FORMS CAPITAL LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2022

FORMS CAPITAL LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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FORMS CAPITAL LIMITED
CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022

CHAIRMAN	Berifi Afari Apenteng
CHIEF EXECUTIVE OFFICER	William Armah Arthur
MEMBERS	Jude Kwabena Asenso Addo Ewura Efua Addo-Atuah Jonathan Kojo Amoah Atuah Joyce Kesewa Opon (Mrs.)
SECRETARY	Ama Sefenya Ayittey (Mrs.)
REGISTERED OFFICE	Florida House F 170/6 3rd Labone Link Labone -Accra
AUDITORS	PKF Accountants & Business Advisers Farrar Avenue P.O. Box 1219 Accra
SOLICITORS	Alvary Legal J . Opoku Boateng & Co Opoku Agyei & Co Akyianu Associates KJ Legal Practice Law Consortium
BANKERS	Zenith Bank Ghana Limited Agricultural Development Bank Limited First Atlantic Bank Limited Republic Bank Ghana Limited Fidelity Bank Ghana Limited

FORMS CAPITAL LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022

In accordance with the requirements of Section 136 of the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), we the Board of Directors of Forms Capital Limited, do herewith submit our annual report on the state of affairs of the Company for the year ended 31 December 2022.

Statement of Directors Responsibilities

The directors are responsible for the preparation of financial statements that give a true and fair view of Forms Capital Limited, comprising the statements of financial position at 31 December 2022, and the statements of profit or loss and other 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 Bank and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). 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 going concerns and have no reason to believe that the businesses will not be going concerns 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.

Operating Results:

	2022	2021
	GH¢	GH¢
Gross Earnings	**13,414,790**	11,208,642
Loss before tax	**(1,000,970)**	(1,082,847)
From which is deducted a Tax provision of	**0**	0
Leaving a balance of	**(1,000,970)**	(1,082,847)
This is to be added to an Retained Earnings balance brought forward from the previous year of	**(30,889,269)**	(25,141,729)
Transfer to Statutory Reserve	**0**	(1,620,197)
and transfer from/(to) credit risk reserve of	**(151,289)**	(3,044,496)
Leaving a Balance on the Retained Earnings Account of	**(32,041,528)**	(30,889,269)

FORMS CAPITAL LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022

Nature of Business
The Company is authorised to carry out intermediate financial services and specialises in providing tailored financing solutions to businesses, organisations and individuals. There was no change in the principal activity of the Company during the year ended 31 December 2022.

Particulars of entries in the Interests Register during the financial year
Directors and their associate companies had loan facilities to the tune of GH¢2million with the company as at year end. These transactions had been recorded in the Interests Register as required by Sections 194(6), 195 (1) (a) and 196 of the Companies Act 2019, (Act 992).

Corporate social responsibility and code of ethics
A total of GH¢5,000 was spent under the Company's social responsibility programme during the year under review.

Capacity building of directors to discharge their duties
Refresher courses were organised for Directors to update their skills and knowledge on Risk Management & Anti Money Laundering activities as well as their statutory duties as directors. A program has been outlined in accordance with the new corporate guidelines to continuously provide them further training on leadership and corporate governance.

Auditors and Audit fees
In accordance with Section 139(5) of the Companies Act, 2019 (Act 992), PKF will remain in office as auditors for the Company. As at 31 December 2022, the amount payable in respect of audit fees was GH¢52,000.

Going Concern
The Board of Directors have made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Dividend
The Directors do not recommend the payment of a dividend to Shareholders.

Acknowledgement
The Board of Directors hereby expresses its sincere appreciation for the support, loyalty and dedicated service of the staff, management and all stakeholders of the Company over the past year.

Approval of the report of the directors
The report of the directors of Forms Capital Limited, was approved by the board of directors

on 22ND MAY, 2023 and signed on their behalf by

Director.................................... Director....................................

PKF

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORMS CAPITAL LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Forms Capital Limited which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of Forms Capital Limited as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 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 Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 30 to the financial statements (Breach of Regulatory Requirements). The Capital Adequacy Ratio was negative 2.49% for the year ended 31 December 2022 (2021: -4.53%) The Company failed to comply with the regulatory minimum requirement of 10% as required by Bank of Ghana. These events indicate that a material uncertainty exists that may cast significant doubts on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Key audit matter	**How our audit addressed the key audit matter**
Impairment of loans and advances in line with IFRS 9 Loans and advances to customers constitute a significant portion of the total assets of the Company. At 31 December 2022, gross loans and advances to customers were GH¢50.9 million	We focused our testing of the impairment of loans and advances to customers on the key assumptions and inputs made by management and directors. Specifically, our audit procedures included: • Obtaining an understanding of the loan loss

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(2021:GH¢38.9million) against which total loan impairment amount of GH¢7.5 million (2021: GH¢ 7.8million) was recorded, thus leaving a net loan balance of GH¢43.45 million (2021: GH¢ 31.09 million) which represents about 69.58% (2021: 56.50%) of the total assets as at the reporting date (see note 14). The basis of the impairment amount is summarised in the accounting policies in the financial statements. The directors exercise significant judgment when determining both when and how much to record as loan impairment. This is because a number of significant assumptions and inputs go into the determination of expected credit loss (ECL) impairment amounts on loans and advances to customers. This complex standard requires the company to recognise Expected Credit Losses (ECL) on financial instruments, which involves exercise of significant judgment and estimates. The key areas where we identified greater levels of management judgment and therefore increased levels of audit focus in the company's implementation of IFRS 9 include: i. Identification and measurement of economic scenarios to measure ECLs on a forward-looking basis reflecting a range of future economic conditions. ii. Assessment and measurement of Significant Increase in Credit Risk ('SICR') using different criteria. iii. Modelling for estimation of ECL parameters: • Probabilities of Default (PDs) – 12-month and lifetime; • Loss Given Default (LGD); and • Exposure at Default (EAD). iv. Completeness and accuracy of data used to calculate the ECL. Because of the significance of these estimates, judgments and the size of loans and advances portfolio, the audit of loan impairment provisions is considered a key audit matter.	impairment calculation process within the Company; • Testing the design and determining implementation of key controls across the processes relevant to the ECL (allocation of assets into stages, model governance, data accuracy and completeness, credit monitoring, multiple economic scenarios, post model adjustments, individual provisions and processing of journal entries and disclosures); • Assessing the ECL provision levels by stage to determine if they were reasonable considering the company's portfolio, risk profile, credit risk management practices and the macroeconomic environment; • Challenging the criteria used to allocate assets to stages 1, 2 or 3 in accordance with IFRS 9; • Testing the assumptions, inputs and formulae used in a sample of ECL models (including assessing the appropriateness of model design and formulae used, considering alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default for a sample of models); • Testing the data used in the ECL calculation by reconciling to source systems; and • Assessing the adequacy and appropriateness of disclosures for compliance with the accounting standards. Based on our review, we found that the Company's impairment methodology, including the model, assumptions and key inputs used by management and directors to estimate the amount of loan impairment losses and the estimated loan impairment losses determined were appropriate in the circumstances.

