AMBALA INTERNATIONAL FNGO GHANA

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

AMBALA INTERNATIONAL FNGO GHANA

ANNUAL REPORTS AND FINANCIAL STATEMENTS

INDEX

AMBALA INTERNATIONAL FNGO GHANA
CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Arif Sikder	Director
	Mr. Michael Assibu Yawson	Director
	Mr. Ziaur Rahman	Director

SECRETARY
Mr.Michael Assibu Yawson
AMBALA INTERNATIONAL FNGO GHANA

REGISTERED OFFICE
Bort 79 Street, Mile 11,
Near the GA South District Office,
Bortianor, Accra

AUDITOR
MGI OAK
Chartered Accountants
18 Airways Avenue
Airport Residential Area
Accra

BANKERS
GUARANTY TRUST BANK (GHANA) LTD.

REPORT OF THE DIRECTORS

TO THE MEMBERS OF

AMBALA INTERNATIONAL FNGO GHANA

The directors present their report and the financial statements of AMBALA INTERNATIONAL FNGO GHANA ("the Company") for the year ended 31 December 2024.

Directors' responsibility statement

The directors are responsible for the preparation of financial statements that give a true and fair view of AMBALA INTERNATIONAL FNGO GHANA, comprising the statement of financial position at 31 December 2024, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Non-Bank Financial Institutions Act, 2008 (Act 774). In addition, the directors are responsible for the preparation of the report of the directors.

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

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

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

Principal activities

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

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

Holding company

The company owned by Ambala International FNGO, a company incorporated in Bort 79 Street, Mile 11, Near the GA South District Office, Bortianor, Accra.

Financial statements

The financial results of the Company for the years ended 31 December 2024 set out in the financial statements, highlights of which are as follows:

	2024
	GH¢
Loss before tax	(550,042)
Loss after tax	(550,042)
Total assets	1,994,007
Total liabilities	2,544,049
Total equity	(550,042)

The directors do not recommend the payment of dividend for the year ended 31 December 2024.

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

REPORT OF THE DIRECTORS

TO THE MEMBERS OF

AMBALA INTERNATIONAL FNGO GHANA

Particulars of entries in the Interests Register during the financial year

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

Corporate social responsibility

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

Capacity building of directors to discharge their duties

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

Audit fees

The audit fee for the year is GH¢ 10,000.

Approval of the report of the directors

The report of the directors of AMBALA INTERNATIONAL FNGO GHANA, was approved by the board of directors on............................... 2024 and signed on their behalf by;

ARIF SIKDER
Name of Director

Signature

MICHAEL ASSIBU TAWSON
Name of Director

Signature

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AMBALA INTERNATIONAL FNGO GHANA
FOR THE PERIOD ENDED 31ST DECEMBER 2024

Opinion

We have audited the accompanying Financial Statements of Ambala International FNGO Ghana set out on pages 7 to 29. These Financial Statements comprise the Statement of Financial Position as at 31st December 2024, Statement of Comprehensive Income, Receipts and Payment Statements, Statement of Changes in Equity and Statement of Cashflow for the year then ended, the notes to the Financials Statements including a summary of significant accounting policies and other disclosures.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Institution as at 31st December 2024 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019, (Act 992) and the Banks and Specialized Deposit -Taking Institution Act, 2016, Act (930)

Basis of 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 requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (IFAC code) as adopted by the Institute of Chartered Accountants and have fulfilled our other ethical responsibilities in accordance with IFAC code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, which we obtained prior to the date of this auditor's report. The other information does not include the Financial Statement's and our auditor's report thereon. Our opinion on the Financial Statement's does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Financial Statements, our responsibility is to read the other information and in doing so consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Based on the work we have performed on other information that we obtained prior to the date of this auditor's report, if 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 the regard.

