

# **ANUM RURAL BANK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

**Anum Rural Bank Limited**  
**Reports and Financial Statements**

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**Corporate Information**

**Board of Directors**

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Daniel Adu Appea (Chairman)  
Samuel Yao Katsekpor (Vice Chairman)  
Baadu Eric Agyemang  
Edwin Kwabena Adjei (Appointed June, 2017)  
Nathaniel Kingsley Afunyah  
Godfred Pobi Essel  
Christian Ani Frimpong  
Bismark Anyane Gyau (Resigned August, 2017)  
Christina Amoa Dankwah (Retired June, 2017)

**Secretary**

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Baadu Eric Agyemang  
P.O.Box STC 586  
Accra

**Management**

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Emmanuel A. Ankrah (Retired September, 2017)  
Desmond R. Akrong (Acting Gen. Manager)  
Eric Peprah (Head of Audit)  
David Osei Obiri (Head of Operations)  
Augustus Anyane Gyau (Head of IT)  
Gideon Darkey (Head, Akosombo Agency)  
Emmanuel P. Odame (Head, Credit & Investments)

**Registered Office**

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Bank Premises  
P. O.Box 15  
Anum, Eastern Region  
Ghana.

**Bankers**

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ARB Apex Bank Limited

**Auditors**

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Owiredu- Yeboah Consult  
Chartered Accountants  
Hse No. 12 Kofi Adotei Road  
Sahara, Dansoman  
P. O. Box 7872 Accra- North  
0244668786/0208787273

## **STATEMENT OF DIRECTORS RESPONSIBILITIES**

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The Company's Act, 1963 (Act 179) requires the Directors to prepare financial statement for each financial year which gives a true and fair view of the state of affairs of the company and of its profit or loss for that year.

In preparing those financial statements the directors are required to:

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

The Directors are responsible for keeping proper accounting records which discloses with reasonable accuracy at any time the financial position of the company which enable them to ensure that, the financial statements comply with the Company's Act (Act 179) and the Banks and Specialised Deposit-Taking Institution Act, 2016 (Act 930).

The Directors are responsible for safe guarding the assets of the company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the financial statements using accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied

**REPORT OF THE DIRECTORS  
TO THE MEMBERS OF ANUM RURAL BANK LIMITED**

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The Board of Directors has the pleasure to submit this report on the company for the year ended 31st December 2017.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The Directors accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

**NATURE OF BUSINESS**

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The principal business of the company is to provide banking and related services including taking deposits and lending money.

**FINANCIAL RESULTS AND DIVIDENDS**

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The results of the year are as set out in the attached detailed financial Statements on pages 9 to 38 and summarized below:

	2017	2016
	GH¢	GH¢
<b>Profit before tax for the year</b>	<b>767,617</b>	<b>619,295</b>
From which is deducted a tax charge of	(240,617)	(233,359)
<b>Resulting in a profit after tax of</b>	<b>527,000</b>	<b>385,936</b>
To which must be added the balance brought forward on the income surplus account at the beginning of the year of	858,643	847,625
<b>Leaving a balance before statutory and other transfers of</b>	<b>1,385,643</b>	<b>1,233,561</b>
From which the following transfers were made:		
Dividend declared at 2016 AGM held in 2017	(276,107)	(278,434)
Transfer to statutory reserve in accordance with section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930)	(131,750)	(96,484)
Transfer from building reserve fund of	938,516	-
<b>Leaving a balance on the income surplus account of</b>	<b>1,916,302</b>	<b>858,643</b>

The directors recommend the payment of **GH 0.0045** per share amounting to **GH¢276,234** as dividend for the year (**2016: GH¢0.0050** per share amounting to **GH¢276,107**)

**RETIREMENT AND RE-ELECTION OF DIRECTORS**

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In accordance with section 298 of the Companies Act 1963 (Act 179) and the regulations of the Bank, Messrs Daniel Adu Appea, Samuel Yao Katsekor and Godfred Pobi Essel retired by rotation and being eligible offer themselves for re-election.

**AUDITORS**

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Your external auditors, Messrs Owiredu-Yeboah Consult will continue in office as auditors of the Bank in accordance with section 134(5) of the Companies Act 1963, (Act 179)

**Signed on Behalf of the Board of Directors by:**

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Director

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Date

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Director

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Date

**Independent Auditor's Report****To the shareholders of Anum Rural Bank Limited****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Anum Rural Bank Limited ("the Company"), which comprise the statement of financial position at 31 December 2017, and the statements of comprehensive income, statement of changes in equity and statement of cashflows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 9 to 38.

In our opinion, these financial statements give a true and fair view of the financial position of Anum Rural Bank Limited at 31 December 2017, and its financial performance and cashflows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 1963(Act 179), and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

**Basis of 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 Ethics Standards Board for Accountants' code of Ethics for professional Accountants (IESBA code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

**Other Information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and the Directors' Report as required by the Companies Act 1963(Act 179) but 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.

If, based on the work we have performed, 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.

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

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963(Act 179), and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

In preparing the financial statements, the Directors are 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 Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are 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 ISAs will always detect a material misstatement when it exists. Misstatements can also arise from fraud or error and are considered material if, individually or in 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 audit. We also;

- Identify and assess the risks of material misstatement 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 misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery ,intentional omissions, misrepresentations, or the override of internal controls.
- 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 company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 company 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding 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.

