



AUDITED FINANCIAL STATEMENTS AND ANNUAL REPORT

STATEMENT OF COMPREHENSIVE INCOME FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER, 2023

	Notes	2023 GH¢	2022 GH¢
Interest Income	3	10,633,789	8,114,279
Interest Expense	4	(8,355,913)	(7,242,046)
Net Interest Income		2,277,876	872,233
Fees and Commission Income	5	1,481,944	1,526,366
Other Operating Income	6	1,134,774	667,547
Operating Income		4,894,593	3,066,145
Operating Expenses	7	(2,884,349)	(2,154,411)
Profit Before Impairment		2,010,245	911,735
Finance Cost	17b	(138,217)	0
Impairment Loss on Financial Assets	9	(377,816)	(140,663)
Net Profit before Taxation		1,494,212	771,072
Taxation	10	(445,242)	(265,179)
Net Profit For The Year		1,048,970	505,893

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 GH¢	2022 GH¢
Assets			
Cash and Cash Equivalent	11	15,701,008	2,755,728
Loans and Advances	12	15,797,850	18,049,873
Short-Term Investment	14	11,157,548	8,839,507
Others Assets	15	756,034	689,695
Investment Property	16	0	824,000
Property, Plant and Equipment	18a	397,590	481,786
Right-of-use-Asset	17a	1,541,057	0
Total Assets		45,351,088	31,640,589
Liabilities and Equity			
Current Liabilities			
Customer Deposits	19	35,351,922	24,233,127
Bank Overdraft	20	0	821,717
Interest Payable	21	1,944,002	1,242,082
Current Tax Liability	10b	187,279	145,111
Deferred Tax Liability	10c	963	14,000
Lease Obligations	17b	1,500,383	0
Other Liabilities	22	187,821	55,804
Total Current Liabilities		39,173,370	26,511,841
Equity			
Stated Capital	23	3,500,000	3,500,000
Retained Earnings	24	50,602	(845,300)
Credit Risk Reserve	25	1,185,066	1,556,483
Statutory Reserve	26	1,442,050	917,565
Total Equity		6,177,718	5,128,748
Total Liabilities and Equity		45,351,088	31,640,589

The financial statement on pages 10 to 42 were approved by the board of directors on

18th April 2024 and signed on its behalf by

[Signature] Director
18-04-2024

[Signature] Director
18th April 2024

STATEMENT OF CHANGES IN OWNERS EQUITY AS AT 31 DECEMBER 2023

	Stated Capital	Retained Earnings	Credit Risk Reserve	Statutory Reserve	Total
2023	GH¢	GH¢	GH¢	GH¢	GH¢
Balance as at 1 January 2023	3,500,000	(845,300)	1,556,483	917,565	5,128,748
Net Profit for the year	0	(1,048,970)	0	0	1,048,970
Transfer from Retained Earnings	0	(524,485)	0	524,485	0
Transfer from Credit Risk Reserve	0	371,417	(371,417)	0	0
Balance as at 31 December 2023	3,500,000	50,602	1,185,066	1,442,050	6,177,718
2022	GH¢	GH¢	GH¢	GH¢	GH¢
Balance as at 1 January 2021	3,000,000	1,366,632	70,359	235,732	4,672,723
Net Profit for the year	0	505,893	0	0	505,893
Transfer from Retained Earnings	500,000	(500,000)	0	0	0
Transfer from Retained Earnings	0	(681,833)	0	681,833	0
Transfer from Retained Earnings	0	(1,486,124)	1,486,124	0	0
Prior year Adjustment (Tax Audit)	0	(49,868)	0	0	(49,868)
Balance As At 31 December 2022	3,500,000	(845,300)	1,556,483	917,565	5,128,748

STATEMENT OF CASH FLOWS FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER, 2023

