

OTUASEKAN RURAL BANK LIMITED

STATEMENT OF COMPREHENSIVE INCOME **FOR THE YEAR ENDED 31 DECEMBER, 2019**

	<u>2019</u> GH¢	<u>2018</u> GH¢
Interest Income	13,575,101	15,282,611
Interest Expense	<u>(2,024,113)</u>	<u>(2,172,810)</u>
Net Interest Income	11,550,988	13,109,801
Commission and Fees	1,493,851	1,380,795
Other Income	<u>124,818</u>	<u>268,542</u>
Total Income	13,169,657	14,759,138
Loan Impairment Charge	(192,319)	(294,659)
Personnel Expenses	(6,432,145)	(6,383,151)
Depreciation	(741,751)	(600,522)
Operating Expenses	<u>(5,272,340)</u>	<u>(5,401,249)</u>
Profit Before Taxation	531,101	2,079,556
Income Tax Expense	<u>(160,438)</u>	<u>(725,362)</u>
Total Comprehensive Income for the year	<u><u>370,663</u></u>	<u><u>1,354,195</u></u>
Earnings per share:		
Basic earnings per share (GH¢)	<u>0.04</u>	<u>0.15</u>
Diluted earnings per share (GH¢)	<u>0.04</u>	<u>0.15</u>

OTUASEKAN RURAL BANK

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2019

	<u>2019</u>	<u>2018</u>
	GH¢	GH¢
<u>Assets</u>		
Cash and Bank Balances	13,949,946	10,714,317
Non-Pledged Trading Assets	45,256,979	40,892,892
Loans & Advances	26,676,582	23,772,701
Investment Securities	53,704	53,704
Other Assets	894,835	1,810,181
Deferred tax-Asset	269,032	147,569
Property, Plant and Equipment	3,391,055	2,572,994
Total Assets	<u>90,492,134</u>	<u>79,964,358</u>
<u>Liabilities</u>		
Deposits, current and other Accounts	76,062,849	66,146,441
Creditors and Accruals	2,153,270	1,524,006
Taxation	651	98,995
Other Liabilities	639,903	646,789
Total Liabilities	<u>78,856,673</u>	<u>68,416,231</u>
<u>Shareholder's Fund</u>		
Stated Capital	2,412,484	2,225,092
Retained Earnings	6,676,567	6,782,994
Statutory Reserve Fund	2,300,886	2,208,220
Capital Surplus	63,619	63,619
Credit Risk Reserve	181,905	268,201
Total Shareholders' Fund	<u>11,635,461</u>	<u>11,548,126</u>
Total liabilities and shareholders' fund	<u>90,492,134</u>	<u>79,964,358</u>

Approved by the Board of Directors on 29th May, 2020 and signed
on its behalf by:

DIRECTOR: 

DIRECTOR: 

OTUASEKAN RURAL BANK

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER

Cash Flows from Operating Activities	<u>2019</u>	<u>2018</u>
	GH¢	GH¢
Profit Before Tax	531,101	2,079,557
Depreciation & Amortisation	741,751	600,522
Transfer from other assets - PPE	(927,959)	-
Impairment Gain on Financial Assets	-	312,861
Cash Flows from Operating activities before changes in operating Assets & Liabilities	<u>344,894</u>	<u>2,992,940</u>
<u>Changes in Operating Assets & Liabilities</u>		
Change in Loans and Advances to Customers	(2,903,881)	(3,022,031)
Change Other Assets	915,347	258,176
Change in Deposits and Current Account	9,916,408	10,094,514
Funds Applied	(131,985)	(126,273)
Change in Other Liabilities Account	629,264	214,307
Cash generated from Operating Activities	<u>8,770,046</u>	<u>10,411,634</u>
Tax Paid	(380,245)	(681,540)
Net Cash Generated From Operating Activities	<u>8,389,801</u>	<u>9,730,094</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of Property and Equipment	(631,853)	(303,564)
Purchase of Treasury Bills and Other Eligible Bills	(4,364,087)	(6,400,641)
Dividend Paid	(345,623)	(485,172)
Net Cash used in Investing Activities	<u>(5,341,563)</u>	<u>(7,189,377)</u>
<u>Cash flows From Financing Activities</u>		
Additional Shares Issued	187,391	468,605
Borrowings	-	(8,850)
Net Cash used in Financing Activities	<u>187,391</u>	<u>459,755</u>
Net (decrease)/Increase in Cash and Cash Equivalent	<u>3,235,629</u>	<u>3,000,472</u>
Cash and Cash Equivalent at beginning of Year	<u>10,714,317</u>	<u>7,713,845</u>
Cash and Cash Equivalent at end of the year	<u><u>13,949,946</u></u>	<u><u>10,714,317</u></u>

