	5 455 466	-	6 421 587
Over 90 days less than 120 days	864 027	-	2 625 992	3 490 019
Over 120 days	3 200 062	-	31 189 579	34 389 641
Gross advances	285 239 679	11 596 890	33 815 571	330 652 140
Credit loss allowance	(4 059 054)	(1 389 144)	(13 515 025)	(18 963 223)
Net advances	**281 180 625**	**10 207 746**	**20 300 546**	**311 688 917**

Reconciliation of net advances (Secured lending)	12 month expected credit losses	Lifetime expected credit losses	Credit impaired financial assets	Total
	GH¢	GH¢	GH¢	GH¢
Current portfolio	35 384 970	-	-	35 384 970
Up to 30 days	6 646 666	993 225	-	7 639 891
Over 30 days less than 60 days	-	2 223 780	-	2 223 780
Over 60 days less than 90 days	-	4 177 123	-	4 177 123
Over 90 days less than 120 days	-	-	882 033	882 033
Over 120 days	-	-	20 436 259	20 436 259
Gross advances	42 031 636	7 394 128	21 318 292	70 744 056
Credit loss allowance	(154 167)	(305 874)	(1 311 034)	(1 771 075)
Net advances	**41 877 469**	**7 088 254**	**20 007 258**	**68 972 981**

Credit collateral

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

During the year, the total collateral against these advances is GH¢ 316 325 108 (2022: GH¢ 110 767 679).

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

Collateral repossessed

During the year, there were 30 vehicles (2022: 31 vehicles) repossessed and renegotiated assets by the company.

Liquidity risk

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

Notes to the Financial Statements

26. Financial instruments and risk management (continued)

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

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

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

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

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

2023

		Carrying amount	Gross nominal cashflow	12 Months	1 - 2 years	2 - 5 years	Over 5 Years
		GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Financial assets							
Cash and cash equivalents	3	10 863 319	10 863 319	10 863 319	-	-	-
Trade and other receivables	5	43 743 848	43 743 848	43 743 848	-	-	-
Net advances	4	380 661 898	766 649 727	257 489 306	302 465 918	206 694 503	-
Total financial assets		**435 269 065**	**821 256 894**	**312 096 473**	**302 465 918**	**206 694 503**	**-**
Financial liabilities							
Bank overdraft	3	32 034 647	32 034 647	32 034 647	-	-	-
Trade and other payables	11	8 959 820	8 959 820	8 959 820	-	-	-
Loans and borrowings	14	136 691 879	220 134 450	47 490 459	125 049 952	47 594 039	-
Deposits from the public	13	190 957 132	190 957 132	190 957 132	-	-	-
Loans from related parties	12	7 894 804	7 894 804	7 894 804	-	-	-
Total financial liabilities		**376 538 282**	**459 980 853**	**287 336 862**	**125 049 952**	**47 594 039**	**-**
Liquidity surplus		**58 730 783**	**361 276 041**	**24 759 611**	**177 415 966**	**159 100 464**	**-**

Notes to the Financial Statements

26. Financial instruments and risk management (continued)

2022

		Carrying amount	Gross nominal cashflow	12 Months	1 - 2 years	2 - 5 years	Over 5 Years
		GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Financial assets							
Cash and cash equivalents	3	22 535 256	22 535 256	22 535 256	-	-	-
Trade and other receivables	5	29 594 256	29 594 256	29 594 256	-	-	-
Net advances	4	319 116 445	552 120 353	219 182 040	130 170 802	202 767 511	-
Total financial assets		**371 245 957**	**604 249 865**	**271 311 552**	**130 170 802**	**202 767 511**	**-**
Financial liabilities							
Bank overdraft	3	8 034 438	8 034 438	8 034 438	-	-	-
Trade and other payables	11	13 111 064	13 111 064	13 111 064	-	-	-
Loans and borrowings	14	119 295 350	169 842 974	85 988 365	49 868 821	33 985 788	-
Deposits from the public	13	106 424 251	106 424 251	106 424 251	-	-	-
Loans from related parties	12	46 401 058	46 401 058	46 401 058	-	-	-
Total financial liabilities		**293 266 161**	**343 813 785**	**259 959 176**	**49 868 821**	**33 985 788**	**-**
Liquidity surplus		**77 979 796**	**260 436 080**	**11 352 376**	**80 301 981**	**168 781 723**	**-**

Foreign currency risk

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

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

At 31 December 2023, if the currency had weakened/strengthened by 5% against the US Dollar with all other variable held constant, post-tax profit for the year would have been GH¢ 127 981 (2022: GH¢ 98 910) higher/lower, mainly as a result of foreign exchange gains or losses on transition of US Dollar denominated loans and borrowings.

At 31 December 2023, if the currency had weakened/strengthened by 5% against the South African Rand with all other variable held constant, post-tax profit for the year would have been GH¢ Nil (2022: GH¢ 155 391) higher/lower, mainly as a result of foreign exchange gains or losses on transition of South African Rand denominated loans and borrowings.

