



Reports and
Financial Statements | **2014**



AKWAPIM RURAL BANK
REPORTS & FINANCIAL STATEMENTS 2014



Vision & Mission Goals

OUR VISION

Be the Best Bank in our communities by all standards and at all times

OUR MISSION

To provide first class financial services to our customers, through our motivated and dedicated team and to create maximum value for shareholders as well as provide responsible service to the community.

OUR GOALS

Outclass all Rural Banks in Ghana

Be the Model Rural Bank in Ghana





OUR VALUES

RESPONSIVENESS

To meet the ever changing needs of our clients and communities

HONESTY

To be transparent and trustworthy in our operations

DEPENDABILITY

To be reliable and consistent in our service delivery

MOTIVATION

To boost the morale of staff by rewarding them for effective, excellent and timely performance.

To create an environment that allows individual staff to use their initiative



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» Notice Of Annual General Meeting

NOTICE is hereby given that the Thirty Fourth (34th) Annual General Meeting of **AKWAPIM RURAL BANK LIMITED** will be held on Saturday **23rd May, 2015 at 10:00 o'clock in the forenoon at the Wesley Hall, Methodist Girls' Senior High School Mamfe, Akuapem** where the following businesses will be transacted:

AGENDA

1. To receive the report of the Chairman of the Board of Directors.
2. To receive and consider the report of the Directors, the Statement of Accounts and Financial Position for the year ended 31st December 2014 and the Auditors' report thereon.
3. To declare a dividend.
4. To elect Directors in place of those retiring by rotation.
5. To fix the remuneration of the Directors.
6. To authorize the Directors to fix the remuneration of the Auditors.

BY ORDER OF THE BOARD

SIGNED

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KAREN NAI

(Company Secretary)

NOTE: A member is entitled to attend and vote at the meeting or to appoint a proxy to attend and vote in his or her stead. A proxy need not be a member of the Bank. A proxy form is enclosed with the accounts. Completed proxy forms should be lodged with the General Manager,/ Company Secretary, Akwapim Rural Bank Limited, Head Office, Mamfe, Akuapem not less than two (2) days before the meeting.

This advertisement serves as notice to all shareholders to attend.



» Corporate Information

DIRECTORS:

Nana Obeng Kumi II	-	Chairman
Gilbert Leibel	-	Vice Chairman
Emma Owusu-Amoah	-	Member
George Kwasi Oware	-	Member
Joshua Offei Bekoe	-	Member
Ernest Asare Buakyi	-	Member
Frederick Akwei Kpakpo	-	Member
Yvonne Atakora Obuobisa	-	Member
Ernestina Ayisi	-	Member

SECRETARY:

Karen Nai

AUDITORS:

Morrison & Associates
Chartered Accountants
Trinity House, 2nd Floor
Ring Road East
P. O. Box C2890
Cantonments - Accra

REGISTERED OFFICE:

Akwapim Rural Bank Limited	
P. O. Box 5	Tel: 03421-95878
Banking Premises	Fax: 03421-99668/9
Mamfe-Akuapem	E-mail: info@akuapemruralbank.com

BANKERS:

ARB Apex Bank Limited
Barclays Bank of Ghana Limited

» Board Chairman's Report

1.0 INTRODUCTION

Distinguished Shareholders, Invited Guests, Ladies and Gentlemen, I am pleased to welcome you on behalf of the Board of Directors and on my own behalf to the thirty-fourth Annual General Meeting of Akwapim Rural Bank Limited.

It is my pleasure to present to you the Board Chairman's Annual Report of the Bank for the year 2014.

Innovation has become one of the keys to driving successes and most of the world economies have aptly demonstrated this. Our bank will not be left out in this as we will not relent on our efforts to bring innovation in our service delivery when the need arises.

Competition in the banking sector across the country and consequently, within our Bank's catchment area continued to be stiff. Some Microfinance and other industry players have continued to make their presence felt. I am however pleased to inform you that your Bank continued with its efforts at making great strides in terms of performance.

2.0 THE 2014 ECONOMIC ENVIRONMENT

The general economic environment in the country had its own challenges and uncertainties getting to the close of the year. The Prime Rate was raised from 19% at the end of September 2014 to 21% at the end of December 2014. Inflation rate also went up from 16.5% to 17% during the period. However, rates of Government Treasury Securities remained stable except the 91-Day Treasury Bills which rose marginally from 25.45% to 25.81%.

The Cedi remained stable during the fourth quarter against all the major trading currencies. It recorded marginal appreciation against all the currencies and ended the year at depreciation rates of 32.5%, 28.4% and 23.8% for the USD, GBP and EUR respectively. This compared with 32.6%, 31.8% and 27.0% as at the end of September 2014.

Major economic indicators also closed the year as follows:

- Bank of Ghana Prime Rate - 21.00%
- Rate of Inflation - 17.00%
- Treasury Bill Rates
 - 91 Day - 25.81%
 - 182 Day - 26.41%
- 1 Year Note - 22.50%
- 2 Year Note - 23.00%





» Board Chairman's Report (continued)

3.0 FINANCIAL RESULTS

Fellow shareholders, it is my pleasure to inform you that this year (2014) our Bank as usual recorded appreciable performance levels.

Per our target, Profit before Tax recorded an appreciable growth of 10.0 percent from GHS 1,810,044 in 2013 to GHS 1,991,686 in 2014. This performance also underscores the Bank's increased earning capacity as earnings assets (Loans/Advances and Investment) increased by 10.2 % from GHS 24,643,997 in 2013 to GHS 27,154,694.

Total Assets/Liabilities increased by 5.2% from GHS 30,729,303 in 2013 to GHS 32,342,185 in 2014. It is important to note that deposit growth accounted for a significant portion of the total growth in assets/liabilities as our Akusika (Susu) scheme continued to contribute substantially to this level of performance.

We are grateful to all of you for your understanding, encouragement and continued support which have brought us this far.

The Bank's performance for the last five (5) years is summarized as follows:-

YEAR	DEPOSITS	LOANS	PROFIT BEFORE TAX	TOTAL ASSETS	NETWORTH
	GHS' 000	GHS' 000	GHS' 000	GHS' 000	GHS' 000
2010	10,280.50	6,177.21	665.81	14,409.04	2,651.78
2011	14,679.58	8,591.59	563.14	19,579.42	2,990.20
2012	20,630.95	10,504.75	1,180.15	26,151.30	3,792.67
2013	22,786.18	12,613.66	1,810.04	30,729.30	5,522.33
2014	24,439.22	11,842.48	1,991.69	32,342.19	6,219.20

The Board will continue to work hard towards improving upon the overall performance of this Bank.

3.1 Adoption of International Financial Reporting Standards (IFRS)

In line with current global development in financial reporting, the bank adopted for the first time the International Financial Reporting Standards (IFRS) in the preparation of the financial statement for the year 2014. Your bank therefore counts itself amongst the enviable financial institutions which have complied with the new standards on international financial reporting.

3.2 Deposits

Deposits increased by 7.3% from GHS 22,786,184 in 2013 to GHS 24,439,216 in 2014. We appreciate the continued support of our distinguished customers and the hard work of our staff towards deposits mobilization and inculcating the culture of saving in our people. We promise to continue to formulate policies and plans which will improve upon our deposit base whilst mitigating any corresponding risk.

