



# **ADANSI RURAL BANK PLC**

## **2021 ANNUAL REPORT AND FINANCIAL STATEMENTS**



## CONTENTS

## PAGES

Notice of Annual General Meeting	
Corporate Information	
Chairman's Speech	
Report of the Directors	
Statement of Directors' Responsibilities	
Independent Auditor's Report	
Income Statement	
Statement of Financial Position	
Statement of Changes in Equity	
Statement of Cash Flows	
Notes to the Financial Statements	



## **ADANSI RURAL BANK PLC NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting of Shareholders of Adansi Rural Bank PLC will be held at Amoanimaa Dede II Hall, Fomena on Saturday, 10<sup>th</sup> December, 2022 at 10:00 a.m.

### AGENDA

1. To read the notice convening the Meeting.
2. To confirm the Minutes of the previous Meeting.
3. To receive the Chairman's Report.
4. To receive and adopt the Financial Statements of the Bank (together with the Reports of Directors and External Auditors of the Bank) for the year ended 31<sup>st</sup> December, 2021.
5. To authorize the Directors to fix the fees of the Auditors.
6. To approve the Directors' remuneration.
7. To elect new Directors to replace retiring Directors.
8. To transact any other business appropriate.

### NOTE:

1. A Shareholder who is unable to attend the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy needs not be a Shareholder. The completed proxy form should reach the Board Secretary not less than seventy-two (72) hours prior to the time of the Meeting.
2. Any Shareholder wishing to contest the Directorship position should submit his/her application and CV to the Nomination Committee not less than three (3) days before the Meeting.
3. Shareholders are advised to pick-up copies of the 2021 Financial Statement Report at the Head Office and Branches, and also on our website, [www.adansibank.com](http://www.adansibank.com)
4. Members are encouraged to submit their questions ahead of the AGM via e-mail to [info@adansibank.com](mailto:info@adansibank.com)

Dated in Adansi Fomena this 1<sup>st</sup> Day of November, 2022  
BY ORDER OF THE BOARD OF DIRECTORS

SIGNED  
NAANA BOATEMAA OWUSU-AKYAW  
(BOARD SECRETARY)



**ADANSI RURAL BANK PLC**  
**CORPORATE INFORMATION**

<b>BOARD OF DIRECTORS</b>	Mr. Kofi Ampofo Agyapong	Chairman	
	Mr. Joseph Osei	Member	<b>Retired (August 2021)</b>
	Mr. Samuel Abu-Bonsrah	Member	
	Mr. Ebenezer Karim Adam	Member	<b>Retired (August 2021)</b>
	Mr. Philip Ofori Asante	Member	
	Mr. Kwabena Fosuhene Asante	Member	
	Prof. Stephen Adei	Member	
<b>SECRETARY</b>	Kwasi Ameyaw Plot 12, Nana Kra Street Duropam, Atwima Kwanwoma		
<b>MANAGEMENT</b>	Daniel Amponsah	Chief Executive Officer	<b>-Appointed (November 2021)</b>
	Bernice Debrah	Head of Banking Operations	<b>-Resigned (December 2021)</b>
	Kwasi Ameyaw	Head of Finance	<b>-Appointed (February 2021)</b>
	Emmanuel Boakese	Head of Internal Audit	<b>Appointed (December 2021)</b>
	Naomi Pokuaa Asare	Head of HR & Administration	<b>Appointed (November 2021)</b>
	Michael Asamani-Darko	Head of Risk	
	Daniel Owusu Agyare	Head of Credit	<b>-Appointed (April 2021)</b>
	Francis Anaafi	Head of Micro-Banking	
	Emmanuel Nana Asamoah A.	Head of Business Development	
	George Kakraba	Head of IT	
<b>AUDITOR</b>	PKF Accountants and Business Advisers P. O. Box 976 Kumasi		
<b>SOLICITORS</b>	KAB Legal Consult (Adansiman Chambers) P. O. Box 802 Kumasi		
<b>BANKERS</b>	ARB Apex Bank Limited Cal Bank Ghana Limited Access Bank Ghana Limited Ecobank Ghana Limited First Atlantic Bank Ghana Limited GCB Bank Ghana Limited		
<b>REGISTERED OFFICE</b>	Adansi Rural Bank Limited Building Abu-Bonsrah Street Fomena P. O. Box 35 Fomena, Ashanti		



**CHAIRMAN'S REPORT TO SHAREHOLDERS AT THE  
32<sup>ND</sup> ANNUAL GENERAL MEETING HELD AT  
FOMENA ON 10<sup>TH</sup> DECEMBER 2022.**

**INTRODUCTION**

Nananom, Hon. District Chief Executives, Distinguished Guests from Bank of Ghana, ARB Apex Bank PLC and Association of Rural and Community Banks, President of Association of Rural and Community Banks, Security Officers, Fellow Shareholders, Friends from the Media Houses, Staff of our cherished Bank, Ladies and Gentlemen.

I am highly enthused to welcome you to the 32<sup>nd</sup> Annual General Meeting of Adansi Rural Bank PLC and to present to you the 2021 Annual Report and Financial Statements of our cherished Bank in accordance with the requirements in the Companies' Act 2019, Act 992.

Distinguished Personalities, before I continue, permit me to ask for a minute silence to be observed for some dear stakeholders who have departed and joined their Maker since our last AGM. Notable among them are the late Bright Obeng Amoako, who was a Credit Officer at Dunkirk Branch, the late Isaac Opoku, an outsourced Security Personnel from G4S who died in the line of duty at Atonsu Branch and the late Anthony Kyei Baffuor, a distinguished shareholder who hailed from Ayaase.

Please, let us stand for a minute silence for them. May their departed souls, rest in perfect peace.

**ECONOMIC REVIEW**

The global economy rebounded in strength in 2021 from the COVID-19 induced contraction observed in 2020. The local economy recorded a Gross Domestic Product (GDP) average growth of 5.4% in 2021, compared with an average growth of 0.5% in 2020. Headline inflation increased consistently in the last two quarters to end at 12.6% in December 2021 on the back of food supply challenges, as well as increases in crude oil prices. The year started with Monetary Policy Rate (MPR) of 12.5% but has to be increased by 200 basis points to close at 14.5% by December 2021 to curtail inflationary hikes.

The Rural and Community Banks and the other Specialised Deposit-Taking Institutions had some level of unfavourable turn following the banking sector clean up; coupled with the Covid-19 pandemic. Our Bank's operations also had its share of the effects. Our operations were affected by the locked-up investments, non-performing loans, frequent customer loan pay off in the PSELF loans and general lack of confidence in our banking space. However, the dexterity of the Board of Directors, Management and the entire Staff with the support of our esteemed customers saw the Bank through a well-shaped operational stability for growth.