2023	USD (Cedi equivalent)	Cedi	ZAR (Cedi equivalent)	Total
Assets				
Net advances	-	380 661 898	-	380 661 898
Cash and cash equivalents	-	10 863 319	-	10 863 319
Trade and other receivables	-	43 743 848	-	43 743 848
Total financial assets	**-**	**435 269 065**	**-**	**435 269 065**

Notes to the Financial Statements

26. Financial instruments and risk management (continued)

Liabilities	USD (Cedi equivalent)	Cedi	ZAR (Cedi equivalent)	Total
Loans and borrowings	-	(136 691 879)	-	(136 691 879)
Trade and other payables	(3 412 829)	(5 546 991)	-	(8 959 820)
Bank overdraft	-	(32 034 647)	-	(32 034 647)
Deposits from the public	-	(190 957 132)	-	(190 957 132)
Total financial liabilities	**(3 412 829)**	**(365 230 649)**	**-**	**(368 643 478)**
Net financial position	**(3 412 829)**	**70 038 416**	**-**	**66 625 587**

2022	USD (Cedi equivalent)	Cedi	ZAR (Cedi equivalent)	Total
Assets				
Net advances	-	288 304 165	-	288 304 165
Cash and cash equivalents	974 720	21 560 536	-	22 535 256
Trade and other receivables	1 662 879	25 128 077	-	26 790 956
Total financial assets	**2 637 599**	**334 992 778**	**-**	**337 630 377**
Liabilities				
Loans and borrowings	-	(119 295 350)	-	(119 295 350)
Trade and other payables	-	(8 967 306)	(4 143 758)	(13 111 064)
Bank overdraft	-	(8 034 438)	-	(8 034 438)
Deposits from the public	-	(106 424 251)	-	(106 424 251)
Total financial liabilities	**-**	**(242 721 345)**	**(4 143 758)**	**(246 865 103)**
Net financial position	**2 637 599**	**92 271 433**	**(4 143 758)**	**90 765 274**

Interest rate risk

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

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

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

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

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

Notes to the Financial Statements

26. Financial instruments and risk management (continued)

Interest rate profile

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

	Notes	Carrying amount	
		2023	**2022**
Variable rate instruments:			
Assets			
Cash and cash equivalents*	3	7 260 162	18 948 443
Net advances	4	380 661 898	288 304 165
		387 922 060	**307 252 608**
Liabilities			
Loans and borrowings	14	(136 691 879)	(119 295 350)
Bank overdraft	3	(32 034 647)	(8 034 438)
Deposits from the public	13	(190 957 132)	(106 424 251)
		(359 683 658)	**(233 754 039)**
Net variable rate financial instruments		**28 238 402**	**73 498 569**

*Excludes petty cash not subject to interest rate risk.

	2023	2022
Variable rate financial assets as a percentage of total interest bearing financial assets	100.00 %	100.00 %
Variable rate financial liabilities as a percentage of total interest bearing financial liabilities	97.85 %	83.44 %

Interest rate sensitivity analysis

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

	2023	2023	2022	2022
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Net advances 1% (2022: 1%)	3 806 619	(3 806 619)	2 883 042	(2 883 042)
Cash and cash equivalents 1% (2022: 1%)	72 602	(72 602)	189 484	(189 484)
Loans and borrowings 1% (2022: 1%)	(1 366 919)	1 366 919	(1 192 954)	1 192 954
Bank overdraft 1% (2022: 1%)	(320 346)	320 346	(80 344)	80 344
Deposits from the public 1% (2022: 1%)	(1 909 571)	1 909 571	(1 064 243)	1 064 243
	282 385	**(282 385)**	**734 985**	**(734 985)**

Price risk

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

27. Going concern

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

28. Events after the reporting period

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

29. Contingent liabilities

There are no active legal proceedings against the company as at 31 December 2023.

30. IAS 29 Hyperinflation assessment

In 2023, Ghana's cumulative 3-year average inflation exceeded 100% which triggered the quantitative hyperinflation criteria in IAS 29. The Institute of Chartered Accountants Ghana (ICAG) performed this assessment using the various criteria in IAS 29 and concluded in its directive issued in November 2023 that IAS 29 will not be applicable for the December 2023 financial reporting period since Ghana is not operating in a hyperinflationary economy. This conclusion has been applied as part of the key accounting judgements used in the preparation of these financial statements.