3.3 Loans and Advances

During the year under review, the Bank's Loans and Advances Portfolio dipped by 6.1% from GHS 12,613,659 in 2013 to GHS 11,842,482 in 2014. This is attributable to our inadequate



» Board Chairman's Report (continued)

disbursement of term loans which have in the past contributed significantly to our loan growth. However, despite stiff competition from other Microfinance Institutions, our Credit with Education product continued to do well. The Bank was also able to review some of its traditional loan products to attract more attention from customers. We also introduced a few new loan products as a way of diversifying our loan portfolio and have already started seeing positive signs emanating from these innovations.

3.4 Interest Income

Net Interest Income increased from GHS 5,548,014.00 in 2013 to GHS 6,452,708 representing an increase of 16.3% over the previous year's performance.

3.5 Share Capital

The Bank's paid up capital increased from GHS 753,426.00 in 2013 to GHS 1,580,373 in 2014, an increase of 110%. This significant increase has been as a result of the issue of Bonus Shares of GHS 817,039 to all existing shareholders as at 31st December 2013. We however appreciate your patronage of our shares and will continue to appeal to you all to buy more shares to make your bank one of the strongest Rural Banks in Ghana in terms of paid-up capital.

This achievement puts our Bank in a position as per the requirements by Bank of Ghana in terms of paid-up capital base to be able to branch out into new areas including the fringes of our catchment area. We appreciate your collective support for this effort.

3.6 Operating Expenses

The Bank's Operating Expenses increased from GHS 4,127,750.00 in 2013 to GHS 4,990,702 in 2014 representing an increase of 20.9%. In 2014, Operating Expenses amounted to 67.9% of Total Income as against 67.5% recorded for 2013. This was significantly as a result of the impact of the power crisis in the country which led to an astronomic increase in fuel consumption using our generators and the downtime suffered translating into other costs. We shall however continue to improve upon our structures to ensure that we cut down on costs and that our Operating Expenses improve relative to Total Income.

3.7 Dividend

For the Year 2014, the Board of Directors will declare a dividend payment of GHS 0.0060 per share as the same as was paid in the previous year -2013. This translates into GHS 0.60 per 1000 shares.

This however represents a payment of GHS 401,823.50 as dividend compared to GHS 393,243.00 in 2013 and constitutes 22.5% of profit after tax for 2014.

4.0 OTHER DEVELOPMENTS

4.1 New Nsawam Branch

As reported to you at our last meeting, the newly constructed Nsawam Branch actually started operations in the middle of 2014 and was formally launched on 15th October 2014. We are very grateful for your support in its opening and continuous operations – The Bank's



» Board Chairman's Report (continued)

services, not forgetting its innovative products, space and the parking lot helps attract more customers.

4.2 Automated Teller Machines (ATMs)

Last year, we reported that our Bank was considering installing ATMs at our key branches to enable our cherished customers access funds more easily and at their convenience. The bank in collaboration with ARB Apex Bank is making strenuous and efforts towards this project which will also be extended to other interested Rural and Community Banks (RCB's) provided they can afford it. We are optimistic that this will soon become a reality and enhance our operations and profitability.

4.3 Quarterly Ratings by ARB Apex Bank

The Efficiency Monitoring Unit (EMU) of the ARB Apex Bank continued its ranking of the 141 RCB's quarter after quarter per the average ranking of the bank using about 17 criteria. Our Bank was ranked the 17th, 17th, 17th and 11th position for the 1st, 2nd, 3rd and 4th quarters respectively for the year 2014. We can make it to the top five soon if we continue the way are improving and this is what your Board and Management have committed themselves to achieving – through addressing all the outstanding issues.

4.4 National Award

I am happy to announce to you that at the first ever Rural/Community Banks Excellence Awards organized by the Association of Rural Banks-Ghana, at a ceremony was held at the Tamale Campus of the UDS (International Conference Centre) on Saturday, 29th November 2014 at Akwapim Rural Bank was adjudged the "Best RCB for Eastern Region in the year 2013". Our bank was honoured with a Citation, a Certificate and a Memento for this. Please join me for us to congratulate ourselves and all stakeholders for this monumental achievement during the ceremony!

4.5 Changes in Directorship

Members will recall that the 2013 AGM closed with a total membership of eleven on the Board. At the first meeting of the Board after the AGM, the former Board Chairperson (Mr Edward Ofei-Bekoe) resigned both as a chairman and a member of the Board. We regret to inform you also that in November 2014, we lost Professor Owuraku Sakyi-Dawson, who passed away after a short illness.

The Board is therefore now comprised of nine members. I must add that much as we regret the resignation and loss of the members, the present number is what several shareholders have advocated for and we would want to maintain it.

4.6 Recruitment of a Substantive General Manager

Members would observe that our Bank has operated for some time now with General Managers in an acting capacity. On behalf of the Board of Directors, I wish to announce to you the recruitment of a substantive General Manager for your Bank in the person of Mr. Stephen Kwasi Bedu who assumed duty on June 2, 2014. Mr. Bedu holds an MSc degree in Development Policy & Planning and a BSc Agriculture degree both from the Kwame Nkrumah University of Science and Technology (KNUST), Kumasi having graduated in 2002 and 1994 respectively. He has to his credit more than 18 years of rural banking experience in various



» Board Chairman's Report (continued)

capacities and we are optimistic that his arrival will further push our Bank into achieving more laurels.

5.0 CONCLUSION

I would also like to thank all our customers for doing business with us. We assure them that we shall continue to provide them with efficient services despite the challenges in especially the rural banking sector.

I wish to emphasise and place on record that the Bank continues to enjoy fruitful co-operation from the Chiefs, Elders, all and sundry in all our operational areas. We are grateful to them for all their support. This is our bank. This is our legacy. Let's cherish it and grow it!

My thanks and appreciation goes to my colleague Board Members for their time, devotion and enthusiasm during Board Meetings especially in heated but friendly debates and deliberations and also to the Management and Staff of the bank for their hard work, tolerance and dedication during the period under review.

Finally, I wish to express our appreciation to Bank of Ghana, ARB Apex Bank, the Association of Rural Banks- Ghana both the national and Eastern Regional Chapter and all other stakeholders for their continued support to this Bank.

Long Live Akwapim Rural Bank Limited, Long Live the Rural Banking Fraternity, Long Live Mother Ghana!

Thank you.





» Report Of The Directors

The Directors have pleasure in submitting their annual report for the year ended 31st December, 2014 to the members as follows:

BOARD OF DIRECTORS

- | | | |
|----------------------------|---|---------------|
| 1. Nana Obeng Kumi II | - | Chairman |
| 2. Gilbert Leibel | - | Vice Chairman |
| 3. Emma Owusu-Amoah | - | Member |
| 4. George Kwasi Oware | - | Member |
| 5. Joshua Offei Bekoe | - | Member |
| 6. Ernest Asare Buakyi | - | Member |
| 7. Frederick Akwei Kpakpo | - | Member |
| 8. Yvonne Atakora Obuobisa | - | Member |
| 9. Ernestina Ayisi | - | Member |

In accordance with section 298 (a) of the Companies Code 1963 (Act 179), Nana Obeng Kumi II, Joshua Offei Bekoe and Ernest Asare Buakyi retire by rotation. Nana Obeng Kumi II and Joshua Offei Bekoe however offer themselves for re-election as they are eligible to serve further terms on the Board.

By virtue of section 298 (f) of the Companies Code 1963 (Act 179) any person 'other than a Director retiring at the meeting shall, unless recommended by the Directors, be eligible for election to the office of director at any general meeting unless not less than 3 nor more than 28 days before the date appointed for the meeting, shall have been left at the Registered Office of the Company, notice in writing signed by a member entitled to attend and vote at the meeting of his/her intention to propose such person for election, and also notice in writing signed by that person of his/her willingness to be elected.