OTUASEKAN RURAL BANK

STATEMENT OF CHANGES IN EQUITY

	STATED CAPITAL GH¢	RETAINED EARNINGS GH¢	STATUTORY RESERVE FUND GH¢	CAPITAL SURPLUS GH¢	CREDIT RISK RESERVE GH¢	TOTAL GH¢
2019						
At 1 January, 2019	2,225,093	6,782,995	2,208,220	63,619	268,201	11,548,128
Profit for the year	-	370,663	-	-	-	370,663
Dividend Paid	-	(345,623)	-	-	-	(345,623)
Issue of additional shares	187,391	-	-	-	-	187,391
Transfer to Statutory Reserve	-	(92,666)	92,666	-	-	-
Transfer to credit risk Reserve	-	86,296	-	-	(86,296)	-
Transfers to Other Funds	-	(125,099)	-	-	-	(125,099)
At 31 December, 2019	2,412,484	6,676,568	2,300,886	63,619	181,905	11,635,462
2018						
At 1 January, 2018	1,756,488	6,154,220	2,038,946	63,619	-	10,013,273
IFRS 9 Impact	-	312,861	-	-	-	312,861
Restated Balance as at 1 January	1,756,488	6,467,081	2,038,946	63,619	-	10,326,134
Profit for the year	-	1,354,194	-	-	-	1,354,194
Dividend Paid	-	(485,172)	-	-	-	(485,172)
Issue of additional shares	468,605	-	-	-	-	468,605
Transfer to Statutory Reserve	-	(169,274)	169,274	-	-	-
Transfer to credit risk Reserve	-	(268,201)	-	-	268,201	-
Transfers to Other Funds	-	(115,634)	-	-	-	(115,634)
At 31 December, 2018	2,225,093	6,782,995	2,208,220	63,619	268,201	11,548,127

VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER

	<u>2019</u>	<u>2018</u>
Interest earned and other operating income	15,068,952	16,663,406
Direct cost of services and other costs	<u>(6,746,779)</u>	<u>(7,260,354)</u>
Value added by banking services	8,322,173	9,403,052
Non-banking income	124,818	268,542
Impairments	<u>(192,319)</u>	<u>(294,659)</u>
Value added	<u>8,254,672</u>	<u>9,376,935</u>
Distributed as follows:		
To employees		
Directors	(433,776)	(492,854)
Other Employees	<u>(6,548,044)</u>	<u>(6,204,002)</u>
	<u>(6,981,820)</u>	<u>(6,696,856)</u>
To Government		
Income Tax	<u>(160,438)</u>	<u>(725,362)</u>
To providers of capital		
Dividends to shareholders	<u>-</u>	<u>(338,549)</u>
To expansion and growth		
Depreciation and amortisation	<u>(741,751)</u>	<u>(600,522)</u>
Retained Earnings	<u>370,663</u>	<u>1,015,647</u>

Reporting entity

Otuasekan Rural Bank Limited is a bank incorporated in Ghana. The address of the Bank's registered office is: Kofiase, Mampong, P. O Box MA339, Mampong.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit – Taking Institutions Act, 2016 (Act 930).

