

# OTUASEKAN RURAL BANK PLC

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

	<u>2022</u>	<u>2021</u>
	GH¢	GH¢
Interest Income	25,861,841	20,451,716
Interest Expense	<u>(3,330,957)</u>	<u>(2,596,664)</u>
Net Interest Income	<b>22,530,884</b>	<b>17,855,052</b>
Commission and Fees	2,315,667	1,761,715
Other Income	<u>264,646</u>	<u>295,322</u>
<b>Total Income</b>	<b>25,111,197</b>	<b>19,912,089</b>
Impairment Loss on Financial Assets	(1,896,275)	(1,476,767)
Personnel Expenses	(14,601,930)	(10,423,328)
Depreciation & Amortisation	(526,682)	(617,619)
Operating Expenses	<u>(6,770,346)</u>	<u>(5,689,967)</u>
<b>Profit Before Taxation</b>	<b>1,315,964</b>	<b>1,704,408</b>
Income Tax Expense	<u>(839,454)</u>	<u>(692,517)</u>
<b>Total Comprehensive Income for the year</b>	<b><u><u>476,510</u></u></b>	<b><u><u>1,011,891</u></u></b>
<b>Earnings per share:</b>		
Basic earnings per share (GH¢)	<u><u>0.05</u></u>	<u><u>0.11</u></u>
Diluted earnings per share (GH¢)	<u><u>0.05</u></u>	<u><u>0.11</u></u>

# OTUASEKAN RURAL BANK PLC

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2022

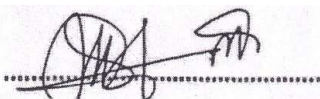
	<u>2022</u>	<u>2021</u>
	GH¢	GH¢
<b><u>Assets</u></b>		
Cash and Bank Balances	30,973,023	17,522,554
Non-Pledged Trading Assets	86,559,522	77,231,240
Loans & Advances	42,109,659	34,375,492
Investment Securities	53,704	53,704
Other Assets	2,883,528	2,004,475
Taxation	410,306	66,355
Deferred tax-Asset	426,923	396,328
Intangible Asset	257,638	295,807
Property, Plant and Equipment	2,006,559	2,712,029
<b>Total Assets</b>	<b><u>165,680,862</u></b>	<b><u>134,657,984</u></b>
<b><u>Liabilities</u></b>		
Deposits from Customers	146,619,686	116,938,571
Creditors and Accruals	4,796,333	3,769,625
Provisions	876,242	1,195,179
<b>Total Liabilities</b>	<b><u>152,292,261</u></b>	<b><u>121,903,375</u></b>
<b><u>Shareholder's Fund</u></b>		
Stated Capital	2,807,129	2,458,995
Retained Earnings	7,828,919	7,579,930
Statutory Reserve Fund	2,688,934	2,629,370
Capital Surplus	63,619	63,619
Credit Risk Reserve	-	22,695
<b>Total Shareholders' Fund</b>	<b><u>13,388,601</u></b>	<b><u>12,754,609</u></b>
<b>Total liabilities and shareholders' fund</b>	<b><u>165,680,862</u></b>	<b><u>134,657,984</u></b>

Approved by the Board of Directors on 18th April, 2023 and signed  
on its behalf by:

DIRECTOR: .....



DIRECTOR: .....



# OTUASEKAN RURAL BANK PLC

## STATEMENT OF CASH FLOWS

### YEAR ENDED 31 DECEMBER

<b>Cash Flows from Operating Activities</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b>GH¢</b>	<b>GH¢</b>
Profit Before Tax	1,315,964	1,704,408
Depreciation & Amortisation	526,682	617,619
Impairment Loss - Land	365,000	-
Interest Received	60,995	30,797
<b>Cash Flows from Operating activities before changes in operating Assets &amp; Liabilities</b>	<b><u>2,268,641</u></b>	<b><u>2,352,824</u></b>
<b><u>Changes in Operating Assets &amp; Liabilities</u></b>		
Change in Loans and Advances to Customers	(7,734,167)	(5,666,650)
Change Other Assets	(879,053)	(943,906)
Change in Deposits and Current Account Funds Applied	29,681,115	11,997,527
Change in Creditors & Accruals	(567,558)	(205,081)
Cash generated from Operating Activities	1,026,708	40,319
Tax Paid	<b><u>23,795,686</u></b>	<b><u>7,575,033</u></b>
<b>Net Cash Generated From Operating Activities</b>	<b><u>22,581,686</u></b>	<b><u>6,532,897</u></b>
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of Property and Equipment	(148,043)	(300,780)
Purchase of Intangible Assets	-	-
Purchase of Treasury Bills and Other Eligible Bills	(9,328,282)	(7,639,387)
Dividend Paid	(3,026)	(4,129)
<b>Net Cash used in Investing Activities</b>	<b><u>(9,479,351)</u></b>	<b><u>(7,944,296)</u></b>
<b><u>Cash flows From Financing Activities</u></b>		
Additional Shares Issued	348,134	23,649
<b>Net Cash used in Financing Activities</b>	<b><u>348,134</u></b>	<b><u>23,649</u></b>
<b>Net (decrease)/Increase in Cash and Cash Equivalent</b>	<b><u>13,450,469</u></b>	<b><u>(1,387,751)</u></b>
<b>Cash and Cash Equivalent at beginning of Year</b>	<b><u>17,522,554</u></b>	<b><u>18,910,305</u></b>
<b>Cash and Cash Equivalent at end of the year</b>	<b><u>30,973,023</u></b>	<b><u>17,522,554</u></b>

