VISIONFUND GHANA MICRO CREDIT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

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VISIONFUND GHANA MICRO CREDIT LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS

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VISIONFUND GHANA MICRO CREDIT LIMITED
CORPORATE INFORMATION

BOARD OF DIRECTORS	Mrs. Benedicta Quao	Chairperson
	Mr. Kwabena Adu Kusi	Member
	Mr. Dickens Tunde	Member
	Mr. Kofi Akodwaa-Boadi	Member
	Mr. Duke Lartey	Member *(Approved by Bank of Ghana on 13 January 2021)*
	Mr. David Kombanie	Member *(Approved by Bank of Ghana on 5 February 2021)*
	Mr. Jonas Sowah Quaye	Member *(Approved by Bank of Ghana on 20 May 2021)*
	Ms. Nana Afua Okoh	Member *(Approved by Bank of Ghana on 20 May 2021)*
	Mr. Frank Alornu	CEO *(Approved by Bank of Ghana on 20 May 2021)*

SECRETARY

Regina Amegah
VisionFund Ghana Micro Credit Limited

REGISTERED OFFICE

17 Aprotech Street,
Adenta, Accra
PMB CT 78
Cantonments, Accra

AUDITOR

KPMG
Chartered Accountants
13 Yiyiwa Drive
Abelenkpe, Accra
P.O. Box GP 242
Accra, Ghana

BANKERS

Absa Bank Ghana Limited
ADB Bank PLC
Bank of Africa Ghana Limited
GCB Bank PLC
Stanbic Bank Ghana Limited

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REPORT OF THE DIRECTORS
TO THE MEMBERS OF
VISIONFUND GHANA MICRO CREDIT LIMITED

The directors present their report and the financial statements of VisionFund Ghana Micro Credit Limited ("the Company") for the year ended 31 December 2020.

Directors' responsibility statement

The directors are responsible for the preparation of financial statements that give a true and fair view of VisionFund Ghana Micro Credit Limited, comprising the statement of financial position at 31 December 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Non-Bank Financial Institutions Act, 2008 (Act 774). In addition, the directors are responsible for the preparation of the report of the directors.

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

The directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Principal activities

The principal activity of the Company is to provide commercially oriented microfinance services aiming to alleviate poverty and stimulate the creation of employment opportunities for the poor particularly in areas of World Vision Ghana operation, these include but not limited to providing microloans and financial training. The Company is committed to strict business principles and microfinance best practices as well as to ensuring that it makes a positive impact on the lives of the poor, especially women and children.

There was no change in the nature of business of the Company during the year.

Holding company

The company is 90% owned by VisionFund International, a company incorporated in California, United States of America.

Financial statements

The financial results of the Company for the years ended 31 December 2020 and 31 December 2019 are set out in the financial statements, highlights of which are as follows:

	2020 GH¢	2019 GH¢
Loss before tax	(764,199)	(4,190,728)
Loss after tax	(573,149)	(2,864,629)
Total assets	48,675,304	44,479,155
Total liabilities	37,174,801	36,222,268
Total equity	11,500,503	8,256,887

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

The directors consider the state of the Company's affairs to be satisfactory.

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Particulars of entries in the Interests Register during the financial year

No director had any interest in contracts and proposed contracts with the Company during the year under review, hence there were no entries recorded in the Interests Register as required by 194(6),195(1)(a) and 196 of the Companies Act 2019, (Act 992).

Corporate social responsibility

The Company did not undertake any Corporate Social Responsibility (CSR) programmes during the year (2019: Nil)

Capacity building of directors to discharge their duties

On appointment to the Board, directors are provided with full, formal and tailored programmes of induction, to enable them gain in-depth knowledge about the Company's business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the Company operates. Programmes of strategic and other reviews, together with the other training programmes provided during the year, helps to ensure that directors continually update their skills, knowledge and familiarity with the Company's businesses. This further provides insights about the industry and other developments to enable them effectively fulfil their role on the Board and committees of the Board.

Audit fees

The audit fee for the year is GH¢ 150,000 (2019: GH¢ 150,000).

Approval of the report of the directors

The report of the directors of VisionFund Ghana Micro Credit Limited, was approved by the board of directors on 30th JUNE 2021 and signed on their behalf by;

BENEDICTA QUAO	Kwabena Adu-Kusi
Name of Director	Name of Director
Signature	Signature

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INDEPENDENT AUDITOR'S REPORT

To the Members of VisionFund Ghana Micro Credit Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of VisionFund Ghana Micro Credit Limited ("the Company"), which comprise the statement of financial position at 31 December 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes , as set out on pages 8 to 61.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992)) and the Non-Bank Financial Institutions Act, 2008 (Act 774).

Basis for Opinion

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

Key Audit Matters

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

Impairment loss on loans and advances - Refer to Note 16 of the financial statements	
The key audit matter	How the matter was addressed in our audit
The Company's impairment loss on loans and advances was GH¢ 4 million at 31 December 2020. There is an inherent risk relating to impairment loss on loans and advances due to the significant measurement uncertainty and the estimates that involve subjective judgments that are difficult to corroborate.	Our audit approach focused on evaluating the appropriateness of the accounting policies based on the requirements of IFRS 9, our business understanding and industry practice. • We obtained an understanding of management's process and the controls implemented in computation of impairment on loans and advances and investments. • We evaluated the reasonableness of management's key judgements and estimates made in adopting IFRS 9, including selection of methods, models, assumptions and data sources to conclude on reasonableness.

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INDEPENDENT AUDITOR'S REPORT

To the Members of VisionFund Ghana Micro Credit Limited (cont'd)

Impairment loss on loans and advances (cont'd) - Refer to Note 16 of the financial statements	
The key audit matter	How the matter was addressed in our audit
Given the inherent subjectivity and judgment involved in estimating the impairment allowance and the material nature of the balance, we considered the impairment of loans and advances to be a key audit matter in our audit of the financial statements.	• We performed ageing of outstanding loan balances as at 31 December 2020 to assess if loan balances have been categorised in the right ageing bracket. • We assessed whether cash collaterals on outstanding balances have been adequately considered in the determination impairment. • We reviewed the related disclosures and assessed its consistency with relevant standards.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 2019 (Act 992) and Corporate Information but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Non-Bank Financial Institutions Act, 2008 (Act 774), and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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INDEPENDENT AUDITOR'S REPORT

To the Members of VisionFund Ghana Micro Credit Limited (cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgment 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.

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

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

KPMG

INDEPENDENT AUDITOR'S REPORT

To the Members of VisionFund Ghana Micro Credit Limited (cont'd)

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992) and Section 27 of the Non-Bank Financial Institutions Act, 2008 (Act 774)

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

In our opinion, proper books of account have been kept, so far as appears from our examination of those books.

The statements of financial position and comprehensive income are in agreement with the accounting records and returns.

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

The Company's transactions were within its powers.

The engagement partner on the audit resulting in this independent auditor's report is Frederick Nyan Dennis (ICAG/P/1426).

KPMG

For and on behalf of:
KPMG: (ICAG/F/2021/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

30 June 2021

VISIONFUND GHANA MICRO CREDIT LIMITED

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	Note	2020 GH¢	2019 GH¢
ASSETS			
Deferred income tax assets	13(e)	1,652,750	1,461,700
Property and equipment	14	2,337,350	3,078,116
Intangible assets	15	18,703	102,367
Loans and advances	16(a)	30,830,467	30,653,856
Investment securities	17(a)	5,181,480	2,938,429
Other receivables	18	965,495	880,745
Due from related party	25(e)	112,000	-
Current income tax assets	13(c)	931,421	729,269
National fiscal stabilisation levy	13(d)	85,556	56,363
Cash and bank balances	19	6,560,082	4,578,310
Total Assets		**48,675,304**	**44,479,155**
EQUITY AND LIABILITIES			
Equity			
Stated capital	20(a)	7,758,037	7,758,037
Deposit for shares	20(c)	6,939,630	3,122,865
Retained earnings		(3,197,164)	(2,624,015)
Total equity		**11,500,503**	**8,256,887**
Liabilities			
Lease liabilities	24(v)	926,585	1,185,905
Loans and borrowings	21	23,241,524	23,336,154
Collateral deposits	22	9,375,416	8,800,917
Due to related party	25(d)	1,659,987	1,042,603
Other payables and accruals	23	1,971,289	1,856,689
Total liabilities		**37,174,801**	**36,222,268**
Total equity and liabilities		**48,675,304**	**44,479,155**

These financial statements were approved by the Board of Directors on 30th JUNE 2021 and are signed on its behalf by:

Name of Director: BENEDICTA QUIAO **Name of Director:** Kwabena Adu-Kusi

Signature: **Signature:**

The notes on pages 13 to 61 are an integral part of these financial statements.