PRINCIPAL ACTIVITIES

The principal activities carried out by the Bank during the year under review are within the limits permitted by its Regulations. There were no changes in the authorised businesses of the Bank during the year.

RESULTS AND DIVIDEND

The results of operations for the year ended 31st December, 2014 are set out in the Income Statement, Statement of Financial Position, Cashflow Statement, Statement of Changes in Equity and the Notes to the Financial Statements from page 14 to 40. A summary of the results is as follows:

	2014 GHS	2013 GHS
Profit before tax	1,991,686	1,810,044
Taxation	(206,241)	(179,771)
Profit after tax	1,785,445	1,630,273
Total Assets	32,342,185	30,729,303



» Report Of The Directors (continued)

The Directors propose the payment of dividend of GH¢0.0060 per share totaling GHS 401,824.00. The Directors consider the Bank's state of affairs to be satisfactory.

AUDITORS

The Auditors, Messrs Morrison and Associates will continue in office in accordance with Section 134 (5) of the companies Code, 1963 (Act 179).

DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Companies Code, 1963 (Act 179) requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss for that year.

In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently
- Make judgments and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained, in the financial statements.
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for the preparation of the financial statements and ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Code 1963 (Act 179). They are also responsible for safeguarding the assets of the company and hence for taking steps for the prevention and detection of fraud and other irregularities, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free of material misstatements.

The above statement, which should be read in conjunction with the report of the Auditors, is made with the view to distinguishing for shareholders the respective responsibilities of the Directors and the auditors in relation to the financial statements.

BY ORDER OF THE BOARD

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DIRECTOR

.....
DIRECTOR



Report Of The Auditors To The Members Of Akwapim Rural Bank Limited

Report on the Financial Statements.

We have audited the accompanying financial statements of Akwapim Rural Bank Limited, which comprise the Statement of Financial Position as at 31st December 2014, Income Statement, Statement of Cashflows and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements show a true and fair view of the financial position of Akwapim Rural Bank Limited as at 31st December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007(Act 738).

Report on other Legal and Regulatory Requirements

The Companies Act, 1963 (Act 179) and Section 78(2) of the Banking Act, 2004 (Act 673) as amended require that in carrying out our audit we consider and report on the following matters. We confirm that:



Report Of The Auditors To The Members Of Akwapim Rural Bank Limited (continued)

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion proper books of account have been kept by the bank, so far as appears from our examination of these books;
- iii. The Statement of Financial Position, Income Statement and the Statement of Changes in Equity are in agreement with the books of account.
- iv. The bank's transactions are within its powers.
- v. The bank has complied with the provisions of the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

Monison & Associates

CHARTERED ACCOUNTANTS (ICAG/F/2013/097)
ACCRA, GHANA
28th April, 2015

PARTICULARS OF PARTNER SIGNING:
NAME: SAMUEL WILFRED YAW INKOOM

PRACTISING CERTIFICATE NUMBER: ICAG/P/ 118



Income Statement

For The Year Ended 31st December 2014

	Notes	2014 GHS	2013 GHS
Interest Income	2	7,184,319	6,192,256
Interest Expense	3	(731,611)	(644,242)
NET INTEREST INCOME		6,452,708	5,548,014
Commissions and Fees	4	488,448	467,173
Other Operating Income	5	405,641	102,890
TOTAL INCOME		7,346,797	6,118,077
Bad & Doubtful Debts Expense	6	(364,409)	(180,283)
Operating Expenses	7	(4,990,702)	(4,127,750)
PROFIT BEFORE TAX		1,991,686	1,810,044
Taxation	10	(209,124)	(179,771)
PROFIT AFTER TAX		1,782,562	1,630,273



Statement Of Financial Position

As At 31st December 2014

	Notes	2014 GHS	2013 GHS
ASSETS			
Cash and Bank Balances	9	2,707,788	2,828,659
Investments	10a	15,312,212	12,030,338
Equity Investment	10b	151,928	151,928
Loans and Advances to Customers	12	10,862,439	11,959,298
Other Assets	13	1,364,463	2,088,005
		30,398,829	29,058,228
Property, Plant and Equipment	11	1,831,243	1,536,539
Intangible Asset	24	112,113	134,536
TOTAL ASSETS		32,342,185	30,729,303
LIABILITIES			
Customer Deposits	14	24,439,216	22,786,184
Other liabilities	15	1,218,992	1,930,491
Current Tax	10	41,913	122,420
Deferred Tax	10	29,624	10,463
Dividend Payable		393,243	357,416
TOTAL LIABILITIES		26,122,989	25,206,974
SHAREHOLDERS' FUNDS			
Stated Capital	17	1,580,373	753,426
Income Surplus Account		2,681,841	2,981,634
Statutory Reserve Fund	18	1,540,455	1,094,815
Capital Surplus	19	153,635	153,635
Regulatory Credit Risk Reserve	20	262,892	538,819
TOTAL SHAREHOLDERS' FUNDS		6,219,196	5,522,329
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		32,342,185	30,729,303

BY ORDER OF THE BOARD

.....
DIRECTOR

.....
DIRECTOR

24th April, 2015



Statement Of Cashflows

For The Year Ended 31st December 2014

OPERATING ACTIVITIES	2014	2013
	GHS	GHS
PROFIT BEFORE TAX	1,991,686	1,810,044
Depreciation and Amortisation	212,994	227,084
Charge for Loan impairment	364,409	180,283
Deferred Income	154,561	193,286
Profit on Sale of Fixed Assets	(16,007)	(3,065)
Prior year adjustment	(689,267)	-
Deferred Expenditure	22,423	22,423
NET CASH INFLOW BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES	2,040,800	2,430,056
(Increase) in Investment	(3,281,874)	(1,630,790)
Decrease/(Increase) in Loans & Advances to Customers	577,889	(1,770,128)
Decrease/(Increase) in Other Assets	723,542	(307,890)
Increase in Customer Deposits	1,653,032	2,071,828
(Decrease)/Increase in Other Liabilities	(777,874)	579,657
Corporate Tax Paid	(270,470)	(102,643)
	(1,375,756)	(1,159,965)
NET CASH INFLOW FROM OPERATING ACTIVITIES	665,044	1,270,091
INVESTING ACTIVITIES		
Purchase of Fixed Assets	(509,512)	(413,968)
Proceeds from Sale of Fixed Assets	17,821	3,065
	(491,691)	(410,903)
FINANCING ACTIVITIES		
Proceeds from Issue of Shares	63,613	83,361
Short Term loan	-	(919)
Dividend Paid	(357,837)	(293,150)
	(294,224)	(210,708)
NET INCREASE IN CASH & CASH EQUIVALENT	(120,871)	648,480
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENT		
Balance at 1st January	2,828,659	2,180,179
Net Cash Inflow	(120,871)	648,480
Balance at 31st December	2,707,788	2,828,659
COMPOSITION OF CASH AND CASH EQUIVALENTS		
Cash on Hand	1,180,734	1,246,075
Balances with Banks	1,527,054	1,582,584
	2,707,788	2,828,659