**Report on Other Legal and Regulatory Requirements**

Compliance with the requirements of section 133 of the Companies Act, 1963(Act 179) and section 78 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper books of accounts have been kept, and the statements of financial position and the statement of comprehensive income are in agreement with the books of account.

The company's transactions were within its powers and the company generally complied with the relevant provisions of 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 **Eugene Owiredu-Yeboah (ICAG/P/1229)**

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 Owiredu Yeboah Consult (ICAG/F/2018/144)  
 Chartered Accountants  
 Sahara-Dansoman  
 P.O.Box AN 7872 Accra North  
 Accra

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**Statement of income**  
**For the year ended 31st December 2017**

*All amounts expressed in Ghana Cedis*

	Notes	2017	2016
Interest income	3	6,092,444	5,140,500
Interest expense	4	(542,353)	(509,402)
<b>Net interest income</b>		<b>5,550,091</b>	<b>4,631,098</b>
Commissions and fees	5	1,241,421	1,026,419
Other operating income	6	88,204	100,737
<b>Total operating income</b>		<b>6,879,717</b>	<b>5,758,255</b>
Charge for credit losses		(112,580)	(262,674)
Operating costs	7	(5,999,520)	(4,876,286)
<b>Profit before taxation</b>		<b>767,617</b>	<b>619,295</b>
Tax provision	32	(240,617)	(233,359)
<b>Total income for the year</b>		<b>527,000</b>	<b>385,936</b>

**Earnings per share (EPS)**

Basic and diluted earnings per share (in GHP)	27	0.91	0.86
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**Statement of Financial Position**  
**As at 31st December 2017**

*All amounts expressed in Ghana Cedis*

	Notes	2017	2016
<b>Assets</b>			
Cash and bank balances	9	1,094,167	1,592,146
Short term investments	10	7,599,581	6,176,279
Loans and advances	11	12,456,343	11,331,834
Apex bank deposit reserve	12	913,162	763,036
Equity investments	14	84,004	84,004
Other assets	13	2,225,454	929,571
Property, plant and equipment	20	2,558,608	1,732,714
<b>Total Assets</b>		<b>26,931,319</b>	<b>22,609,585</b>
<b>Liabilities and Shareholders' Fund</b>			
<b>Liabilities</b>			
Customer deposits	15	19,133,499	16,088,180
Managed funds	19	152,137	153,637
Dividend payable	16	656,453	563,020
Current tax liability	17	144,195	145,984
Creditors and accruals	18	927,721	796,762
Borrowings	23	133,353	399,103
<b>Total Liabilities</b>		<b>21,147,357</b>	<b>18,146,687</b>
<b>Shareholders Funds</b>			
Stated capital	25	1,320,225	1,188,570
Statutory reserve fund	21	1,190,702	1,058,952
Capital surplus	24	1,356,733	1,356,733
Income surplus account	26	1,916,302	858,643
<b>Total Shareholders' Funds</b>		<b>5,783,962</b>	<b>4,462,897</b>
<b>Total liabilities and shareholders funds</b>		<b>26,931,319</b>	<b>22,609,585</b>
Net Asset Per Share (GHC per Share)		0.09	0.10

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 Director

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 Director

**Statement of cashflow**  
**For the year ended 31st December 2017**

*All amounts expressed in Ghana Cedis*

	2017	2016
<b>Profit before tax</b>	<b>767,617</b>	<b>619,295</b>
Depreciation	227,038	220,542
Provision for credit Losses	(112,580)	(262,674)
Round off adjustments	(1)	-
<b>Cash flow before changes in assests &amp; liabilities</b>	<b>882,074</b>	<b>577,163</b>
<b>Changes in assets and liabilities</b>		
Changes in loans and advances	(1,011,929)	(186,436)
Changes in other assets	(1,295,883)	(282,064)
Changes in creditors and accruals	130,958	72,006
Changes in customer deposits	3,045,319	1,859,409
Changes in tax	-	(1,347)
<b>Cashflow from operating activities before dividend &amp; tax</b>	<b>1,750,540</b>	<b>2,038,731</b>
<b>Dividends and tax</b>		
Tax paid	(242,406)	(74,324)
Dividend paid	(182,675)	(221,120)
	<b>1,325,459</b>	<b>1,743,287</b>
<b>Investing activities</b>		
Net investments in Apex Deposit Reserve	(150,125)	(60,206)
Purchase of property and equipment	(114,417)	(123,902)
Proceeds from sale of asset	-	-
	<b>(264,542)</b>	<b>(184,109)</b>
<b>Financing</b>		
Proceeds from issue of shares	131,656	190,496
Apex loan received	-	-
Borrowings	(265,751)	351,881
(Decrease)/Increase in managed funds	(1,500)	(774,013)
	<b>(135,595)</b>	<b>(231,636)</b>
Net Increase in cash and cash equivalentls	925,322	1,327,542
Cash and cash equivalentls at January 1	7,768,426	6,440,884
<b>Cash and cash equivalentls at December 31</b>	<b>8,693,749</b>	<b>7,768,426</b>
<b>Analysis of cash and cash equivalentls as shown</b>		
Cash balance	652,499	885,661
Apex bank balance	441,668	706,485
Short term investments	7,599,581	6,176,279
	<b>8,693,749</b>	<b>7,768,425</b>