I would like to make a passionate appeal to the powers that be to make all the needed efforts to help Rural and Community Banks recover locked-up funds in the resolved financial institutions.



## OPERATIONAL PERFORMANCE

In the course of the year 2021, various restructuring and changes in Management were made; key positions were filled, including that of the Chief Executive Officer whose activity commenced from November, 2021. The Board embarked on this management restructuring exercise to align with the developed five-year Strategic Plan which commenced in 2021.

Nananom, Distinguished Guests, Fellow Shareholders, Ladies and Gentlemen, permit me to walk you through some key highlights of our financials.

## HIGHLIGHTS OF THE FINANCIAL PERFORMANCE

ITEMS	2021 GHS	2020 GHS	CHANGE	
			AMOUNT GHS	PERCENTAGE %
<b>Total Assets</b>	125,323,302.00	112,010,660.00	13,312,642.00	11.89
<b>Shareholders' Fund</b>	9,601,563.00	7,724,325.00	1,877,238.00	24.30
<b>Stated Capital</b>	4,892,890.00	3,761,460.00	1,131,430.00	30.08
<b>Deposits</b>	110,010,141.00	96,532,424.00	13,477,717.00	13.96
<b>Loans &amp; Advances (Net)</b>	34,755,659.00	40,524,927.00	-5,769,268.00	- 14.24
<b>Investment</b>	55,882,170.00	39,202,519.00	16,679,651.00	42.55
<b>Fixed Assets</b>	10,993,799.00	11,455,381.00	- 461,582.00	- 4.0
<b>Gross Income</b>	22,915,864.00	21,397,017.00	1,518,847.00	7.10
<b>Profit Before Tax</b>	745,808.00	4,102,889.00	-3,357,081.00	-81.82

## TOTAL ASSETS

The Total Assets of the Bank amounted to GHS125.32million in December 2021, representing an increase of 11.89% from GHS112.01million in 2020. Out of this, Earning Assets constituted GHS90.63million in 2021 compared to GHS79.72million in 2020; a growth of 28% which amounted to GHS10.9million in absolute terms.

The Bank's growth in total assets was greatly due to increase in deposits.



## **DEPOSIT**

The Deposit liability of the Bank went up by 13.96% from GHS96.53million in 2020 to GHS110.01million in 2021. The increase was as a result of the attraction of new customers and the deepening of the Bank's relationships with its existing customers and partly due to the new Branches opened. We have put in place needed strategies to continue to ensure a robust deposit growth in the coming years, since banks are well driven by growth in deposit.

Distinguished Personalities, may I take this opportunity to inform you of our full presence now established in Ejisu, with our Branch just close to the roundabout in the main harp of the Ejisu Township. I am also pleased to inform you of the successful conversion of the Asokwa Agency to a Branch. This new Asokwa Branch has been relocated to a full, ultra-modern premises which is more conspicuous and easily accessible. This brings together 12 branches in total as at the end of December, 2021.

We anticipate that these new expansions and developments will increase the deposits of the Bank. I hereby encourage all herein gathered to deposit with Adansi Rural Bank PLC.

## **LOANS AND ADVANCES**

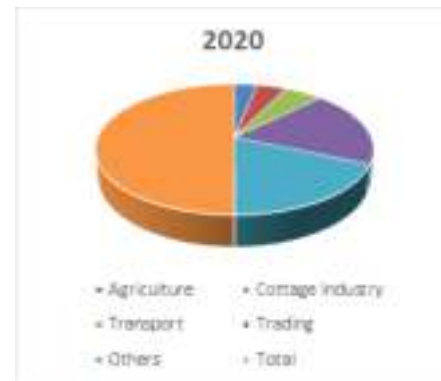
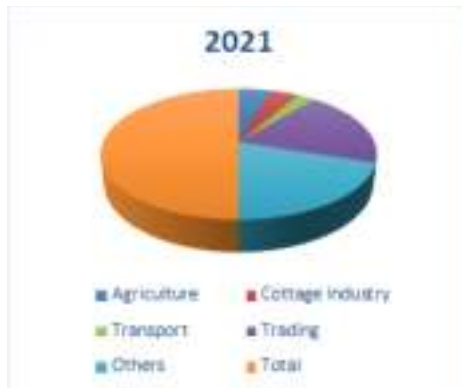
The economic climate over the period under review was not so conducive for granting of more loans and advances. Most customers were defaulting in loan repayments and that called for extensive provisioning and write-offs. This necessitated the need to slow down on loans and advances and look to a more reliable place for investment to channel our earning assets. With the above reason, our loans and advances portfolio as at the end of December 2021 was GHS34.75million as against GHS40.52million in 2019. This was a 14.24% reduction which was GHS5.76million in absolute terms.

Although there was an unfavorable climate, the Bank continued its various loan products like Cocoa loans, Microfinance, Susu, Public Sector Employee Loan Facility (PSELF), Commercial Loans and Overdraft, Salaried Loans, Funeral and all the other loan products available. However, much significance was given to the agricultural loans particularly cocoa and other loans comprising Microfinance, Susu and loans to salaried earners from both private companies and on government payroll.

The sectorial break down of our loans was as follows;



SECTORS	2021	PERCENTAGE OF TOTAL LOANS	2020	PERCENTAGE OF TOTAL LOANS	CHANGE IN GROWTH	
	GHS	(%)	GHS	(%)	GHS	%
<b>Agriculture</b>	3,753,275.57	9.18	2,707,191.74	6.28	1,046,083.83	38.64
<b>Cottage Industry</b>	3,236,257.70	7.91	3,532,260.31	8.20	-296,002.61	-8.38
<b>Transport</b>	2,010,144.78	4.92	4,560,987.27	10.59	-2,550,842.49	-55.93
<b>Trading</b>	15,564,140.36	38.06	16,405,658.60	38.10	-841,518.24	-5.13
<b>Others</b>	16,324,812.15	39.93	15,851,338.69	36.83	473,473.46	2.99
<b>Total</b>	<b>40,888,630.56</b>	<b>100</b>	<b>43,057,436.60</b>	<b>100</b>	<b>-2,168,806.04</b>	<b>-5.04</b>



In 2021 Management made a recovery of GHS755,848 from Bad and Doubtful Debts. However, there was still an increase in provision for Bad debt due to the downgrade of some loans. Additional impairment of GHS4,350,624 representing 176.86% increase for Bank's non-performing loans was made in 2021, bringing the cumulative provision for Bad and Doubtful Debt to GHS6,132,971 at the end of the year under review. Although it was distasteful to have such provisions which in turn affected our ability to pay dividend, we had to take the “bull by the horn” to reflect the reality.

We entreat loan defaulters to settle their outstanding obligations with the Bank to avoid any legal measures against them. Indeed, legal actions are ongoing in respect of a number of defaulters.





