

**OAK FINANCIAL SERVICES LIMITED**  
**REPORT OF 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 OAK Financial Services Limited, do herewith submit our annual report on the state of affairs of the Company for the year ended 31 December 2022.


The Directors report as follows:

	<b>2022</b>	2021
	<b>GH¢</b>	GH¢
Interest Income	<b>10,151,689</b>	9,943,902
(Loss) before tax	<b>(4,271,994)</b>	(2,005,667)
From which is deducted a Tax provision of National Fiscal Stabilisation levy of	<b>(86,610)</b>	289,524
	<b>0</b>	0
Leaving a balance of	<b>(4,358,604)</b>	(1,716,143)
This is to be added to an Income surplus balance brought forward from the previous year of	<b>(1,713,360)</b>	8,671
making a total of	<b>(6,071,964)</b>	(1,707,472)
and transfer to Statutory Reserve Fund	<b>0</b>	0
and transfer to credit risk reserve of	<b>(6,252)</b>	(5,888)
Leaving a Balance on the Income Surplus Account of	<b>(6,078,216)</b>	(1,713,360)

**Approval of the report of the directors**

The report of the directors of OAK Financial Services Limited was approved by the board of directors on 20-04-2023 and signed on their behalf by

Director... 

Director... 



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
OAK FINANCIAL SERVICES LIMITED ON THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**Report on the audit of the financial statements**

**Opinion**

We have audited the accompanying financial statements of OAK Financial Services Limited, which comprise the statement of financial position as of December 31, 2022, and the statement of 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 OAK Financial Services Limited as of 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).

The engagement partner on the audit resulting in this independent auditor's report is Christopher Kwesi Sey (ICAG/P/1177).

For and on behalf of  
SBJ Accounting and Consulting Services  
Chartered Accountants  
SBJ (ICAG/F/119)  
Accra

20-4-2023

**OAK FINANCIAL SERVICES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	<i>Note</i>	2022 GH¢	2021 GH¢
<b>Assets</b>			
Cash and bank balances		645,644	651,852
Short-term investments		17,510,692	9,184,063
Investment (equities)		56,721	52,371
Loans and advances		30,480,073	36,501,816
Other assets		1,708,381	2,592,040
Property, plant and equipment		595,303	706,266
Deferred tax assets		927,246	1,013,856
<b>Total assets</b>		<b>51,924,060</b>	<b>50,702,264</b>
<b>Liabilities</b>			
Market borrowings		47,029,828	41,476,431
Other liabilities		956,685	843,633
Taxation		(642,194)	(566,795)
National stabilisation levy		(231,927)	(216,927)
<b>Total Liabilities</b>		<b>47,112,392</b>	<b>41,536,342</b>
<b>Shareholders' funds</b>			
Stated capital		7,000,000	7,000,000
Capital surplus		323,399	319,049
Mandatory reserve fund		3,205,106	3,205,106
Regulatory credit risk reserve		361,379	355,127
Income surplus		(6,078,216)	(1,713,360)
<b>Total shareholder's funds</b>		<b>4,811,668</b>	<b>9,165,922</b>
<b>Total liabilities and shareholders' funds</b>		<b>51,924,060</b>	<b>50,702,264</b>

Approved by the Board on.....20 - 04 - 2023

.....  
 Director

.....  
 Director

**OAK FINANCIAL SERVICES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>2022</b>	2021
	<b>GH¢</b>	GH¢
Interest income	<b>10,151,689</b>	9,943,902
Interest expense	<b>(7,368,615)</b>	(5,306,264)
<b>Net interest income</b>	<b>2,783,074</b>	4,637,638
Commission and fees	<b>603,858</b>	786,297
Other operating income	<b>754,004</b>	27,413
<b>Operating income</b>	<b>4,140,936</b>	5,451,348
Impairment charge	<b>(299,894)</b>	(1,014,493)
	<b>3,841,042</b>	4,436,855
Operating expenses	<b>(8,113,036)</b>	(6,442,523)
<b>Loss before tax</b>	<b>(4,271,994)</b>	(2,005,667)
National Stabilisation Levy	<b>0</b>	0
Taxation	<b>(86,610)</b>	289,524
<b>Loss transferred to income surplus</b>	<b>(4,358,604)</b>	(1,716,143)
<b>Other comprehensive income</b>		
Increase in fair value of equity instrument	<b>4,350</b>	24,532
<b>Other comprehensive income for the year</b>	<b>4,350</b>	24,532
<b>Total comprehensive income for the year</b>	<b>(4,354,254)</b>	(1,691,611)

**OAK FINANCIAL SERVICES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

2022

	Stated capital GH¢	Capital surplus account GH¢	Mandatory reserve fund GH¢	Regulatory credit risk reserve GH¢	Income surplus account GH¢	Total GH¢
Balance as at 1 January	7,000,000	319,049	3,205,106	355,127	(1,713,360)	9,165,922
Loss for the Year	0	0	0	0	(4,358,604)	(4,358,604)
Net change in available for sale investments, net of tax	0	4,350	0	0	0	4,350
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>4,350</b>	<b>0</b>	<b>0</b>	<b>(4,358,604)</b>	<b>(4,354,254)</b>
Transfer to/(from) regulatory credit risk reserve	0	0	0	6,252	(6,252)	0
<b>Total transfers to/(from) reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,252</b>	<b>(6,252)</b>	<b>0</b>
<b>Balance as at 31 December</b>	<b>7,000,000</b>	<b>323,399</b>	<b>3,205,106</b>	<b>361,379</b>	<b>(6,078,216)</b>	<b>4,811,668</b>