**Statement of changes in equity**  
**For the year ended 31st December 2017**

*All amounts expressed in Ghana Cedis*

	Stated Capital	Capital Surplus	Statutory Reserve Funds	Other Reserve Funds	Income Surplus	Total
<b>2017</b>						
<b>Balance at 1st January</b>	<b>1,188,570</b>	<b>1,356,733</b>	<b>1,058,952</b>	-	<b>858,643</b>	<b>4,462,897</b>
Adjustment	-	-	-	938,516	-	<b>938,516</b>
<b>Balance restated</b>	<b>1,188,570</b>	<b>1,356,733</b>	<b>1,058,952</b>	<b>938,516</b>	<b>858,643</b>	<b>5,401,413</b>
Issue of shares for cash	131,656	-	-	-	-	131,656
Transfers to dividend payable	-	-	-	-	(276,107)	(276,107)
Transfer to income surplus	-	-	-	(938,516)	938,516	-
Transfers from income surplus	-	-	131,750	-	(131,750)	-
Net profit for the year	-	-	-	-	527,000	527,000
Capital surplus	-	-	-	-	-	-
	<b>1,320,225</b>	<b>1,356,733</b>	<b>1,190,702</b>	-	<b>1,916,302</b>	<b>5,783,962</b>
<b>2016</b>						
<b>Balance at 1st January</b>	<b>998,074</b>	<b>1,356,733</b>	<b>962,468</b>	<b>938,516</b>	<b>847,625</b>	<b>5,103,416</b>
Prior year adjustment	-	-	-	(938,516)	-	(938,516)
<b>Balance restated</b>	<b>998,074</b>	<b>1,356,733</b>	<b>962,468</b>	-	<b>847,625</b>	<b>4,164,900</b>
Issue of shares for cash	190,496	-	-	-	-	190,496
Transfer to dividends payable	-	-	-	-	(278,434)	(278,434)
Transfer from income surplus	-	-	96,484	-	(96,484)	-
Net profit for the year	-	-	-	-	385,936	385,936
Capital surplus	-	-	-	-	-	-
	<b>1,188,570</b>	<b>1,356,733</b>	<b>1,058,952</b>	-	<b>858,643</b>	<b>4,462,897</b>

## **1. THE REPORTING ENTITY**

### **1.1 The Company**

The Anum Rural Bank Limited is a limited liability company registered under Ghanaian Legislation and authorized by its Regulations and a banking license issued by the Bank of Ghana to engage in the provision of banking and related services including the taking of deposits and lending of money.

The bank is domiciled in Ghana with its head office at Anum in the Eastern Region with its network of Agencies located within the Eastern, Volta and Greater Accra Regions - Ghana. The registered office is at Anum in the Eastern region of Ghana.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the bank for the year ended 31<sup>st</sup> December 2016 incorporate the principal accounting policies set out below, including changes introduced by the International Financial Reporting Standards (IFRS).

All the Material information required by legislation, particularly the Companies Act 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) have also been disclosed or presented in the appropriate context.

### **2.1 Basis of Preparation**

The bank prepares its Financial Statements under the historical cost basis as modified by the revaluation of certain assets and liabilities through the assessment of impairment and fair value measurement.

### **2.2 Income Recognition**

Income is recognized and recorded in the financial statements on the accrual basis, and to the extent that it is probable that economic benefits will flow to the bank and the related revenue can be reliably measured.

### **Interest Income**

The effective interest method is used as basis to recognize interest income in the profit and loss account for all interest – bearing financial instruments including loans and advances. The effective interest method is a method of calculating the amortised cost of a financial asset and allocating the interest income.

The applicable effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts available over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the related financial asset.

The effective interest rate is calculated within the context of all estimated cashflows, and due consideration to all contractual terms of the financial instrument including any early payment options but not future credit losses.

The calculation also includes all related transactional cost such as processing and commitment fees received by the bank.

The recognition of interest income ceases when the payment of interest or principal is in doubt. Interest is included in income thereafter only when it is received. Loans are re-valued on the accrual basis only when doubts about their collectability are removed and when the outstanding arrears of interest and principal are received.

### **Commissions and Fees**

Commissions and loan fees are credited to income when earned with reasonable certainty and in the case of loan fees, in the year the loan is granted.

### **Other Operating Income**

This relates to income accruing from the consequential dimension of the bank's operations including the sale of value books, susu/microfinance operations and where applicable profits or gains from the sale of property and equipment.

## **2.3 Interest Expense**

Interest expense is recognized in the profit or loss for all interest bearing Financial Instruments measured at amortised cost, including savings and fixed deposit, as interest accrues using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expenses.

The effective interest rate is the rate that exactly discounts the estimated future cash payments over the expected life of the instrument or, when appropriate, a shorter period to the carrying amount of the financial liability.

The effective interest rate is calculated on initial recognition of the financial liability, estimating the future cash flows after considering all the contractual terms of the instrument.

## **2.4 Financial Assets and Liabilities**

Financial Assets and Liabilities are recognized in the bank's balance sheet in accordance with measurement criteria explained below:

### **2.4.1 Financial Assets**

A financial asset is an asset that is either cash, a contractual right to receive cash, the right to exchange a financial instrument with another accounting entity under potentially favourable terms or an equity instrument of another entity. The financial assets of the bank are in three categories namely, Loans and Advances, Investment Held to Maturity and Available for sale Financial Assets.