## **INVESTMENTS**

Investments which consist largely of Treasury Bills, GOG Bonds and Notes increased from GHS39.2million in 2020 to GHS55.88million in 2021. This represented an increase of 42.55% over the period. The risk associated with the investment portfolio is significantly low because of its composition and current places of placement. The Bank still awaits repayment from Government on the locked-up investments which were taken over through GCB Capital Ltd. The challenge that we have as a Bank is on our investment with Prestige Capital Ltd. Fortunately, this investment was securitized and we have initiated the legal process towards its realization.

## **PROFITABILITY**

Fellow Shareholders, our Bank made a Profit before Tax of GHS745,808 in 2021 as against GHS4.10million in 2020. As explained earlier, the local economy was unfavorable and not fully supportive. We had to make some high level of provision for Bad and Doubtful Debts due to the downgrading of some loans. The provision of GHS4,350,624.00 had to be made for this purpose and this significantly affected our profit. Measures have been put in place to recover all such loans and further avert possible loan loss in the years ahead. Further, per the acceptable reporting requirement, there was no interest realization on locked-up investments and this also impacted on our ability to generate the requisite returns.

We will continue to work assiduously and look to other sources of revenue generation to increase the Bank's profitability to perfect Shareholders' wealth.

## **DIVIDEND**

Fellow Shareholders, the level of profit recognition was not as expected and we need to build our reserves. In view of this, we the Directors propose for your acceptance that there should be no dividend declaration this year. We admit that it has been four consecutive years that we have not been able to declare any dividend. However, we entreat you not to relinquish your support as we look to the future for more robust dividend payment.

## **SHAREHOLDERS FUNDS**

My dear Shareholders, in 2021 the Bank's Stated Capital went up by 30.08%, which culminated to GHS1.13million in absolute terms. The increment was from retained earnings and further from the successful recapitalization on the Rights Issues of the Ordinary Shares and of Preference Shares (GHS1.3M) to shore up the Capital and Net worth of the Bank which commenced in September 2020 and ended in March 2021.

Capital growth is very key to the progress of every bank and I encourage all Shareholders to keep buying more shares to increase the Stated Capital to enable the Bank offer more support to its customers in order to increase profitability.



## **SOCIAL RESPONSIBILITY**

The Bank continues to offer assistance to communities and institutions within its catchment areas. In 2021, the Bank supported Farmers' Day Celebration in various Districts; Adansi North, Adansi South, Adansi Asokwa, Obuasi East and Obuasi West Districts. The Bank also assisted the Fomena Fire Station of the Ghana National Fire Service (GNFS) during the year under review. The Bank further provided support for the training of newly recruited Teachers within its catchment areas through Ghana Education Service (GES). We are corporate social responsible and will continue to give assistance and engage in activities that support the environment in the years ahead.

## **BOARD OF DIRECTORS**

It is worth mentioning that the two Directors, Mrs. Philomena Abu-Bonsra elected in 2020 (30<sup>th</sup> AGM) and Mr. Alexander Frimpong elected in 2021 (31<sup>st</sup> AGM) have been cleared by the Bank of Ghana and are currently serving on the Board.

Fellow Shareholders, as required by regulations, Mr. Philip Ofori-Asante and Mr. Samuel Abu-Bonsrah are due for retirement as Directors; each of them has served for twenty-one (21) years. It is unfortunate they cannot offer themselves for re-election due to the Corporate Governance Directives for Rural and Community Banks issued by the Bank of Ghana. In a related matter, Mr. Kwabena Fosuhene Asante who has also served on the Board for twelve (12) years resigned as a Board member in August, 2022. On behalf of my colleague Directors and the entire Shareholders, we thank them for their dedication and patriotic service to our Bank.

We currently have three slots to fill for Directorship to make up a maximum of Seven (7) Directors as per the Corporate Governance Directives.

## **OUTLOOK**

I must say that based on strategic projections, 2022 will complete the low side of returns due to the cleaning-up of our books, particularly on locked-up investments and loans. I can confidently envisage that the Bank will be able to meet shareholders expectation in the years thereafter.

We will continue to put in pragmatic measures to ensure positive growth and achievement of the Strategic Plan of the Bank. We are mindful of the fact that we need to work. We will intensify loan recovery, deposit mobilization, internal controls and maintain quality assets to increase profitability. There is a new crop of Management in place and they have demonstrated enough that they can help us move the affairs of this Bank. We anticipate a very good future and know we can achieve the objectives outlined in our five-year Strategic Plan.

We urge ARB Apex Bank to speed up on the upgrade of the core banking application (software), Temenos 24 as promised and commenced. The current level of operational challenges being experienced from the banking application must be addressed to make it more efficient to stand competition and test of time. We need accuracy of data and speed of service to our customers.



### **APPRECIATION**

On behalf of the Board of Directors, I wish to express our profound gratitude and thanks to the Management and Staff of the Bank for their contribution so far and urge them to work assiduously to lift high the corporate brand of our Bank. Our appreciation also goes to our Shareholders, cherished Customers and other significant Stakeholders including Bank of Ghana, ARB Apex Bank and Association of Rural and Community Banks for their continuous support and cooperation.

### **CONCLUSION**

Nananom, Distinguished Guests, Fellow Shareholders, Ladies and Gentlemen, 2021 was not without a challenge particularly from its latter part which has even exacerbated to 2022. This notwithstanding, the dexterity of the Board of Directors and Management, has seen the Bank through and I can envisage that the Shareholders' wealth will indeed be maximized in the years ahead.

Thank you and May God bless you all.

**KOFIAMPOFO AGYAPONG**  
**(BOARD CHAIRMAN)**



## ADANSI RURAL BANK LIMITED REPORT OF DIRECTORS

In accordance with the requirements of Section 136 of the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institution Act, 2016 (Act 930), we the Board of Directors of Adansi Rural Bank Limited, do herewith submit our annual report on the state of affairs of the Company for the year ended 31 December 2021.

### Statement of Directors Responsibilities

The directors are responsible for the preparation of financial statements that give a true and fair view of Adansi Rural Bank Limited, comprising the statements of financial position at 31 December 2021, and the income statement, 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, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Specialised Deposit-Taking Institution Act, 2016 (Act 930). In addition, the directors are responsible for the preparation of the report of the directors.

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 ability of the company to continue as going concerns and believe that the shareholders will introduce additional capital into the business. 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.