Statement Of Changes In Equity

NOTE	STATED CAPITAL GHS	INCOME SURPLUS GHS	STATUTORY RESERVE GHS	CAPITAL SURPLUS GHS	REGULATORY CREDIT RISK RESERVE		TOTAL
					GHS	GHS	
2014							
Balance at 1st January	753,426	2,981,634	1,094,815	153,635	538,819	5,522,329	
Prior Year Adjustment	-	(689,267)	-	-	-	(689,267)	
Balance as restated	753,426	2,292,367	1,094,815	153,635	538,819	4,833,062	
Net profit for the year	-	1,782,562	-	-	-	1,782,562	
Total Income	-	1,782,562	-	-	-	1,782,562	
Transactions with owners							
Proceeds from issue of shares	63,613	-	-	-	-	63,613	
Dividend Paid	-	(393,664)	-	-	-	(393,664)	
Total transactions with owners	63,613	(393,664)	-	-	-	(330,051)	
Other movements in Equity							
Tax on Capitalisation Issue	-	(66,377)	-	-	-	(66,377)	
Transfer to Stated Capital	763,334	(763,334)	-	-	-	-	
Regulatory Credit Risk Reserve	-	275,927	445,640	-	275,927	-	
Transfer to Statutory Reserve	-	(445,640)	445,640	-	-	-	
Total other movements in Equity	763,334	(999,424)	445,640	-	(275,927)	(66,377)	
Balance at 31st December	1,580,373	2,681,841	1,540,455	153,635	262,892	6,219,196	
2013							
Balance at 1st January	670,065	2,078,905	868,585	153,635	525,102	4,296,292	
Prior Year Adjustment	-	(101,568)	-	-	-	(101,568)	
Balance as restated	670,065	1,977,337	868,585	153,635	525,102	4,194,724	
Net profit for the year	-	1,630,273	-	-	-	1,630,273	
Total Income	-	1,630,273	-	-	-	1,630,273	
Transactions with owners							
Proceeds from issue of shares	83,361	-	-	-	-	83,361	
Dividend Payable	-	(386,029)	-	-	-	(386,029)	
Total transactions with owners	83,361	(386,029)	-	-	-	(302,668)	
Other movements in Equity							
Regulatory Credit Risk Reserve	-	(13,717)	-	-	13,717	-	
Transfer to Statutory Reserve	-	(226,230)	226,230	-	-	-	
Total other movements in Equity	-	(239,947)	226,230	-	13,717	-	
Balance at 31st December	753,426	2,981,634	1,094,815	153,635	538,819	5,522,329	

Employee of the Year 2014



Ken Adu-Siaw



Notes Forming Part Of The Financial Statements

For the year ended December 31, 2014

1. CORPORATE INFORMATION

1.1 Nature of Bank & Domicile

Akwapim Rural Bank Limited (ARB Ltd.) was incorporated in Ghana on 29th August, 1980 under the Companies Act 1963, (Act 179) and regulated under the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

It was the 12th Rural Bank to be established in Ghana and the 3rd in the Eastern Region of Ghana. The bank is fully owned by Ghanaians mainly local residents on the Akwapim Ridge. Akwapim Rural Bank Limited is domiciled in Ghana and headquartered at Akwapim Mamfe with its registered office at an unnumbered house, opposite the Mamfe lorry park.

The bank is authorised to carry on the following businesses, viz

1. To provide current and deposit accounts for its customers;
2. To provide savings and time deposits accounts for its customers;
3. To act as agents of other financial institutions in the country;
4. To accept and discount bills of exchange;
5. To accept securities for safe keeping/custody;
6. To act as executors and trustees of wills of small farmers and small merchants;
7. To provide finance for small farmers, merchants, industrialists and co-operative of such farmers and merchants and industrialists resident in the district of Akwapim.
8. To engage in other commercial or industrial enterprises in the locality.

1.2 Compliance with International Financial Reporting Standards (IFRSs)

The bank's financial statements have been prepared in accordance with IFRSs in force as of the reporting date.

International Financial Reporting Standards (IFRSs) comprise IFRS 1 to 15 and International Accounting Standards (IAS) 1 to 41.

1.3 Effects of Transition to IFRS

The transition from Ghana National Accounting Standards (GNAS) to IFRS resulted in changes in the Equity at the date of transition and the end of the comparative period as well as reported results of the comparative period.

In accordance with IFRS 1, "First time adoption of international financial reporting standards", the changes are explained in the reconciliation statements below

a.	Reconciliation of Profit	Dec. 2013
	Pre-tax Profit under previous GNAS	1,989,613
	Deferred portion of fess	(193,286)
	Reduction in impairment allowance	13,717
	Pre-tax Profit under IFRS	1,810,044



Notes Forming Part Of The Financial Statements

For the year ended December 31, 2014 (continued)

b.	Reconciliation of Equity	Jan 2013	Dec.2013
	Total Equity under previous GNAS	3,385,161	4,783,132
	Proposed Dividend	386,029	393,664
	Deferred fees reversed	-	(193,286)
	Regulatory credit risk reserve	525,102	538,819
	Total Equity under IFRS	4,296,292	5,522,329

2.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by Akwapim Rural Bank Limited in the preparation of the financial statements are set out below

2.1 Basis of Preparation

The financial statements have been prepared on a historical cost basis as modified by revaluation of property, plant and equipment and by the use of fair value measurement bases for assets and liabilities required to be so measured by relevant IFRSs.

2.2 Functional and Presentation Currency

The financial statements are presented in Ghana Cedis (GHS) which is the functional and presentation currency.

2.3 Foreign Currency Transactions

Foreign currency transactions are recorded, on initial recognition in Cedis by applying to the foreign currency amount the exchange rate between the Cedi and the foreign currency at the date of the transaction.

At the end of the reporting period;

- Foreign currency items are reported using the closing rate; the closing rate is the ruling exchange rate at the end of the financial year.
- Non-monetary items, which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction, and
- Non-monetary items which are carried at fair value denominated in foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on the settlement of monetary items or on reporting the entities monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or expenses in the period in which they arise.

2.4 Property, Plant and Equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the bank; and
- the cost of the item can be measured reliably.



Notes Forming Part Of The Financial Statements

For the year ended December 31, 2014 (continued)

Property, Plant and Equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, Plant and Equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, Plant and Equipment are carried at cost or valuation less accumulated depreciation and any impairment losses.

Annual depreciation rates of items of Property, Plant and Equipment have been assessed as follows.

Computers and Accessories	25%
Office Equipment	25%
Motor Vehicles	20%
Furniture and Fittings	20%
Building	5%
Generator	10%

The carrying values of property, plant and equipment are reviewed for indications of impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

Residual values, useful lives and methods of depreciation for property and equipment are reviewed and adjusted if appropriate, at each financial year end.

2.5 Employee Benefits.

i. Short-Term Benefits.

Short-term employee benefits are amounts payable to employees that fall due wholly within twelve months after the end of the year in which the employee renders the related service.

The costs of short-term employee benefits are recognised as an expense in the period when the economic benefit is given, as an employee cost. Unpaid short-term employee benefits at



Notes Forming Part Of The Financial Statements

For the year ended December 31, 2014 (continued)

the end of the accounting year are recognised as an accrued expense and any short-term benefit paid in advance are recognised as prepayment to the extent that it will lead to a future cash refund or a reduction in future cash payment.

Wages and salaries payable to employees are recognised as an expense in the income statement at gross amounts. The bank's contribution to the social security fund is also charged as an expense.

ii. Social Security and National Insurance Trust (SSNIT)

Under a National Defined Contribution Pension Scheme, the bank contributes 13% of employees' basic salary to a social security scheme for employee pension. The bank's obligation is limited to the relevant contributions which are settled on due dates. The pension liabilities and obligation however rest with SSNIT and the private fund manager the bank has elected to manage part of the total contributions attributable to the pension scheme of employees.

iii. Provident Fund

The bank also makes a contribution of 7.5% (while employees contribute 5%) to a provident fund for employees with its obligation limited to the amount contributed in relation to each individual employee. The managers of this fund which is a private Investment Company therefore carry the liability until it is finally settled.