Directors Responsibilities for the Financial Statements

The Directors are responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) in a manner required by the companies Act as amended, Banking Act and for such internal control as the Director's determine is necessary to enable the preparation of Financial Statements that are free from material misstatement whether due to fraud or error. In preparing the Financial Statement, the Directors are responsible for assessing the company's ability to continue as a going concern disclosing anything unless the Directors either intend to liquidate the Company's or to cease operations, have no realistic alternative but to do so.

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T. A. Osei, Daniel T. Acquaye, Alvin A. Atayi, Charles Obeng, Charles K. Amoo
A member of MGI, a worldwide association of independent auditing, accounting and consulting firms

Auditor's Responsibility for the audit of the Financial Statements.

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

Our audit objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements, 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 it is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs,) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectives of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors report to the related disclosures in the Financial Statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors report. However future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding among, the matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal controls that we identify during our audit.

INDEPENDENT AUDITORS REPORT
FOR THE YEAR ENDED 31ST DECEMBER, 2024 (Continued)
TO THE SHAREHOLDER(S) OF AMBALA INTERNATIONAL FNGO GHANA

We also provide the Directors with a statement that we have complied with relevant ethical requirement regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safe guard.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the Company's Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditors report unless laws or regulations precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and Regulatory Requirements.
The Companies Act, 2019 (Act 992) requires that in carrying out our audit consider and report 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 purpose of our audit;

ii in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and

iii the Company's balance sheet (included in the statement of financial position) and profit and loss account (included in the Statement of Profit and Loss and other Comprehensive Income) are in agreement with the books of account.

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

The Engagement Partner on the audit resulting in this independent auditors report is Charles Obeng (ICAG/P/1321)

MGI ОАК

MGI O. A. K CHARTERED ACCOUNTANTS (No. ICAG/F/2025/132)
C. Obeng - ICAG/P/1321
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27th February..............................2025

AMBALA INTERNATIONAL FNGO GHANA

Statement of Financial Position

As at 31 December 2024

Particulars	Notes	Amount In GH¢
		FY 2024
ASSETS		
Property, Plant & Equipment	5	75,284
Intangible Assets	6	110,699
Advance Office Rent	7	80,000
Loan to Group Members	8	1,545,554
Cash in Hand and at Bank	9	182,470
Total Assets		**1,994,007**
EQUITY AND LIABILITIES		
Equity		
Stated Capital		-
Retained Earnings	10	(550,042)
Total Equity		**(550,042)**
Liabilities		
Loan from others Fund	11	2,030,284
Payable for Ambala IT	12	165,984
Provision for Audit Fee	13	10,000
Cash Lien from Customer	14	316,618
Client's Insurance	15	21,163
Total Liabilities		**2,544,049**
Total Equity and Liabilities		**1,994,007**

This financial statements were approved by the Board of Director on 31 December 2024 and are signed on its behalf by

Arif Sikder
Director

Md Aktar Hossain
Country- Manager

Date:
Place: Ghana

AMBALA INTERNATIONAL FNGO GHANA

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December, 2024

Particulars	Notes	Amount In GH¢
		FY 2024
Income:		
Service Charge from loan to group members	16	114,149
Others Income	17	51,691
Total		**165,840**
Expenditure:		
Salary & benefits		**92,013**
General & Administration expenses		
Office Rent		16,000
Electric Bill		2,400
Gas Bill		600
Water & Sewerage		1,953
Office Stationary		12,937
Printing Cost		13,775
Photocopy Expenses		24
Mobile Bill		700
Internet Bill		4,060
Local Conveyance		6,414
Travel Allowance		3,057
Daily Allowance		785
Exposer Visit Exp.		36,900
Work Permit Visa Exp.		24,178
Transportation Cost		108,493
Fuel & Oil		2,100
Software Maintenance		47,424
Office Maintenance		13,272
Registration & Renewal fee		119,651
Entertainment & Refreshment		10,317
Bank Charge		13,518
Miscellanious Exp.		30,125
Audit Fee		10,000
Depreciation		12,446
Financial Exp.		132,740
Sub-total		**623,869**
Total expenditure		**715,882**
Excess of income over expenditure		**(550,042)**
		165,840

The annexed notes form an integral part of this financial statement.