#### **a. Loans and Advances**

Loans and Advances are non-derivative financial assets having a fixed or determined cash flow patterns and are not quoted on any active market. Loans and Advances are initially recognized at fair value equivalent to the cash consideration or outflow required to originate or generate the loan including any transaction costs and measured subsequently at amortized cost using the effective interest method. Where any impairment arises the estimated impairment loss is fully provided for and recognized in the profit and loss as charge for credit losses.

#### **b. Held to Maturity Financial Assets**

Held to Maturity assets are non-derivative financial assets with a fixed or determinable payments and tenor in which the bank has a positive interest and liability to hold to maturity. Such financial assets are not measured at fair value through profit or loss, but are rather carried at amortized cost using the effective interest method less any impairment losses.

For instance, if the bills discounted and securities with a fixed redemption date which are purchased with the intention of being held to maturity are initially recognized at cost and subsequently adjusted to give effect to amortization of premiums and discounts on purchase over the period to redemption.

#### **c. Available for Sale Financial Assets**

Available for Sale Financial assets are those intended to be held for indeterminate period of time and which may be sold in response to challenges arising from liquidity, changes in interest rates or other such financial market indices and which have not been classified as loans and advances, assets held to maturity or at fair value through profit and loss.



## **2.4.2 Financial Liabilities**

Financial liabilities are contractual obligations to either deliver cash or another financial asset to another accounting entity, or to exchange financial instrument with another entity on potentially unfavorable terms. These may be measured either at fair value through profit or loss, or at amortized cost depending on their sub-categorization.

### **a. Financial Liabilities at fair value**

These are liabilities which are measured at the current market value through the profit or loss subsequent to their initial recognition.

### **b. Financial Liabilities Measured at amortised cost**

Liabilities which are not measured at current market value fall under this category. These are essentially non-trading liabilities which are not quoted in any active market and are therefore measured at amortised cost.

## **2.4.3 Determination of Fair Value**

The International Financial Reporting Standard (IFRS) 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, excluding transaction cost other than that relating to transport. In practical terms issues usually considered in such a determination would include highest and best use, physical possibility, legal permissiveness and financial feasibility.

Quoted market prices, inter-bank interest rates as well as regulatory discount rates are examples of the practical measurement standards applicable to the Anum Rural Bank Limited.

## **2.5 Impairment of Financial Asset**

A financial asset or a group of financial assets is considered impaired only if there is an objective evidence of impairment as a result of one or more event(s) that have occurred after initial recognition of the asset and the event or events have diverse impact on the estimated future cash flow of such financial asset or group of financial assets.

The amount of impairment is measured as the difference between the carrying value of the financial asset or group of financial assets and the estimated future cash flows discounted at the original effective interest rate used to originate the financial asset or group of financial assets in question.

Evidence of impairment may include indications that the holders of the bank's loans and advances are experiencing significant financial difficulty, default or delinquencies in the payment of interest and/or principal. It may also include the fact that the debt is being restructured to reduce the burden on the borrower.

## **Impairment of Loans and Advances**

Provision for credit losses is made, having regard to specific risk. The provisions are made in respect of those advances that have been individually reviewed and specifically identified as bad or doubtful. In determining the level of provision required, management considers numerous factors including, but not limited to, domestic economic conditions, the composition of the advance portfolio and prior bad debt experience.

Provisions made during the year are charged as a separate amount in the profit and loss account. When an advance is deemed irrecoverable it is written off against the related bad debt provision. Subsequent recoveries of advances that have been written off are credited to the profit and loss account under the category of Other Operating Income.

### **2.6 Impairment of Non-Financial Asset**

Non financial assets are assets that have indefinite useful life and are not subject to amortization and are tested manually for impairment. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the Asset Fair Value (Market Value) less cost to sell.

It is the policy of the bank to review all non-financial assets that suffer impairment for the possible reversal of the impairment at each reporting date.

### **2.7 Cash and Cash Equivalents**

Cash and Cash equivalents identified in the statement of cash flows comprise physical cash balances on hand and with other banks as well as highly liquid investments with up to three (3) months maturity from the date of acquisition.

### **2.8 Equity Investment**

Equity investments are marked to market. Market in this context refers to the periodic advice issued by the ARB Apex Bank regarding the price of its equity shares held by the bank.

### **2.9 Property and Equipment**

Items of property and equipment are stated at cost less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. All other repairs and maintenance cost are charged to profit and loss during the financial period in which they occur.

Depreciation is recognized in the profit or loss on a straight line basis to write off the cost less residual amount of assets over their estimated useful lives. The evaluation and estimation of economic useful lives of assets is constantly reviewed by the directors and where appropriate or applicable, changes in accounting policy and depreciation rates are approved for the particular assets or class of assets. Current review of estimated economic useful lives resulted in changes to depreciation rate affecting Freehold Land and Buildings. The effects of this change on the financial results of the bank will impact materially for the financial year commencing on 1<sup>st</sup> January 2016 onwards.