Other information

The Board of Directors is responsible for the other information. The other information comprises reports of the Directors but does not include the Company's financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, 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 Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements that gives a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and for such internal control as the Board of Directors determines 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 Board of 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of 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 Board of 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.

Report on Other Legal and Regulatory Requirements

The Companies Act 2019, (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

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

ii) In our opinion proper books of account have been kept by the Forms Capital Limited, so far as appears from our examination of those books,

iii) The statement of financial position and statement of comprehensive income of the Company are in agreement with the accounting records and proper returns adequate for the purposes of the audit have been received from branches not visited by the auditors.

iv) The financial statements give a true and fair view of the state of affairs of the Company and its results for the year under review

v) Adequate disclosure have been made in the financial statements for the directors' remuneration and the amount reported in the financial statements are in agreement with the accounting records and returns.

vi) We are independent of the Company in accordance with Section 143 of the Companies Act 2019 (Act 992).

vii) The Company has complied with the disclosure requirement of section 136 of the Companies Act 2019 (Act 992).

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viii) The Company has complied with the provisions of the Anti-Money Laundering Act, 2020 (Act 1044) and the Anti-Terrorism Act, 2008 (Act 762) as amended by the Anti-Terrorism (Amendment) Act, 2014 (Act 875) and the regulations made under these enactments.

ix) The Company's transactions are within its powers.

The engagement partner on the audit resulting in this independent auditor's report is **Albert Addo Cofie (ICAG/P/1403).**

PKF

FOR AND ON BEHALF OF PKF (ICAG/F/2023/039)
CHARTERED ACCOUNTANTS
FARRAR AVENUE
ACCRA
22nd May **2023**

FORMS CAPITAL LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 GH¢	2021 GH¢
Interest and Similar Income	*4*	10,695,668	6,642,896
Interest and Similar Expenses	*5*	(8,480,987)	(5,623,736)
Net Interest Income		2,214,681	1,019,160
Net Commission and Fees	*6*	1,293,011	406,209
		3,507,692	1,425,369
Impairment Loss on Financial Assets	*8*	(51,129)	(1,708,343)
		3,456,563	(282,974)
Operating Expenses	9	(5,883,644)	(4,959,410)
Other Income	7	1,426,111	4,159,537
Net Loss BeforeTax		(1,000,970)	(1,082,847)
National Fiscal Stabilization Levy		0	0
Taxation	*10a(i)*	0	0
Net Loss transferred to Retained Earnings		(1,000,970)	(1,082,847)
Basic earnings per share (Ghana cedi per share)	27	(5.61)	(6.07)

FORMS CAPITAL LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 GH¢	2021 GH¢
ASSETS			
Cash and Short Term Funds	11	**628,948**	700,246
Pledged Assets	12	**3,379,199**	3,157,026
Short Term Investments	13	**10,154,739**	11,440,282
Loans and Advances	14	**43,447,295**	31,089,733
Other Assets	15	**4,450,864**	8,172,122
Property,Plant & Equipment	16	**379,536**	463,981
TOTAL ASSETS		**62,440,581**	55,023,390
LIABILITIES			
Overdrawn Balances	11a	**10,296,028**	3,995,882
Deposits from Customers	17	**33,702,981**	31,361,030
Taxation	10b	**(34,614)**	(34,614)
Other Liabilities	18	**294,185**	518,121
TOTAL LIABILITIES		**44,258,580**	35,840,419
SHAREHOLDERS' FUND			
Stated Capital	20	**32,136,121**	29,536,121
Retained Earnings		**(32,041,528)**	(30,889,269)
Statutory Reserve		**1,620,197**	1,620,197
Credit Risk Reserve	21	**16,467,211**	16,315,922
Deposit for Shares	19	**0**	2,600,000
TOTAL SHAREHOLDERS' FUND		**18,182,001**	19,182,971
TOTAL LIABILITIES AND SHAREHOLDERS FUND		**62,440,581**	55,023,390

Approved by the Board on 22nd May **2023**

..........................**DIRECTOR** ....**DIRECTOR**

FORMS CAPITAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Stated Capital GH¢	Retained Earnings GH¢	Credit Risk Reserve GH¢	Statutory Reserve GH¢	Deposit for Shares GH¢	Total GH¢
2022						
Balance as at 1 January	**29,536,121**	**(30,889,269)**	**16,315,922**	**1,620,197**	**2,600,000**	**19,182,971**
Issuance of Shares	**2,600,000**	**0**	**0**	**0**	**(2,600,000)**	**0**
Transfer from Credit Risk Reserve	**0**	**(151,289)**	**151,289**	**0**	**0**	**0**
Net Loss for the Year	**0**	**(1,000,970)**	**0**	**0**	**0**	**(1,000,970)**
Balance as at 31 December	**32,136,121**	**(32,041,528)**	**16,467,211**	**1,620,197**	**0**	**18,182,001**
2021						
Balance as at 1 January	17,396,721	(25,141,729)	13,271,426	0	9,279,400	14,805,818
Issuance of Shares	12,139,400	0	0	0	(12,139,400)	0
Transfer from Credit Risk Reserve	0	(3,044,496)	3,044,496	0	0	0
Transfer to Statutory Reserve	0	(1,620,197)	0	1,620,197	0	0
Shareholder Contribution	0	0	0	0	5,460,000	5,460,000
Net Loss for the Year	0	(1,082,847)	0	0	0	(1,082,847)
Balance as at 31 December	29,536,121	(30,889,269)	16,315,922	1,620,197	2,600,000	19,182,971