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VISIONFUND GHANA MICRO CREDIT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 GH¢	2019 GH¢
Interest income calculated using the effective interest method	7	26,143,064	25,945,331
Interest expense	21(aiii)	(7,803,852)	(6,073,845)
Net interest income		**18,339,212**	**19,871,486**
Fee and commission income	8	584,519	243,774
Revenue		**18,923,731**	**20,115,260**
Net exchange gain/ (loss)	9	67,048	(69,778)
Other income	10	623,842	239,308
Impairment charge on loans and advances	16 (b)	(859,568)	(1,318,625)
Impairment release/(charge) on investment securities	17 (b)	823,091	(2,743,445)
Impairment release/(charge) on bank balances	19 (b)	316,512	(316,512)
Personnel expenses	11	(12,288,870)	(11,750,560)
Depreciation	14	(765,434)	(780,345)
Amortisation	15	(83,664)	(148,329)
Interest expense on lease liability	24(ii)	(158,058)	(197,086)
Other administrative expenses	12	(7,362,829)	(7,220,616)
Loss before national fiscal stabilisation levy and income tax expense		**(764,199)**	**(4,190,728)**
Income tax credit	13(a)	191,050	1,326,099
Loss for the year		**(573,149)**	**(2,864,629)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(573,149)**	**(2,864,629)**

The notes on pages 13 to 61 are an integral part of these financial statements.

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VISIONFUND GHANA MICRO CREDIT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Stated Capital	Deposit for shares	Retained earnings	Total Equity
	GH¢	GH¢	GH¢	GH¢
Balance at 1 January 2019	7,758,037	2,836,766	240,614	10,835,417
Total comprehensive income				
Loss for the year	-	-	(2,864,629)	(2,864,629)
Total comprehensive income	-	-	(2,864,629)	(2,864,629)
Transactions with owners of the company				
Deposit for shares	-	286,099	-	286,099
Total transactions with owners	-	286,099	-	286,099
Balance at 31 December 2019	**7,758,037**	**3,122,865**	**(2,624,015)**	**8,256,887**
Balance at 1 January 2020	7,758,037	3,122,865	(2,624,015)	8,256,887
Total comprehensive income				
Loss for the year	-	-	(573,149)	(573,149)
Total comprehensive income	-	-	(573,149)	(573,149)
Transactions with owners of the company				
Deposit for shares - Conversion of loan to equity	-	2,836,723	-	2,836,723
Deposit for shares - Cash	-	980,042	-	980,042
Total transactions with owners	-	3,816,765	-	3,816,765
Balance at 31 December 2020	**7,758,037**	**6,939,630**	**(3,197,164)**	**11,500,503**

The notes on pages 13 to 61 are an integral part of these financial statements.

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VISIONFUND GHANA MICRO CREDIT LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 GH¢	2019 GH¢
Cash flow from operating activities			
Loss after tax		(573,149)	(2,864,629)
Adjustments for:			
Depreciation	14	765,434	780,345
Amortisation	15	83,664	148,329
Loss on the disposal of property and equipment	14(b)	-	161,663
Write - off of property and equipment	14	52,229	-
De-recognition of right-of-use assets[a]	14	27,380	-
Interest income on investment securities[b]	7	(509,995)	(241,836)
Interest expense on related party loan	21(aii)	7,227,178	5,628,368
Interest expense on lease liabilities	24(ii)	158,058	197,086
Effect of movements in exchange rates on cash held		(8,532)	3,446
Income tax credit	13(a)	(191,050)	(1,326,099)
Impairment charge on loans and advances	16(b)	859,568	1,318,625
Impairment (release)/charge on investment securities	17(b)	(823,091)	2,743,445
		7,067,694	6,548,743
Changes in:			
Loans and advances to customers[c]	16(a)	(1,036,179)	(5,828,781)
Other receivables	18	(84,750)	(306,338)
Due from related party	25(e)	(112,000)	-
Other payables and accruals	23	114,600	1,001,504
Due to related party	25(d)	617,384	654,293
Collateral deposits	22	574,499	1,331,826
		7,141,248	3,401,247
National fiscal stabilisation levy paid	13(d)	(29,193)	(12,720)
Income tax paid	13(c)	(202,152)	(131,438)
Interest paid on lease liabilities	24(v)	(158,058)	(177,532)
Net cash generated from operating activities		6,751,845	3,079,557
Cash flows from investing activities			
Purchases of property and equipment[d]	14	(229,918)	(458,060)
Additions to right-of-use assets[e]	14	(65,016)	-
Purchases of intangible assets	15	-	(21,615)
Proceeds from disposals of property and equipment	14(b)	-	31,997
Purchase of investment securities[f]		(5,000,000)	(4,000,000)
Proceed from matured investment securities		5,206,558	2,190,718
Interest received on investment securities		936,080	126,768
Net cash generated from/(used in) investing activities		847,704	(2,130,192)

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	Note	2020	2019
		GH¢	GH¢
Cash flows from financing activities			
Proceeds from deposit for shares	20(c)	980,042	286,099
Proceeds from borrowings from VFI	21(aii)	2,723,350	455,723
Proceeds from borrowings from UNICEF	21	-	193,884
Interest paid on related party loan	21(aii)	(7,208,435)	(5,574,567)
Principal lease repayments	24(v)	(68,663)	-
Net cash used in financing activities		(3,573,706)	(4,638,861)
Net increase/(decrease) in cash and cash equivalents		4,025,843	(3,689,496)
Effect of movements in exchange rates on cash held		8,532	(3,446)
Cash and cash equivalents at beginning of year	19	4,578,310	8,271,252
Cash and cash equivalents at end of year	19	**8,612,685**	**4,578,310**

a - This excludes the portion de-recognised in lease liability amounting to GH¢ 226,669 as presented in Note 24(v).

b - This excludes interest income of GH¢ 52,603 for an investment with original maturity less than 3 months from date of purchase. The investment is accounted for as part cash and cash equivalent in the statement of cash flow.

c - This excludes movement in impairment allowance on loans and advances of GH¢ 859,568 (2019: GH¢ 1,318,625)

d - Purchases of property and equipment excludes addition to right-of-use asset GH¢ 101,028 (2019:GH¢ 59,428)

e - Additions to right-of-use assets is only made up of advance payments for lease arrangements.

f - This excludes purchase of investment amounting to GH¢ 2 million for investment with an original maturity less than 3 months from date of purchase. The investment is accounted for as part cash and cash equivalent in the statement of cash flow.

The notes on pages 13 to 61 are an integral part of these financial statements.

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1 REPORTING ENTITY

VisionFund Ghana Micro Credit Limited (The Company) is a microfinance institution (MFI) that was incorporated on 29 January 2013 by VisionFund International and World Vision Ghana (WVG) and granted the certificate to commence business by the Registrar of Companies on 30 January 2013. The Company took over the management, assets, liabilities and operations of the Association of Progressive Entrepreneurs in Development (APED) on 01 November 2013. The Licensing to operate a Non-Bank Financial Institution (Microfinance –Money Lending, Non Deposit taking) was granted by the Bank of Ghana on 25 July 2015. The Company is domiciled in Ghana and its registered address is 17 Aprotech Street, Adenta, Accra. These financial statements comprise the individual financial statements of the Company.

2 BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with International Financial Reporting Standards and in a manner required by the Non-Bank Financial Institutions Act, 2008 (Act 774) and the Companies Act, 2019 (Act 992).

2.1 Basis of Measurement

The financial statements have been prepared on the historical cost basis.

2.2 Functional and presentation currency

These financial statements are presented in Ghana Cedis, which is the Company's functional currency. All amounts have been rounded to the nearest Ghana Cedi, except when otherwise indicated.

2.3 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2.3.1 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

Notes H(vii) : impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

2.4 Measurement of fair values

A number of the Company's accounting policies and disclosures require the determination of fair values for financial and assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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2 BASIS OF ACCOUNTING (CONT'D)

2.4 Measurement of fair values

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In some cases, if the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair value is included in Note 6.

3 SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the following significant accounting policies to all periods presented in these financial statements.

A Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated and recorded in Ghana cedis at the actual exchange rates as of the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss

B Interest

i) Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

— the gross carrying amount of the financial asset; or
— the amortised cost of the financial liability.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B Interest (cont'd)

i) Effective interest rate (cont'd)

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees and points 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 financial liability.

ii) Amortised cost and gross carrying amount

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

ii) Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

Interest income calculated using the effective interest method presented in the statement of comprehensive income includes:
— interest on loans and advances
— interest on staff loans
— interest on investment securities

Interest expense presented in the statement of comprehensive income includes:
— interest expense on related party loans;
— interest expense on lease liabilities.

C Fees and commissions

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate (see (3B)).

BAS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C Fees and commissions (cont'd)

If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period

Other fee and commission income – including passbook fees, client register fees, commission on microensure and other commission income are charged to the customer's account when the transaction takes place. Revenue related to transactions is recognised at the point in time when the transaction takes place.

D Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. 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.

i) Company acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates consideration in the contract to each lease component on the basis of its relative standalone price.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the 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 using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
— fixed payments, including in-substance fixed payments;
— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
— amounts expected to be payable under a residual value guarantee; and
— the exercise price under a purchase option that the Company is reasonably certain to exercise, 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 unless the Company is reasonably certain not to terminate early.

BAS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D Leases(cont'd)

i) Company acting as a lessee (cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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 recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in 'property and equipment' and lease liabilities in 'lease liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

E Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

i Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current income tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

ii Deferred income tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

BAS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E Income tax (cont'd)

ii Deferred income tax (cont'd)

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using the tax rate enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

F Employee benefits

i Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii Defined contribution plans

a Social security contributions

The Company contributes to the defined contribution scheme (the Social Security Fund) on behalf of employees.

The Company operates the two-tier pension scheme. Contributions by the Company to the mandatory tier one and tier two schemes are determined by law; currently the employer contributes 13% of employee basic salary while employee contributes 5.5%.

