



## AUDITED FINANCIAL STATEMENTS AND ANNUAL REPORT

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

Notes	2020 GH¢	2021 GH¢
Interest Income	8,114,279	6,500,672
Interest Expense	(7,242,045)	(5,412,697)
Net Interest Income	872,234	1,087,975
Fees and Commission Income	1,526,365	811,997
Other Operating Income	667,547	530,557
<b>OPERATING INCOME</b>	<b>3,066,146</b>	<b>2,430,529</b>
Operating Expenses	(2,154,411)	(1,670,100)
<b>PROFIT BEFORE IMPAIRMENT</b>	<b>911,735</b>	<b>760,429</b>
Impairment Loss on Financial Assets	(140,663)	(131,812)
Net Profit before Taxation	771,072	628,617
Taxation	(265,179)	(157,152)
<b>NET PROFIT FOR THE YEAR</b>	<b>505,893</b>	<b>471,465</b>

### STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2022

Notes	2020 GH¢	2021 GH¢
<b>Assets</b>		
Cash and Cash Equivalent	2,755,728	14,862,983
Loans and Advances	18,049,873	10,461,383
Short Term Investment	8,839,507	8,683,100
Other Assets	689,695	303,328
Deferred Tax Asset	0	6,812
Investment Property	824,000	800,000
Property, Plant and Equipment	481,786	245,818
Right-of-use-Asset	0	123,120
<b>Total Assets</b>	<b>31,640,588</b>	<b>35,486,544</b>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Customer Deposits	24,233,127	29,478,022
Bank Overdraft	821,716	0
Interest Payable	1,242,082	1,219,395
Current Tax Liability	145,111	56,085
Deferred Tax Liability	14,000	0
Other Liabilities	55,804	60,319
<b>Total Current Liabilities</b>	<b>26,511,840</b>	<b>30,813,821</b>
<b>Capital and Reserves</b>		
Stated Capital	3,500,000	3,000,000
Retained Earnings	(845,300)	1,366,632
Credit Risk Reserve	1,556,483	70,359
Statutory Reserve	917,565	235,732
<b>Total Equity</b>	<b>5,128,148</b>	<b>4,672,723</b>
<b>Total Liabilities and Equity</b>	<b>31,640,599</b>	<b>35,486,544</b>

20<sup>th</sup> April 2023 and signed on its behalf by  
  
 Director  
  
 Director

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2021

	Stated Capital	Retained Earnings	Credit Risk Reserve	Statutory Reserve	Total
<b>2022</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
Balance as at 1 January 2022	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)	1,496,124	0	0
Prior year Adjustment (Tax Audit)	0	(49,868)	0	0	(49,868)
<b>Balance as at 31 December 2022</b>	<b>3,500,000</b>	<b>(845,300)</b>	<b>1,556,483</b>	<b>917,565</b>	<b>5,128,748</b>
<b>2021</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
Balance as at 1 January 2021	3,000,000	(484,821)	1,686,079	0	4,201,258
Net Profit for the year	0	471,465	0	0	471,465
Transfer from Risk Reserve	0	1,615,720	(1,615,720)	0	0
Transfer from Retained Earnings	0	(235,732)	0	235,732	0
<b>Balance as at 31 December 2021</b>	<b>3,000,000</b>	<b>1,366,632</b>	<b>70,359</b>	<b>235,732</b>	<b>4,672,723</b>

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	2020 GH¢	2021 GH¢
<b>Cash Flows from Operating Activities</b>		
Profit before tax	771,072	628,617
Adjustments for:		
Depreciation of PPE	163,964	111,185
Impairment of financial assets	140,663	131,812
Depreciation of Right-of-use Assets	123,120	153,390
<b>Operating profit before working capital changes</b>	<b>1,198,819</b>	<b>1,025,004</b>
<b>Movement in Working Capital</b>		
Changes in Loans and advances	(7,729,152)	6,100,415
Changes in Other assets	(386,367)	(90,684)
Changes in Investments	(156,407)	(1,622,440)
Changes in Customer Deposits	(5,244,895)	2,588,194
Changes in Bank Overdraft	821,716	0
Changes in Interest Payable	22,687	310,881
Changes in Other Liabilities	(4,515)	10,060
<b>Cash generated from operations</b>	<b>(11,478,114)</b>	<b>8,321,430</b>
Tax paid	(155,341)	(118,722)
Other taxes paid (audit)	(49,868)	0
Lease Payments	0	(276,510)
<b>Net cash out flow from operating activities</b>	<b>(11,683,323)</b>	<b>7,926,198</b>
<b>Cash Flows From Investing activities</b>		
Purchase of Property, Plant and Equipment	(399,932)	(13,229)
Purchase of Investment Property	(24,000)	0
<b>Net cash out flow from investing activities</b>	<b>(423,932)</b>	<b>(13,229)</b>
<b>Net Change in cash and cash equivalents</b>	<b>(12,107,255)</b>	<b>7,912,969</b>
<b>Cash and cash equivalents at 1 January</b>	<b>14,862,983</b>	<b>6,950,014</b>
<b>Cash and cash equivalents at 31 December</b>	<b>2,755,728</b>	<b>14,862,983</b>

#### ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	1/1/2022 GH¢	Change During the Period GH¢	12/31/2022 GH¢
Cash	102,207	160,949	263,156
Bank Balances	14,760,776	(12,268,204)	2,492,572
Cash and Cash Equivalents at 31 Dec 2022	14,862,983	(12,107,255)	2,755,728

### REPORT OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2022

**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.

**Acknowledgment**  
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 Principal Capital Microfinance Ltd, was approved by the board of

Directors on 20/04/2023 and signed on their behalf by  
  
 Directors  
  
 Directors

#### Report on other Legal and Regulatory Requirements

The Ghana 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 report is **ALBERT ADDO COFIE (ICAG/P/1403)**.

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

20<sup>th</sup> April 2023.