The Directors report as follows:

	2021 GH¢	2020 GH¢
Total income	<b>22,915,864</b>	21,397,017
Profit before tax from which is deducted; a provision for estimated income tax expense of	<b>867,838</b> <b>(122,030)</b>	4,102,889 (582,679)
leaving a profit after tax of	<b>745,808</b>	3,520,211
which is to be added to the profit/(deficit) brought forward of	<b>692,388</b>	(1,947,770)
resulting in a balance to be carried forward on the retained earnings account at December 31 of	<b>1,438,196</b>	1,572,440



**REPORT OF DIRECTORS  
ADANSI RURAL BANK LIMITED**

In accordance with the requirements of Section 136 of the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institution Act, 2016 (Act 930), we the Board of Directors of Adansi Rural Bank Limited, do herewith submit our annual report on the state of affairs of the Company for the year ended 31 December 2021.

**Statement of Directors Responsibilities**

The directors are responsible for the preparation of financial statements that give a true and fair view of Adansi Rural Bank Limited, comprising the statements of financial position at 31 December 2021, and the income statement, 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, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Specialised Deposit-Taking Institution Act, 2016 (Act 930). In addition, the directors are responsible for the preparation of the report of the directors.

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 ability of the company to continue as going concerns and believe that the shareholders will introduce additional capital into the business. 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 principal activity of the Bank during the year was in accordance with Section 2 of the Regulations of the Bank. This represents no change from the activities carried out for the previous year.**Approval of the report of the directors**The report of the directors of Adansi Rural Bank Limited, was approved by the board of directors on ..... and signed on their behalf by

.....  
**Director**

.....  
**Director**

1st APRIL  
.....



---

## **ADANSI RURAL BANK LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing financial statements for each financial year to give a true and fair view of the state of affairs of the Bank and of its profit or loss for the period. In preparing those financial statements, the directors are required to:

Select suitable accounting policies and then apply them consistently

Make judgements and estimates that are reasonable and prudent

State whether the applicable accounting standards have been followed

Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business

The directors are responsible for ensuring that the Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Bank and which enable them to ensure that the financial statements comply with International Financial Reporting Standards. They are responsible for taking such steps as are reasonably open to them to safeguard the asset of the Bank, and to prevent and detect fraud and other irregularities.



---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ADANSI RURAL BANK LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Adansi Rural Bank Limited which comprise the statement of financial position as at December 31, 2021, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Adansi Rural Bank Limited as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

**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 are independent of the Company in accordance with the international Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

**Responsibilities of Board of Directors for the Financial Statements**

The Board of Directors is responsible for the preparation of the financial statements that gives a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



The Board of Directors is responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, 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 International Standards on Auditing 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.

The engagement partner on the audit resulting in this independent audit report is Nana Abena Adu-Gyamfi (ICAG/P/1089).

PKF

.....  
**FOR AND ON BEHALF OF PKF (ICAG/F/2022/039)**  
**CHARTERED ACCOUNTANTS**  
**FARRAR AVENUE**  
**ACCRA**

1<sup>ST</sup> APRIL

.....2022





**ADANSI RURAL BANK LIMITED**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	NOTES	2021 GH¢	2020 GH¢
Interest income	3	23,219,032	15,582,913
Interest expense	4	(3,639,514)	(2,603,140)
<b>Net interest income</b>		<b>19,579,518</b>	<b>12,979,773</b>
Commissions and fees	5	3,162,630	2,407,261
Other operating income	6	173,716	6,009,983
<b>Operating income</b>		<b>22,915,864</b>	<b>21,397,017</b>
Personnel expenses	7	(6,965,813)	(5,579,880)
Operating expenses	8	(8,498,026)	(8,075,265)
Impairment charge	14.1	(4,350,624)	(1,571,444)
Depreciation and amortisation	9	(2,233,563)	(2,067,539)
<b>Net profit before taxation</b>		<b>867,838</b>	<b>4,102,889</b>
Income tax expense	10	(122,030)	(582,679)
<b>Net profit after taxation</b>		<b>745,808</b>	<b>3,520,210</b>



**ADANSI RURAL BANK LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

<b>Assets</b>	<b>NOTES</b>	<b>2021 GH¢</b>	<b>2020 GH¢</b>
Cash and short-term funds	11	17,342,718	16,071,883
Short term investments	12	18,514,373	27,609,147
Long term investments	13	37,367,797	11,634,776
Loans and advances	14	34,755,659	40,524,927
Other assets	15	5,833,013	4,241,175
Property, plant & equipment	16	10,993,799	11,455,381
Intangible assets	17	515,943	473,371
<b>Total assets</b>		<b>125,323,302</b>	<b>112,010,660</b>
<b>Liabilities</b>			
Deposits from customers	18	110,010,141	96,532,424
Other liabilities	19	2,861,772	4,109,720
Taxation	10	752,154	259,571
Long-term borrowing	20	2,133,540	2,329,936
Deferred tax (asset)/liability	10.4	(35,869)	1,054,684
<b>Total liabilities</b>		<b>115,721,738</b>	<b>104,286,335</b>
<b>Equity</b>			
Stated capital	21	4,892,890	3,761,460
Statutory reserve	22	3,407,525	3,221,073
Retained earnings	23	1,251,744	692,388
Capital reserve	24	49,404	49,404
<b>Total shareholders' funds</b>		<b>9,601,563</b>	<b>7,724,325</b>
<b>Total liabilities and equity</b>		<b>125,323,302</b>	<b>112,010,660</b>

Approved by the Board on..... 2022

.....  
**DIRECTOR**

.....  
**DIRECTOR**

**ADANSI RURAL BANK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

2021	Stated Capital GH¢	Reserve Fund GH¢	Retained Earnings GH¢	Capital Reserve GH¢	TOTAL GH¢
<b>Balance at 1 January</b>	3,761,460	3,221,073	692,388	49,404	7,724,325
Profit for the year	0	0	745,808	0	745,808
Proceeds from issue of shares	1,131,430	0	0	0	1,131,430
Reserve Fund	0	186,452	(186,452)	0	0
<b>Balance at 31 December</b>	<b>4,892,890</b>	<b>3,407,525</b>	<b>1,251,744</b>	<b>49,404</b>	<b>9,601,563</b>
2020	Stated Capital GH¢	Reserve Fund GH¢	Retained Earnings GH¢	Capital Surplus GH¢	TOTAL GH¢
<b>Balance at 1 January</b>	3,754,139	2,341,021	(1,947,770)	49,404	4,196,794
Profit for the year	0	0	3,520,210	0	3,520,210
Proceeds from issue of shares	7,321	0	0	0	7,321
Statutory Reserve	0	880,052	(880,052)	0	0
<b>Balance at 31 December</b>	<b>3,761,460</b>	<b>3,221,073</b>	<b>692,388</b>	<b>49,404</b>	<b>7,724,325</b>