Out of the total contribution of 18.5%, the Company remits 13.5% to Social Security and National Insurance Trust towards the first tier pension scheme. The Company remits the remaining 5% to a privately managed scheme by Petra Trust Limited under the mandatory second tier.

b Provident fund

The Company contributes 10% of an employee's basic salary into a provident fund for staff. This is a defined contribution scheme under the management of an external fund manager appointed by the Trustees.

G Property and Equipment

i Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognised within other income in profit or loss.

BAS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

G Property and Equipment

ii Subsequent costs

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

iii Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property and equipment for the current and comparative periods are as follows:

	Rate
Motor vehicles/cycles	20%
Furniture and fittings	12.50%
Computer equipment	25%
Office equipment	33%
Right-of-use asset	3 to 8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

H Financial assets and financial liabilities

i) Recognition and initial measurement

The Company initially recognises loans and advances, collateral deposits, investment securities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

-the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

BAS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

H Financial assets and financial liabilities

ii) Classification (cont'd)

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation; but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Company's claim to cash flows from specified assets - e.g. non-recourse asset arrangements; and
- features that modify consideration of the time value of money - e.g. periodic reset of interest rates.

BAS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

H Financial assets and financial liabilities (cont'd)

ii) Classification (cont'd)

Assessment whether contractual cash flows are solely payments of principal and interest(cont'd)

The Company holds a portfolio of long-term fixed-rate loans for which the Company has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Company has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the company changes its business model for managing financial assets.

iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

iv) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Company evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (iii)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

BA5

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

H Financial assets and financial liabilities (cont'd)

iv) Modifications of financial assets and financial liabilities (cont'd)

Financial assets (cont'd)

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost does not result in derecognition of the financial asset, then the Company first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method (see (3B)).

Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Standards.

BAS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

H Financial assets and financial liabilities (cont'd)

vi) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

vii) Impairment

The Company recognises Expected Credit Loss (ECL) on the following financial instruments that are not measured at FVTPL

- financial assets that are debt instruments;

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

BA5

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

H Financial assets and financial liabilities (cont'd)

vii) Impairment (cont'd)

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognised but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses and are measured as follows:

— *financial assets that are not credit-impaired* at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);

— *financial assets that are credit-impaired* at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

When discounting future cash flows, the following discount rates are used:

— *financial assets* : the original effective interest rate or an approximation thereof;

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see (iv)) and ECL are measured as follows.

— If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

BAS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

H Financial assets and financial liabilities (cont'd)

vii) Impairment (cont'd)

Restructured financial assets (cont'd)
— If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit-impaired.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for ECL are presented in the statement of financial position as follows:

— financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

Write-off
Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are recognised when cash is received and are included in impairment charge in profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

BAS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I Cash and cash equivalents

'Cash and cash equivalents' include notes and coins on hand, bank balances and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

J Intangible assets

i Recognition and measurement

This represents acquired computer software and licenses by the Company and have finite useful lives. They are measured at cost less accumulated amortisation and any accumulated impairment loss.

ii Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is recognised in profit or loss as incurred.

iii Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual value using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful life for current and comparative periods is five (5) years for all classes intangible assets. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

K Share Capital

The Company has only one class of shares, ordinary shares. Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

L Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Company's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Impairment losses recognised in profit or loss in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

BAJ

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

M Changes in significant accounting policies

A number of new standards are also effective from 1 January 2020 that do not have a material effect on the Company's financial statements.

N New Standards and Interpretations issued not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Effective for the financial year commencing 1 January 2021

- *COVID-19-Related Rent Concessions (Amendments to IFRS 16)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*

Effective for the financial year commencing 1 January 2022

- *Onerous Contracts - Cost of fulfilling a Contract (Amendment to IAS 37)*
- *Annual Improvements to IFRS Standards (2018 – 2020) (Amendment to IFRS 1, IFRS 9, IFRS 16 and IAS 41)*
- *Property, plant and equipment: Proceeds before Intended Use (Amendment to IAS 16)*

Effective for the financial year commencing 1 January 2023

- *Classification of Liabilities as Current or Non-Current (Amendment to IAS 1)*
- *Definition of Accounting Estimates (Amendment to IAS 8)*
- *Disclosure Initiative: Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2)*

COVID-19-Related Rent Concessions (Amendments to IFRS 16)

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

The practical expedient will only apply if:
— the revised consideration is substantially the same or less than the original consideration;
— the reduction in lease payments relates to payments due on or before 30 June 2021; (a subsequent amendment released in March 2021 has extended this date to 30 June 2022) and
— no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose:
— that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
— the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

N New Standards and Interpretations issued not yet adopted (cont'd)

COVID-19-Related Rent Concessions (Amendments to IFRS 16) (cont'd)

The original version of the practical expedient was, and remains, optional. However, the subsequent amendment is, in effect, not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendment would have to consistently apply the extension to similar rent concessions.

The subsequent amendment is applicable retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings. The disclosure requirements of Paragraph 28(f)1 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors do not apply on initial application of the subsequent amendment. Lessees may need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendment but becomes eligible as a result of the extension.

The amendments are effective for periods beginning on or after 1 June 2020 (the subsequent amendment is effective on or after 1 April 2021), with earlier application permitted. A lessee applies the amendments retrospectively and recognises the cumulative effect of initially applying them in the opening retained earnings of the reporting period in which they are first applied.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

— changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and

— hedge accounting.

The Company is yet to assess the effect of the amendments on its financial statements.

Onerous Contracts: Cost of Fulfilling a Contract (Amendments to IAS 37)

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, issued by the International Accounting Standards Board, clarify that the 'costs of fulfilling a contract' when assessing whether a contract is onerous comprise both:

— the incremental costs – e.g. direct labour and materials; and

— an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments will be recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives will not be restated. Earlier application is permitted.

The Company is yet to assess the effect of the amendments on its financial statements.

BA

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

N New Standards and Interpretations issued not yet adopted (cont'd)

Annual Improvements to IFRS Standards 2018-2020

IFRS 9 Financial Instruments	The amendment clarifies that for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
IFRS 16 Leases	The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

The Company is yet to assess the effect of the amendments on its financial statements.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:
— costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
— costs associated with making the item of property, plant and equipment available for its intended use.

Making this allocation of costs may require significant estimation and judgement.

The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The Company is yet to assess the effect of the standard on its financial statements.

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

BAS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

N New Standards and Interpretations issued not yet adopted (cont'd)

Classification of liabilities as current or non-current (Amendments to IAS 1) (cont'd)

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

The amendments are to be applied retrospectively from 1 January 2023.

The Company is yet to assess the effect of the amendments on its financial statements.

Definition of accounting estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

— The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
— Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
— Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
— The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
— A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board (the Board).

The Board has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

BAS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

N New Standards and Interpretations issued not yet adopted (cont'd)

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (cont'd)

— requiring companies to disclose their material accounting policies rather than their significant accounting policies;
— several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
— clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;
— clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
— accounting policy information may be material because of its nature, even if the related amounts are immaterial;
— accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
— the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The amendments are effective from 1 January 2023 but may be applied earlier.

BAS

4 FINANCIAL RISK MANAGEMENT

a Introduction and Overview

The outbreak of COVID-19 and the necessary containment measures, which include travel bans, quarantines and social distancing protocols, have resulted in disruption to business and economic activity globally. At the date of authorisation of the financial statements, the Company is operating as normal. The ultimate severity of the COVID 19 outbreak on the Company's operations was minimal while there was no impact on the Company. The Company did not alter its financial risk management framework.

The Company has exposure to the following risk arising from financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk (includes currency, interest rate and other price risk)
- Operational Risk

Risk management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit and Risk Committee of the Board is responsible for developing and monitoring the Company's risk management policies over specified areas.

The Company's risk management policies are established to identify and analyse risks faced by the Company, set appropriate risks limits and controls and monitor risks and adherence to established policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. Through training and setting of standards and procedures, the Company has developed a disciplined and reasonably effective control environment in which all employees understand their roles and obligations.

The Company's Audit, Risk and Compliance Committee of the Board is responsible for monitoring compliance with the Company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Company.

b 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, and arises principally from the Company's loans and advances to customers and other financial institutions and investment securities. For risk management reporting purposes, the Company considers all elements of credit risk exposure.

Management of credit risk

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers. Such risks are monitored on a revolving basis and subject to annual or more frequent review. Limits on the level of credit risk by product and borrower are approved by the Board of Directors. Actual exposures against limits are monitored daily.

The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of cash collateral for funds advances, which is common practice.