2.6 Income Tax

Income tax in the Income Statement comprises current tax and deferred tax. Current tax is the tax expected to be payable, under the Internal Revenue Act 2000 (Act 592), on the taxable profit for the year.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are generally recognised for all taxable temporary differences that are expected to reverse in the foreseeable future while deferred tax assets are recognised to the extent that it is probable future taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the rate expected to be applicable in the period during which the asset will be realised or the liabilities settled.

2.7 Financial Instruments

2.7.1 Initial Recognition and Measurement

Financial instruments are recognised initially when the bank becomes a party to the contractual provisions of the instruments.

The bank classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the instrument. These are initially measured at fair value (including transaction costs for assets and liabilities not measured at fair value through profit or loss).



Notes Forming Part Of The Financial Statements

For the year ended December 31, 2014 (continued)

2.7.2 Subsequent Measurement

For purposes of subsequent measurement financial assets and financial liabilities are classified as:

- (a) financial assets measured at fair value through profit or loss
- (b) financial liabilities at fair value through profit or loss
- (c) financial assets measured at amortised cost
- (d) financial liabilities measured at amortised cost
- (e) financial assets measured at fair value through other comprehensive income.

A financial asset is measured at amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset or financial liability at fair value through profit or loss is one that either:

- (a) is designated as such upon initial recognition, or
- (b) meets the recognition of 'held for trading'

A financial asset or financial liability is deemed to be 'held for trading' if

- (i) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term,
- (ii) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (iii) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging contract).

Financial assets and financial liabilities at amortised cost are measured, subsequent to initial recognition, at amortised cost using the 'effective interest method'. The 'effective interest method' is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Financial assets and liabilities at fair value through profit or loss are measured, subsequent to initial recognition, at fair value with gains or losses recognised in profit or loss.

Financial assets and liabilities at fair value through other comprehensive income are measured, subsequent to initial recognition, at fair value with gains or losses recognised in other comprehensive income.



Notes Forming Part Of The Financial Statements

For the year ended December 31, 2014 (continued)

The foregoing classification of financial instruments for purposes of subsequent measurement, are spelt out in IFRS 9 'Financial Instruments' which will be effective for annual periods beginning on or after 1st January 2015.

The adoption of this classification in accordance with IFRS 9 'Financial Instruments Disclosures' amounts to be early adoption of IFRS 9.

The bank's principal financial assets are investments and loans and advances to customers, cash and cash equivalents, while its principal financial liabilities are customer deposits.

2.7.3 Derecognition of financial assets

The bank derecognises when:

- (1) the bank's rights to receive cash flows from the asset have expired; or
- (2) the bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either
 - (a) the bank has transferred substantially all the risks and rewards of the asset, or (b) the bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.7.4 The amortised cost of a financial asset or financial liability.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

2.7.5 Fair Value Measurement

The bank defines fair value as 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. Fair value measurement assumes an orderly transaction between market participants at the measurement date under current market conditions.

In measuring fair value:

- The bank takes into account the characteristics of the asset or liability being measured that a market participant would take into account when pricing the asset or liability at the measurement date.
- The bank determines classes of asset or liability for disclosure purposes on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy within which the fair value measurement is categorised.

2.7.6 Impairment of Financial Assets

At each reporting date the bank assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets has become impaired.



Notes Forming Part Of The Financial Statements

For the year ended December 31, 2014 (continued)

Evidence of impairment may include significant difficulty of the issuer or obligor, the disappearance of an active market for that financial asset because of financial difficulties, etc.

In the case of equity investments, objective evidence would include significant or prolonged decline in the fair value of the investment below its cost.

For debt instruments and financial assets measured at amortised cost, if there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

If, in a subsequent year, the amount of the estimated impairment allowance increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

Assets together with the associated allowances are written off when there is no realistic prospect of future recovery and all collateral have been utilised.

If a future write-off is later recovered the recovery is credited to 'credit loss expense'. The present value of the estimated future cashflows is determined using the financial asset's original effective interest rate.

The foregoing classification of financial instruments for purposes of subsequent measurement, are spelt out in IFRS 9 'Financial Instruments' which will be effective for annual periods beginning on or after 1st January, 2015

The adoption of this classification in accordance with the 2011 edition of IFRS 7:

'Financial Instruments Disclosures' amounts to an early adoption of IFRS 9.

2.8 New standards and interpretations

2.8.1 Standards and Interpretations not yet effective

The following standard which is relevant to the bank's operations has been published.

2.8.2 IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. Phase one deals with the classification and measurement of financial assets. The following are changes from the classification and measurement rules of IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.



Notes Forming Part Of The Financial Statements

For the year ended December 31, 2014 (continued)

- Under certain circumstances, financial assets may be designated as at fair value .
- For hybrid contracts, where the host contract is within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Investments in equity instruments may be measured at fair value though. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on de-recognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost under any circumstances.

The standard was to be effective for annual periods beginning on or after 1st January 2015. However, with the completion of the project to replace IAS 39 and the issue on 24th July 2014 of IFRS 9 (2014) as a complete standard the new effective date for IFRS 9 has been changed to reporting periods beginning on or after 1st January, 2018 with early adoption permitted (subject to local endorsement requirements). This notwithstanding early adoption of the previous versions is permitted for limited periods to 1st February 2015.

2.9 Events after the Reporting Period

Events subsequent to the reporting date are reflected only to the extent that they relate directly to the financial statements and the effect is material.

2.10 Cash and Cash Equivalents.

Cash and cash equivalents comprise cash on hand and bank balances.

2.11 Provisions

The bank recognises provisions when it has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the bank expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.



Notes Forming Part Of The Financial Statements

For the year ended December 31, 2014 (continued)

2.12 Use of Estimates and Judgements

In the preparation of the financial statements, the bank makes estimates and judgements that could affect the reported amounts of assets and liabilities within the next financial year.

Key areas in which judgment is applied include:

- i. Determination of depreciation rates for property plant and equipment
- ii. Estimation of Provisions
- iii. Determination of contingent liabilities and contingent assets
- iv. Impairment of financial and non financial assets.

2.13 Revenue Recognition

Revenue is recognised to the extent that the economic benefit will flow to the bank and can be reliably measured. The following specific income recognition criteria have been applied in the financial statements.

- i. Interest Income and expenses are recognised on interest bearing assets and liabilities on accrual basis.
- ii. Commissions and fees are credited upon collection.