**ADANSI RURAL BANK LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>2021</b> <b>GH¢</b>	<b>2020</b> <b>GH¢</b>
<b>Cash flows from operating activities</b>		
Profit for the year	867,838	4,102,889
<b>Adjustment for:</b>		
Depreciation	2,004,736	1,435,876
Amortisation	228,827	359,023
Impairment of Asset	0	272,640
Loss on Disposal	66,012	0
	<b>3,167,413</b>	<b>6,170,428</b>
Change in loans and advances	5,769,270	(3,389,816)
Change in other assets accounts	(1,591,838)	2,532,579
Change in deposits	13,477,717	25,376,224
Change in creditors and accruals	(1,247,948)	2,029,619
	<b>19,574,614</b>	<b>32,719,034</b>
Tax paid	(720,000)	(761,788)
<b>Net cash generated from operating activities</b>	<b>18,854,614</b>	<b>31,957,246</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,616,531)	(4,984,849)
Proceeds from disposal	7,365	0
Purchase of intangible asset	(271,399)	(199,858)
Increase in short term investments	9,094,773	(7,436,244)
Increase in long term investments	(25,733,021)	(11,593,372)
<b>Net cash used in investing activities</b>	<b>(18,518,813)</b>	<b>(24,214,323)</b>
<b>Cash flows from financing activities</b>		
Issue of shares	1,131,430	7,321
Long-term borrowings	(196,396)	(1,428,593)
<b>Net cash from financing activities</b>	<b>935,034</b>	<b>(1,421,272)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,270,835</b>	<b>6,321,651</b>
Cash and cash equivalent at 1st January	16,071,883	9,750,232
<b>Cash and cash equivalent at 31 December</b>	<b>17,342,718</b>	<b>16,071,883</b>
<b>Cash and Cash Equivalent</b>		
Cash on Hand	6,301,570	4,143,260
Current Account Balances	11,041,148	11,928,623
	<b>17,342,718</b>	<b>16,071,883</b>



**ADANSI RURAL BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

28

**1. REPORTING ENTITY**

Adansi Rural Bank Limited referred to as the bank in these financial statements is a limited liability company incorporated under the Companies Act, 2019 (Act 992) and licensed by the Bank of Ghana with its headquarters at Adansi Fomena in the Ashanti Region of Ghana. The address of its registered office is P. O. Box 35 Adansi Fomena, Ashanti and the principal place of business is Fomena.

**2.1 STATEMENT OF COMPLIANCE**

The financial statements of the company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) and the Companies Act, 2019 (Act 992).

**2.2 BASIS OF PREPARATION**

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS').

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements, are disclosed in note 2.4.

**2.3 BASIS OF MEASUREMENT**

The financial statements have been prepared on the historical cost basis except for the following:

financial instruments at fair value through profit or loss are measured at fair value  
available-for-sale financial assets are measured at fair value

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements have been prepared in the Ghana Cedi (GH¢) which is the company's functional currency and all values have been rounded to the nearest One Cedi (GH¢1).

**2.4 ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements requires Management to make judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Inventory measurement
- Useful lives of items of property, plant and equipment
- Useful lives of intangible assets
- Classification of financial assets
- Fair value measurement and valuation processes.

## **2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently for all the years presented, unless otherwise stated.

### **a. Interest Income and expenses**

Interest revenue is generally recognised when future economic benefits of the underlying assets will flow to the bank and it can be reliably measured. It is income derived from the use of the bank's assets and hence the interest is mostly dependent on the underlying agreement.

Interest income and expense are, however, generally recognised in the income statement on straight-line basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the income statement include:

Interest on financial assets and liabilities at amortised cost on an effective interest rate basis

Interest on available-for-sale investment securities on an effective interest rate basis

### **b. Fees and commission**

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

### **c. Taxation**

#### **Current tax assets and liabilities**



Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

#### **Deferred Tax**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### **Tax Expense**

Income tax expense represents the sum of the tax currently payable and deferred tax movement for the current period. The tax currently payable is based on taxable profit for the year.

### **d. Financial assets and liabilities**

#### **Recognition**

The Bank initially recognizes loans and advances, deposits and debt securities issued on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the bank becomes a party to the contractual provisions of the instrument.

#### **Derecognition**

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

#### **Offsetting**

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the International Financial Reporting Standards, or for gains and losses arising from a Bank



of similar transactions such as in the Bank's trading activity.

#### **Measurement of amortised cost**

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

#### **Fair value measurement**

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

#### **Identification and measurement of impairment**

At each reporting date the Bank assesses whether there is objective evidence that financial assets are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably. The bank

considers evidence of impairment at both an individual and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the Bank.

In assessing collective impairment, the bank uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for Management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised on the unimpaired portion through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss





is reversed through profit or loss. Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the amortised acquisition cost net of any principal repayment and amortisation and current fair value, less any impairment loss previously recognised in profit or loss out of equity to profit or loss. When a subsequent event that can be related to the event causes the amount of impairment loss on an available-for-sale debt security to decrease, the impairment loss is reversed through profit or loss.

However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised directly in equity. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

**e. Cash and cash equivalents**

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term. Bank overdrafts are shown within borrowing in current liabilities.

**f. Held-to-maturity**

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the bank has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale. Held-to-maturity investments are carried at amortised cost using the effective interest rate method.

Investments in Government of Ghana securities and other financial institutions are classified as held to maturity.

**g. Available-for-sale**

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognised in profit or loss using the effective interest rate method.

Dividend income is recognised in profit or loss when the Bank becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised directly in equity until the investment is sold or impaired and the balance in equity is transferred to profit or loss.

**h. Bank overdrafts and interest-bearing borrowings**

Bank overdrafts and interest-bearing borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

**i. Intangible assets**

These comprise computer banking software license and other computer software licenses acquired. Amortisation is charged to



profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite.

Intangible assets with an indefinite useful life are tested for impairment annually. Other intangible assets are amortised from the date they are available for use. The useful lives are as follows:

Software development costs - 4 years

Amortisation periods and methods are reviewed annually and adjusted if appropriate.

#### **j. Property, plant and equipment**

All property, plant and equipment assets are stated at cost less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When components of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

#### **Subsequent costs**

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

#### **Revaluation model**

After recognition of an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Revaluation model is used for only property and surpluses on such revaluations are restricted to tier two capital with respect to capital adequacy ratio computation.

Depreciation of property, plant and equipment is provided to write off the cost, less residual value, on a straight-line basis over the estimated useful lives as follows:

· Owned Buildings	3%
· Office equipment	25%
· Furniture, fixtures and fittings	20%



· Computers and accessories	33.3%
· Motor Vehicles and bikes	20%
· Generators	25%
· Building Renovation	10%
· Leasehold	straight-line over the lease period

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Gains or losses on disposal are included in profit or loss.

Leasehold properties relate to rented properties which have expiry dates exceeding one year. They are amortised on a straight-line basis over the lease periods.