FORMS CAPITAL LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 GH¢	2021 GH¢
Cash flows from operating activities			
Net Loss before taxation		**(1,000,970)**	(1,082,847)
Adjustments for:			
Impairment loss on financial assets		**51,129**	1,708,343
(Profit)/Loss on Disposal		**0**	(59,404)
Depreciation		**247,849**	263,570
Loan written off		**0**	10,438
Operating (Loss)/ Profit before working capital changes		**(701,992)**	840,100
Changes in Loans and Advances		**(12,445,842)**	340,165
Changes in Other Assets		**3,729,495**	(2,293,859)
Changes in Pledged Assets		**(222,173)**	(381,927)
Changes in Short Term Investments		**(1,285,543)**	(10,440,282)
Changes in Customers Deposits		**2,341,951**	3,190,714
Changes in Other Liabilities		**(223,936)**	(1,522,660)
Cash generated in operations		**(8,808,040)**	(10,267,749)
Taxation			
Tax Paid		**0**	(128,063)
Net Cash generated in operations		**(8,808,040)**	(10,395,812)
Cash flows from investing activities			
Proceed from Disposal			58,590
Purchase of Property, Plant & Equipment		**(163,404)**	(176,936)
Net cash used in investing activities		**(163,404)**	(118,346)
Cash flows from financing activities			
Deposit for Shares		**0**	9,460,000
Transfer/Refund of Deposit for Shares		**0**	(16,139,400)
Proceed from issue of shares		**2,600,000**	12,139,400
		2,600,000	5,460,000
Net Decrease in cash and cash Equivalents		**(6,371,444)**	(5,054,158)
Cash and Cash Equivalents at beginning of the year		**(3,295,636)**	1,758,522
Cash and Cash Equivalents at end of the year	22	**(9,667,080)**	(3,295,636)

FORMS CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Reporting Entity

Forms Capital Limited (FCL) is a Limited Liability Company incorporated and domiciled in Ghana under the companies Act, 2019 (Act 992). Forms Capital is authorised to carry out intermediate financial services and specialises in providing tailored financial solutions to businesses organisations and individuals.

2. Basis of Preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and other applicable Ghanaian laws.

a. Basis of measurement

The financial statement has been prepared under the historical cost basis except where fair value measurement of certain financial instruments is required or permitted under IFRS and set out in the relevant accounting policies below.

b. Presentation of financial statements

The Company presents its statement of financial position in order of liquidity. Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the company.

c. Functional & presentation currency

The financial statements are presented in Ghana Cedis(GH¢) which is also the Company's functional currency.

3. Summary of Significant Accounting Policies

The Company has adopted the following significant accounting policies in the preparation of these financial statements:

a. Property Plant & Equipment

The company recognizes an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it and the amount meets materiality threshold set by the company.

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on the depreciable amount of each component on a straight-line basis over the anticipated useful life of the asset. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the company would currently obtain from the disposal of an asset in similar age and condition as expected at the end of the useful life of the asset.

The current annual depreciation rates for each class of property, plant and equipment are as follows:

Asset Classification	Basis	Rate
Plant & Machinery	Straight Line	20%
Office Equipment	Straight Line	20%
Furniture & Fittings	Straight Line	20%
Motor Vehicles	Straight Line	20%
Computers & Data Handling Equipment	Straight Line	33.3%

Costs associated with routine servicing and maintenance of assets are expensed as incurred. Subsequent expenditure is only capitalized if it is probable that future economic benefits associated with the item will flow to the company.

The carrying values of property, plant and equipment are reviewed for indications of impairment annually, or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are 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.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the item. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the pre-operating expenses.
Residual values, useful lives and methods of depreciation for property and equipment are reviewed, and adjusted if appropriate, at the date of financial statements.

b. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria are met before revenue is recognized:

Interest Income

Interest income is recognized in the income statement for all interest-bearing financial instruments measured at amortised cost, including loans and advances, as interest accrues using the effective interest method.
The effective interest method is a method of calculating the amortised cost of a financial asset and allocating the interest income. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.
The effective interest rate is calculated on initial recognition of the financial asset, estimating the future cash flows after considering all the contractual terms of the instrument but not future credit losses. The calculation includes all amounts for

processing and commitment fees paid or received by the company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument.
Where a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Commissions and fees

The Company earns commission and fees from a limited range of services provided to its customers. Fees earned for the provision of services over a period of time are accrued over that period. Facility fees for loans and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan.

c. Interest expense

Interest expense is recognised in the statement of comprehensive income for all interest-bearing financial instruments measured at amortised cost as interest accrues using the effective interest method.
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense. The effective interest rate is the rate that exactly discounts the estimated future cash payments over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

The effective interest rate is calculated on initial recognition of the financial liability, estimating the future cash flows after considering all the contractual terms of the instrument. The calculation includes all amounts for processing and commitment fees paid by the company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument and all other premiums or discounts.

d. Financial instruments

Initial Recognition and Measurement Classification

The Company classifies financial assets and financial liabilities into the following categories:

- Financial assets at amortised cost
- Financial liabilities 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 fair value through profit or loss:

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 solely payments of principal and interest on the principal amount outstanding.