	New	Old
Motor Vehicle	20%	20%
Office Equipments	25%	25%
Furniture & Fittings	20%	20%
Freehold Land & Buildings	2.5%	5%
Building Renovations	20%	20%
Chub Safe	10%	10%

## 2.10 Income Tax

Income tax expense for the period is calculated at the rate of 25% of chargeable income. There are tax sensitive income and expenditure which precipitate a numerical difference between the reported profits or losses and chargeable income for a particular period.

These differences may also arise from the tax basis of assets and liabilities and their carrying amount in the Financial Statements. The concept of Deferred Income Tax may thus arise. The Directors are however of the opinion that the financial value of factors giving rise to deferred tax are not material in this context.

### Deferred Tax

Effective the year ended December 2015, the Directors have re-assessed the issue and concept of deferred tax and are of the opinion that the financial value or factors giving rise to deferred taxes have become material in the context of the financial presentation of the bank.

The directors have therefore adopted the liability method on temporary differences that arise from the tax basis of assets and liabilities and their carrying amounts in the financial statements to calculate and make full provision for deferred tax in the financial statements of the bank. The determination of deferred income tax is based on tax rates (and tax laws as the case may be) that have been enacted or expected to become valid for application by the reporting date, or when the related deferred income tax asset may be realized or when the deferred income tax liability may be settled.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized and such future profits can be reliably measured.

As a result, deferred tax assets are reviewed periodically to ensure that their expected recoverable values grounding their initial recognition have not been impaired and where they have, to reduce the related deferred tax assets to their recoverable amounts.

## **2.11 Provisions**

A provision is recognized in the statement of financial position when a legal or constructive obligation as a result of a past transaction or event exist at the reporting date and the amount of the obligation can be reliably estimated also probable that an outflow of economic resource will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

## **2.12 Stated Capital and Reserves**

### **(a) Stated Capital**

Stated Capital comprises amount arising from the issue of shares for cash and transfers from retained earnings and other surpluses as defined under the Companies Act 1963 (Act 179). These shares are not redeemable by holders in the normal course of business. Dividends on ordinary shares are recognized in the period in which they are approved by the shareholders.

### **(b) Statutory Reserves**

The statutory Reserve Fund is required under section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) to be set aside cumulatively from annual profit after tax. Depending on the ratio of existing Statutory Reserve Fund to paid up capital, the proportion of after-tax profits required to be transferred to this reserve fund ranges from 12.50% to 50%.

### **(c) Capital Surplus/Reserves**

The capital surplus account is a creation of law under sections 69 and 70 of the company's Act 1963 (Act 179) and records gains or losses arising from the revaluation of assets of the company including its property, plant and equipment. The International Financial Reporting standards (IFRS) require the evaluation at regular intervals of these property, plant and equipment. The bank has therefore adopted a policy to evaluate its assets at regular intervals.

### **(d) Income Surplus (Retained Earnings)**

The Income Surplus account records the cumulative annual profits (after appropriations) available for distribution to shareholders.

### **(e) Building Fund Reserve**

This is an amount transferred from profit after tax and set aside to fund the building projects of the bank.

## **2.13 Post Balance Sheet Events**

Events subsequent to the balance sheet date are reflected in the Financial Statements only to the extent that they relate to the year under consideration and the effect is material.

## **2.14 Employment Benefit**

The cost of all employee benefits is recognized during the period in which the employee renders the related service. The provisions for employee entitlements to wages, salaries annual and sick leave represent the amount which the company has a present obligation to pay as a result of the employees' services provided to the reporting date.

### **(a) National Pension Scheme**

The Company contributes 13.50% of basic salary to a National Pensions Scheme and the contribution is charged to the Profit and Loss Account as part of total Employee Benefit. The National Pension Scheme is a creation of law and managed by the Government of Ghana through the appropriate public and private sector entities.

### **(b) Provident Fund**

The Bank has a provident fund scheme for all employees. Employees of the Bank contribute 5% of their basic salary to the fund whilst the bank contributes 7.5%. Obligations under the scheme are limited to the relevant contributions made and any related investment income generated.

**Notes to the Financial Statements**

*All amounts expressed in Ghana Cedis*

	2017	2016
<b>3. Interest Income</b>		
Micro Finance Income	411,397	338,074
Government Securities & Other Investments	1,787,232	1,528,044
Loans and Advances	3,893,816	3,274,382
	<b>6,092,444</b>	<b>5,140,500</b>

<b>4. Interest Expense</b>		
CDH Loan Interest	33,488	35,824
Fixed Deposit Accounts	178,766	108,664
Interest on Managed Fund	37,463	84,223
Savings Accounts	292,636	280,691
	<b>542,353</b>	<b>509,402</b>

<b>5. Commission and Fees</b>		
Commission on Turnover	675,136	569,273
Commitment Fees	566,285	457,146
	<b>1,241,421</b>	<b>1,026,419</b>

<b>6. Other operating income</b>		
Profit on Disposal	-	-
Amortised Mida Fund	39,052	38,902
Commission on Electronic Transfers	32,592	34,852
Sundry Income	16,560	26,983
	<b>88,204</b>	<b>100,737</b>

<b>7. Operating costs</b>		
Staff Related Costs (See note 8)	3,829,807	3,078,475
Depreciation	227,038	220,542
Marketing and Publicity	2,163	1,299
Directors' Remuneration	81,364	71,239
Audit Fees	15,000	15,000
Social Responsibility	28,894	25,350
AGM Expenses	40,531	42,000
General and Administrative Expenses	1,774,722	1,422,382
	<b>5,999,520</b>	<b>4,876,286</b>

