

## OTUASEKAN RURAL BANK LIMITED

### **STATEMENT OF COMPREHENSIVE INCOME** **FOR THE YEAR ENDED 31 DECEMBER, 2020**

	<u>2020</u> GH¢	<u>2019</u> GH¢
Interest Income	15,504,784	13,575,101
Interest Expense	<u>(2,111,606)</u>	<u>(2,024,113)</u>
Net Interest Income	<b>13,393,178</b>	<b>11,550,988</b>
Commission and Fees	1,306,379	1,493,851
Other Income	<u>436,450</u>	<u>124,818</u>
<b>Total Income</b>	<b>15,136,007</b>	<b>13,169,657</b>
Loan Impairment Charge	(351,007)	(192,319)
Personnel Expenses	(7,463,912)	(6,432,145)
Depreciation & Amortisation	(712,221)	(741,751)
Operating Expenses	<u>(5,153,471)</u>	<u>(5,272,340)</u>
<b>Profit Before Taxation</b>	<b>1,455,396</b>	<b>531,101</b>
Income Tax Expense	<u>(647,406)</u>	<u>(160,438)</u>
<b>Total Comprehensive Income for the year</b>	<b><u>807,990</u></b>	<b><u>370,663</u></b>
<b>Earnings per share:</b>		
Basic earnings per share (GH¢)	<u><b>0.09</b></u>	<u><b>0.04</b></u>
Diluted earnings per share (GH¢)	<u><b>0.09</b></u>	<u><b>0.04</b></u>

# OTUASEKAN RURAL BANK LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2020

	<b>2020</b>	<b>2019</b>
	<b>GH¢</b>	<b>GH¢</b>
<b><u>Assets</u></b>		
Cash and Bank Balances	18,910,305	13,949,946
Non-Pledged Trading Assets	69,591,853	45,256,979
Loans & Advances	28,708,842	26,676,582
Investment Securities	53,704	53,704
Other Assets	1,060,570	894,835
Deferred tax-Asset	228,325	269,032
Intangible Asset	333,975	-
Property, Plant and Equipment	2,990,699	3,391,055
<b>Total Assets</b>	<b>121,878,273</b>	<b>90,492,134</b>
<b><u>Liabilities</u></b>		
Deposits, current and other Accounts	104,941,044	76,062,849
Creditors and Accruals	3,729,306	2,153,270
Taxation	115,262	651
Other Liabilities	914,112	639,903
<b>Total Liabilities</b>	<b>109,699,724</b>	<b>78,856,673</b>
<b><u>Shareholder's Fund</u></b>		
Stated Capital	2,435,346	2,412,484
Retained Earnings	7,142,931	6,676,567
Statutory Reserve Fund	2,502,884	2,300,886
Capital Surplus	63,619	63,619
Credit Risk Reserve	33,769	181,905
<b>Total Shareholders' Fund</b>	<b>12,178,549</b>	<b>11,635,461</b>
<b>Total liabilities and shareholders' fund</b>	<b>121,878,273</b>	<b>90,492,134</b>

Approved by the Board of Directors on 14th April, 2021 and signed  
on its behalf by:

**DIRECTOR:** .....

**DIRECTOR**

# OTUASEKAN RURAL BANK LIMITED

## STATEMENT OF CASH FLOWS

### YEAR ENDED 31 DECEMBER

<b>Cash Flows from Operating Activities</b>	<b>2020</b>	<b>2019</b>
	<b>GH¢</b>	<b>GH¢</b>
Profit Before Tax	1,455,396	531,101
Depreciation & Amortisation	712,221	741,751
Interest Received	97,575	-
Transfer from other assets - PPE	-	(927,959)
<b>Cash Flows from Operating activities before changes in operating Assets &amp; Liabilities</b>	<b>2,265,192</b>	<b>344,894</b>
<b><u>Changes in Operating Assets &amp; Liabilities</u></b>		
Change in Loans and Advances to Customers	(2,032,260)	(2,903,881)
Change Other Assets	(165,735)	915,347
Change in Deposits and Current Account	28,878,195	9,916,408
Funds Applied	(96,062)	(131,985)
Change in Other Liabilities Account	1,576,036	629,265
Cash generated from Operating Activities	<b>30,425,367</b>	<b>8,770,047</b>
Tax Paid	(492,089)	(380,245)
<b>Net Cash Generated From Operating Activities</b>	<b>29,933,278</b>	<b>8,389,802</b>
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of Property and Equipment	(264,154)	(631,853)
Purchase of Intangible Assets	(381,686)	-
Purchase of Treasury Bills and Other Eligible Bills	(24,334,874)	(4,364,087)
Dividend Paid	(15,068)	(345,623)
<b>Net Cash used in Investing Activities</b>	<b>(24,995,782)</b>	<b>(5,341,563)</b>
<b><u>Cash flows From Financing Activities</u></b>		
Additional Shares Issued	22,862	187,392
<b>Net Cash used in Financing Activities</b>	<b>22,862</b>	<b>187,392</b>
<b>Net (decrease)/Increase in Cash and Cash Equivalent</b>	<b>4,960,359</b>	<b>3,235,629</b>
<b>Cash and Cash Equivalent at beginning of Year</b>	<b>13,949,946</b>	<b>10,714,317</b>
<b>Cash and Cash Equivalent at end of the year</b>	<b>18,910,305</b>	<b>13,949,946</b>