#### **k. Employee benefits**

##### **Defined contribution plans**

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

##### **Defined benefit plans**

The bank operates a number of pension and other post-employment benefit plans. These plans include both defined benefit and defined contribution plans.

The bank pays the mandatory 13% of the employees' basic salary to the Social Security and National Insurance Trust for employee pensions. The bank's obligation is limited to relevant contributions which have been recognised in the financial statements. The pension liabilities and obligations rest with the Social Security and National Insurance Trust.

The bank has a Provident Fund Scheme for their employees. Employees contribute 5% of their basic salary to the fund whilst the bank contributes 5%. These monies are invested by third parties and the bank has no further obligation under the scheme.

#### **l. Earnings per share**

The bank presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the bank by the weighted average number of ordinary shares outstanding during the period.

#### **m. New and revised standards, amendments and interpretations**

##### **Reference to the Conceptual Framework (Amendments to IFRS 3)**

The amendment updates an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

Specifically, IFRS 3:11 was amended to refer to the 2018 version of the Conceptual Framework for Financial Reporting and also in respect of the requirements for transactions and other events



within the scope of IAS 37 or IFRIC 21.

This is effective for reporting periods beginning on or after 1 January, 2022.

### **Property, Plant and Equipment – Proceeds before intended use (Amendments to IAS 16)**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items in the profit or loss.

This is effective for reporting periods beginning on or after 1 January, 2022.

### **Onerous Contracts-Cost of Fulfilling a Contract (Amendments to IAS 37)**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling the contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

This is effective for reporting periods beginning on or after 1 January, 2022.

### **Annual Improvements to IFRS Standards 2018-2020**

Amendments have been made for the following standards

**IFRS 1** – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

**IFRS 9** – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

**IFRS 16** – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

**IAS 41** – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to



exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

This is effective for reporting periods beginning on or after 1 January, 2022.

### **Amendments to IFRS 17**

Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are:

Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023.

Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.

Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination.

Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.

Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.

Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.

Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held.

Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.

Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.

This is effective for reporting periods beginning on or after 1 January, 2023.

### **Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)**

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

This is immediately available.

### **Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)**



The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.

**Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)**

The amendments in Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

This is effective for reporting periods beginning on or after 1 January, 2021.

**Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)**

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

This is effective for reporting periods beginning on or after 1 January, 2023.

**Definition of Accounting Estimates (Amendments to IAS 8)**

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

This is effective for reporting periods beginning on or after 1 January, 2023.



**ADANSI RURAL BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>2021</b> <b>GH¢</b>	<b>2020</b> <b>GH¢</b>
<b>3 Interest income</b>		
Investments	7,041,435	2,643,936
Loans and overdrafts	16,177,597	12,938,977
	<b>23,219,032</b>	<b>15,582,913</b>
<b>4 Interest expenses</b>		
Interest on Savings	352,612	385,647
Interest on Fixed Deposit	2,830,033	2,121,493
Interest on Borrowings	456,869	96,000
	<b>3,639,514</b>	<b>2,603,140</b>
<b>5 Commission and fees</b>		
Commitment fees	895,854	685,293
Cheques clearing fees	41,268	21,621
Commission	2,225,508	1,700,347
	<b>3,162,630</b>	<b>2,407,261</b>
<b>6 Other operating income</b>		
SMS charges	129,307	181,772
Income earned on money transfers	44,409	92,126
Impaired asset recovered	0	5,736,085
	<b>173,716</b>	<b>6,009,983</b>
<b>7 Personnel Expenses</b>		
Salaries and wages	5,117,563	3,985,740
Staff fuel allowance	207,831	163,288
Staff car maintenance allowance	223,139	187,137
Staff clothing & Other staff allowances	525,760	632,146
SSF & Provident Fund contribution	709,248	558,893
Staff training expenses	182,272	52,676
	<b>6,965,813</b>	<b>5,579,880</b>



**ADANSI RURAL BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>2021</b>	<b>2020</b>
	<b>GH¢</b>	<b>GH¢</b>
<b>8 Other Expenses</b>		
Directors emoluments	364,979	248,725
Board meeting expenses	321,274	264,661
Medical expenses	86,053	67,274
Travelling and transport	426,384	259,237
Audit fee	40,545	35,438
Printing and stationery	402,378	439,688
Repairs and maintenance - general	319,974	85,139
Vehicle running expenses	268,365	319,286
Microfinance expenses	60,378	79,241
PSelf-expenses	373,513	1,074,423
Generator expenses	48,213	82,625
Rent and rate and taxes	76,724	130,721
Postage and telecommunication	243,328	217,616
Insurance	452,899	245,569
Electricity and water	415,694	381,545
Entertainment/business development cost	116,128	383,321
Subscriptions/periodicals	39,190	44,023
Donation	65,065	44,695
Specie movement expenses	8,451	9,312
Security expenses	491,671	407,970
Office expenses	435,538	219,546
Internal audit expenses	40,794	66,500
AGM expenses	137,147	135,013
Advertisement	203,702	43,436
Professional and Legal Fees	54,981	481,226
Bank charges	323,076	281,900
Computerization expenses	577,586	160,974
Loan recovery expenses	142,505	90,644
Susu commission	1,603,096	1,492,514
Mobilization expenses	0	2,760
Out of station expenses	105,206	138,991
Hotel & Accommodation	105,576	0
Cleaning and sanitation	81,601	141,252
Loss on Disposal	66,012	0
	<b>8,498,026</b>	<b>8,075,265</b>
<b>9 Depreciation, Amortisation and Impairment</b>		
Amortisation	228,827	359,023
Depreciation	2,004,736	1,435,876
Impairment-PPE	0	272,640
	<b>2,233,563</b>	<b>2,067,539</b>





**ADANSI RURAL BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 GH¢	2020 GH¢		
<b>10. INCOME TAX</b>				
<b>10.1 Income tax expense</b>				
The major components of income tax expense for the years ended 31 December 2021 and 2020 are:				
Current income tax charge	1,212,583	741,109		
Deferred tax charge	1,212,583 (1,090,553)	741,109 (158,430)		
<b>Income tax reported in the income statement</b>	<b>122,030</b>	<b>582,679</b>		
<b>10.2 Reconciliation of Effective Tax</b>				
The tax on the Company's profit before tax differs from the theoretical amount that would arise using the statutory tax rate on the applicable profit as follows:				
<b>Accounting profit before income tax</b>	<b>867,838</b>	4,102,889		
Statutory income tax rate of 25% (2020: 25%)	<b>216,960</b>	1,025,722		
Non-deductible expenses for tax purposes	<b>1,087,657</b>	466,957		
Effect of non-chargeable income	<b>(188,962)</b>	(910,000)		
Other Temporary differences	<b>(993,624)</b>	0		
<b>Income tax expense reported in the income statement</b>	<b>122,030</b>	582,679		
<b>Effective tax rate</b>	14%	14%		
<b>10.3 Current income tax</b>				
<b>Year of assessment</b>	<b>Balance at 1 Jan. GH¢</b>	<b>Paid during the year GH¢</b>	<b>Charge to income statement GH¢</b>	<b>Balance at 31 Dec. GH¢</b>
2017-2019	(81,538)	0	0	(81,538)
2020	341,109	0		341,109
2021	0	(720,000)	1,212,583	492,583
	<b>259,571</b>	<b>(720,000)</b>	<b>1,212,583</b>	<b>752,154</b>
This computation is subject to agreement with the Ghana Revenue Authority.				
<b>10.4 Deferred tax liability</b>	<b>2021 GH¢</b>	<b>2020 GH¢</b>		
<b>10.5 The movement on the deferred tax account is as follows:</b>				
Balance at January 1	1,054,684	1,213,114		
<b>Origination/reversal of temporary differences:</b> recognised in the income statement	<b>(1,090,553)</b>	(158,430)		
<b>Balance at December 31</b>	<b>(35,869)</b>	1,054,684		