	2023 GH¢	2022 GH¢
Cash Flows from Operating Activities		
Profit before tax	1,494,212	771,072
Adjustments for:		
Depreciation of PPE	200,986	163,964
Impairment of Financial Assets	377,816	140,663
Amortization of Right-of-Use Assets	81,108	123,120
Financial cost on Lease	138,217	0
Profit on Disposal	(435,936)	0
Operating profit before working capital changes	1,856,403	1,198,819
Movement in Working Capital		
Changes in Loans and advances	1,874,207	(7,729,154)
Changes in Other assets	(66,338)	(386,367)
Changes in Investments	(2,318,041)	(156,407)
Changes in Customer Deposits	11,118,795	(5,244,895)
Changes in Bank Overdraft	(821,717)	821,717
Changes in Interest Payable	701,920	22,687
Changes in Other Liabilities	132,017	(4,515)
Cash generated from operations	12,477,245	(11,478,113)
Tax paid	(415,111)	(155,342)
Other taxes paid (audit)	0	(49,868)
Lease Payments	(260,000)	0
Net cash out flow / (out flows) from operating activities	11,802,134	(11,683,323)
Cash flow from investing activities		
Purchase of Property, Plant and Equipment	(116,790)	(399,932)
Purchase of Investment Property	824,000	(24,000)
Profit on Disposal	435,936	0
Net cash out flow/(out flows) from investing activities	1,143,146	(423,932)
Net Change in cash and cash equivalents	12,945,280	(12,107,255)
Cash and equivalents at 1 January	2,755,728	14,862,983
Cash and equivalents at 31st December	15,701,008	2,755,728

ANALYSIS OF CHANGE IN CASH AND CASH EQUIVALENTS

	01/01/2023 GH¢	Change During the Period GH¢	31/12/2023 GH¢
Cash	263,156	(188,048)	75,108
Bank Balance	2,492,572	13,133,328	15,625,900
Cash and Cash Equivalent at 31 Dec 2022	2,755,728	12,945,280	15,701,008

REPORT OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2022

The directors have the pleasure of presenting the audited financial statements of the company for the year ended 31 December 2023.

Statement of Directors Responsibilities

The Directors are responsible for the preparation of the financial statements for each financial year which give a true and fair view of the state of the Company and of its profit or loss and cash flows for the year. In preparing these financial statements, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are reasonable and prudent, followed International Financial Reporting Standards, complied with the requirements of the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with our responsibilities as Directors, we have considered the appropriateness of the going concern assumption for the preparation of its financial statements on going concern basis is appropriate.

Nature of Business

The principal activity of the company during the year was in accordance with its regulations and there was no change in principal activities during the year.

Results for the year

The results for the year are summarized as follows:

	2023 GH¢	2022 GH¢
Profit for the year before taxation amounted to	1,494,212	771,072
From which is deducted taxation of	(445,242)	(265,179)
Giving a profit after taxation of	1,048,970	505,893
Which is added to the balance brought forward on retained earnings of	(845,300)	1,366,632
Giving total of	203,670	1,872,525
To which is added a release from/ (transfer to) credit risk reserve of	371,417	(1,486,124)
Transfer to statutory reserve of	(524,485)	(681,833)
Transfer of stated capital from retained earnings of	0	(500,000)
Prior year adjustment (tax audit) of	0	(49,868)
Leaving a balance to be carried forward on retained earnings of	50,602	(845,300)

Subsequent event

The Directors confirmed that no matters have arisen between the date of the statement of financial position and the date of this report that require disclosure or adjustment.

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 director of Principal Capital Microfinance Ltd, was approved by the board of director on..... and signed on their behalf by

[Signature] Director
[Signature] Director

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act, 2019 (Act 992) requires that in carrying out our audit work we consider and report on the following matters.

We confirm that:

- We are independent of the Company in accordance with section 143 of the Companies Act 2019 (Act 992).
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit;
 - In our opinion proper books of account have been kept by the company, so far as appears from the examination of those books.
 - The company's financial statements are in agreement with the accounting records.
- The Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) requires that we state certain matters in our report. We confirm that:
- The accounts give a true and fair view of the state of affairs of the Company and its results of operations for the year under review.
 - We obtained all the information and explanation required for the efficient performance of our duties.
 - The transactions of the Company are within the powers of the Company.
 - The Company has, in all material respect, complied with the provisions of the Act.

With respect to the provisions of the Anti-Money Laundering Act, 2008 (Act 749) (as amended) the Anti-Terrorism Act, 2008 (Act 762), and the Regulations made under these enactments, we did not identify any instances of non-compliance based on procedures we performed.

The engagement partner on the audit resulting in this independent auditor's

[Signature]
FOR AND ON BEHALF OF PKF (IGAG/F/2023/039)
CHARTERED ACCOUNTANTS
FARRAR AVENUE
ACCRA.

18th April 2024.