



AKUAPEM RURAL BANK PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are stated in Ghana cedis unless otherwise stated)

	Note	2021	2020
Interest income	3	16,794,926	13,368,045
Interest expense	4	(2,479,864)	(2,233,419)
Net interest income		14,315,062	11,134,626
Commissions and fees	5	1,402,697	1,495,766
Other operating income	6	830,212	351,827
Total operating income		16,547,971	12,982,219
Other operating expenses	7	13,774,848	(11,303,957)
Impairment of loan	8	156,725	(260,118)
Impairment of investment	9	(871,767)	(755,913)
Profit/(loss) before taxation		2,058,081	662,231
Taxation	10.1	(527,277)	(325,228)
Profit/(loss) after taxation		1,530,804	337,003
Other comprehensive income			
Revaluation surplus-equity investment		-	45,546
Total comprehensive income attributable to the shareholders		1,530,804	382,549
Earnings per share:		Gh Pes.	Gh Pes.
Basic		1.554	0.321
Diluted*		1.554	0.321

STATEMENT OF CASH FLOWS

(All amounts are stated in Ghana cedis unless otherwise stated)

	Notes	2021	2020
Cash flows from operating activities			
Cash generated from/ (used in) operations	25	4,029,760	2,692,813
Tax paid		(921,630)	(478,214)
Net cash generated from operating activities		3,108,130	2,214,599
Cash flows from investing activities			
Purchase of property, plant and equipment		(900,987)	(654,726)
Purchase of intangible assets		(76,000)	(56,337)
Net cash used in investing activities		(976,987)	(711,063)
Financing activities			
Proceeds from issue of shares		93,261	-
Deposit for shares		-	884
Long-term borrowing		(94,371)	253,922
Dividend paid		(19,134)	(10,695)
Net Cash flow from financing activities		(20,244)	244,111
Increase in cash and cash equivalents		2,110,899	1,747,647
Cash and cash equivalents at the beginning of the year		6,946,694	5,199,046
Cash and cash equivalents at the end of the year	11	9,057,593	6,946,693
Analysis of cash and cash equivalents			
Cash on hand		4,226,188	2,119,828
Bank balances		4,831,405	4,826,865
At year end		9,057,593	6,946,693

STATEMENT OF CHANGES IN EQUITY

(All amounts are stated in Ghana cedis unless otherwise stated)

For the year end 31 December, 2021	Note	Stated capital	Deposit for shares	Retained earnings	Statutory reserve	Revaluation reserve	Credit risk reserve	Total
Balance as at 1 January		2,153,013	47,510	4,449,841	2,828,773	681,430	87,510	10,248,077
Prior year adjustment	38	-	-	(301,873)	-	-	-	(301,873)
Balance as restated		2,153,013	47,510	4,147,968	2,828,773	681,430	87,510	9,946,204
Transfer to stated capital		47,510	(47,510)	-	-	-	-	-
Net profit		-	-	1,530,804	-	-	-	1,530,804
Proceeds from issue of shares		93,261	-	-	-	-	-	93,261
Transfer to credit risk reserve		-	-	(284,292)	-	-	284,292	-
Transfer to statutory reserve		-	-	(191,351)	191,351	-	-	-
Balance at 31 December		2,293,784	-	5,203,129	3,020,124	681,430	371,802	11,570,269
For the year end 31 December, 2020		Stated capital	Deposit for shares	Retained earnings	Statutory reserve	Revaluation reserve	Credit risk reserve	Total
Balance as at 1 January		2,153,013	46,626	4,260,073	2,786,648	635,885	87,510	9,969,755
Prior year adjustment	38	-	-	174,956	-	-	-	174,956
Balance as restated		2,153,013	46,626	4,435,029	2,786,648	635,885	87,510	10,144,711
Write off	39	-	-	(280,066)	-	-	-	(280,066)
Net profit		-	-	337,003	-	-	-	337,003
Proceeds from issue of shares		-	884	-	-	-	-	884
Revaluation reserve		-	-	-	-	45,546	-	45,546
Transfer to statutory reserve		-	-	(42,125)	42,125	-	-	-
Balance at 31 December		2,153,013	47,510	4,449,841	2,828,773	681,431	87,510	10,248,078

STATEMENT OF FINANCIAL POSITION

(All amounts are stated in Ghana cedis unless otherwise stated)

Assets	Notes	2021	2020
Cash and cash equivalent	11	9,057,593	6,946,693
Investment securities	12	67,042,835	61,149,477
Equity investments	13	679,723	679,723
Loans and advances to customers	14	22,809,914	19,646,396
Other assets	18	1,475,187	2,445,767
Current tax	10.2	414,000	115,093
Property, plant and equipment	15.1	3,306,085	3,125,515
Right of use assets	16.1	346,190	-
Intangible asset	17.1	356,407	364,585
Total assets		105,487,934	94,473,249
Equity			
Stated capital	19	2,293,784	2,153,013
Deposit for shares		-	47,510
Retained earnings		5,203,129	4,449,841
Revaluation reserve		681,430	681,431
Statutory reserve fund		3,020,124	2,828,773
Regulatory credit risk reserve	20.1	371,802	87,510
Total equity		11,570,269	10,248,078
Liabilities			
Customer deposits	22	91,271,654	80,538,505
Deferred tax	10.3	126,242	188,381
Payables and accruals	23	1,201,670	2,066,681
Dividend payable	24	784,874	804,008
Long-term borrowing	26	533,225	627,596
Total liabilities		93,917,665	84,225,171
Total equity and liabilities		105,487,934	94,473,249