**ADANSI RURAL BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>2021</b>	<b>2020</b>
	<b>GH¢</b>	<b>GH¢</b>
<b>11 Cash and short-term funds</b>		
Cash on hand	6,301,570	4,143,260
Other banks	348,437	299,813
Apex bank clearing account	941,976	473,229
Apex bank deposit account	5,350,735	4,505,581
Apex certificate of deposit (ACOD)	4,400,000	6,650,000
	<b>17,342,718</b>	<b>16,071,883</b>
<b>12 Short term investments</b>		
Government treasury bills and notes	9,702,000	14,762,000
Investment with other financial institutions <b>Note 28</b>	8,812,373	12,847,147
	<b>18,514,373</b>	<b>27,609,147</b>
<b>13 Long term investment</b>		
ARB Apex bank -shares	41,404	41,404
Government of Ghana Bonds	37,326,393	11,593,372
	<b>37,367,797</b>	<b>11,634,776</b>
<b>14 Loans and advances</b>		
Overdraft	3,337,675	4,308,048
Loans	37,550,955	38,755,074
	<b>40,888,630</b>	<b>43,063,122</b>
<b>Provision for bad and doubtful debts 14.1</b>	<b>(6,132,971)</b>	<b>(2,538,195)</b>
	<b>34,755,659</b>	<b>40,524,927</b>
<b>14.1 Impairment loss</b>		
Provision as at January 1	2,538,195	1,476,234
Recoveries from bad debt	(755,848)	(509,483)
Increase in provision	4,350,624	1,571,444
<b>Provision as at December 31</b>	<b>6,132,971</b>	<b>2,538,195</b>
<b>15 Other asset accounts</b>		
Stationery stock	312,814	341,083
Insurance prepaid	34,327	47,102
Rent prepaid	98,083	123,135
Interest and commission accrued	325,877	280,858
Interest in arrears	785,648	674,534
Ezwich operation	41,723	82,226
Accrued interest receivable on investment	2,760,043	1,773,842
Interest accrued Pself loan	1,070,832	918,395
Sundry Asset	403,666	0
	<b>5,833,013</b>	<b>4,241,175</b>

**ADANSI RURAL BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**



16 Property, plant & equipment 2021	Land		Owned buildings		Office equipment		Furniture, fixture & fittings		Computers and accessories		Motor vehicles and bikes		Generators and plant		Buildings Improvements		ATM Accessories		Leasehold Properties		Total GH¢
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	
Balance at 1 January	52,000	2,456,727	1,631,576	321,055	853,841	947,932	380,020	5,508,201	1,778,649	2,782,403	16,712,404										
Additions	0	0	187,670	67,296	173,988	223,543	162,274	801,760	0	0	0	0	0	0	0	0	0	0	0	0	1,616,531
Asset Write-off/Disposal	0	0	0	(875)	0	(393,061)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(393,936)
<b>Balance at 31 December</b>	<b>52,000</b>	<b>2,456,727</b>	<b>1,819,246</b>	<b>387,476</b>	<b>1,027,829</b>	<b>778,414</b>	<b>542,294</b>	<b>6,309,961</b>	<b>1,778,649</b>	<b>2,782,403</b>	<b>17,934,999</b>										
<b>Depreciation</b>																					
Balance at 1 January	0	450,644	1,005,980	168,875	523,104	797,449	92,144	1,895,980	177,465	145,381	5,257,023										
Charge for the year	0	73,702	343,191	67,763	247,567	78,057	135,573	628,881	177,465	252,537	2,004,736										
Asset Write-off/Disposal	0	0	0	(875)	0	(319,684)	0	0	0	0	(320,559)										
<b>Balance at 31 December</b>	<b>0</b>	<b>524,346</b>	<b>1,349,171</b>	<b>235,763</b>	<b>770,671</b>	<b>555,822</b>	<b>227,717</b>	<b>2,524,861</b>	<b>354,930</b>	<b>397,918</b>	<b>6,941,200</b>										
<b>Carrying amount</b>																					
December 31	52,000	1,932,381	470,075	151,713	257,158	222,592	314,577	3,785,100	1,423,719	2,384,485	10,993,799										



**ADANSI RURAL BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

16.1 Property, plant & equipment 2020	Owned		Furniture, Computers and Motor		Other		ATM		Leasehold Properties	Total
	Land buildings	Office equipment	fixtures & fittings	and accessories	Buildings Improvements	Work in progress	Accessories	GH¢		
<b>Cost</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
Balance at 1 January	52,000	2,386,367	1,218,245	687,899	957,932	150,888	4,270,390	1,758,118	0	11,737,555
Additions	0	70,360	413,331	65,339	0	229,132	1,237,811	20,531	2,782,403	4,984,849
Disposal	0	0	0	0	0	0	0	0	0	0
Assets written off	0	0	0	0	(10,000)	0	0	0	0	(10,000)
<b>Balance at 31 December</b>	<b>52,000</b>	<b>2,456,727</b>	<b>1,631,576</b>	<b>853,841</b>	<b>947,932</b>	<b>380,020</b>	<b>5,508,201</b>	<b>1,778,649</b>	<b>2,782,403</b>	<b>16,712,404</b>
<b>Depreciation</b>										
Balance at 1 January	0	378,037	700,640	309,903	680,575	31,132	1,565,869	0	0	3,827,813
Charge for the year	0	72,607	305,340	213,201	123,541	61,012	330,111	177,465	145,381	1,435,876
Assets written off	0	0	0	0	(6,667)	0	0	0	0	(6,667)
<b>Balance at 31 December</b>	<b>0</b>	<b>450,644</b>	<b>1,005,980</b>	<b>523,104</b>	<b>797,449</b>	<b>92,144</b>	<b>1,895,980</b>	<b>177,465</b>	<b>145,381</b>	<b>5,257,023</b>
<b>Carrying amount</b>										
<b>December 31</b>	<b>52,000</b>	<b>2,006,083</b>	<b>625,596</b>	<b>330,737</b>	<b>150,483</b>	<b>287,876</b>	<b>3,612,221</b>	<b>1,601,184</b>	<b>2,637,022</b>	<b>11,455,381</b>