AMBALA INTERNATIONAL FNGO GHANA

Receipts & Payments Statement

For the year ended 31 December, 2024

Particulars	Amount In GH¢ FY 2024
Receipts:	
Opening Balance	
Cash in hand	-
Cash at bank	-
Sub-Total	-
Short Term Liabilities	337,781
Loan Outstanding-Group Members	570,746
General & Others Loan /Fund Account	1,897,544
Revenue Income Received	165,840
Sub-Total	**2,971,911**
Total Receipts	**2,971,911**
Payments:	
Capital Expenditure	79,869
Loan Outstanding-Group Member	2,116,300
Advance Office Rent	96,000
Sub-Total	**2,292,169**
Staff Salary & Benefits	92,013
General & Administrative Expenses	405,259
Sub-Total	**497,272**
Closing Cash & Bank Balance	
Cash in hand	83,586
Cash at bank	98,884
Sub-Total	**182,470**
Total Payments	**2,971,911**

AMBALA INTERNATIONAL FNGO GHANA

Statement of Changes in Equity

For the year ended 31 December 2024

Particulars	Amount In GH¢
	FY 2024
Opening balance	**-**
Add: Opening Adjustment	-
Prior year adjustment	-
Surplus for the Year	(550,042)
Closing balance	**(550,042)**
Add: Adjustment during the year	-
Less: Adjustment during the year	-
Less: Transferred to reserve	-
Total Fund (After transfer to reserve)	**(550,042)**
Add: Reserve fund	-
Balance as on 31-12-2024	**(550,042)**

AMBALA INTERNATIONAL FNGO GHANA

Statement of Cash Flows

For the year ended 31 December 2024

Particulars	Amount In GH¢
	FY 2024
A. Cash flows form operating activities	
Surplus/Deficit for the period	(550,042)
Add: Amount considered as non cash items Expenses	
Non cash general & administrative expenses	218,610
Sub-total of non cash items expenses	**218,610**
Less: Amount considered as non cash items income	
Non cash FDR & Revenue income	-
Sub-total of non cash items income	-
Increase/decrease in loan, advance & prepaid	(96,000)
Net cash used in operating activities	**(427,432)**
B. Cash flows from Investing Activities	
Increase/decrease in acquisition of property, plant and equipment	(79,869)
Net Cash Used in Investing Activities	**(79,869)**
C. Cash Flows from financing Activities	
Increase/decrease in Long Term Borrowings-	(1,778,519)
Increase/decrease in Long Term Borrowings-Bank & Others	570,746
Increase/decrease in members Cash Lien	-
Increase/decrease in short term loan & others current liabilities	1,897,544
Increase/decrease in Development Program Fund	-
Net Cash Used in Financing Activities	**689,771**
D. Net cash increase / Decrease (A+B+C)	**182,470**
Add. Cash and Bank Balance Beginning of the year	-
Cash and Bank **Balance at the end of the year**	182,470

Particular's	Amount In GH¢
	FY 2024

5. Property, Plant and Equipment — **75,284**

Cost Value

Opening balance	-
Add. Purchase during the year	79,869
Add: Adjustment during the year	-
Less : Sale/Transfer during the year	-
Less : Adjustment during the year	-
Total Cost Value	**79,869**
Less : Accumulated Depreciation	
Opening balance	-
Add. Depreciation during the year	4,585
Add. Disposal during the year	-
Less Transfer during the year	-
Less Adjustment during the year	-
Accumulated Depreciation	**4,585**
Written Down Value	**75,284**

6. Intangible assets — **110,699**

Cost Value

Opening balance	-
Add. Purchase during the year	118,560
Add: Adjustment during the year	-
Less : Sale/Transfer during the year	-
Less : Adjustment during the year	-
Total Cost Value	**118,560**
Less : Accumulated Amortisation	
Opening balance	-
Add. Depreciation during the year	7,861
Add. Disposal during the year	-
Add. Transfer during the year	-
Less Adjustment during the year	-
Accumulated Depreciation	**7,861**
Written Down Value	**110,699**