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, matching the duration of financial assets to the liabilities;

- that are funding those assets or realizing cash flows through the sales 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;

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. Information about sales activity is considered as part of the overall assessment of how the Company's stated objective for managing the financial assets is achieved and ow cash flows are realized. Assessment of 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 credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example, liquidity risk and administrative costs), as well as profit margin.

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

- interest rate charged to customers;
- origination fee and service fee charged to customers;
- any other amounts charged to customer (if any);
- contingent events that would change the amount and timing of cash flow;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (for example, non-recourse asset arrangements) and features that modify consideration of time value of money (for example, periodical reset of interest rates).

Financial assets which have been classified as measured at amortised cost include cash and cash equivalents, trade and other receivables and loans and advances.

If the business model/SPPI test are not met, the financial asset would be classified as fair value through profit or loss.

Initial recognition and measurement

The Company initially recognizes financial assets and liabilities on the date the Company becomes a party to the contractual provisions of the instruments, i.e. trade date. This is on the date that these financial instruments are originated.

Financial instruments are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities are added to or deducted from the fair value of the financial assets or liabilities, as appropriate, on initial recognition, except if fair value through profit and loss.

The Company generally does not reclassify financial instruments between different categories subsequent to initial recognition. Financial assets are reclassified only if the Company changes its business model for managing financial assets. In accordance with IFRS 9.

- Financial liabilities can never be reclassified; and
- Financial assets can only be reclassified if there is a change in business model.

Subsequent Measurement

Amortised Cost

Financial assets which are classified as measured at amortised cost, are measured using the effective interest method, less any expected credit losses which are recognized in profit or loss. Amortised cost is calculated by taking into account any transaction costs on acquisition as well as fees and costs that are an integral part of the effective interest rate. Origination fees and service fees are both considered to be integral to the effective interest rate. Origination fees are added to the original debt amount and included in the initial measurement of the loan.

Expected credit losses are calculated through the use of an appropriate impairment methodology.

Derecognition

Financial assets (or a portion thereof) are derecognized when the Company realizes the rights to the benefits specified in the contract, the rights expire, the asset is substantially modified or the Company surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it are included in profit and loss.

Impairment of Financial Assets

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 costs and effort. The Company has utilized the 30-days past due rebuttable presumption to identify a significant increase in credit risk since initial recognition.

Definition of Default

The Company considers the following as constituting an event of default, and therefore credit – impaired, for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due.

Credit impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised costs are credit impaired.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the Company, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the Company would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties.

Write off Policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivable, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.
Measurement and recognition of Expected credit losses

The Company recognizes loss allowances for expected credit losses on the following financial assets:

- Loans and Advances
- Cash and Bank Balances
- Intercompany Receivables
- Other Assets.

Impairments are measured as 12 month expected credit losses upon origination. Where there has been a significant increase in credit risk since initial recognition of a financial asset, the loss allowance is measured as an amount equal to lifetime expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Expected credit losses are a probability weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit impaired at the reporting date – as the present value of all cash flow shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expect 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.

- Loss allowances for expected credit losses are presented in the statement of financial position as a deduction form the gross carrying amount of the financial asset.

Other Assets

Other assets are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are recognised in profit and loss.

e. Other Payables

Other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

f. Cash and Cash Equivalents

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

g. Bank overdraft and borrowings

Bank overdraft and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

h. Offsetting

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

i. Provisions

The Company recognizes provisions when it has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Contingent liabilities and contingent assets are disclosed in the notes to the financial statements.

j. Credit Risk Reserve

Loans and Receivables

To cater for any shortfall between the Bank of Ghana's credit loss provision requirements and loans and advances impairments based on IFRS principles, a transfer is made from distributable to non-distributable reserves in the statement of changes in equity, being the regulatory general risk reserve. The non-distributable regulatory general credit risk reserve ensures that minimum regulatory provisioning requirements as established by the Bank of Ghana are maintained.

k. Employee Benefits

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

Retirement Benefits Cost

The Company contributes to the statutory Social Security and National Insurance Trust (SSNIT).This is a defined contribution scheme registered under the National Social Security Act. The Bank's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of 13% of an employee's basic salary per month. All employer contributions are charged to profit or loss as incurred and included under staff costs.

Provision for employee entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the year end.

Short-Term Employment Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service provided. A provision is recognised for the amount expected to be paid under short-term cash bonus, 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.

l. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

The Company's intangible assets comprise of its software which is currently being amortised rate of 33.33%.

m. Share Capital and Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity. Ordinary shares are recognised at par value and classified as 'share capital' in equity. Dividends are recognised as a liability in the year in which they are declared.

n. Related Parties

Related parties are individuals and companies, where the individual and Company have the ability, directly or indirectly, to control the other party or exercise significant influence on the other party in making financial and operating decisions. Related party transactions and balance are disclosed in the notes to the financial statements.

o. Taxation

a) Income Tax

Income tax is recognized in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognized directly in shareholders' equity, in which case it is recognized in shareholders' equity. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current tax assets and liabilities are offset when the Company intends to settle on net basis and the legal right to set-off exists.

b) Deferred tax

Deferred taxation is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax assets recognized for all deductible temporary differences and carry-forward of unused tax assets and losses, to the extent that it is probable that taxation profits will be available against which the deductible temporary differences and carry-forward of unused tax assets and losses, can be utilized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are offset against each other if they relate to the same tax authority and the legal right to set-off exists.

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

c) Value Added Tax (VAT)

Revenue, expenses and assets are recognized net of the amount of VAT except:

- where the value added tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of value added tax included.

p. New Standards and Interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 December 2022, and have not been applied in preparing these financial statements. These are disclosed as follows:

Amendment to IAS 1: Classification of Liabilities as Current or Non- Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debts and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendment is effective for periods beginning 1 January 2022 with possible deferral to 1 January 2023.

Amendment to IFRS 16

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

The above new standards, interpretations and amendments are not expected to have any material impact on the financial statements.