**ADANSI RURAL BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

2021	2021	2020
17 Intangible assets	GH¢	GH¢
<b>Cost</b>		
Balance at 1 January	760,613	1,428,468
Additions	271,399	199,858
Impairment	0	(867,713)
<b>Balance at 31 December</b>	<b>1,032,012</b>	760,613
<b>Amortisation</b>		
Balance at 1 January	287,242	526,626
Charge for the year	228,827	359,023
Impairment	0	(598,407)
<b>Balance at 31 December</b>	<b>516,069</b>	287,242
<b>Carrying amount</b>		
<b>31 December</b>	<b>515,943</b>	473,371
<b>18 Deposits from customers</b>		
Savings account	30,778,538	28,651,408
Current accounts	20,220,941	16,225,196
Time deposit	24,976,855	19,715,114
Susu	34,033,807	31,940,706
	<b>110,010,141</b>	96,532,424
<b>19 Other liabilities</b>		
Accrued interest liabilities	1,390,898	1,337,226
Sundry Creditors	603,192	1,074,153
Audit fees accrued	43,526	35,438
Unearned discount on treasury bills	194,336	398,779
Staff fund	565	565
Deposit for Shares	91,000	472,321
Withholding Tax	175,133	305,831
Bill payables	248,792	371,077
Dividend payable	114,330	114,330
	<b>2,861,772</b>	4,109,720



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 GH¢	2020 GH¢
<b>20 Long-term borrowing</b>		
Apex Bank	0	78,694
Individuals/institutions <span style="float: right;">Note 29</span>	1,300,000	0
Commercial Bank (FABL)	750,000	1,750,000
Bank of Ghana (Kfw Project)	83,540	501,242
	<b>2,133,540</b>	<b>2,329,936</b>
<b>21 STATED CAPITAL</b>	<b>Number</b>	<b>Number</b>
<b>Authorised</b>		
Number of ordinary shares of no par value	<b>100,000,000</b>	100,000,000
<b>Issued</b>		
Number of ordinary shares of no par value	<b>35,184,215</b>	35,184,215
Preference Shares	<b>13</b>	13
	<b>35,184,228</b>	35,184,228
<b>Issued for Cash</b>	<b>Proceeds GH¢</b>	<b>Proceeds GH¢</b>
Number of ordinary shares of no par value	<b>4,892,877</b>	3,761,447
Preference Shares	<b>13</b>	13
	<b>4,892,890</b>	3,761,460



There is no unpaid liability on any share and there are no shares in treasury.

## 22 Statutory reserve

Statutory reserve represents the cumulative amount set aside from annual net profit after tax as required by Section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

## 23 Retained Earnings

This represents the cumulative annual profits that are available for distribution to shareholders

## 24 Capital reserve

This represents bonus shares received from Apex bank and treated as capital reserve per ARB Apex bank's directive

## 25 Earnings per Share

Net profit for the year	<b>745,808</b>	3,520,210
Number of shares	<b>35,184,215</b>	35,184,215
	<b>0.02</b>	0.10



**ADANSI RURAL BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**26. Related party transactions and balances**

A number of transactions are entered into with related parties in the normal course of business. These normally include loans advanced to related persons. The disbursements and related outstanding balances at the year-end are as follows:

<b>26.1 Loans to directors &amp; related companies</b>	<b>2021</b>	<b>2020</b>
	<b>GH¢</b>	<b>GH¢</b>
Loans	<b>500,000</b>	899,461

<b>26.2 Loans and advances to employees</b>		
Loans	<b>1,837,076</b>	<b>1,797,835</b>

**26.3 Key management personnel and directors emoluments**

Directors' Emoluments	<b>364,979</b>	248,725
-----------------------	----------------	---------

**27. Disposal of Property, Plant and Equipment**

Cost of Assets	<b>393,936</b>	0
Accumulated Depreciation	<b>(320,559)</b>	0
Carrying Amount	<b>73,377</b>	0
Amount Realised On Sale	<b>(7,365)</b>	0
Loss on Sale of Property, Plant & Equipment	<b>66,012</b>	0

**28.** Included in the investment with other financial institutions is an amount **GH¢1,303,287.37** invested with Prestige Capital Limited. The Bank holds a pledge over the securities of Prestige Capital registered with the Central Securities Depository GH Limited. The pledge is dated 09/09/2020 with the security symbol as SIC, GOIL, SOGEGH, SCB and HFC

**29.** The Bank allotted a ten year redeemable preference shares to certain individuals and institutions with a coupon rate of 21% payable every six (6) months.





## PROXY FORM

AT THE 32<sup>ND</sup> ANNUAL GENERAL MEETING  
OF THE ADANSI RURAL BANK LIMITED  
to be held at the bank premises

I/We.....  
(Insert Full Name)

of.....  
(Insert Full Address)

being a member(s) of adansi Rural Bank Limited  
hearby appoint.

.....  
(insert full name)

or failing him the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting  
of the Company to be held on Saturday, \_\_\_ July, 201\_, at 9:00am and at any where adjourned thereof.

Dated this .....day of \_\_\_\_\_, 201\_ Shareholder's Signature: .....(Before posting the above form,  
please tear off this part and retain it)

THIS PROXY FORM SHOULD NOT BE COMPLETED AND SENT TO THE BANK IF THE MEMBER WILL BE  
ATTENDING THE MEETING

### NOTES

- (1) In the case of joint holders, each should sign.
- (2) If executed by a Corporation, the Proxy Form should bear its Common Seal or signed on its behalf by a Director.
- (3) Completed proxy form should reach the Secretary, Adansi Rural Bank Limited not less than seventy two (72) hours to the time of the meeting

For Company's Use	No. of Shares	
	FOR	AGAINST
<b>RESOLUTION</b>		
1. A resolution approving the statement of affairs and Financial Reports for <b>2021</b> and adopting same as working document for this year's Annual General Meeting.		
2. A resolution to fix Dividends for year <b>2021</b>		
3. A resolution authorizing the Board of Directors of Adansi Rural Bank to fix External Auditors fees.		
4. A resolution of Shareholders of Adansi Rural Bank to fix the Directors fees and Sitting Allowance.		
Please indicate with "X" in the appropriate square how you wish your votes to be cast on the resolution referred to above Unless otherwise instructed the proxy will vote or abstain from voting at his discretion.		