**Notes to the Financial Statements**

*All amounts expressed in Ghana Cedis*

	2017	2016
<b>8. Staff related costs</b>		
Staff Remuneration	2,815,763	2,311,524
Staff Social Security Costs	278,974	235,533
Staff Provident Fund	161,254	137,646
Staff Training & Development	22,432	29,489
Staff Long Service Award	55,800	31,108
Staff Medical Costs	59,691	42,020
Staff Committee	60	120
Staff Retirement Benefit	24,000	18,000
Staff Annual Bonus	194,343	162,972
Staff Clothing Allowance	185,536	86,215
Staff Bungalow expenses	31,954	23,847
	<b>3,829,807</b>	<b>3,078,475</b>

**Relevant Statistics**

(i) Number of persons in employment of the Bank at reporting date	109	114
(ii) Average annual basic remuneration per staff	25,833	20,277
(iii) Average annual costs per staff	35,136	27,004

**9. Cash and Bank balances**

Cash Holdings	652,499	885,661
Apex Bank balance	441,668	706,485
	<b>1,094,167</b>	<b>1,592,146</b>

**10. Short term investments**

(Treasury Bills/Notes Redeemable within one year)

At Redemption Value	3,250,000	2,355,000
Less: Unearned Interest at Year End	(56,419)	(58,721)
<b>At Amortised Cost</b>	<b>3,193,581</b>	<b>2,296,279</b>
Fixed Deposit with UniCredit Ghana Limited	1,530,000	1,530,000
Fixed Deposit with Consolidated Discount House	2,876,000	2,350,000
	<b>7,599,581</b>	<b>6,176,279</b>

**Notes to the Financial Statements**

2017

2016

All amounts expressed in Ghana Cedis

**11. Loans and advances**

**(a) Analysed by Type of Facility**

Overdraft	1,894,554	1,641,667
Loans	12,691,782	11,636,581
	<b>14,586,336</b>	<b>13,278,248</b>
Less Provision for Credit Losses	(2,129,993)	(1,946,414)
	<b>12,456,343</b>	<b>11,331,834</b>

The above constitute loans and advances to customers and staff. The maximum amount due from officers of the bank during the year amounted to GHc 1,166,871 (2016: GHc 1,037,736)

**Relevant Statistics**

(i) Credit loss provision ratio	0.77%	1.98%
(ii) Cumulative credit loss provision ratio at the balance sheet date was	14.60%	14.66%
(iii) Percentage of Staff loans	8.00%	7.82%
(iv) Percentage of 20 Largest Exposure	10.65%	10.67%

**(b) Analysed by Type of Customer**

Staff	1,166,871	1,037,736
Private Enterprises	5,279,130	2,516,284
Individuals	8,140,336	9,724,228
	<b>14,586,336</b>	<b>13,278,248</b>
Less Provision for Credit Losses	(2,129,993)	(1,946,414)
	<b>12,456,343</b>	<b>11,331,834</b>

**(C) Analysed by Business Segment**

Agriculture	44,953	103,053
Commerce	2,415,359	3,372,693
Miscellaneous/Salaried Personnel	12,126,024	9,802,502
	<b>14,586,336</b>	<b>13,278,248</b>
Less Provision for Credit Losses	(2,129,993)	(1,946,414)
	<b>12,456,343</b>	<b>11,331,834</b>



**Notes to the Financial Statements**

*All amounts expressed in Ghana Cedis*

**2017**                      **2016**

**(d) Movement in the Provision for Credit Losses**

Balance on the provision at 1st January	1,946,414	1,523,740
Provision related to the year	183,580	422,674
	<b>2,129,993</b>	<b>1,946,414</b>
Transfer to credit risk reserve	-	-
<b>Balance on the Provision at 31st December</b>	<b>2,129,993</b>	<b>1,946,414</b>

**(e) Credit Loss Expenses to Profit and Loss**

Gross provision related to the year	183,580	422,674
Unearned interest recovered	-	(100,000)
Transfer from credit insurance scheme	(71,000)	(60,000)
<b>Net Transferred to Profit and Loss</b>	<b>112,580</b>	<b>262,674</b>

The provision for credit losses is done using Bank of Ghana guidelines, within the context of the principles of IFRS. Where possible, this involves the individual assessment of loans and advances outstanding having regard to factors that may impair or impede the ability of loan holders to retire the loans on time. The general outcome of the assessment and review processes leading to the impairment provision at the reporting date is as follows:

<b>Category</b>	<b>Percent Provision</b>		
Current	1%	104,258	94,961
Other Loans Especially Mentioned (OLEM)	10%	16,479	23,642
Substandard	25%	39,307	36,882
Doubtful	50%	77,207	119,012
Loss	100%	1,892,742	1,671,917
		<b>2,129,993</b>	<b>1,946,414</b>

**12. Apex Bank Deposit Reserve**

Balance at 1st January	763,036	702,830
Net Investment during the year	150,125	60,206
<b>Balance at 31st December</b>	<b>913,162</b>	<b>763,036</b>