BAS

4 FINANCIAL RISK MANAGEMENT (CONT'D)

b Credit Risk (cont'd)

i *Analysis of Credit Quality*

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

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

Maximum Exposure to Credit Risk

	2020 GH¢	2019 GH¢
Investment securities	5,181,480	2,938,429
Loans and advances	30,830,467	30,653,856
Bank balances	6,560,082	4,573,288
Other receivables *	182,571	302,691
Due from related party	112000	-
	42,866,600	**38,468,264**

** This balance excludes prepayments and advance payments

Investment securities

2020	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Grade 1-3: Low-fair risk	5,181,480	-	-	5,181,480
Grade 4-5: Watchlist	-	-	2,523,397	2,523,397
Loss allowance	-	-	(2,523,397)	(2,523,397)
	5,181,480	**-**	**-**	**5,181,480**

2019	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Grade 1-3: Low-fair risk	2,115,068	-	-	2,115,068
Grade 4-5: Watchlist	-	-	4,169,849	4,169,849
Loss allowance	-	-	(3,346,488)	(3,346,488)
	2,115,068	**-**	**823,361**	**2,938,429**

Loans and advances

2020	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Grade 1-3: Low-fair Risk	31,909,678	-	-	31,909,678
Grade 4-5: Watch list	-	403,272	-	403,272
Grade 6: Sub-Standard	-	-	285,328	285,328
Grade 7: Doubtful	-	-	713,624	713,624
Grade 8: Loss	-	-	1,525,304	1,525,304
Total Gross Amount	31,909,678	403,272	2,524,256	34,837,206
Allowance for Impairment	(1,462,320)	(20,163)	(2,524,256)	(4,006,739)
Net Carrying Amount	**30,447,358**	**383,109**	**-**	**30,830,467**

BAS

4 FINANCIAL RISK MANAGEMENT (CONT'D)

b Credit Risk (cont'd)

Maximum Exposure to Credit Risk

Loans and advances (cont'd)

	2019			
	Stage 1	Stage 2	Stage 3	Total
	GH¢	GH¢	GH¢	GH¢
Grade 1-3: Low-fair Risk	30,323,933	-	-	30,323,933
Grade 4–5: Watch list	-	1,602,513	-	1,602,513
Grade 6: Sub-Standard	-	-	217,318	217,318
Grade 7: Doubtful	-	-	183,134	183,134
Grade 8: Loss	-	-	1,474,129	1,474,129
Total Gross Amount	30,323,933	1,602,513	1,874,581	33,801,027
Allowance for Impairment	(1,211,163)	(63,478)	(1,872,530)	(3,147,171)
Net Carrying Amount	**29,112,770**	**1,539,035**	**2,051**	**30,653,856**

	2020			
	Stage 1	Stage 2	Stage 3	Total
	GH¢	GH¢	GH¢	GH¢
Current	31,909,678	-	-	31,909,678
Overdue < 90days	-	403,272	-	403,272
Overdue > 90days	-	-	2,524,256	2,524,256
Loss allowance	(1,462,320)	(20,163)	(2,524,256)	(4,006,739)
	30,447,358	**383,109**	**-**	**30,830,467**

	2019			
	Stage 1	Stage 2	Stage 3	Total
	GH¢	GH¢	GH¢	GH¢
Current	30,323,933	-	-	30,323,933
Overdue < 90days	-	1,602,513	-	1,602,513
Overdue > 90days	-	-	1,874,581	1,874,581
Loss allowance	(1,211,163)	(63,478)	(1,872,530)	(3,147,171)
	29,112,770	**1,539,035**	**2,051**	**30,653,856**

Bank balances

	2020			
	Stage 1	Stage 2	Stage 3	Total
	GH¢	GH¢	GH¢	GH¢
Grade 1–3: Low–fair risk	6,560,082	-	-	6,560,082
Loss allowance	-	-	-	-
	6,560,082	**-**	**-**	**6,560,082**

	2019			
	Stage 1	Stage 2	Stage 3	Total
	GH¢	GH¢	GH¢	GH¢
Grade 1–3: Low–fair risk	4,578,310	-	-	4,578,310
Grade 8: Loss	-	-	316,512	316,512
Loss allowance	-	-	(316,512)	(316,512)
	4,578,310	**-**	**-**	**4,578,310**

BAS

4 FINANCIAL RISK MANAGEMENT (CONT'D)

b Credit Risk (cont'd)

Maximum Exposure to Credit Risk

The above represents the maximum exposure to credit risk at 31 December 2020 and 2019, without taking account of any collateral held or other credit enhancements attached. The exposures set out above are based on net carrying amounts reported in the statement of financial position.

Loans with renegotiated terms
The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 3(H)(iv)

The Company renegotiates loans with customers in financial difficulties to maximise collection opportunities and minimise the risk of default. Under the Company's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

Bank balances
The Company held bank balances of GH¢ 6.6 million at 31 December 2020 (2019: GH¢4.6 million). The bank balances are held with reputable financial institution counterparties.

ii. Collateral held

The Company holds cash collateral against certain of its credit exposures. The information below sets out the principal types of collateral held against different types of financial assets.

	2020	2019	Principal type of collateral held
Type of credit exposure	**GH¢**	**GH¢**	
Investment securities	Nil	Nil	None
Loans and advances	7,825,418	7,270,310	Cash collateral

The table below sets out the carrying amount and the value of identifiable collateral (mainly cash) held against loans and advances to customers measured at amortised cost. For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

	2020		2019	
	Carrying amount	Collateral	Carrying amount	Collateral
Type of credit exposure	**GH¢**	**GH¢**		
Stage 1 and 2	30,830,467	7,825,418	30,651,805	7,268,259
Stage 3	-	-	2,051	2,051
	30,830,467	**7,825,418**	**30,653,856**	**7,270,310**

BAS

4 FINANCIAL RISK MANAGEMENT (CONT'D)

b Credit Risk (Cont'd)

ii. Cash collateral held

Assets obtained by taking possession of collateral

The Company did not hold any financial and non-financial assets resulting from taking possession of collateral held as security against loans and advances at the reporting date (2019:Nil).

iii. Amounts arising from ECL

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

– the remaining lifetime probability of default (PD) as at the reporting date; with
– the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Company uses three criteria for determining whether there has been a significant increase in credit risk:

– quantitative test based on movement in PD;
– qualitative indicators; and
– a backstop of 30 days past due.

Credit risk grades

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

– Information obtained during periodic review of customer files
– Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities

BAS

4 FINANCIAL RISK MANAGEMENT (CONT'D)

b Credit Risk (cont'd)

iii. Amounts arising from ECL (cont'd)

- Internally collected data on customer behaviour
- Payment record: this includes overdue status as well as a range of variables about payment ratios
- Utilisation of the granted limit
- Requests for and granting of forbearance
- Existing and forecast changes in business, financial and economic conditions

Determining whether credit risk has increased significantly

The Company assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region. What is considered significant differs for different types of lending.

As a general indicator, credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company's quantitative modelling:

• the remaining lifetime PD is determined to have increased by more than a stated threshold of the corresponding amount estimated on initial recognition; or,
• if the absolute change is annualised, lifetime PD since initial recognition is greater than a stated threshold of basis points.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Company's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgment and relevant historical experiences. As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12 month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Company determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up to date payment performance against the modified contractual terms.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

• the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
• the criteria do not align with the point in time when an asset becomes 30 days past due;
• the average time between the identification of a significant increase in credit risk and default appears reasonable;

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4 FINANCIAL RISK MANAGEMENT (CONT'D)

b Credit Risk (cont'd)

iii. Amounts arising from ECL (cont'd)

• exposures are not generally transferred directly from 12 month ECL measurement to credit impaired; and

• there is no unwarranted volatility in loss allowance from transfers between 12 month PD (Stage 1) and lifetime PD (Stage 2).

Definition of default

The Company considers a financial asset to be in default when:

• the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held);
• the borrower is more than 90 days past due on any material credit obligation to the Company.
• it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Company considers indicators that are:

• qualitative: e.g. breaches of covenant;
• quantitative: e.g. overdue status and non payment on another obligation of the same issuer to the Company; and
• based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

• Probability of Default (PD);
• Loss Given Default (LGD); and
• Exposure At Default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12 month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

PD represent the probability that the customer will default in settling the obligation due. The PD for loans due after 90 days is 100%. The PD for loans that are below 90 days past due is determined using the historical loss rate.

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

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4 FINANCIAL RISK MANAGEMENT (CONT'D)

b Credit Risk (Cont'd)

iii. *Amounts arising from ECL (cont'd)*

As described above, and subject to using a maximum of a 12 month PD for Stage 1 financial assets, the Company measures ECL considering the risk of default over the maximum contractual period (including borrower's extension options if any) over which it is exposed to credit risk, even if, for credit risk management purposes, the Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require repayment of an advance or terminate a loan commitment.

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

Investment securities

	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	GH¢	**GH¢**	**GH¢**	**GH¢**
Balance at 1 January	-	-	3,346,488	3,346,488
Net remeasurement of loss allowance	-	-	(823,091)	(823,091)
Balance at 31 December	-	-	**2,523,397**	**2,523,397**

	2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	GH¢	**GH¢**	**GH¢**	**GH¢**
Balance at 1 January	164,144	160,589	278,309	603,042
Net remeasurement of loss allowance	(164,144)	(160,589)	3,068,179	2,743,446
Balance at 31 December	-	-	**3,346,488**	**3,346,488**

Loans and advances to customers

	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	GH¢	**GH¢**	**GH¢**	**GH¢**
Balance at 1 January	1,211,163	63,478	1,872,530	3,147,171
12-month ECL	251,157	-	-	251,157
lifetime ECL not credit-impaired	-	(43,315)	-	(43,315)
lifetime ECL credit-impaired	-	-	651,726	651,726
Balance at 31 December	**1,462,320**	**20,163**	**2,524,256**	**4,006,739**

BAS

4 FINANCIAL RISK MANAGEMENT (CONT'D)

b Credit Risk (Cont'd)

iii. Amounts arising from ECL (cont'd)

Loans and advances to customers (cont'd)