7. Advance Office Rent — **80,000**

Opening balance	-
Add: Disbursement during the year	96,000
Add: Adjustment during the year	-
Less: Recovery during the year	(16,000)
Less: Adjustment / Transfer during year	-
Closing balance	**80,000**

Particular's	Amount In GH¢
	FY 2024

8. Loan to Clients	1,545,554

Opening balance	-
Add. Disbursement during the year	2,116,300
Add: Adjustment during the year	-
Less : Recovery during the year	(570,746)
Less: Adjustment Recovery during the year	-
Closing balance	**1,545,554**

9. Cash in Hand and Cash at Bank	182,470

Cash in hand	83,586
Cash at Bank *(Details given as below)*	98,884
Total	**182,470**

Note: *Bank Balance Details given as below:*

01. Bank Account No.: 6110104973 (Cedi)	10,000
02. Bank Account No.: 6040183879 (USD)	31,400
03. Bank Account No.: 452154142/1/1/0 (Cedi)	57,111
04. Bank Account No.: 452154142/2/2/0 (USD)	373
	98,884

10. Retained Surplus	(550,042)

Opening balance	-
Add : Prior year adjustment	-
Less : Prior year adjustment	-
Sub total	-
Add: Surplus/(Deficit) during the year	(550,042)
Add: Adjustment during the year	
Less: Adjustment during the Year	
Sub total	**(550,042)**
Total Retained Surplus After Adjustment	**(550,042)**
Less: Provision for Reserve Fund	-
Total Retained Surplus After Reserved	**(550,042)**
Add: Reserve Fund	-
Closing balance	**(550,042)**

11. Loan from others Fund:	2,030,284
11.01 Ambala IT Limited (UK)	**470,016**

Opening balance	-
Add: Receipt during the year	470,016
Less: Return during the year	
Closing balance	**470,016**

Particular's	Amount In GH¢
	FY 2024

11.02 Mr. Arif Sikder, Board of Director 1,560,268

Opening balance	-
Add: Receipt during the year	1,560,268
Less: Return during the year	
Closing balance	**1,560,268**

12. Payable for Ambala IT **165,984**

Opening balance	-
Add: Addition during the year	165,984
Less: Paid during the year	-
Closing balance	**165,984**

13. Provision for Audit Fee **10,000**

Opening balance	-
Add: Addition during the year	10,000
Less: Paid during the year	-
Closing balance	**10,000**

14. Cash Lien from Customer **316,618**

Opening balance	-
Add. Receipt during the year	316,618
Less : Adjustment during the year	-
Closing balance	**316,618**

15. Client's Insurance **21,163**

Opening balance	-
Add. Receipt during the year	21,163
Less : Adjustment during the year	
Closing balance	**21,163**

Particular's	Amount In GH¢
	FY 2024

16. Service Charge from loan to group members & development program

Service Charge from loan to group members	114,149.17
Sub-Total	**114,149.17**

17. Others Income

Member Admission Fees	7,230.00
Member Pass Book Sale	4,830.00
Loan Application Fee	9,380.00
Procession Fees	30,251.00
Total Others Income	**51,691.00**

1. REPORTING ENTITY

AMBALA INTERNATIONAL FNGO GHANA (The Company) is a microfinance institution (MFI) that was incorporated on 25 July 2023 by AMBALA INTERNATIONAL FNGO and granted the certificate to commence business by the Registrar of Companies on 25 July 2023. The Company is domiciled in Ghana and its registered address is Bort 79 Street, Mile 11, Near the GA South District Office, Bortianor, Accra. These financial statements comprise the individual financial statements of the Company.

LEGAL STATUS

Registration Authority	Registration Date	Registration Number
Certificate of Incorporation by Registrar of Companies	25 July 2023	CG058770723
Department of Social Welfare (Ghana) by Non-Profit Organisation Secretariat	04 October 2024	NPOS/CR02/LN01858/24

Vision

Poverty elimination through establishing social unity and integrated development.