	2022 GH¢	2021 GH¢
4. Interest and Similar Income		
Loans and Advances to Customers	**8,627,086**	5,710,214
Investments at Amortised Cost	**2,065,198**	908,461
Cash and Cash Equivalents	**3,384**	24,221
	10,695,668	6,642,896
5. Interest and Similar Expenses		
Deposit from Customers	**6,276,914**	5,252,860
Due to Banks	**2,204,073**	370,876
	8,480,987	5,623,736
6. Net Commission Fees		
Facility Fees From Corporate Finance	**1,432,823**	519,474
Fee Expenses-Corporate Finance	**(139,812)**	(113,265)
	1,293,011	406,209
7. Other Income		
Foreign Exchange Gain	**294,401**	103,777
Penal Charges	**559,742**	126,468
Recoveries	**382,419**	3,044,496
Other Services Income	**189,549**	884,796
	1,426,111	4,159,537

8. Impairment Losses on Financial Assets

The table below shows the Expected Credit Loss charges on financial instruments for the year recorded in statement of profit or loss and other comprehensive income:

	Stage 1	Stage 2	Stage 3	Total
2022	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Loans and Advances	**0**	**0**	**51,129**	**51,129**
Bank Balances	**0**	**0**	**0**	**0**
Other Receivables	**0**	**0**	**0**	**0**
	0	**0**	**51,129**	**51,129**
2021				
Loans and Advances	0	0	1,708,343	1,708,343
Bank Balances	0	0	0	0
Other Receivables	0	0	0	0
	0	0	1,708,343	1,708,343

	2022 GH¢	2021 GH¢
9. Operating Expenses		
Staff Cost	**1,905,049**	1,460,997
Directors' Emoluments	**265,470**	250,093
Audit Fee	**113,406**	64,000
Depreciation	**247,849**	263,570
Occupancy	**517,277**	353,015
General & Administrative Expenses	**2,834,593**	2,567,735
	5,883,644	4,959,410

10a. Taxation

(i) Income tax expense

	2022	2021
Current Tax Expense	**0**	0
Deferred Tax (10c)	**0**	0
	0	0

All tax liabilities are subject to the agreement of the Ghana Revenue Authority.

(ii) Reconciliation of effective tax rate

	2022	2021
Profit Before Tax	**(1,000,970)**	(1,082,847)
Corporate Tax at 25% (2021: 25%)		
Tax calculated at corporate tax rate	**(250,243)**	(270,712)
Tax effect of non -deductible expenses	**508,048**	508,048
Tax effect of non- deductible income	**0**	0
Tax loss for which no deferred tax asset is recognised	**(203,143)**	(203,143)
Tax effect of capital allowance	**(34,193)**	(34,193)
	20,469	0
Effective tax rate %	**-2**	0

10b. Income Tax	**Balance 1 Jan. GH¢**	**Payment during the year GH¢**	**Charge for the year GH¢**	**Balance 31 Dec GH¢**
2015	8,389	0	0	8,389
2016	(24,554)	0	0	(24,554)
2017	(21,450)	0	0	(21,450)
2018	(10,999)	0	0	(10,999)
2019	(3,037)	0	0	(3,037)
2020	0	0	0	0
2021	0	0	0	0
2022	0	0	0	0
	(51,651)	0	0	(51,651)
National Fiscal Stabilization levy	17,037	0	0	17,037
	(34,614)	0	0	(34,614)

10c. Deferred Tax

Deferred tax assets have not been recognised in respect of the following items:

	2022 GH¢	2021 GH¢
Tax Loss	**2,708,169**	2,708,169
Unutilised Capital Allowance	**0**	0
	2,708,169	2,708,169

		2022 GH¢	2021 GH¢
11. Cash and Short Term Funds			
Balance with Banks and Other Financial Institutions		628,938	699,922
Cash on Hand		10	324
		628,948	700,246
Expected Credit Loss on bank balances		0	0
		628,948	700,246

11a. Amount represents an overdrawn balances from Zenith Bank Ghana Limited and First Atlantic Bank Limited respectively.

12. Pledged Assets

Treasury Bills		**3,379,199**	3,157,026
		3,379,199	3,157,026

Pledged assets are in respect of treasury bills and placements assigned by Forms Capital Limited to its bankers in respect of credit facilities granted to the company. These assets cannot be assigned to any other party while being assigned to the bankers of the company. Bills are held to maturity. All pledged assets are carried at amortised cost.

13. Short Term Investments

Fixed Deposit		**7,654,739**	9,040,283
GOG Bond		**2,500,000**	2,399,999
		10,154,739	11,440,282

14. Loans and Advances

Personal & Business Loans		**50,034,317**	38,206,107
Staff loans		**921,978**	739,203
Finance Leases		**0**	0
		50,956,295	38,945,310
Less Credit impairment loss	**14a**	**(7,509,000)**	(7,832,053)
Deferred Fees		**0**	(23,524)
		43,447,295	31,089,733

14a. Allowance for Impairment

Balance as at 1 January		**7,832,053**	9,168,206
Recoveries		**(374,182)**	(3,044,496)
Impairment		**51,129**	1,708,343
Balance as at 31 December		**7,509,000**	7,832,053

15. Other Assets

	2022 GH¢	2021 GH¢
Accounts Receivable	**465,279**	355,305
Inter-Company Receivables	**1,797,071**	6,491,529
Other Debtors	**988,529**	1,022,760
Prepayments	**1,382,113**	492,893
	4,632,992	8,362,487
Impairment on financial asset	**(182,128)**	(190,365)
	4,450,864	8,172,122