2021

Balance as at 1 January	7,000,000	294,783	3,205,106	349,239	8,671	10,857,799
Loss for the year	0	0	0	0	(1,716,143)	(1,716,143)
Net change in available for sale investments, net of tax	0	24,532	0	0	0	24,532
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>24,532</b>	<b>0</b>	<b>0</b>	<b>(1,716,143)</b>	<b>(1,691,611)</b>
Transfer to/(from) regulatory credit risk reserve	0	0	0	5,888	(5,888)	0
<b>Total transfers to/(from) reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,888</b>	<b>(5,888)</b>	<b>0</b>
<b>Transactions with owners</b>						
Dividends paid to shareholders	0	0	0	0	0	0
<b>Total distributions to owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance as at 31 December</b>	<b>7,000,000</b>	<b>319,315</b>	<b>3,205,106</b>	<b>355,127</b>	<b>(1,713,360)</b>	<b>9,166,188</b>

**OAK FINANCIAL SERVICES LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 GH¢	2021 GH¢
<b>Cash flows from operating activities</b>		
Net Loss before taxation	(4,271,994)	(2,005,667)
<b>Adjustments for:</b>		
Depreciation charge	170,321	332,306
Impairment charge	299,894	1,014,493
Reversal in Provisions - Recoveries	(667,503)	0
<b>Operating loss before working capital changes</b>	<b>(4,469,282)</b>	<b>(658,868)</b>
Changes in loans and advances	6,389,352	(12,068,928)
Changes in other assets	883,659	1,068,192
Changes in market borrowings	5,553,397	5,468,916
Changes in other liabilities	113,052	218,331
<b>Cash (used in)/ generated from operations</b>	<b>8,470,178</b>	<b>(5,972,357)</b>
<b>Taxation</b>		
Income tax paid	(75,399)	(113,378)
National stabilization levy paid	(15,000)	(22,500)
<b>Net Cash (used in)/ generated from operations</b>	<b>8,379,779</b>	<b>(6,108,235)</b>
<b>Cash outflows from investing activities</b>		
Purchase of property, plant and equipment	(59,358)	(203,872)
<b>Net cash outflows from investing activities</b>	<b>(59,358)</b>	<b>(203,872)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	0	0
<b>Net cash used in financing activities</b>	<b>0</b>	<b>0</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>8,320,421</b>	<b>(6,312,107)</b>
Cash and cash equivalents at beginning of the year	9,835,915	16,148,022
<b>Cash and cash equivalents at end of the year</b>	<b>18,156,336</b>	<b>9,835,915</b>
<b>Analysis of balances of cash and cash equivalents</b>		
Bank and cash balances	645,644	651,852
Short term investments	17,510,692	9,184,063
	<b>18,156,336</b>	<b>9,835,915</b>

**OAK FINANCIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Corporate Information**

OAK Financial Services Limited ("The Company") is a private non-bank financial institution limited by shares, incorporated and domiciled in Ghana under the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Act, 2016 (Act 930). The Company is permitted by its regulations to carry on, inter alia, the business of banking in all aspects and other businesses and agencies incidental thereto.

The address of the registered office of the Company is 5 Standfast Street, Kokomlemle, P. O. Box KA 9526, Airport, Accra - Ghana.

**B. Statement of Compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and interpretations issued by the International Accounting Standards Board and its committees, as required by the Institute of Chartered Accountants (Ghana).

**C. Basis of Preparation**

These financial statements have been prepared on a historical cost basis except for the following assets and liabilities that are stated at their fair values: financial instruments that are at fair value through the statement of comprehensive income; financial instruments classified as available-for-sale; and property, plant and equipment.

**D. Use of Estimate and Judgement**

The preparation of financial statements in conformity with IFRS requires Management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and other factors that are reasonable under the circumstances, the results of which form the basis of making the judgement about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of the revision and future periods if the revision affects both current and future periods.

# OAK FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

### FINANCIAL RISK MANAGEMENT

#### Introduction and Overview

An organization may be exposed to different types of financial risks depending on the size and complexity of business activities. OAK Financial Services Limited, however, is generally exposed to credit, market, liquidity, operational, compliance, legal, regulatory and reputational risks.

The Company's risk management framework, objectives, policies, procedures, and processes for identifying, measuring, monitoring and controlling these risks, and regulatory capital management are presented below:

#### Risk Management Framework

The Board of Directors and Senior Management have developed and established policies and procedures to facilitate effective risk management. These policies and procedures guide risk appetite/tolerance limit, risk identification, monitoring, and control, and adherence to set risk limits. The risk management policies and procedures are continually reviewed to reflect changes in the economic and financial landscape as well as the products and services offered.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The responsibilities of the Board of Directors include setting out the Company's overall risk appetite/tolerance limit, and ensuring that the Company's overall risk exposure is maintained at prudent levels and consistent with available capital. They also include ensuring that Executive Management, as well as individuals responsible for Risk Management, possess sound expertise and knowledge to accomplish the risk management function and ensuring that appropriate policies and procedures for risk management are in place.

The Board of Directors' Technical Committee and Management Credit Committee, and the Management team respectively oversee the implementation of the broad risk management policies and objectives of the Company.