Functional and presentation currency

These financial statements are presented in Ghana Cedi, which is the Bank's functional currency.

Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank'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 recognised prospectively.

Significant Accounting Policies

The principal accounting policies of the Bank have been applied consistently to all periods in these financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) and adopted by Institute of Chartered Accountants, Ghana (ICAG). Additional information required under the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposits-Taking Institutions Act 2016 (Act 930) have been included, where appropriate.

Risk Management Framework

The risk management framework consists of a comprehensive set of policies, standards, procedures and processes designed to identify, measure, monitor, mitigate and report significant risk exposure in a consistent and effective manner across the Bank. Through the framework, risk is managed with the objective of maximizing risk-adjusted returns within the context of the Bank's risk appetite. The Board of Directors have overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board's commitment to good risk management is supported by their continuing professional development in the field of risk management and their support for the implementation and continued improvement of the risk management framework within the Bank. In addition, there are in place the Audit, Risk & Compliance Committee, the Credit Committee, the ICT Committee and Assets and Liability Committee (ALCO), which are responsible for developing and monitoring risk management policies in their specified areas.

Quantitative Disclosures

	2019	2018
	%	%
Capital adequacy ratio	19.01	21.90
Non-performing loans to Gross loans	5.76	6.56
Loan loss provision	5.95	5.91

Defaults in statutory liquidity and accompanying sanctions

	2019	2018
a) Default in statutory liquidity	Nil	Nil
b) Sanctions	Nil	Nil

Report of the Directors

The Directors in submitting to the shareholders the financial statements of the Bank for the year ended 31 December 2019 report as follows:

Directors' Responsibility Statement

The Bank's Directors are responsible for the preparation of the financial statements that give a true and fair view of Otuasekan Rural Bank Limited, comprising statement of financial position at 31 December, 2019, 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.

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 Bank's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

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.

Nature of Business

The Bank is authorized by Bank of Ghana to carry on the business of rural banking.

Dividend

The Directors do not recommend the payment of dividend for the year ended 31 December, 2019.

Auditor

The auditor, John Allotey & Associates will continue in office in accordance with Section 134(5) and Section 81 of the Banks and Specialised Deposit – Taking Institutions Act, 2016 (Act 930).

Approval of the Financial Statements

The financial statements of the Bank were approved by the board of directors on 8th June 2020 and were signed on their behalf by:



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Dr. Prince Stephen Adom - Attakora
(Chairman)



Mr. Francis Kwasi Amoah
(Member)

Independent Auditor's Report To the Members of Otuasekan Rural Bank Limited

Opinion

The condensed financial statements, which comprise the statement of financial position at 31 December 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended and related notes, are derived from the audited financial statements of Otuasekan Rural Bank Limited for the year ended 31 December 2019.

In our opinion, the accompanying condensed financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the basis described in the notes.

Condensed Financial Statements

The condensed financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the manner required by the Companies Act 2019, (Act 992) and the Banks and Specialised Deposits-Taking institutions Act, 2016 (Act 930) applied in the preparation of the audited financial statements of Otuasekan Rural Bank Limited . Reading the condensed financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon. The condensed financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to that date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 11 June 2020. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the financial statements for the current period.

Directors' Responsibility for the Condensed Financial Statements

The directors are responsible for the preparation of the condensed financial statements in accordance with the basis described in the notes.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the condensed financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

The engagement partner on the audit resulting in this independent auditor's report is: Nana Forkuoh-Ababioh Yentumi (ICAG/P/1154)

A handwritten signature in black ink, appearing to read "John Allotey" with "cisa" written below it.

**FOR AND ON BEHALF OF: JOHN ALLOTEY & ASSOCIATES:
(ICAG/F/2020/161)
CHARTERED ACCOUNTANTS
PRUDENTIAL PLAZA, ADUM
P O BOX 884
KUMASI**

11th June 2020.