	2019			
	Stage 1	Stage 2	Stage 3	Total
	GH¢	GH¢	GH¢	GH¢
Balance at 1 January	1,467,986	79,996	1,568,030	3,116,012
12-month ECL	(256,823)	-	-	(256,823)
lifetime ECL not credit-impaired	-	(16,518)	-	(16,518)
lifetime ECL credit-impaired	-	-	1,591,966	1,591,966
Write-offs	-	-	(1,287,466)	(1,287,466)
Balance at 31 December	**1,211,163**	**63,478**	**1,872,530**	**3,147,171**

Bank balances

	2020			
	Stage 1	Stage 2	Stage 3	Total
	GH¢	GH¢	GH¢	GH¢
Balance at 1 January	-	-	316,512	316,512
Net remeasurement of loss allowance	-	-	(316,512)	(316,512)
Balance at 31 December	-	-	-	-

	2019			
	Stage 1	Stage 2	Stage 3	Total
	GH¢	GH¢	GH¢	GH¢
Balance at 1 January	-	-	-	-
Net remeasurement of loss allowance	-	-	316,512	316,512
Balance at 31 December	-	-	**316,512**	**316,512**

v. Concentration of credit risk

The concentration of loans and advances by sector for the Company is shown below:

	2020	2019
	GH¢	GH¢
Sales/Trading	32,123,652	31,509,636
Agriculture	1,498,352	1,016,362
Manufacturing/Production	443,059	494,790
Service	904,597	777,264
Total Gross Amount*	**34,969,660**	**33,798,052**

* This excludes staff loans and deferred transaction cost amounting to GH¢ 404,531 and GH¢ 536,985 (2019: GH¢ 469,748 and GH¢ 466,774) respectively.

BAS

4 FINANCIAL RISK MANAGEMENT (CONT'D)

b Credit Risk (Cont'd)

iii. Amounts arising from ECL (cont'd)

Key ratios on loans and advances

Loan loss provision ratio as at 31 December 2020 is 11.50% (2019: 9.31%).

Percentage of gross non-performing loans with respect to Bank of Ghana Prudential Norms (specifically impaired) to total gross loans and advances as at 31 December 2020 is 7.25% (2019: 5.55%).

Ratio of fifty (50) largest exposure (gross funded) to total exposure as at 31 December 2020 is 2% (2019: 3%).

c Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

It is the policy of the Company to maintain liquidity limits imposed by its regulator, Bank of Ghana and the overall liquidity has been within the regulatory limit of Bank of Ghana at all times, and for all currencies. Hence the Company aims to be in a position to meet all obligations, to fulfil commitments to lend and to meet any other commitments.

Liquidity risk management is governed by the Company's Asset and Liability Committee (ALCO), which is chaired by the Chief Executive Officer. ALCO is responsible for both statutory and prudential liquidity. ALCO has primary responsibility for compliance with regulations and Company policy and maintaining a liquidity crisis contingency plan. ALCO oversees the structural foreign exchange and interest rate exposures that arise within the Company.

Maturity analysis for financial instruments

The tables below set out the various contractual maturities of the Company's financial assets and financial liabilities in Ghana Cedi:

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4 FINANCIAL RISK MANAGEMENT (CONT'D)

c Liquidity Risk (cont'd)

2020	Carrying	Gross nominal inflow/(outflow)			
Assets	Amount	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
	GH¢	GH¢	GH¢	GH¢	GH¢
Loans and Advances	30,830,467	39,264,418	4,059	-	39,268,477
Investment securities	5,181,480	5,268,110	-	-	5,268,110
**Other receivables	182,571	182,571	-	-	182,571
Due from related party	112,000	112,000	-	-	112,000
Cash and bank balances	6,560,082	6,560,082	-	-	6,560,082
Total assets	42,866,600	51,387,181	4,059	-	51,391,240
Lease liabilities	(926,585)	(132,160)	(1,170,872)	(182,740)	(1,485,772)
Loans and borrowings	(23,241,524)	(29,478,950)	(193,884)		(29,672,834)
Collateral deposits	(9,375,416)	(9,375,332)	(84)		(9,375,416)
Due to related party	(1,659,987)	(1,659,987)	-	-	(1,659,987)
*Other payables and accruals	(895,485)	(895,485)	-	-	(895,485)
Total liabilities	(36,098,997)	(41,541,914)	(1,364,840)	(182,740)	(43,089,494)
Net Liquidity	**6,767,603**	**9,845,267**	**(1,360,781)**	**(182,740)**	**8,301,746**

2019	Carrying	Gross nominal inflow/(outflow)			
Assets	Amount	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
	GH¢	GH¢	GH¢	GH¢	GH¢
Loans and Advances	30,653,856	38,400,487	40,760	-	38,441,247
Investment securities	2,938,429	2,972,950	-	-	2,972,950
**Other receivables	302,691	302,691	-	-	302,691
Cash and bank balances	4,578,310	4,578,310	-	-	4,578,310
Total assets	38,473,286	46,254,438	40,760	-	46,295,198
Lease liabilities	(1,185,905)	(253,302)	(1,364,978)	(552,484)	(2,170,764)
Loans and borrowings	(23,336,154)	(17,564,577)	(12,714,012)	-	(30,278,589)
Due to related party	(1,042,603)	(1,042,603)	-	-	(1,042,603)
Collateral	(8,800,917)	(8,800,917)	-	-	(8,800,917)
*Other payables and accruals	(761,284)	(761,284)	-	-	(761,284)
Total liabilities	(35,126,863)	(28,422,683)	(14,078,990)	(552,484)	(43,054,157)
Net Liquidity	3,346,423	17,831,755	(14,038,230)	(552,484)	3,241,041

** This balance excludes prepayments and advance payments

*This balance excludes statutory payments and deferred income

BAS

4 FINANCIAL RISK MANAGEMENT

d Market risk

'Market risk' is the risk that changes in market prices – such as interest rates, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Company's solvency while optimising the return on risk.

The Company recognizes market risk as the exposure created by potential changes in market prices and rates, such as interest rates, equity prices and foreign exchange rates. The Company's exposure to market risk arises principally from customer driven transactions.

Overall authority for market risk is vested in the Chief Executive Officer and ALCO. ALCO prepares a monthly gap analysis of interest bearing assets and liabilities to monitor the net position and how it impacts on profitability of the Company.

i Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which balances are denominated and the respective functional currency of the Company. The functional currency of the Company is the Ghana cedis. The currency in which these transactions are primarily denominated is US Dollars (US$). The currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate due to the changes in foreign exchange rates.

The Company's policy is to ensure that its net exposure in respect of monetary assets and liabilities denominated in foreign currencies are kept to an acceptable level. The Company monitors the movement in foreign currencies on an ongoing basis and takes appropriate actions as necessary.

Exposure to currency risk

The summary quantitative data about the Company and the Company's exposure to currency risk was as follows:

	2020	2019
Assets	**US$**	**US$**
Bank balances	55,620	5,761
Net Exposure	**55,620**	**5,761**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Ghana cedis against all United States Dollar (US$) at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	2020		2019	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
	GH¢	**GH¢**	**GH¢**	**GH¢**
US$ (10% movement)	(32,632)	32,632	(3,064)	3,064

The following exchange rates were applied

	Average Rate		Year end spot rate	
GH¢	**2020**	**2019**	**2020**	**2019**
US$ 1	5.72	5.32	5.87	5.68

BAS

4 FINANCIAL RISK MANAGEMENT

d Market risk (cont'd)

ii Interest rate risk

Interest rate risk comprises interest price risk that results from investing and borrowing at fixed rates and the interest cash flow risk that results from investing at variable rates. The board of directors is responsible for setting the overall duration and interest management targets. The Company's objective is to manage its interest rate exposure through careful investment profiling and use of heterogeneous investment sources.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	2020	2019
Financial Assets:	GH¢	GH¢
Investment securities	5,181,480	2,938,429
Loans and advances	30,830,467	30,653,856
	36,011,947	33,592,285
Financial Liabilities:		
Related party loan	(23,047,640)	(23,142,270)
Lease liabilities	(926,585)	(1,185,905)
	(23,974,225)	(24,328,175)
	12,037,722	**9,264,110**

The Company does not account for any fixed-rate financial instrument at fair value through profit or loss. Therefore a change in interest rates at the reporting date does not affect profit or loss. A change of 1% in interest rates would have increased or decreased profit or loss by GH¢ 120,377 (2019: GH¢ 92,641). The Company had no variable-rate financial instruments.

e Operational Risk

Operational risk arises from other sources of risk aside credit risk, liquidity risk, and market risk. This may include risks like reputation risk, compliance risk etc.

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations and are faced by all business entities.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit.

This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;

BAS

4 FINANCIAL RISK MANAGEMENT

e Operational Risk (cont'd)

- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by ALCO. The results of reviews are discussed with the management of the business unit and summaries submitted to the Audit Committee and Senior management of the Company.

f Compliance and Regulatory Risk

This is the risk of non-compliance with regulatory requirements. The Company's Internal Audit Department is responsible for establishing and maintaining an appropriate framework of the Company's compliance policies and procedures. In order to strengthen the Company's compliance with regulatory requirements, the Company organizes series of dedicated training on a regular basis to equip staff with compliance and regulatory issues in order to minimise risk emanating there from.

g Legal Risk

The Company is not dependent on any patent or any industrial, commercial or financial contract. The Company's activities are undertaken in a manner which adequately reduces the risks which may arise out of material litigation to be initiated against it (the Company).

h Reputational Risk

The Company conducts its business in a responsible, professional and transparent way. By offering simplified products and following the necessary legal and regulatory processes, the Company safeguards the interest of its clients as well as its reputation. Furthermore, the Company maintains close ties with the communities in which it operates by supporting them in various ways. This is aimed at demonstrating our commitment and fostering a long term relationship with our clients and the public at large.

i Capital Management

The company's regulator, the Bank of Ghana sets and monitors capital requirements for the company as a whole. In implementing current capital requirements, the Bank of Ghana requires the company to maintain a prescribed ratio of total capital to total risk-weighted assets.