Mission

Reducing poverty and enabling Women Empowerment and Financially including Women entrepreneurs with little or no access to credit from conventional financing and socio-economic development, strengthens environment and climate change adaptability.

2. BASIS OF ACCOUNTING

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

2.1 Basis of Measurement

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

2.1.1 Components of Financial Statements

The Financial Statements include the following components:

a) Statement of Financial Position as at 31 December 2024;
b) Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024;
c) Receipts and Payments Statement for the year ended 31 December 2024;
d) Statement of Changes in Equity for the year ended 31 December 2024;
e) Statement of Cash Flows for the year ended 31 December 2024;
f) Accounting policies and notes to the financial statements for the year ended 31 December 2024.

2.2 Functional and presentation currency

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

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

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

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

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

2.3.2 Going Concern
AMBALA INTERNATIONAL FNGO GHANA has adequate resources to continue its operation for foreseeable future. As per management assessment there is no material uncertainty related to events or conditions which may cast significant doubt upon the company's ability to continue as a going concern. For this reason, the financial statements have been prepared on going concern basis.

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

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable Inputs).

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

A. Foreign Currency

Foreign currency *transactions*

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

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

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

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

B. Interest

i) Effective *interest rate*

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

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability,

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

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

ii) Amortized cost and *gross carrying amount*

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

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

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

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

Presentation
Interest income calculated using the effective interest method presented in the statement of comprehensive income includes:
- Service Charges from Client Loan
- Member Admission Fee
- Member Passbook Sale
- Loan Application Fee
- Processing Fee

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

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

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

D. Leases
As of the reporting date, the company has chosen not to implement International Financial Reporting Standard 16 (IFRS-16) Leases. As per IFRS 16 Para 5, AMBALA INTERNATIONAL FNGO GHANA has decided not to apply the requirements of lease accounting, primarily due to the low contract values of branch rent leases and the short-term nature (One year) of the Head office lease. The company believes that the administrative burden and minimal impact on financial statements from recognizing these leases under IFRS 16 do not justify the implication at this time. The non-implementation has no significant effect on the financial statements, as lease expenses continue to be recognized as operating expenses on straight-line basis. AMBALA INTERNATIONAL FNGO GHANA will continually assess the need for IFRS 16 adoption based on evolving lease portfolio dynamics.

E. Income tax

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

i) Current income tax

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

ii) Deferred income tax

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

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

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

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

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

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

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

F. Property, Plant and Equipment

i) Recognition and measurement

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

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

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

ii) Subsequent costs

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

i) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the Reducing Balance method over their estimated useful lives, and is generally recognized. In profit or loss. Land is not depreciated.

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

	Rate
Intangible Assets	20%
Furniture and fittings	10%
Computer equipment	25%
Office equipment	20%
Right-of-use asset	3 to 8 years

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

G. Financial assets and financial liabilities

i) Recognition and initial measurement

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

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

ii) *Classification*

Financial assets

On initial recognition, a financial asset is classified as measured at amortized. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

Business model assessment

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

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

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

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

- How managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations. About future sales activity. However, information about sales activity is not considered in isolation; but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

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

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

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

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

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

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

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

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

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

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

iii) Modifications of financial assets and financial liabilities

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

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

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

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

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

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

Financial liabilities

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

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

V) Offsetting

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

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

vi) Fair value measurement

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

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

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

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

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

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

vii) Impairment

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

- Financial assets that are debt instruments;

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

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

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

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

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

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

Measurement of ECL

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

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

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

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

- Financial assets: the original effective interest rate or an approximation thereof;

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

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

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

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

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

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

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

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I. Cash and cash equivalents

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

J. Intangible assets

i) Recognition and measurement

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

ii) Subsequent expenditure

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

iii) Amortization

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

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

K. Share Capital

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

4. FAIR VALUES

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

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

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

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

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

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

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

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

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

A. Valuation models

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

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

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

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

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

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

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