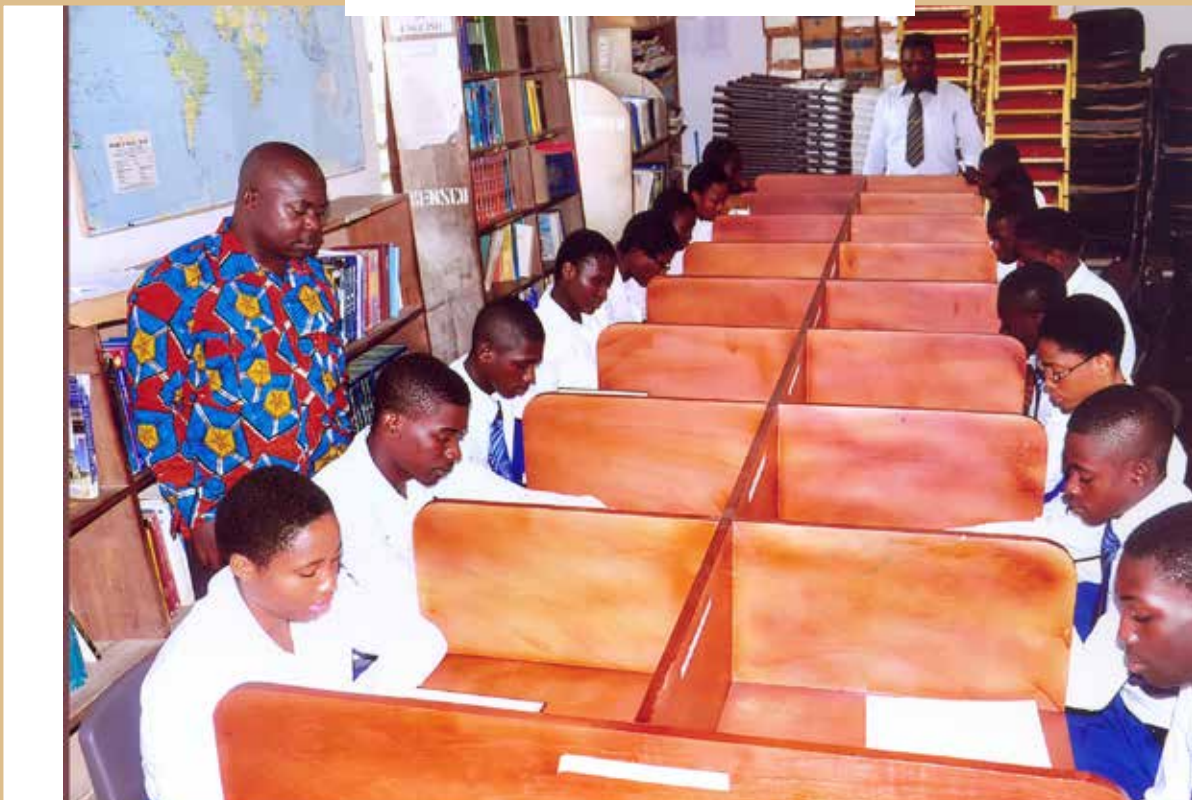
2.14 Level of precision

The figures in the financial statements have been rounded up to the nearest integer and may not add up.

Corporate Social Responsibility



WE SUPPORT QUALITY EDUCATION





Notes to the Financial Statements

For the year ended December 31, 2014

	2014 GHS	2013 GHS
3 INTEREST INCOME		
Interest on Loans	3,732,594	3,615,597
Interest on Overdraft	600,187	442,110
Interest on Investment	2,851,538	2,134,549
	<u>7,184,319</u>	<u>6,192,256</u>
4 INTEREST EXPENSE		
Interest on Savings	473,707	434,622
Fixed Deposits	257,904	209,620
	<u>731,611</u>	<u>644,242</u>
5 COMMISSIONS AND FEES		
Commission on Turnover	150,039	282,953
Commitment Fees	323,169	161,076
Cheque Clearing Fees	15,240	23,144
	<u>488,448</u>	<u>467,173</u>
6 OTHER OPERATING INCOME		
Brokerage	3,713	1,851
Processing Fees	24,677	32,209
Dividend Received	19,477	16,318
Profit on Disposal	16,007	3,065
Sundry Income	341,767	49,447
	<u>405,641</u>	<u>102,890</u>
7 BAD & DOUBTFUL DEBTS EXPENSE		
Current Provision	825,482	461,075
Previous Provision	(461,075)	(280,792)
	<u>364,409</u>	<u>180,283</u>
8 OPERATING EXPENSES		
These Include:-		
Audit Fees	16,215	14,100
Depreciation and Amortisation	235,417	249,507
Directors' Emoluments	227,693	181,308
Other Expenses	4,511,377	3,682,835
	<u>4,990,702</u>	<u>4,127,750</u>



Notes to the Financial Statements

For the year ended December 31, 2014 (continued)

	2014 GHS	2013 GHS
9 CASH AND BANK BALANCES		
Cash on Hand	1,180,734	1,246,075
Balances with Banks	1,527,054	1,582,584
	<u>2,707,788</u>	<u>2,828,659</u>
10a INVESTMENTS		
91/182 Day T-Bills at Maturity Value	7,900,500	6,640,000
1 Year Treasury Bill	1,300,000	650,000
Fixed Deposits at Cost	5,000,000	2,700,000
Apex Certificate of Deposits	1,000,000	1,900,000
	<u>15,200,500</u>	<u>11,890,000</u>
Less : Unearned Discount on T/Bills	(343,000)	(239,292)
Add: Accrued Interest on Investments	454,712	379,630
	<u>15,312,212</u>	<u>12,030,338</u>
10b EQUITY INVESTMENTS		
Apex Bank Limited - Shares	151,928	151,928

11 TAXATION

Year of Assessment	Balance 1/1/14 GHS	Payments GHS	Charge For The Year GHS	Balance 31/12/2014 GHS
(a) INCOME TAX				
2012	29,750	(32,286)	2,536	-
2013	92,670	(96,146)	3,476	-
2014	-	(142,038)	183,951	41,913
	<u>122,420</u>	<u>(270,470)</u>	<u>189,963</u>	<u>41,913</u>
(b) Deferred Tax				
	Balance 1/1/14 GHS	Prior Year Adjustment GHS	Charge For The Year GHS	Balance 31/12/2014 GHS
2014	10,463	-	19,161	29,624
	<u>10,463</u>	<u>-</u>	<u>19,161</u>	<u>29,624</u>

The amount provided for Income Tax is subject to agreement with the Ghana Revenue Authority



Notes to the Financial Statements

For the year ended December 31, 2014 (continued)

(c) Reconciliation of Tax expense to product of Accounting Profit and Applicable Rate

	2,014 GHS	2013 GHS
Profit before taxation	1,991,686	1,810,044
Add: IFRS effect on pre-tax profit	-	179,569
Adjusted pre-tax profit	1,991,686	1,989,613
Tax at applicable rate @8%	159,335	159,169
Add/(Deduct):		
Tax effect of non-deductible expenses	51,109	33,871
Tax effect of capital allowances	(26,493)	(18,030)
Tax effect of origination and reversal of temporary differences	19,161	4,761
Add under provision 2012 & 2013.	6,012	-
	209,124	179,771
Effective tax rate	10.5%	9.0%

12 PROPERTY, PLANT AND EQUIPMENT

a	2014			2013		
	Cost/ Valuation	Accumulated Depreciation	Carrying Amount	Cost/ Valuation	Accumulated Depreciation	Carrying Amount
	GHS	GHS	GHS	GHS	GHS	GHS
Computer	360,865	(302,678)	58,187	325,627	(257,884)	67,743
Furniture and Fittings	211,676	(143,308)	68,368	183,802	(123,000)	60,802
Office Equipments	466,522	(296,834)	169,688	351,622	(251,895)	99,727
Motor Vehicles	311,171	(135,517)	175,654	225,192	(175,919)	49,273
Building	1,486,910	(270,023)	1,216,887	916,995	(223,561)	693,434
Generator Plant	197,989	(62,275)	135,714	114,029	(50,691)	63,338
Capital Work in Progress	6,745	-	6,745	502,222	-	502,222
	3,041,878	(1,210,635)	1,831,243	2,619,489	(1,082,950)	1,536,539

b Reconciliation of opening carrying values with closing carrying values

2014	Opening Balance	Additions	Transfers	Disposals	Depreciation	Closing Balance
	GHS	GHS	GHS	GHS	GHS	GHS
Computer	67,743	35,238	-	-	(44,794)	58,187
Furniture and Fittings	60,802	37,684	-	(1,267)	(28,852)	68,368
Office Equipments	99,727	114,900	-	-	(44,939)	169,688
Motor Vehicles	49,273	163,292	-	(547)	(36,363)	175,654
Building	693,434	-	569,915	-	(46,462)	1,216,887
Generator Plant	63,338	83,960	-	-	(11,584)	135,714
Capital Work in Progress	502,222	74,438	(569,915)	-	-	6,745
	1,536,539	509,512	-	(1,814)	(212,994)	1,831,243