The company's regulatory capital is analysed into two tiers:

- Tier 1 capital, also referred to as core/primary capital is made up of equity and disclosed reserves. Equity includes issued and fully paid ordinary share capital and perpetual cumulative preference shares. Disclosed reserves relate to those created or increased by appropriation of after tax retained earnings/surplus, retained profits and general statutory reserves.

- Tier 2 capital, also referred to as supplementary/secondary capital includes revaluations reserves, latent revaluation reserves and hybrid capital instruments. Latent revaluation reserves relate to unrealised gains on equity instruments classified as available-for-sale.

Various limits are applied to elements of the capital base. The qualifying tier 2 capital cannot exceed tier 1 capital.

BAS

4 FINANCIAL RISK MANAGEMENT

i Capital Management (cont'd)

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. There have been no material changes in the company's management of capital during the period.

Capital Adequacy Ratio

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

	2020 GH¢	2019 GH¢
Tier 1 Capital		
Ordinary Share Capital	7,758,037	7,758,037
Disclosed Reserves	3,742,466	498,850
Shareholders' Fund	11,500,503	8,256,887
Less:		
Intangible assets	18,703	102,367
Total Regulatory Capital	11,481,800	8,154,520
Adjusted Risk-weighted Assets	48,675,304	44,479,155
Total regulatory capital expressed as a percentage	**24%**	**18%**

The Company complied with the minimum capital requirement of GH¢ 1million as per section 12 of the Non-Bank Financial Institution Act, 2008 and the Capital Adequacy Ratio.

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by the Company's Management Credit Committee and ALCO, and is subject to review by the Company's Audit, Risk and Compliance Committee of the Board as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Company to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Company's longer term strategic objectives.

The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

BAS

5 ACCOUNTING CLASSIFICATIONS

The Company classifies non-derivative financial instruments as amortised cost and measures also at amortised cost.

Below is the accounting classifications of financial instruments

	2020		2019	
	Amortised Cost	Total	Amortised Cost	Total
Financial assets	GH¢	GH¢	GH¢	GH¢
Loans and advances	30,830,467	30,830,467	30,653,856	30,653,856
Investment securities	5,181,480	5,181,480	2,938,429	2,938,429
** Other receivables	182,571	182,571	302,691	302,691
Due from related party	112,000	112,000	-	-
Cash and bank balances	6,560,082	6,560,082	4,578,310	4,578,310
	42,866,600	42,866,600	38,473,286	38,473,286

	Amortised Cost	Total	Amortised Cost	Total
Financial liabilities	GH¢	GH¢	GH¢	GH¢
Lease liabilities	926,585	926,585	1,185,905	1,185,905
Loans and borrowings	23,241,524	23,241,524	23,336,154	23,336,154
Collateral deposits	9,375,416	9,375,416	1,042,603	1,042,603
Due to related party	1,659,987	1,659,987	8,800,917	8,800,917
*Other payables and accruals	895,485	895,485	761,284	761,284
	36,098,997	36,098,997	35,126,863	35,126,863

** This balance excludes prepayments and advance payments

*This balance excludes statutory payments and deferred Income

6 FAIR VALUES

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

BAS

6 FAIR VALUES (CONT'D)

If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

a *Valuation models*

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

• Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

• Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data

• Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates and foreign currency exchange rates and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

BAS

6 FAIR VALUES (CONT'D)

a *Valuation models (cont'd)*

Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

b *Financial instruments not measured at fair value – fair value hierarchy*

The table below analyses financial instruments, not measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

With exception of loans and borrowings, the carrying amounts of all other financial instruments fairly approximate fair values due to the short term maturity of these instruments.

	2020		2019	
	Carrying amount	Level 2	Carrying amount	Level 2
	GH¢	GH¢	GH¢	GH¢
Loans and borrowings	23,241,524	23,241,524	23,336,154	24,535,036
	23,241,524	**23,241,524**	**23,336,154**	**24,535,036**

7 INTEREST INCOME CALCULATED USING EFFECTIVE INTEREST METHOD

	2020	2019
	GH¢	GH¢
Loans and advances	25,437,401	25,556,196
Staff loans	143,065	147,299
Investment securities	562,598	241,836
	26,143,064	**25,945,331**

8 FEES AND COMMISSION INCOME

	2020	2019
	GH¢	GH¢
Passbook fees/sale of passbook	67,110	105,659
Commission on microensure	405,610	93,149
Other commission income	111,799	44,966
	584,519	**243,774**

9 NET EXCHANGE GAINS/(LOSS)

	2020	2019
	GH¢	GH¢
Exchange gains	123,916	17,733
Exchange loss	(56,868)	(87,511)
	67,048	**(69,778)**

BAS

10 OTHER INCOME

	2020	2019
	GH¢	GH¢
Other financial income	276,388	105,236
Loss on disposal of property and equipment	-	(161,663)
Loan recoveries	121,711	192,161
Income from wash Project	122,334	103,574
Sundry income	103,409	-
	623,842	239,308

11 PERSONNEL EXPENSES

	2020	2019
	GH¢	GH¢
Salaries	8,258,684	7,468,391
Medical expenses	405,997	434,891
Defined contribution plans	1,728,680	1,566,743
Life insurance	-	257,567
Donations	7,200	9,033
Overtime payment	12,666	32,587
Loan officers incentive	185,702	338,407
National service & temporary staff allowance	38,494	80,973
Transport allowance	1,307,727	1,197,049
Clothing allowance	343,720	277,014
Meals allowance	-	87,905
	12,288,870	11,750,560

The average number of employees or the period was 300 (2019: 304).

12 OTHER ADMINISTRATIVE EXPENSES

	2020	2019
	GH¢	GH¢
VFI Partnership fees	730,382	710,741
Audit fees	150,000	150,000
Professional fees	744,288	559,400
Directors expenses	269,645	111,373
Supplies, copying and printing	498,874	583,041
Insurance	118,890	147,915
Travel and transport (local and international)	1,098,498	1,546,140
Communication	631,168	798,546
Occupancy (rentals, utility and security)	853,999	898,155
Fuel and lubricants expenses	575,532	594,910
Bank charges	173,917	208,388
Subscription	3,459	6,301
Advertising and public relations	125,847	132,843
Other expenses	1,388,330	772,863
	7,362,829	7,220,616

BAS

13 TAXATION

(a) Income tax expense

The tax (release)/charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

	2020 GH¢	2019 GH¢
Current tax expense		
Current year (Note 13c)	-	31,159
	-	31,159
Deferred tax credit		
Origination deductible temporary differences	(278,641)	(319,262)
Utilization/(recognition) of tax losses	87,591	(1,037,996)
	(191,050)	**(1,326,099)**

(b) Reconciliation of effective tax rate

	2020 GH¢	2019 GH¢
(Loss)/Profit before income tax	**(764,199)**	**(4,190,728)**
Tax calculated at the statutory income tax rate of 25 % (2019: 25%)	(191,050)	(1,047,682)
Non-deductible expenses	206,038	28,809
Tax exempt income	(246,803)	(338,385)
Income subjected to tax at a different rate	40,765	31,159
	(191,050)	**(1,326,099)**
Effective tax	**25%**	**32%**

(c) Current income tax

2020

Year of assessment	At 1 January	Charge to profit or loss	Payments	At 31 December GH¢
2016	(181)	-	-	(181)
2017	(396,684)	-	-	(396,684)
2018	(232,125)	-	-	(232,125)
2019	(100,279)	-	-	(100,279)
2020	-	-	(202,152)	(202,152)
	(729,269)	**-**	**(202,152)**	**(931,421)**

2019

	At 1 January GH¢	Charge to profit or loss GH¢	Payments GH¢	At 31 December GH¢
2016	(181)	-	-	(181)
2017	(396,684)	-	-	(396,684)
2018	(232,125)	-	-	(232,125)
2019	-	31,159	(131,438)	(100,279)
	(628,990)	**31,159**	**(131,438)**	**(729,269)**

The above tax position for 31 December 2020 and 2019 is subject to agreement by the Domestic Tax Revenue Division of Ghana Revenue Authority (GRA).