# OTUASEKAN RURAL BANK PLC

## STATEMENT OF CHANGES IN EQUITY

<u>2022</u>	<u>STATED CAPITAL</u> GH¢	<u>RETAINED EARNINGS</u> GH¢	<u>STATUTORY RESERVE FUND</u> GH¢	<u>CAPITAL SURPLUS</u> GH¢	<u>CREDIT RISK RESERVE</u> GH¢	<u>TOTAL</u> GH¢
At 1 January, 2022	2,458,995	7,579,930	2,629,370	63,619	22,695	<b>12,754,609</b>
Profit for the year	-	476,510				<b>476,510</b>
Dividend Paid	-	(3,026)				<b>(3,026)</b>
Issue of additional shares	348,134					<b>348,134</b>
Transfer to Statutory Reserve		(59,564)	59,564			-
Transfer to credit risk Reserve		22,695			(22,695)	
Transfers to Other Funds		(187,626)			-	<b>(187,626)</b>
<b>At 31 December, 2022</b>	<b>2,807,129</b>	<b>7,828,919</b>	<b>2,688,934</b>	<b>63,619</b>	<b>-</b>	<b>13,388,601</b>

<u>2021</u>	<u>STATED CAPITAL</u> GH¢	<u>RETAINED EARNINGS</u> GH¢	<u>STATUTORY RESERVE FUND</u> GH¢	<u>CAPITAL SURPLUS</u> GH¢	<u>CREDIT RISK RESERVE</u> GH¢	<u>TOTAL</u> GH¢
At 1 January, 2020	2,435,346	7,142,931	2,502,884	63,619	33,769	<b>12,178,549</b>
Profit for the year	-	1,011,891	-	-		<b>1,011,891</b>
Dividend Paid	-	(4,129)				<b>(4,129)</b>
Issue of additional shares	23,649					<b>23,649</b>
Transfer to Statutory Reserve		(126,486)	126,486			-
Transfer to credit risk Reserve		11,074			(11,074)	-
Transfers to Other Funds		(455,351)				<b>(455,351)</b>
<b>At 31 December, 2020</b>	<b>2,458,995</b>	<b>7,579,930</b>	<b>2,629,370</b>	<b>63,619</b>	<b>22,695</b>	<b>12,754,609</b>

## VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER

	<u>2022</u>	<u>2021</u>
Interest earned and other operating income	28,177,508	22,213,431
Direct cost of services and other costs	<u>(9,530,236)</u>	<u>(8,047,216)</u>
Value added by banking services	18,647,272	14,166,215
Non-banking income	264,646	295,322
Impairments	<u>(1,896,275)</u>	<u>(1,476,767)</u>
<b>Value added</b>	<b><u><u>17,015,643</u></u></b>	<b><u><u>12,984,770</u></u></b>
Distributed as follows:		
<b>To employees</b>		
Directors	(845,046)	(531,595)
Other Employees	<u>(14,327,951)</u>	<u>(10,131,148)</u>
	<b><u><u>(15,172,997)</u></u></b>	<b><u><u>(10,662,743)</u></u></b>
To Government		
Income Tax	<u><u>(839,454)</u></u>	<u><u>(692,517)</u></u>
<b>To providers of capital</b>		
Dividends to shareholders	<u><u>-</u></u>	<u><u>-</u></u>
<b>To expansion and growth</b>		
Depreciation and amortisation	<u><u>(526,682)</u></u>	<u><u>(617,619)</u></u>
<b>Retained Earnings</b>	<b><u><u>476,510</u></u></b>	<b><u><u>1,011,891</u></u></b>

## **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

	2022	2021
	%	%
Capital adequacy ratio	14.94	19.40
Non-performing loans to Gross loans	2.91	4.16
Loan loss provision	3.91	5.55

## Defaults in statutory liquidity and accompanying sanctions

	2022	2021
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 2022 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, 2022, 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 receive deposits from and grant loans to customers and also provide any other service ancillary to financial services allowed by the regulator.

### Dividend

The Directors do not recommend the payment of dividend for the year ended 31 December 2022.

## **Auditor**

The auditor, John Allotey & Associates will not 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 18 April 2023 and were signed on their behalf by:



.....  
Dr. Prince Stephen Adom - Attakora  
(Chairman)



Mr. Issah Mallam Ahmed  
(Member)

## **Independent Auditor's Report on the Condensed Financial Statement To the Members of Otuasekan Rural Bank Limited**

### **Opinion**

The condensed financial statements, which comprise the statement of financial position at 31 December 2022, 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 2022.

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 Audited Financial Statements and Our Report Thereon**

We expressed an unmodified audit opinion on the audited financial statements in our report dated 25 April 2023. 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: Barima Ogyeabour Amankwaah Adunan II (ICAG/P/1154)

A handwritten signature in black ink, appearing to read 'Barima Ogyeabour Amankwaah Adunan II', with a stylized flourish at the end.

**FOR AND ON BEHALF OF: JOHN ALLOTEY & ASSOCIATES:  
(ICAG/F/2023/161)  
CHARTERED ACCOUNTANTS  
PRUDENTIAL PLAZA, ADUM  
P O BOX 884  
KUMASI**

**25 April 2023.**