**Notes to the Financial Statements**

*All amounts expressed in Ghana Cedis*

**2017**                      **2016**

**13. Other assets**

Unassigned Lines	244,114	-
Ezwich operations	6,505	1,807
Interest receivable	815,184	203,164
Managed funds receivable	132,533	132,533
Stationery Stock	59,528	47,889
Insurance Prepaid	51,509	38,762
Uncleared Effects	321,709	216,171
Inter-Agency Account	30,193	84,697
Rent Prepaid	178,012	49,280
Migration suspense	-	3,025
Office Account	278,532	135,304
Others	107,635	16,941
	<b>2,225,454</b>	<b>929,571</b>

**Note**

a) The unassigned lines is as a result of APEX's upgrade of the Bank's accounting software, T24 from R8 to R14. The Bank is currently resolving the figure with APEX Bank Limited.

b) The increase in interest receivable for the year was due to a change in the tenor of some of the Bank's Short Term investments and treasury bills from six months to one year.

c) Others include receivables from defalcation during the year.

**14. Equity Investments**  
**(ARB Apex Bank Limited)**

	<b>Shares</b>	<b>Cost/Value</b>		
Ordinary Shares Held at ARB Apex Bank at Rev.	44,590	GHC 1.00	44,590	44,590
Additional Shares Purchased - Renounceable Issue	20,000	GHC 1.23	24,600	24,600
Bonus Shares Given	12,044	GHC 1.23	14,814	14,814
	<b>76,634</b>	<b>GHC 1.10</b>	<b>84,004</b>	<b>84,004</b>

**Notes to the Financial Statements**

All amounts expressed in Ghana Cedis

**15. Customer deposits** **2017** **2016**

**(a) Analysed by Type of Account**

Susu Saving Scheme	1,416,647	1,137,397
Time Deposit	2,157,518	714,111
Current Account	4,137,165	3,280,312
Savings Account	11,422,168	10,956,361
	<b>19,133,499</b>	<b>16,088,180</b>

**16. Dividend payable**

Balance at 1st January	563,020	505,706
Dividend Declared	276,107	278,434
	<b>839,127</b>	<b>784,140</b>
Dividend Paid	(182,675)	(221,120)
	<b>656,453</b>	<b>563,020</b>

**17. Current Tax Liability**

**(iii) 2017 Year of Assessment (YOA)**

Year	Opening bal.	Charge in P & L A/c	Tax Credit/Payments	Closing bal
<b>2017</b>	<b>145,984</b>	240,617	(242,406)	<b>144,195</b>
2016	<b>(13,051)</b>	233,359	(74,324)	<b>145,984</b>

*The tax computation is subject to verification by the Ghana Revenue Authority*

(iii) 2017 Year of Assessment (YOA)	Opening bal	Charge in P & L A/c	Tax Credit/Payments	Closing bal
<b>Corporate Tax</b>				
2005- 2008	4,343	(4,343)	-	-
2009	(14,105)	14,105	-	-
2010	(2,657)	2,657	-	-
2011	9,289	770	(10,059)	-
2012	-	3,474	(3,474)	-
2013	46,793	(26,600)	(20,193)	-
2014	2,246	-	(40,000)	(37,754)
	45,909	(9,937)	(73,726)	(37,754)
2015	-	57,203	(32,500)	24,703
	<b>45,909</b>	<b>47,266</b>	<b>(106,226)</b>	<b>(13,051)</b>

**Notes to the Financial Statements**

*All amounts expressed in Ghana Cedis*

<b>18. Creditors and accruals</b>	<b>2017</b>	<b>2016</b>
Subscription and periodicals	4,089	-
Cashiers' Efficiency & Risk Allowance	5,379	1,746
Accrued interest	42,809	12,368
Unassigned Line	-	523
Provision for Accountancy	3,500	-
Accrued Audit Fees	8,240	11,740
Retirement Benefits	62,678	58,529
Unearned interest	-	33,589
Migration suspense	24,969	-
Staff long service	20,618	-
Annual General Meeting	-	12,814
Payment Order	221,799	253,112
Deferred income	198,689	136,613
Hybrid Capital - MIDA Grant (See note b below)	1,945	40,997
Premium Payable/Credit Insurance Scheme (see note c below)	87,782	55,690
Bills Payable	17,500	39,853
Office Account	227,724	138,389
Others	-	800
	<b>927,721</b>	<b>796,762</b>

**b. Hybrid Capital- MIDA Grant**

Fair Value of Office Equipment & Machinery	40,997	79,899
Amortised to other Income	(39,052)	(38,902)
	<b>1,945</b>	<b>40,997</b>

**c. Credit Insurance Scheme**

Balance Brought Forward	55,690	27,088
Related Money Market Investment	-	-
	<b>55,690</b>	<b>27,088</b>
Net Insurance Premium from customers	103,092	88,602
	<b>158,782</b>	<b>115,690</b>
Transfer to mitigation Credit Loss Provision	(71,000)	(60,000)
	<b>87,782</b>	<b>55,690</b>

**Notes to the Financial Statements**

*All amounts expressed in Ghana Cedis*

<b>19. Managed funds payable</b>	<b>2017</b>	<b>2016</b>
CBRDP Fund	368	1,868
MOWAC Trading Fund	4,449	4,449
ADACF	68,074	68,074
Agro Processing Project Fund	7,500	7,500
Emergency Social Relief Fund	5,098	5,098
Food & Agriculture Budgetary Support Fund	13,629	13,629
Special Farmers' Loan Fund	22,070	22,070
MASLOC - MOWAC & MOF Fund	30,900	30,900
Fishmongers Association Fund	50	50
	<b>152,137</b>	<b>153,637</b>

The bank has entered into various management agreements with Governmental and other stakeholders for the management of the above funds.