2022

16. Property, Plant and Equipment

Cost	Office Equipment GH¢	Office Furn & Fittings GH¢	Motor Vehicles GH¢	Computers & Data Handing Equipment GH¢	Computer Software GH¢	Plant & Machinery GH¢	Total GH¢
Balance at 1 January	355,065	304,128	461,867	162,880	453,488	59,915	1,797,343
Additions	110,509	40,695	0	12,200	0	0	163,404
Balance at 31 December	**465,574**	**344,823**	**461,867**	**175,080**	**453,488**	**59,915**	**1,960,747**
Depreciation							
Balance at 1 January	271,498	250,446	441,703	119,940	189,860	59,915	1,333,362
Charge for the year	52,919	26,238	20,164	17,913	130,615	0	247,849
Balance at 31 December	**324,417**	**276,684**	**461,867**	**137,853**	**320,475**	**59,915**	**1,581,211**
Net Book Value 31/12/22	**141,157**	**68,139**	**0**	**37,227**	**133,013**	**0**	**379,536**

2021

16. Property, Plant and Equipment

Cost	Office Equipment GH¢	Office Furn & Fittings GH¢	Motor Vehicles GH¢	Computers & Data Handing Equipment GH¢	Computer Software GH¢	Plant & Machinery GH¢	Total GH¢
Balance at 1 January	342,884	277,679	636,953	127,152	356,936	59,915	1,801,519
Additions	12,181	32,475	0	35,728	96,552	0	176,936
Disposal	0	(6,026)	(175,086)	0	0	0	(181,112)
Balance at 31 December	355,065	304,128	461,867	162,880	453,488	59,915	1,797,343
Depreciation							
Balance at 1 January	218,282	225,620	548,071	109,034	88,935	59,915	1,249,857
Charge for the year	53,216	29,807	68,716	10,906	100,925	0	263,570
Disposal	0	(4,981)	(175,084)	0	0	0	(180,065)
Balance at 31 December	271,498	250,446	441,703	119,940	189,860	59,915	1,333,362
Net Book Value 31/12/21	83,567	53,682	20,164	42,940	263,628	0	463,981

	2022 GH¢	2021 GH¢
17. Deposits From Customers		
Term Deposits	**33,702,981**	31,361,030
Other Deposits	**0**	0
	33,702,981	31,361,030
18. Other Liabilities		
Short term employee benefits	**20,803**	102,874
Accounts Payable & Accruals	**273,382**	265,949
Other Payables	**0**	149,298
	294,185	518,121
19. Deposit for Shares		
Balance as at 1 January	**2,600,000**	9,279,400
New Deposits	**0**	5,460,000
Transfer to Stated Capital	**(2,600,000)**	(12,139,400)
	0	2,600,000

Contributions made by shareholder have been approved by Bank of Ghana and registered with the statutory authorities.

	2022	2021
20. Stated Capital	**Number of Shares**	Number of Shares
Authorised Ordinary Shares of no par value	**1,000,000**	1,000,000
Issued Ordinary Shares of no par value	**178,400**	178,400
	GH¢	GH¢
Proceeds of issue for cash - Ordinary Shares	**32,136,121**	29,536,121
	32,136,121	29,536,121

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

21. Credit Risk Reserve

This reserve represents excess loan provision as per Bank of Ghana guidelines over IFRS loan provisions.

22. Analysis of Cash and Cash Equivalents	**GH¢**	GH¢
Gross Cash and Bank Balances	**(9,667,080)**	700,246
	(9,667,080)	700,246

23. Contingent Liabilities.

The Company had no contingent liabilities arising in ordinary course of business as at 31 December 2022. (2021: Nil)

24. Capital Commitments

The Company has no commitment for capital expenditure as at 31 December 2022. (2021:Nil).

25. Other Commitments

The Company had no other commitments as at 31 December 2022. (2021: Nil).

26. Related Party Transactions

Transactions with Executive Directors and Key Management Personnel

Key management personnel are defined as those person having authority and responsibilty for planning, directing and controlling the activities of the company(directly or indirectly) and comprise the Executive Directors and Officers of the Company

Remuneration of executive directors and other key management personnel

	2022	2021
	GH¢	GH¢
Salaries and other short term benefits	**1,027,968**	842,436
	1,027,968	842,436

Loans and advances to executive directors and their associates as follows:

Balance as at 1 January	**2,071,451**	6,353,510
Interest Charged	**62,455**	848
Loans Disbursed	**16,450**	22,250
Payment received	**(928,446)**	(4,305,157)
Balance as at 31 December	**1,221,910**	2,071,451

Due from related parties

The Company transacted business with these related parties. The outstanding balances relating to these transactions are as follows:

Life Forms Limited	**1,547,635**	6,375,135
Forms & Struchas Limited	**116,394**	116,394
	1,664,029	6,491,529

27. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Profit attributable to equity holders	**(1,000,970)**	(1,082,847)
Weighted average number of ordinary shares	**178,400**	178,400
Basic earnings per share (Ghana cedi per share)	**(5.61)**	(6.07)

28. Financial Risk Management

The company's activities expose the business to a number of risks.These risks are managed professionally and in a targeted manner. Keys risks arising from the core functions are identified and measured to facilitate management and determination of risk positions and capital allocations.The company has exposure to the following types of risks from its use of financial instruments:

Credit risk

Liquidity risk

Market risk

Operational risk

The company continues to assess its overall risk management framework and governance structure.

i Credit Risk Management

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 to customers.

a Exposure to credit risk

The table below set out information about the credit quality of loans to customers and the allowances for impairment /loss held by the company against those loans.