BAS

13 TAXATION (CONT'D)

(d) National fiscal stabilisation levy

	2020 GH¢	2019 GH¢
Balance at 1 January	(56,363)	(43,643)
Charged for the year	-	-
Payments	(29,193)	(12,720)
Balance at 31 December	**(85,556)**	**(56,363)**

In accordance with the National Fiscal Stabilisation Act, 2013 (Act 862), as amended by the NFSL Amendment Act, 2019 (Act 1011), some specified Companies and Institutions including financial institutions are liable to pay a levy under the Act. The rate of the levy is 5% on the profit before tax of these Companies. The Levy is not an allowable deduction for the purpose of ascertaining the chargeable income of the

(e) Deferred tax

	Assets		Liabilities		Net	
	2020 GH¢	2019 GH¢	2020 GH¢	2019 GH¢	2020 GH¢	2019 GH¢
Property and equipment	(151,348)	(87,599)	-	-	(151,348)	(87,599)
Tax losses	(950,405)	(1,037,996)	-	-	(950,405)	(1,037,996)
Impairment on financial assets	(533,552)	(318,660)	-	-	(533,552)	(318,660)
Other temporary differences	(17,445)	(17,445)	-	-	(17,445)	(17,445)
Net tax (assets)/liabilities	**(1,652,750)**	**(1,461,700)**	-	-	**(1,652,750)**	**(1,461,700)**

Recognition of deferred tax assets of GH¢ 1,652,750 (2019: GH¢ 1,461,700) is based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability), which indicates that it is probable that the Company will have future taxable profits against which these assets can be

(f) Movement in temporary differences during the year

2020	Balance at 1 January 2020 GH¢	Recognised in profit or loss GH¢	Balance 31 December 2020 GH¢
Property plant and equipment	(87,599)	(63,749)	(151,348)
Tax losses	(1,037,996)	87,591	(950,405)
Impairment on financial assets	(318,660)	(214,892)	(533,552)
Other temporary differences	(17,445)	-	(17,445)
	(1,461,700)	**(191,050)**	**(1,652,750)**

2019	Balance at 1 January 2019 GH¢	Recognised in profit or loss GH¢	Balance 31 December 2019 GH¢
Property plant and equipment	1,015	(88,614)	(87,599)
Tax losses	-	(1,037,996)	(1,037,996)
Impairment on financial assets	(105,457)	(213,203)	(318,660)
Other temporary differences	-	(17,445)	(17,445)
	(104,442)	**(1,357,258)**	**(1,461,700)**

BAS

14 PROPERTY AND EQUIPMENT

	Right-of use Asset (Building)	Motor vehicles	Office Equipment	Furniture and fittings	Computer Equipment	Total
Cost		GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1 January 2019	-	1,431,504	181,369	268,695	1,281,618	3,163,186
Recognition of Right-of-use asset on initial application of IFRS 16	2,083,544	-	-	-	-	2,083,544
	2,083,544	1,431,504	181,369	268,695	1,281,618	5,246,730
Additions	59,428	-	87,211	47,085	323,764	517,488
Release on disposal	-	(691,385)	(38,190)	-	(301,981)	(1,031,556)
Balance at 31 December 2019	2,142,972	740,119	230,390	315,780	1,303,401	4,732,662
Balance at 1 January 2020	2,142,972	740,119	230,390	315,780	1,303,401	4,732,662
Additions	101,028	50,500	3,500	14,911	161,007	330,946
Write-off/disposal	(28,708)	-	(22,826)	(6,497)	(13,031)	(71,062)
Derecognition of right-of-use assets	(254,049)	-	-	-	-	(254,049)
Balance at 31 December 2020	1,961,243	790,619	211,064	324,194	1,451,377	4,738,497
Depreciation						
Balance at 1 January 2019	-	953,532	75,165	56,676	626,724	1,712,097
Charge for the year	226,022	149,784	65,199	38,150	301,190	780,345
Release on disposal	-	(505,117)	(32,594)	-	(300,185)	(837,896)
Balance at 31 December 2019	226,022	598,199	107,770	94,826	627,729	1,654,546
Balance at 1 January 2020	226,022	598,199	107,770	94,826	627,729	1,654,546
Charge for the year	242,919	122,745	69,711	40,800	289,259	765,434
Write-off/disposal	(18,833)	-	-	-	-	(18,833)
Balance at 31 December 2020	450,108	720,944	177,481	135,626	916,988	2,401,147
Carrying amount						
At 31 December 2019	1,916,950	141,920	122,620	220,954	675,672	3,078,116
At 31 December 2020	1,511,135	69,675	33,583	188,568	534,389	2,337,350

(b) Disposal of property and equipment

	2020	2019
	GH¢	GH¢
Cost	-	1,031,556
Accumulated depreciation	-	(837,896)
Net book amount	-	193,660
Proceeds from disposal	-	(31,997)
Loss on disposal	-	161,663

15 INTANGIBLE ASSETS

	2020			2019		
	Software	Licenses	Total	Software	Licenses	Total
Cost	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1 January	625,516	148,597	774,113	603,901	148,597	752,498
Additions	-	-	-	21,615	-	21,615
Balance at 31 December	625,516	148,597	774,113	625,516	148,597	774,113
Amortisation						
Balance at 1 January	533,832	137,914	671,746	415,222	108,195	523,417
Charged for the year	72,981	10,683	83,664	118,610	29,719	148,329
Balance at 31 December	606,813	148,597	755,410	533,832	137,914	671,746
Carrying amount	18,703	-	18,703	91,684	10,683	102,367

BAS

16 LOANS AND ADVANCES

(a) Loans and advances

	2020 GH¢	2019 GH¢
Gross Advances	34,837,206	33,801,027
Impairment loss	(4,006,739)	(3,147,171)
	30,830,467	30,653,856

(b) Impairment

2020	Stage 1	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Balance at 1 January	1,211,163	63,478	1,872,530	3,147,171
Charged/(release) for the year	251,157	(43,315)	651,726	859,568
Balance at 31 December	1,462,320	20,163	2,524,256	4,006,739

2019	Stage 1	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Balance at 1 January	1,467,986	79,996	1,568,030	3,116,012
(Released)/charged for the year	(256,823)	(16,518)	1,591,966	1,318,625
Write-offs	-	-	(1,287,466)	(1,287,466)
Balance at 31 December	1,211,163	63,478	1,872,530	3,147,171

Included in loans and advances balance is an amount of GH¢ 404,531 (2019:GH¢ 469,848) due from staff. These loans are granted at an interest rate of 2% per month with tenure between six (6) months to two (2) years.

17 INVESTMENT SECURITIES

(a) Investment securites

	2020 GH¢	2019 GH¢
Fixed deposits		
Principal	7,523,397	5,729,956
Interest accrued	181,480	554,961
	7,704,877	6,284,917
Impairment on investment securities	(2,523,397)	(3,346,488)
	5,181,480	2,938,429
***The investments were held with banks and non-banks as follows*		
Banks	5,181,480	2,117,712
Non-Banks	-	820,717
	5,181,480	2,938,429

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17 INVESTMENT SECURITIES CONT'D)

(b) Impairment

	2020	2019
	GH¢	GH¢
Balance as at 1 January	3,346,488	603,043
(Release)/charged for the year	(823,091)	2,743,445
Balance as at 31 December	2,523,397	3,346,488

18 OTHER RECEIVABLES

	2020	2019
	GH¢	GH¢
Insurance prepayments	64,681	65,194
Other prepayments	542,987	509,354
Staff advances	182,571	302,691
Other receivables	175,256	3,506
	965,495	880,745

19 CASH AND BANK BALANCES

(a) Cash and bank balances

	2020	2019
	GH¢	GH¢
Cash	4,168	5,022
Bank balances	6,264,010	4,535,997
Mobile Money balances	291,904	353,803
	6,560,082	4,894,822
Impairment allowance	-	(316,512)
Cash and bank balances in the statement of financial position	**6,560,082**	**4,578,310**
Investments with original maturities less than 3 months	2,052,603	-
Cash and bank balances in the statement of cash flows	**8,612,685**	**4,578,310**

(b) Impairment

	2020	2019
	GH¢	GH¢
Balance as at 1 January	316,512	-
(Release)/charged for the year	(316,512)	316,512
Balance as at 31 December	-	316,512

Impairment allowance on bank balance relates to the balance with GN Bank (in Receivership). In current year the amount was fully recorvered.

20 CAPITAL AND RESERVES

a) Stated capital

The authorised shares of the Company are 1,000,000,000 ordinary shares (2019: 1,000,000,000) of no par value. The issued ordinary shares as at 31 December 2020 and 31 December 2019 are as follows:

BAS

20 CAPITAL AND RESERVES (CONT'D)

	2020 Number of shares	2019 Number of shares
Opening balance	7,758,037	7,758,037
New shares issued	-	-
In issue at 31 December- fully paid	**7,758,037**	**7,758,037**

Considerations for the shares amounted to GH¢ 7,758,037 (2019:GH¢ 7,758,037)

There are no unpaid liability on any shares and there are no treasury shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

b) Dividend paid

The directors did not recommend the payment of dividend for the period (2019: Nil)

c) Deposit for shares

Deposit for shares represents additional equity contribution by shareholders for which approval has not been granted by Bank of Ghana.

	2020 GH¢	2019 GH¢
Opening balance	3,122,865	2,836,766
Deposit lodged for shares- World Vision Ghana ADPs	266,582	28,610
Deposit lodged for shares- VisionFund International	713,460	257,489
Loan conversion - VisionFund International (Note 21(ii)	2,836,723	-
At 31 December	**6,939,630**	**3,122,865**

21 LOANS AND BORROWINGS

	2020 GH¢	2019 GH¢
Related party borrowings (21a)	23,047,640	23,142,270
Loan from UNICEF (21b)	193,884	193,884
	23,241,524	**23,336,154**
Non-current portion	193,884	10,793,884
Current portion	23,047,640	12,542,270
	23,241,524	**23,336,154**

Information about the Company's exposure to market risk is included in Note 4

BAS

21 LOANS AND BORROWINGS (CONT'D)

a) Related Party Borrowings

This represents loans received from VisionFund International. During the year VisionFund International advanced new loans amounting to GH¢ 2.7 million (2019: GH¢ 0.5 million) to the Company. In addition a total loan amount of GH¢ 9.7 million (2019: GH¢ 10.6 million) was renewed during the year. The loans have an average tenor range of a year. The interest rates are fixed.