31. Summary of the restatement adjustments to statement of cashflows as at 31 December 2022

Cash (used in)/generated from operations	Note	Per signed financial statements 2022 GH¢	Reclassifications/ adjustment 2022 GH¢	As restated 2022 GH¢
Profit before taxation		1 423 212	-	1 423 212
Adjustments for non-cash items:				
Depreciation and amortisation		3 914 669	-	3 914 669
Loss / (profit) on disposal of property and equipment		(289 251)	-	(289 251)
Lease modifications	a	(806 499)	12 147	(794 352)
Interest and similar income	b	-	(110 164 324)	(110 164 324)
Interest and similar expenses	c	-	69 620 129	69 620 129
Interest received	d	-	110 164 324	110 164 324
Interest paid	e	-	(3 178 927)	(3 178 927)
Interest accrual on related party loan	f	2 181 058	(2 181 058)	-
Interest accrual on loans and borrowings and deposits from the public	g	60 601 652	(60 601 652)	-
Interest on overdraft and lease liabilities	h	6 002 481	(6 002 481)	-
WHT tax credits on interest income		(273 733)	-	(273 733)
Other lease liability movements	i	12 147	(12 147)	-
Changes in working capital:				
Trade and other receivables		5 775 427	-	5 775 427
Trade and other payables		7 161 445	-	7 161 445
Net advances		6 219 651	-	6 219 651
Deposits from the public	j	-	(108 962 276)	(108 962 276)

Notes to the Financial Statements

31. Summary of the restatement adjustments to statement of cashflows as at 31 December 2022 (continued)

Cash flows from operating activities	Note	Per signed financial statements 2022 GH¢	Reclassifications/ adjustment 2022 GH¢	As restated 2022 GH¢
Cash generated from / (used in) operations		91 922 259	(111 306 265)	(19 384 006)
Interest on overdraft	k	(2 343 989)	2 343 989	-
Tax paid		(2 532 978)	-	(2 532 978)
Net cash generated from / (used in) operating activities		**87 045 292**	**(108 962 276)**	**(21 916 984)**
Cash flows from investing activities				
Purchase of property and equipment		(1 662 174)	-	(1 662 174)
Proceeds from sale of property, plant and equipment		1 482 637	-	1 482 637
Net cash used in investing activities		**(179 537)**	**-**	**(179 537)**
Cash flows from financing activities				
Proceeds from related party loans		44 220 000	-	44 220 000
Proceeds from loans and borrowings		67 076 777	-	67 076 777
Repayments of loans and borrowings		(91 286 927)	-	(91 286 927)
Payment on lease liabilities		(1 651 352)	-	(1 651 352)
Proceeds from deposits from the public	l	443 594 420	(443 594 420)	-
Repayment of deposits from the public	m	(552 556 696)	552 556 696	-
Net cash (used in) / from financing activities		**(90 603 778)**	**108 962 276**	**18 358 498**
Total cash, cash equivalents and bank overdraft movement for the year		**(3 738 023)**	**-**	**(3 738 023)**
Cash, cash equivalents and bank overdraft at the beginning of the year		18 238 841	-	18 238 841
Total cash, cash equivalents and bank overdraft at the end of the year		**14 500 818**	**-**	**14 500 818**

a. Lease modifications
Reclassification from other lease liability movements.

b. Interest and similar income
Disclosure of interest income separately in line with IAS 7 Statement of Cashflows.

c. Interest and similar expenses
Disclosure of interest expense separately in line with IAS 7 Statement of Cashflows.

d. Interest received
Disclosure of interest received separately in line with IAS 7 Statement of Cashflows.

e. Interest paid
Disclosure of interest paid separately in line with IAS 7 Statement of Cashflows.

f. Interest accrual on related party loan
Reclassification to interest and similar expenses.

g. Interest accrual on loans and borrowings and deposits from public
Reclassification to interest and similar expenses.

h. Interest on overdrafts and lease liabilities
Reclassification to interest and similar expenses.

Notes to the Financial Statements

31. Summary of the restatement adjustments to statement of cashflows as at 31 December 2022 (continued)

i. Other lease liability movements
Reclassification to lease modifications.

j. Deposits from the public
Proceeds from and repayments of customer deposits under financing activities, reclassified to deposits from public under changes in working capital.

k. Interest on overdraft
Reclassification of overdraft interest as part of interest paid.

l. Proceeds from deposits from the public
Customer deposits received under financing activities reclassified to changes in working capital.

m. Repayments of deposits from the public
Reclassification of customer deposits paid from financing activities to changes in working capital.

Izwe Savings and Loans PLC

(Registration number PL000162015)
Financial Statements for the year ended 31 December 2023

Value Added Statement

	2023 GH¢	2022 GH¢
Value Added		
Other operating income	21 503 447	19 566 941
Direct cost of services and other costs	-	-
Impairment loss on financial assets	2 937 195	(8 295 786)
Total Value Added	**24 440 642**	**11 271 155**
Value Distributed		
To Pay Employees		
Salaries, wages, medical and other benefits	(16 606 390)	(16 056 002)
Directors	(267 100)	(209 000)
	(16 873 490)	**(16 265 002)**
To Pay Government		
Income tax	-	281 607
Education tax	19 791	71 161
	19 791	**352 768**
To be retained in the business for expansion and future wealth creation:		
Depreciation and amortisation	(3 479 480)	(3 914 669)
Deferred tax	582 469	(3 330 873)
	(2 897 011)	**(7 245 542)**
Value retained		
Retained profit	4 651 953	5 568 428
	4 651 953	**5 568 428**