Capital Adequacy Benchmark	10 %	10%
Capital Adequacy	22.46%	20.33%
NPL Benchmark	5%	5%
NPL	3.11%	4.20%

K-Gyeke Amoako
(Board Chairman)
Date: 13/06/2022

Samuel Dako
(Director)
Date: 13/06/2022

REPORTING ENTITY

(All amounts are stated in Ghana cedis unless otherwise stated)

Akuapem Rural Bank Plc formerly Akwapim Rural Bank Limited was incorporated under the Companies Act, 1963, (Act 179) on 18th May 1978 and issued with certificate to commence business on 30th July, 1980. The Bank was officially commissioned on 29th August, 1980. Akuapem Rural Bank Plc is domiciled in Ghana and headquartered at Mamfe- Akuapem with its registered address opposite Mamfe lorry station in the Akuapem North Municipal Assembly, in the Eastern Region of Ghana. Akuapem Rural Bank is regulated under the Banks and Specialised Deposit- Taking Institutions Act, 2016 (Act 930).

1.1 Principal activity

The nature of business which the bank is authorised to carry out is banking services.

2.1 Basis of preparation

2.1.1 Statement of compliance

The financial statements of Akuapem Rural Bank Plc have been prepared in accordance with International Financial Reporting Standards as issued by the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and in the manner required by the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930).

2.1.2 Approval of the audited financial statements

The financial statements were approved by the Board of Directors on the date signed under the financial position.

REPORT OF DIRECTORS

The Directors are required to ensure that adequate accounting records are maintained so as to disclose at reasonable adequacy, the financial position of the Bank. They are also responsible for steps to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities. They must present financial statements for each financial year, which give a true and fair view of the affairs of the Bank, and the results for that year. In preparing these financial statements, they are required to:

- Select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgment.
- State whether or not the Companies Act, 2019 (Act 992), the Bank and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) and in accordance with International Financial Reporting Standards ("IFRS") have been adhered to and explain material departures thereto.
- Use the going concern basis unless it is inappropriate.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with IFRS and the responsibility of external auditors to report on these financial statements. The Board is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

REPORTS OF DIRECTORS CONTINUED

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the year under review, which could have a material impact on the business.

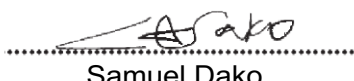
The financial statements are prepared from the accounting records on the basis of consistent use of appropriate records supported by reasonable and prudent judgments and estimates that fairly present the state of affairs of the Bank. The financial statements have been prepared on a going concern basis and there is no reason to believe that the Bank will not continue as a going concern in the next financial year. The Directors confirm that in preparing the financial statements, they have:

- selected suitable accounting policies and applied them consistently.
- made judgments and estimates that are reasonable and prudent.
- followed the International Financial Reporting Standards.
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them ensure that the financial statements comply with the Companies Act, 2019 (Act 992), the Bank and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) and in accordance with International Financial Reporting Standards ("IFRS"). They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By the order of the Board:


K-Gyeke Amoako
(Board Chairman)
Date: 13/06/2022


Samuel Dako
(Director)
Date: 13/06/2022

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, Akuapem Rural Bank Plc has kept proper accounting records and the financial statements are in agreement with the records in all material respects and report in the prescribed manner, information required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The financial statements give a true and fair view of the financial position of the Bank as at 31 December, 2021, and of its financial performance and statement of cash flow for the year then ended and are drawn up in accordance with the International Financial Reporting Standards, issued by the International Accounting Standards Board (IASB).

What we have audited

We have audited the accompanying financial statements of the Akuapem Rural Bank Plc for the year ended 31 December, 2021.

The financial statements comprise:

- statement of comprehensive income for the year then ended;
- statement of financial position as at 31 December, 2021;
- statement of changes in equity for the year ended;
- statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank within the meaning International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants Ghana (ICAG). We have fulfilled our other ethical responsibilities with IESBA Code.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, including the Board Chairman's statement which we obtained prior to the date of this auditor's report. The other information does not include the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Going concern

The financial statements of the Bank have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Bank's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significance doubt on the Bank's ability to continue as a going concern, and accordingly none is disclosed in the financial statements of the Bank. Based on our audit of the financial statements of the Bank, we also have not identified such a material uncertainty.

However, neither management nor the auditor can guarantee the Bank's ability to continue as going concern.

Responsibilities of Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930). These responsibilities include designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The Directors are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from the fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the Audit Committee among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the Audit Committee and the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interests benefits of such communication.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank audit. We remain solely responsible for our audit opinion.

Other matter paragraph

We have nothing to report on other matters on which we are required to report except by below.

The Companies Act, 2019 (Act 992), requires that in carrying out our audit work we consider and report on the following matters. We confirm that:

1. 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;
2. In our opinion proper books of account have been kept by the Bank, so far as appears from our examination of those books; and
3. The statement of financial position and statement of comprehensive income of the Bank are in agreement with the books of account.

In accordance with Section 85 (2) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), we hereby confirm that:

1. The accounts give a true and fair view of the state of affairs of the Bank and its results of operations for the year under review;
2. We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors;
3. The Bank's transactions were within its powers;
4. In our opinion, the Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2020 (Act 1044), the Anti-Terrorism Act, 2008 (Act 762) and the regulations enactments; and
5. The Bank has generally complied with the provisions in the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The engagement partner on the audit resulting in this independent auditor's report is ***Emmanuel K.D. Abbey (ICAG/P/1167)***


UHY Voscon (ICAG/F/2020/086)
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Date: 13/06/2022