	2022	2021
	GH¢	GH¢
Allowance for Impairment		
Balance as at 1 January	**7,832,053**	9,168,206
Impairment	**51,129**	1,708,343
Recoveries	**(374,182)**	(3,044,496)
Balance as at 31 December	**7,509,000**	7,832,053
Impairment Charge for the Year	**51,129**	1,708,343

28. Financial Risk Management (Continued)

b Concentration of credit risk

The company monitors concentrations of credit risk by product.The analysis on the concentrations of credit risk at the reporting date is shown below:

	2022 GH¢	2021 GH¢
Personal & Business Loans	**50,034,317**	38,206,107
Staff loans	**921,978**	739,203
Finance Leases	**0**	0
Total gross loan portfolio	**50,956,295**	38,945,310
Deferred processing fees	**0**	(23,524)
Impairment provision	**(7,509,000)**	(7,832,053)
Total net portfolio	**43,447,295**	31,089,733

c Key ratios on loans and advances

Non Performing Loan Ratio is 49% (2021 : 65%)

Percentage of gross non-performing loans with respect to Bank of Ghana Prudential Norms (especially impaired) to total gross loans and advances is 49% (2021: 65%).

ii Liquidity risk

The company defines liquidity risk as the risk that the company will encounter difficulty meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The company maintains liquidity limits advised by its local regulator, Bank of Ghana and the overall liquidity has always been within the regulatory limit of Bank of Ghana.

a Exposure to Liquidity Risk

The key measure used by the company for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investments for which there is an active and liquid market.

Details of the reported company ratio of the net liquid assets to deposits from customers at the reporting date and during the reporting year were as follows:

	2022 **GH¢**	**2021** **GH¢**
At end of period	42%	47%
Average during the year	43%	22%

a Maturity analysis of financial assets & liabilities

The table below presents cashflows payable under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date adjusted to reflect behavioral characteristics of the financial assets and liabilities. The amounts disclosed in the table are the contractual undiscounted cashflows, wheras the company manages liquidity risk taking into account the behavioral characteristics of deposits.

28. Financial Risk Management (Continued)

Maturity analysis of financial assest and liabilities(continued)

2022	Up to 1 month GH¢	2 - 3 months GH¢	4 - 12 months GH¢	1 - 5 year(s) GH¢	Total GH¢
Financial Asset					
Cash & Cash equivalents	628,948	0	0	0	628,948
Government Securities	-	0	3,379,199	0	3,379,199
Short term investments	-	0	10,154,739	0	10,154,739
Loans & Advances	4,425,028	2,744,454	10,911,956	25,365,857	43,447,295
Other assets (excluding prepayments)			3,068,752	4,610,477	7,679,229
Total financial assets	5,053,976	2,744,454	27,514,646	29,976,334	65,289,410
Financial liabilities					
Deposit from customers	2,736,223	4,793,538	26,173,220	0	33,702,981
Taxation	0	(34,614)	0	0	(34,614)
Amount owed to Banks	0	0	10,296,028	0	10,296,028
Accounts Payables	120,169	174,016	0	0	294,185
Total financial liabilities	2,856,392	4,932,940	36,469,248	0	44,258,580
	2,197,584	(2,188,486)	(8,954,602)	29,976,334	21,030,830

2021					
Financial Asset					
Cash & Cash equivalents	700,246	0	0	0	700,246
Government Securities	0	0	3,157,026	0	3,157,026
Short term investments	0	0	11,440,282	0	11,440,282
Loans & Advances	3,913,436	3,788,775	4,031,423	19,356,099	31,089,733
Other assets (excluding prepayments)	474,600	4,053,258	2,761,669	389,702	7,679,229
Total financial assets	5,088,282	7,842,033	21,390,400	19,745,801	54,066,516
Financial liabilities					
Deposit from customers	2,736,223	4,793,538	23,831,269	0	31,361,030
Taxation	0	(34,614)	0	0	(34,614)
Amount owned to Banks	3,995,882	0	0		3,995,882
Accounts Payables	102,874	265,949	149,298	0	518,121
Total financial liabilities	6,834,979	5,024,873	23,980,567	0	35,840,419
	(1,746,697)	2,817,160	(2,590,167)	19,745,801	18,226,097

28. Financial risk management (continued)

Market risks

Management of market risks

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 management.

Exposure to interest rate risk – Non trading portfolios

The principal risk to which non trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having preapproved limits for repricing bands. The Asset and Liability Committee (ALCO) is the monitoring body for compliance with these limits in its day to day monitoring activities.

Interest rate risk

Interest rate risk is managed principally through monitoring interest rate. The interest rates on the company's financial assets and liabilities are fixed and all financila assets and liabilities are measured at amortised cost. Hence, changes in interest rate in the future will not impact the profit and equity of the company.

Market risks

Foreign currency exposure risk
Exposure to other market risks – Non trading portfolios

At 31 December 2022		EUR GH¢	USD GH¢	GBP GH¢	CEDI GH¢
Asset					
Cash & Cash equivalents		0	0	0	**628,948**
Pledged assets		0	0	0	**3,379,199**
Short term investments		0	0	0	**10,154,739**
Loans and advances to customers		0	0	0	**43,447,295**
Other assets		0	0	0	**4,450,864**
Property, plant and equipment		0	0	0	**379,536**
Total financial assets	**A**	**0**	**0**	**0**	**62,440,581**
Liabilities					
Deposits from customers		0	0	0	**33,702,981**
Other liabilities		0	0	0	**294,185**
Current tax liabilities		0	0	0	**(34,614)**
Total financial liabilities	**B**	**0**	**0**	**0**	**33,962,552**
Net on statement of financial position	**A - B**	**0**	**0**	**0**	**28,478,029**
At 31 December 2021					
Total assets		0	0	0	55,023,390
Total liabilities		0	0	0	35,840,419
Net on statement of financial position		0	0	0	19,182,971

28. Financial risk management (continued)

The management of foreign exposure by monitoring the sensitivity of the Company's financial assets and liabilities in foreign currencies and the movement in the local currency. Standard scenarios that are considered on a monthly basis include a basis point (bp) fall or rise in local currency relative to US dollar, EURO and Great Britain Pound Sterling.

A decrease in the value of Ghana Cedi relative to US dollar by 5 % would have impacted equity and profit / (loss) by the amounts shown below:

Currency	Increase/decrease in basis points	effect on profit before tax	effect on equity
USD	5%	(39,173)	(39,173)

The Company's foreign exchange exposures comprise non trading foreign currency translation exposures. The following mid interbank exchange rates were applied at the end of the years:

	2022	2021
USD	**8.5760**	6.0061
EUR	**9.1457**	6.8281
GBP	**10.3118**	8.1272

Operational risks

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 behavior. Operational risks arise from all of the Company's operations. 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.
The Company's Risk and Internal Audit & Inspection Departments are responsible for establishing and maintaining an appropriate framework of the Company's compliance policies and procedures.