(i) Terms and repayment schedule

The terms and conditions of outstanding loans are as follows.

2020

	Currency	Nominal interest rate	Maturity Date	Face value	Carrying amount
Related party loan - Renewal	GH¢	30.00%	30/12/2021	2,275,000	2,275,000
Related party loan - Renewal	GH¢	30.00%	31/03/2021	1,914,250	1,914,250
Related party loan - Renewal	GH¢	28.00%	30/06/2021	3,437,950	3,437,950
Related party loan - Renewal	GH¢	29.24%	30/12/2021	2,097,090	2,097,090
Related party loan -2019	GH¢	28.00%	31/03/2021	2,265,000	2,265,000
Related party loan -2019	GH¢	28.50%	30/09/2021	3,410,000	3,410,000
Related party loan -2019	GH¢	29.00%	30/09/2021	2,950,000	2,950,000
Related party loan -2019	GH¢	30.00%	30/12/2021	1,975,000	1,975,000
Related party loan -New	GH¢	20.00%	30/12/2021	2,723,350	2,723,350
				23,047,640	23,047,640

2019

	Currency	Nominal interest rate	Maturity Date	Face value	Carrying amount
Related party loan - Renewal	GH¢	28.00%	31/03/2021	2,265,000	2,265,000
Related party loan - Renewal	GH¢	28.50%	30/09/2021	3,410,000	3,410,000
Related party loan - Renewal	GH¢	30.00%	30/12/2021	1,975,000	1,975,000
Related party loan - Renewal	GH¢	29.00%	30/09/2021	2,950,000	2,950,000
Related party loan -2018	GH¢	24.75%	31/01/2020	2,275,000	2,256,257
Related party loan -2018	GH¢	28.50%	30/06/2020	2,387,950	2,387,950
Related party loan -2018	GH¢	29.50%	30/11/2020	1,225,000	1,225,000
Related party loan -2018	GH¢	24.00%	31/03/2020	1,914,250	1,914,250
Related party loan -2018	GH¢	28.50%	30/06/2020	1,050,000	1,050,000
Related party loan -2018	GH¢	28.25%	30/09/2020	1,978,750	1,978,750
Related party loan -2018	GH¢	29.50%	30/11/2020	1,274,340	1,274,340
Related party loan -New	GH¢	0.00%	30/12/2019	455,723	455,723
				23,161,013	23,142,270

21 LOANS AND BORROWINGS (CONT'D)

(ii) Movement in related party loan

	2020	2019
	GH¢	GH¢
Opening balance	23,142,270	22,632,746
Matured loans	(9,724,290)	(10,600,000)
Rollover of matured loans	9,724,290	10,600,000
Loan converted to equity	(2,836,723)	-
Additional loans received	2,723,350	455,723
Interest expense *	7,227,178	5,628,368
Interest paid	(7,208,435)	(5,574,567)
	23,047,640	**23,142,270**

* Interest expense excludes witholding taxes (WHT) charged on interest expense on related party loans. Withholding tax on interest expense is paid by VisionFund Ghana Micro Credit Limited hence accounted for as part of interest expense in the statement of profit or loss account

(iii) Interest expense

	2020	2019
	GH¢	GH¢
Interest expense	**7,803,852**	**6,073,845**

b) Loan from UNICEF

VFG entered into a partnership with RUFINLIT, the GoG UNICEF WASH Programme Implementing Partner (IP) to receive funds from UNICEF which is to be given out as loans to customers for the purposes of sanitation improvement. The loans are specifically availiable to persons in the Garu and Mion District Assemblies. The agreement spans a period of 3 years from May 2019 to April 2022 at an annual interest rate of 15%.

22 COLLATERAL

Collateral are security given by customers before loans are granted. These amounts are payable to customers when the customers cease to borrow and their loans fully paid.

	2020	2019
	GH¢	GH¢
Inactive accounts	1,549,998	1,530,607
Active accounts	7,825,418	7,270,310
	9,375,416	**8,800,917**

23 OTHER PAYABLES AND ACCRUALS

	2020	2019
	GH¢	GH¢
Accrued expenses	43,979	229,759
Other payroll deductions	580,392	9,715
Statutory deductions payable	512,242	513,327
Other payables	271,114	521,810
Deferred Income - Wash Project	563,562	28,555
Advances from UNICEF	-	288,445
Staff Claim - Workmen's Compensation	-	265,078
	1,971,289	**1,856,689**

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24 LEASES

a Leases as lessee

The Company leases a number of branch and office premises. The leases typically run for a period between two (2) to six (6) years, with an option to renew the lease after the date. For some leases, payments are renegotiated at frequent intervals to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

Information about leases for which the Company is a lessee is presented below.

i. *Right-of-use assets*

	Branches and office	
	2020	**2019**
	GH¢'000	**GH¢'000**
Balance at 1 January	1,916,950	2,083,544
De-recognition during the year	(254,049)	-
Additions	101,028	59,428
Depreciation charge for the year	(242,919)	(226,022)
Write-off	(9,875)	-
Balance at 31 December	**1,511,135**	**1,916,950**

ii. *Amounts recognized in profit or loss*

Right-of-use assets relate to leased branch and office premises that are presented within property and equipment.

	The Company	
	2020	**2019**
	GH¢'000	**GH¢'000**
Interest on lease liabilities	158,058	197,086
Depreciation on right-of-use assets	242,919	226,022

iii. *Amounts recognized in statement of cashflow*

	The Company	
	2020	**2019**
	GH¢'000	**GH¢'000**
Interest payments	158,058	177,532
Principal lease payments	68,663	-
	226,721	**177,532**

iv. *Extension options*

Some leases of office premises contain extension options exercisable by the group up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement due date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is significant event or significant changes in circumstances within its control.

The Company has estimated that the potential future lease payments, should it exercise the extension options, would result in an increase in lease liability of GH¢ 515,521 (2019: GH¢ 712,478)

24 LEASES (CONT'D)

v. *Lease liabilities*

	2020 GH¢	2019 GH¢
Balance at January 1	1,185,905	1,106,923
Modifications during the year	(2,960)	-
De-recognition during the year	(226,669)	-
Additions	38,972	59,428
Interest expense	158,058	197,086
Interest paid	(158,058)	(177,532)
Principal lease payments	(68,663)	-
Balance at 31 December	926,585	1,185,905

See Note 4 for maturity analysis of lease liabilities as at 31 December 2020 and 2019

25 RELATED PARTY

a) Parent and ultimate controlling party

Related parties include the parent company, VisionFund International (VFI) and VFI group entities. Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company are considered as related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Company is controlled by VisionFund International, which itself is owned and controlled by World Vision International (World Vision). As at the year ended 31 December 2020, VisionFund International and World Vision Ghana (a private company limited by shares and registered in Ghana) owned 90% and 10% respectively, of the ordinary issued share capital of VisionFund Ghana Micro Credit Limited.

Name of Related Company	Nature of Transactions
VisionFund International	Provides debt and equity financing to the company, technical services, advisory and board membership.
World Vision Ghana	Provides equity financing to the company

b) Transactions with key management personnel

i) *Transactions with directors*

Non-executive directors are not remunerated, they serve on voluntary basis. Directors expenses disclosed in Note 12 relates to board expenses.

ii) *Key management personnel compensation*

	2020 GH¢	2019 GH¢
Salaries and other short-term employment benefits	726,581	682,100
Defined contribution expens	169,318	158,953
	895,899	841,053

Compensation of the Company's key management personnel includes salaries, non-cash benefits, and contributions to a defined contribution plan.

iii) *Due from key management personnel*

	2020 GH¢	2019 GH¢
Outstanding loan balance	32,383	51,296

BAS

25 RELATED PARTY (CONT'D)

c) Other related party transactions

Transactions between the Company and related parties during the year are as follows;

	2020	2019
	GH¢	GH¢
Partnership fees		
VisionFund International	730,382	710,741
Interest on loans from related party		
VisionFund International	7,227,178	5,628,368
Equity contribution		
VisionFund International	713,460	257,489
World Vision Ghana	266,582	28,610
Borrowing from related party		
ii) ***New loans***		
VisionFund International	2,723,350	455,723
iii) ***Renewed loans***		
VisionFund International	9,724,290	10,600,000

d) Due to related party

Year end balances from transactions with related parties are as follows;

	2020	2019
	GH¢	GH¢
VisionFund International	1,659,987	1,042,603

Details of related party loan is disclosed in Note 21

e) Due from related party

Year end balances from transactions with related parties are as follows;

	2020	2019
	GH¢	GH¢
World Vision Ghana	112,000	-

The balances due from related party and due to related party are not secured. No impairment allowance was recognised on the balance due from related party.

26 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2020 (2019: Nil).

27 CONTIGENT LIABILITIES

There were no contigent liabilities at 31 December 2020 (2019: Nil).

28 DIVIDEND PER SHARE

The Directors have not recommended payment of dividend for the year ended 31 December 2020 and 2019.

29 SUBSEQUENT EVENTS

The Directors are of the opinion that there are no post balance sheet events which could have had material effect on the statement of financial position of the Company at 31 December 2020 and on the profit for the year ended on that date which have not been adequately provided for or disclosed.

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