# OTUASEKAN RURAL BANK LIMITED

## STATEMENT OF CHANGES IN EQUITY

<u>2020</u>	STATED <u>CAPITAL</u> GH¢	RETAINED <u>EARNINGS</u> GH¢	STATUTORY <u>RESERVE FUND</u> GH¢	CAPITAL <u>SURPLUS</u> GH¢	CREDIT RISK <u>RESERVE</u> GH¢	<u>TOTAL</u> GH¢
At 1 January, 2020	2,412,484	6,676,567	2,300,886	63,619	181,905	<b>11,635,461</b>
Profit for the year	-	807,990	-	-	-	<b>807,990</b>
Dividend Paid	-	(15,068)	-	-	-	<b>(15,068)</b>
Issue of additional shares	22,862	-	-	-	-	<b>22,862</b>
Transfer to Statutory Reserve	-	(201,998)	201,998	-	-	<b>-</b>
Transfer to credit risk Reserve	-	148,136	-	-	(148,136)	<b>-</b>
Transfers to Other Funds	-	(272,697)	-	-	-	<b>(272,697)</b>
<b>At 31 December, 2020</b>	<b>2,435,346</b>	<b>7,142,931</b>	<b>2,502,884</b>	<b>63,619</b>	<b>33,769</b>	<b>12,178,549</b>

<u>2019</u>	STATED <u>CAPITAL</u> GH¢	RETAINED <u>EARNINGS</u> GH¢	STATUTORY <u>RESERVE FUND</u> GH¢	CAPITAL <u>SURPLUS</u> GH¢	CREDIT RISK <u>RESERVE</u> GH¢	<u>TOTAL</u> GH¢
At 1 January, 2019	2,225,092	6,782,996	2,208,220	63,619	268,201	<b>11,548,128</b>
IFRS 9 Impact	-	-	-	-	-	<b>-</b>
<b>Restated Balance as at 1 January</b>	<b>2,225,092</b>	<b>6,782,996</b>	<b>2,208,220</b>	<b>63,619</b>	<b>268,201</b>	<b>11,548,128</b>
Profit for the year	-	370,663	-	-	-	<b>370,663</b>
Dividend Paid	-	(345,623)	-	-	-	<b>(345,623)</b>
Issue of additional shares	187,392	-	-	-	-	<b>187,392</b>
Transfer to Statutory Reserve	-	(92,666)	92,666	-	-	<b>-</b>
Transfer to credit risk Reserve	-	86,296	-	-	(86,296)	<b>-</b>
Transfers to Other Funds	-	(125,099)	-	-	-	<b>(125,099)</b>
<b>At 31 December, 2018</b>	<b>2,412,484</b>	<b>6,676,567</b>	<b>2,300,886</b>	<b>63,619</b>	<b>181,905</b>	<b>11,635,461</b>

**VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER**

	<u>2020</u>	<u>2019</u>
Interest earned and other operating income	16,811,163	15,068,952
Direct cost of services and other costs	<u>(6,983,201)</u>	<u>(6,746,779)</u>
Value added by banking services	9,827,962	8,322,173
Non-banking income	436,450	124,818
Impairments	<u>(351,007)</u>	<u>(192,319)</u>
<b>Value added</b>	<b><u>9,913,405</u></b>	<b><u>8,254,672</u></b>

Distributed as follows:

**To employees**

Directors	(441,801)	(433,776)
Other Employees	<u>(7,303,987)</u>	<u>(6,548,044)</u>
	<b><u>(7,745,788)</u></b>	<b><u>(6,981,820)</u></b>

To Government

Income Tax	<b><u>(647,406)</u></b>	<b><u>(160,438)</u></b>
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**To providers of capital**

Dividends to shareholders	<u>-</u>	<u>-</u>
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**To expansion and growth**

Depreciation and amortisation	<b><u>(712,221)</u></b>	<b><u>(741,751)</u></b>
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<b>Retained Earnings</b>	<b><u>807,990</u></b>	<b><u>370,663</u></b>
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**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

	2020	2019
	%	%
Capital adequacy ratio	19.58	19.01
Non-performing loans to Gross loans	4.94	5.76
Loan loss provision	5.43	5.95

## Defaults in statutory liquidity and accompanying sanctions

	2020	2019
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 2020 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, 2020, 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, 2020.

**Auditor**

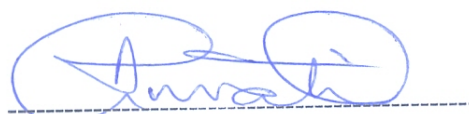
The auditor, John Allotey & Associates will continue in office in accordance with Section 134(5) and Section 81 of the Banks and Specialised Deposit – Taking Institutions Act, 2016 (Act 930).

**Approval of the Financial Statements**

The financial statements of the Bank were approved by the board of directors on 14<sup>th</sup> April 2021 and were signed on their behalf by:



.....  
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 2020, 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 2020.

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 16 April 2021. 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 a stylized flourish at the end.

**FOR AND ON BEHALF OF: JOHN ALLOTEY & ASSOCIATES:**

**(ICAG/F/2021/161)**

**CHARTERED ACCOUNTANTS**

**PRUDENTIAL PLAZA, ADUM**

**P O BOX 884**

**KUMASI**

**16th April 2021.**