Notes to the Financial Statements

For the year ended December 31, 2014 (continued)

12 PROPERTY, PLANT AND EQUIPMENT (continued)

2013	Opening Balance	Additions	Transfers	Disposals	Depreciation	Closing Balance
	GHS	GHS	GHS	GHS	GHS	GHS
Computer	115,341	18,337	-	-	(65,935)	67,743
Furniture and Fittings	60,736	27,986	-	-	(27,920)	60,802
Office Equipments	124,069	33,701	-	-	(58,043)	99,727
Motor Vehicles	17,059	49,981	-	-	(17,767)	49,273
Building	739,217	-	-	-	(45,783)	693,434
Generator Plant	74,974	-	-	-	(11,636)	63,338
Capital Work in Progress	218,259	283,963	-	-	-	502,222
	1,349,655	413,968	-	-	(227,084)	1,536,539
					2014	2013
					GHS	GHS

13 LOANS AND ADVANCES TO CUSTOMERS

a ANALYSIS BY TYPE

Overdrafts	1,547,028	1,316,016
Term Loans	10,295,454	11,297,643
Gross Loans and Advances	11,842,482	12,613,659
Deferred Commissions/fee income	(154,561)	(193,286)
Less: Impairment allowance	(825,482)	(461,075)
Net Loans and Advances	10,862,439	11,959,298

b ANALYSIS BY TYPE OF CUSTOMER

Individuals	8,053,152	8,511,728
Other Private Enterprises	652,760	869,827
Public Enterprises & Institutions	261,381	536,415
Others	2,875,188	2,695,689
	11,842,481	12,613,659
Deferred Commissions/fee income	(154,561)	(193,286)
Less: Impairment allowance	(825,482)	(461,075)
	10,862,438	11,959,298

14 OTHER ASSETS

Prepayments	147,374	28,316
Stationery Stock	57,569	49,485
Sundry Debtors	547,324	1,020,722
Disbursed Managed Funds	-	654,778
Uncleared Effects	301,080	-
Inter agency Account	311,116	334,704
	1,364,463	2,088,005



Notes to the Financial Statements

For the year ended December 31, 2014 (continued)

	2014 GHS	2013 GHS
15 CUSTOMER DEPOSITS		
Current Account	5,602,117	4,901,818
Time Deposits	2,690,576	3,473,409
Savings Deposits	16,146,523	14,410,957
	<u>24,439,216</u>	<u>22,786,184</u>
16 OTHER LIABILITIES		
Provision for Utilities	18,463	23,356
Auditor's Remuneration	16,215	14,100
Sundry Creditors	651,627	804,984
Uncleared effect	-	189,579
Controller & Accountant General	208,764	260,313
Unidentified lodgement	3,029	8,987
Managed Funds	17,937	17,937
Bills Payable/Payment Order	226,865	5,884
Disbursed Managed Funds	58,871	599,879
Unallocated Transfers	5,471	5,471
Accountancy Fees	11,750	-
	<u>1,218,992</u>	<u>1,930,491</u>
17 DIVIDEND PAYABLE		
Balance as at 1st Jan 2014	357,416	264,537
Declared for the year	393,664	386,029
Payment during the Year	(357,837)	(293,150)
Balance as at 31st Dec 2014	<u>393,243</u>	<u>357,416</u>

18 STATED CAPITAL

AUTHORISED

Number of Shares of no par value

ORDINARY

5,000,000,000

	2014 ORDINARY		2013 ORDINARY	
	Number	GHS	Number	GHS
ISSUED AND FULLY PAID				
For cash	67,649,129	817,039	66,326,330	753,426
For Other Consideration	16,594,216	763,334	-	-
	<u>84,243,345</u>	<u>1,580,373</u>	<u>66,326,330</u>	<u>753,426</u>

There is no share in treasury and no call or instalments unpaid on any share.



Notes to the Financial Statements

For the year ended December 31, 2014 (continued)

19 STATUTORY RESERVE FUND

The Fund represents the amount set aside from annual net profits after tax, as required by Section 29 of the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

20 CAPITAL SURPLUS

This is in respect of revaluation gains on Property, Plant and Equipment and Equity Shares in ARB Apex Bank Limited.

21 REGULATORY CREDIT RISK RESERVE

This represents the excess provision for impairment as calculated under Bank of Ghana regulations over the provision as determined under IFRS impairment rules

22 CORPORATE SOCIAL RESPONSIBILITY

Amount spent on fulfilling social responsibility obligation

	2014	2013
	GHS	GHS
Community Development	61,458	23,874

23 PRIOR YEAR ADJUSTMENT

This is in respect of Irrecoverable Debts written off.

24 CAPITAL EXPENDITURE COMMITMENTS

There were no capital commitments as at 31st December 2014 (2013 : Nil).

25 CONTINGENCIES

There were neither contingent liabilities nor contingent assets as at 31st December 2014 (2013:Nil).

26 INTANGIBLE ASSET (DEFERRED EXPENDITURE)

This represents cost incurred in improving and adapting agencies premises to the Bank's requirement.

The cost is being amortised over ten years.

27 Related Parties

Relationship:

Board of Directors:

Refer to page 2 for list of Board of Directors



Notes to the Financial Statements

For the year ended December 31, 2014 (continued)

Other Key Management Personnel:

Stephen K. Bedu	General Manager
Samuel Mbir	Head of Finance
Augustine Ayinbisah	Head of Internal Audit
Edna Laryea	Head of Credit

27.1 Transactions with Board of Directors:

Balances resulting from transactions with Board of Directors are:

Loans and Advances:	GHS 46,143
Directors' Emoluments:	GHS 227,693

27.2 Transactions with other key management personnel:

Advances were made to key management personnel before and during the year under review. Balances due from key management personnel as a result were as follows:

Loans and Advances: GHS 111,807.00.

28 FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the following line items

2014

Description	Category		Value	Total
	Amortised Cost	Fair *TPL		
	GHS	GHS	GHS	GHS
Cash & bank balances	-	2,707,788		2,707,788
Investments	15,312,212	-	-	15,312,212
Equity Investment	-	-	151,928	151,928
Loans to customers	10,862,4	-	-	10,862,439
	<u>26,174,651</u>	<u>2,707,788</u>	<u>151,928</u>	<u>29,034,367</u>

2013

	GHS	GHS	GHS	GHS
Cash & bank balances	-	2,828,659	-	2,828,659
Investment	12,030,338	-	-	12,030,338
Equity investment			151,928	151,928
Loans to customers	11,959,298	-	-	11,959,298
	<u>23,989,636</u>	<u>2,828,659</u>	<u>151,928</u>	<u>26,970,223</u>

*NB: TPL = Through Profit or Loss

TOCI= Through other Comprehensive Income



Notes to the Financial Statements

For the year ended December 31, 2014 (continued)

29 FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the following line item:

	Financial Liabilities at Amortised	
	Cost GHS	Total GHS
2014		
Customer Deposits	24,439,216	24,439,216
2013		
Customer Deposits	22,786,184	22,786,184

30. ANALYSIS OF INCOME, GAINS, EXPENSES & LOSSES BY CATEGORY OF FINANCIAL INSTRUMENTS

Interest income of GHS 7,184,319 (2013 GHS 6,192,256) is in respect of Loans & Advances to customers (GHS 4,332,782) and Investments GHS 2,851,538) all classified as financial assets measured at amortised cost.