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

- requirements for appropriate segregation of duties, including the authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigations, including insurance where this is effective.

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.

28. Financial risk management (continued)

Regulatory capital

The Company's regulatory capital is analyzed 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 non cumulative preference shares. Disclosed reserves relate to those created or in or Increased by appropriation of after tax retained earnings/surplus, retained profits and general statutory reserves and does not include regulatory credit risk reserve.

• 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 unrealized 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.

Risk weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

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. The Company had introduced an additional GH¢2.6 million to raise its Paid Up Capital above the regulatory GH¢15 million.The amount was subsequently approved by the Regulator during the year. The company's paid up capital at the reporting date was GH¢32.14 million.

The capital adequacy ratio looks at the percentage 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. The Capital Adequacy Ratio (CAR) of -2.49% (2021: -4.53%) as recorded was below the Central Bank's defined minimum limit.

28. Financial risk management (continued)

Tier 1 Capital	**2022 GH¢**	2021 GH¢
Stated capital	**32,136,121**	29,536,121
Income surplus account	**(32,041,528)**	(30,889,269)
Less: Other assets/Intangibles & others	**(1,382,113)**	(492,893)
Total Regulatory Capital	**(1,287,520)**	(1,846,041)
Total Assets	**45,973,370**	38,707,468
Less:		
Cash in hand	**10**	324
Treasury Securities	**3,379,199**	3,157,026
Claims on other banks	**(5,030,313)**	(111,147)
Intangibles	**1,382,113**	492,893
Adjusted Total Assets	**46,242,361**	35,168,372
Add:		
100% of 3 years Average Annual Gross Income	**5,429,655**	5,551,625
Adjusted Asset Base	**51,672,016**	40,719,997
Capital adequacy ratio	**(2.49)**	(4.53)

Breach of capital adequacy requirement
The company in the year under review recorded a Capital Adequacy Ratio (CAR) of (2.49)% below the 10% minimum required by the Bank of Ghana.

Capital Allocation
The allocation of capital between specific operations and activities is, to a large extent, driven by optimization 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 by the Company's Board Credit Committee or ALCO as appropriate.

Although maximization 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.

28. Financial risk management (continued)

Fair value of financial instruments

The carrying values of financial assets included in other assets and financial liabilities included in creditors and accruals approximate their fair values.
The fair value of claims and liabilities at fixed rates of interest was determined using the discounted cash flow method, using money market interest rates for financial instruments with similar default risks and similar remaining terms to maturity.

The estimated fair value of the receivables corresponds to the discounted amount of the estimated expected future cash flows, i.e. net of allowance for impairment. The expected cash flows are discounted to fair value at the current market interest rates of the respective markets.

Valued Added Statement	**2022** **GH¢**	2021 GH¢
Interest earned and other operating income	**10,695,668**	6,642,896
Direct cost of services	**(8,480,987)**	(5,623,736)
Value added by banking services	**2,214,681**	1,019,160
Non-banking income	**2,719,122**	4,565,746
Impairment charge	**(51,129)**	(1,708,343)
Value added	**4,882,674**	3,876,563
Distributed as follows		
To employees:		
Non-executive directors	**0**	0
Executive directors	**265,470**	250,093
Other employees	**1,905,049**	1,460,997
	2,170,519	1,711,090
To Government:		
Income tax	**0**	0
To shareholders:		
Dividends to shareholders	**0**	0
To expansion and growth:		
Depreciation and amortisation	**247,849**	263,570
Other operating expenses	**3,465,276**	2,984,750
	3,713,125	3,248,320
To retained earnings	**(1,000,970)**	(1,082,847)

29. Events after the reporting date

The Directors are not aware of any other material events that have ocurred between the date of the statement of financial position and the date of this report that require disclosure or adjustment.

30. Breach of requlatory requirement

Section 29 of the Banks and Specialised Deposit-Taking Institutions Act 2016 (Act 930),requires a minimum capital adequancy ratio of 10%. As at 31 December 2022, the Capital Adequancy Ratio(CAR) of the company was a (2.49)% (2021: (4.53)%).

FORMS CAPITAL LIMITED
SCHEDULE TO OPERATING EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 GH¢	2021 GH¢
STAFF COST		
Salaries and Wages	**1,016,572**	835,963
Social Security Cost	**174,368**	122,236
Other Staff Cost	**581,526**	401,308
Staff Training	**12,251**	8,233
Medical Expenses	**120,332**	93,257
	1,905,049	1,460,997
OCCUPANCY		
Repairs and Maintenance	**111,241**	74,589
Rent & Rates	**390,164**	257,333
Water, Electricity & Conservancy	**15,872**	21,093
	517,277	353,015
GENERAL AND ADMINISTRATIVE EXPENSES		
Security Services	**34,162**	32,022
Bank Charges	**63,192**	10,789
Board Expenses	**127,875**	36,625
Direct Operating Expenses	**268,953**	237,200
Commission on Sales	**768,899**	1,234,542
Printing & Stationery	**19,538**	29,760
Canteen expenses	**207,197**	145,764
Communications	**79,136**	64,342
Subscription & Publication	**44,678**	29,198
Advertising and Branding	**84,558**	156,564
Insurance	**31,770**	51,217
Cleaning and Sanitation	**23,222**	0
CSR & Donations	**1,928**	5,000
Loan written off	**0**	10,438
Fuel & Lubricants	**775,352**	248,745
IT System Support and Maintenance	**192,734**	16,118
Professional & Legal Fees	**108,039**	257,260
Transport & Travelling	**3,360**	2,151
	2,834,593	2,567,735