Dividend received of GHS 19,477 (2013 GHS 16,318) is in respect of Equity Investments classified as financial assets at fair value through other comprehensive income.

Interest expense of GHS 731,611 (2013 GHS 644,242) is in respect of Customer deposit classified as financial liabilities at amortised cost.

31.0 RISK MANAGEMENT

The nature of the bank's operations exposes it to various types of risk. The risks emanating from financial instruments to which the bank is exposed are credit risk, market risk and liquidity risk. Other risks include operational risk.

31.1 Credit Risk

Credit risk arises from the potential that a debtor or counterparty is either unwilling or unable to perform an obligation resulting in economic loss to the bank. The principal sources of credit risk inherent in the bank's operations are balances with the banks, loans and advances to customers and investments.

To minimize the risk from these sources the bank only deposits cash, with grants credits and restricts investments to major banks, institutions and individuals of good repute and high credit standing.

The maximum amount of credit risk by class of financial asset as at 31st December 2014 was as follows.



Notes to the Financial Statements

For the year ended December 31, 2014 (continued)

	At Amortised Cost GHS	Financial Asset		TOTAL GHS
		TPL GHS	At Fair Value TOCI GHS	
2014				
Bank balances	-	2,707,788	-	2,707,788
Loans & Advances to customers	10,862,439	-	-	10,862,439
Investments	15,312,212	-	-	15,312,212
	<u>26,174,651</u>	<u>2,707,788</u>	<u>-</u>	<u>28,882,439</u>
2013				
Bank balances	-	2,828,659	-	2,828,659
Loans & Advances to customers	11,959,298	-	-	11,959,298
Investments	12,030,338	-	-	12,030,338
	<u>23,989,636</u>	<u>2,980,587</u>	<u>-</u>	<u>26,818,295</u>

Collateral held in respect of loans and advances is in the form of real estate mortgage and cash. No collateral is held in respect of investments as it is not customary practice in the industry.

31.2.1 Market Risk

Market risk is the potential of losses arising from movements in market prices such as interest rates, exchange rates, and equity and commodity prices. The bank's current operation exposes it to interest rate risk.

The interest rate risk is inherent in the bank's investments with other financial institutions which are affected by changes in interest rates by the Bank of Ghana.

The bank manages this risk by closely monitoring the inflation rates and other economic indicators that are germane, with a view to avoiding or minimising losses arising from interest rate risk.

31.2.2 Sensitivity Analysis on Interest Rate Risks

As far as interest rates are concerned, banks in Ghana have the latitude to determine their lending and borrowing rates guided by signals given by changes in policy rate. Individual banks could however be compelled by competitive pressures to adopt rates for lending and borrowing which could depress their respective interest margins. In the course of the year the policy rate changed by 500 basis points from 16% to 21%.

If the bank became compelled by competitive pressures to lose 500 basis points in its net interest margin of 89.82% the margin rate would reduce to 84.82%. The impact on the Income Statement would be a reduction in net interest income and hence pre-tax profit by GHS 358,969.

31.3 Liquidity Risk

Liquidity risk is the risk that the bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.



Notes to the Financial Statements

For the year ended December 31, 2014 (continued)

The bank manages liquidity risk through an ongoing review of future commitments and credit facilities. The bank has minimised its liquidity risk by ensuring that it has adequate banking funds.

The table below analyses the bank's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	0-3mths	3-6mths	6-12 mths	Over	Total
				12 mths	
Demand Deposit	5,602,117	-	-	-	5,602,117
Time Deposit	1,654,234	450,700	459,810	210,691	2,775,435
Savings	16,061,664	-	-	-	16,061,664
	<u>23,318,015</u>	<u>450,700</u>	<u>459,810</u>	<u>210,691</u>	<u>24,439,216</u>

31.4 Operational Risk

Operational risk is the potential for loss from failed systems and processes, staff incompetence and misconduct and uncontrolled external events. These risks are monitored and controlled in the Bank through well designed operating manuals that reflect the main operating procedures, business continuity planning, reconciliations, internal audit and timely and reliable management reporting.

32.0 CAPITAL

32.1 The Objectives of Capital Management

The primary objective of capital management in the Bank is to ensure that:-

- it complies with the minimum stated capital requirement of Bank of Ghana
- it complies with the regulatory capital requirement that enables it to meet the minimum Capital Adequacy Ratio requirements of Bank of Ghana
- its operations would assure it of increasing level of profitability and shareholder value

The achievement of the above objectives is monitored through regular reports on the performance of the Bank and the Bank's returns submitted to Bank of Ghana regularly.

32.2 Capital Description

The Bank's Capital is its Shareholders' funds comprising Stated Capital, Reserves and Income Surplus, which includes current and previous year's retained earnings. The current level of the Bank's capital complies with the existing minimum stated capital requirement of Bank of Ghana.



Notes to the Financial Statements

for the year ended December 31, 2014 (continued)

32.3 The Level of Capital Adequacy

The bank's capital adequacy status is shown in the following table:

	2014 GHS	2013 GHS
Paid Capital	1,580,373	753,426
Disclosed Reserves	4,618,422	4,433,865
Sub-Total	6,198,795	5,187,291
Less: Intangible asset	(112,113)	(134,356)
Equity Investment	(151,928)	(151,928)
Tier 2 Capital	153,635	153,635
Regulatory Capital	6,088,389	5,054,462
Required Regulatory Capital	(2,224,353)	(2,492,597)
Surplus Capital	3,864,036	2,561,865

The Bank's regulatory capital was above the required minimum throughout the period.

Motivated Staff and Customers



OUR PRODUCTS & BRANCHES

STRATEGIC PRODUCTS

Credit With Education
Akuasika Savings Scheme
Medoba Savings Scheme
Students Savings Scheme
Asore Nkoso Loan
Fixed Deposit Plus

GENERIC PRODUCTS

Current Account
Savings Account
Fixed Deposit
Salary Loan
Shares

COMMERCIAL LOANS

Trade Loans
Agricultural Loan
Institutional Loan
Transport Loan
Hospitality Industry Loan
Cottage Industry Loan

AUXILIARY PRODUCTS

E-Zwich
Western Union
Money Gram
Apex Link
MTN Mobile Money

MAMFE AKUAPEM

Tel: 0289 556533
0289 016833

NSAWAM

Tel: 0289 601717

ADUKROM

Tel: 03420-79736

KOFORIDUA

Tel: 03420 280065
03420 280066

ABURI

Tel: 03420 90081
030 7031054

AGENCIES

Larteh

ADASO





Proxy Authorisation

I/We.....being member(s) of AKWAPIM RURAL BANK LIMITED hereby appoint.....of.....or failing him/her.....of.....my/our Proxy to vote on my/our behalf at the Annual General Meeting of The Bank to be held at 10 am on 23rd May, 2015 and at any adjournment thereof.

Signed.....this.....day of.....2015

.....

Shareholders Signature

AKWAPIM RURAL BANK LIMITED

ADMISSION FORM

ANNUAL GENERAL MEETING to be held at the Wesley Hall, Methodist Girls' High School, Mamfe Akuapemon Saturday, 23rd May, 2015 at 10:00 o'clock in the morning.

Full name and address of the Shareholder(s) Proxy.

.....
.....

Number of share held.....

IMPORTANT:

This admission form must be produced by the Shareholder of his/her proxy in order to obtain entrance to the Annual General Meeting. **AKWAPIM RURAL BANK LIMITED**



Akwapim Rural Bank Limited
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