**Notes to the Financial Statements**

All amounts expressed in Ghana Cedis

**20. Property & Equipment**

	Land & Building	Building Renovation	Office Equipment	Furniture & Fittings	Motor Vehicle	Total
<b>Cost</b>						
<b>At 01/01/17</b>	<b>1,534,444</b>	<b>215,792</b>	<b>797,679</b>	<b>136,638</b>	<b>290,527</b>	<b>2,975,079</b>
Adjustment	938,516	-	-	-	-	938,516
<b>Balance restated</b>	<b>2,472,960</b>	<b>215,792</b>	<b>797,679</b>	<b>136,638</b>	<b>290,527</b>	<b>3,913,595</b>
Additions	98,674	-	12,406	-	3,337	114,417
<b>At 31/12/17</b>	<b>2,571,634</b>	<b>215,792</b>	<b>810,084</b>	<b>136,638</b>	<b>293,864</b>	<b>4,028,012</b>
<b>Depreciation</b>						
<b>At 01/01/17</b>	<b>61,824</b>	<b>143,463</b>	<b>695,086</b>	<b>99,048</b>	<b>242,944</b>	<b>1,242,366</b>
Charge for the year	40,828	43,158	86,338	27,328	29,386	227,038
<b>At 31/12/17</b>	<b>102,652</b>	<b>186,622</b>	<b>781,424</b>	<b>126,375</b>	<b>272,331</b>	<b>1,469,404</b>
<b>Net Book Value</b>						
<b>At 31/12/17</b>	<b>2,468,982</b>	<b>29,170</b>	<b>28,660</b>	<b>10,263</b>	<b>21,533</b>	<b>2,558,608</b>
At 31/12/16	1,472,620	72,329	102,592	37,590	47,582	1,732,714

The cost of office Equipment include the amount of GHc 274,410 representing the fair value of certain Machinery and Equipment received from the Millennium Development authority (MIDA) in 2011. The first time financial disclosure was in 2013

**Notes to the Financial Statements**

*All amounts expressed in Ghana Cedis*

<b>21. Statutory Reserve Fund</b>	<b>2017</b>	<b>2016</b>
<b>At January 1st</b>	<b>1,190,702</b>	<b>962,468</b>
Transferred from Income Surplus Account	131,750	96,484
<b>At December 31st</b>	<b>1,322,452</b>	<b>1,058,952</b>

The Statutory Reserve Fund is required under section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) to be set aside cumulatively from annual profits after tax. Depending on the ratio of the existing statutory reserve fund to paid up capital, the proportion of after-tax profits required to be transferred to this reserve fund ranges from 12.5% to 50%

The bank in the year transferred the equivalent of 25% (2016: 25%) of net profit after tax to the Statutory Reserve Fund

<b>22. Building Reserve Fund</b>	<b>2017</b>	<b>2016</b>
<b>At January 1st</b>	<b>-</b>	<b>938,516</b>
Prior year adjustment	938,516	(938,516)
Transfer to income surplus	(938,516)	-
<b>At December 31st</b>	<b>-</b>	<b>-</b>

**23. Borrowings**

**(a) Short term and other borrowings**

Apex Bank Borrowings	133,340	374,091
		-
<b>At 31st December</b>	<b>133,340</b>	<b>374,091</b>

**(b) Vehicle Loan**

At 1st January	25,012	47,222
Vehicle loan from Apex	-	-
Amount paid during the year	(24,999)	(22,210)
<b>At 31st December</b>	<b>13</b>	<b>25,012</b>

**(c) Apex Loan Summary**

Short term and other borrowings	133,340	374,091
Vehicle Loan	13	25,012
<b>At 31st December</b>	<b>133,353</b>	<b>399,103</b>

**Notes to the Financial Statements**

*All amounts expressed in Ghana Cedis*

<b>24. Capital surplus</b>	<b>2017</b>	<b>2016</b>
At January 1st	1,356,733	1,356,733
Revaluation Surplus	-	-
<b>At December 31st</b>	<b>1,356,733</b>	<b>1,356,733</b>

**Comprising**

Unrealised appreciation on 20,000 Ordinary Shares held in ARB Apex Bank	42,590	42,590
Value of Bonus Shares in ARB Apex Bank	14,814	14,814
Revaluation of Head Office and Akosombo Building	1,299,329	1,299,329
<b>At December 31st</b>	<b>1,356,733</b>	<b>1,356,733</b>

<b>25. Stated Capital</b>	<b>2017</b>		<b>2016</b>	
	<b>No. of Shares 000'</b>	<b>Amount</b>	<b>No. of Shares 000'</b>	<b>Amount</b>
<b>Authorised:</b>				
<b>Ordinary Shares @ 31st December</b>	70,000	-	70,000	-
<b>Issued:</b>				
<b>For Cash Consideration</b>				
At January 1	50,102	725,046	37,589	534,550
Additions	8,011	131,656	12,513	190,496
	<b>58,112</b>	<b>856,701</b>	<b>50,102</b>	<b>725,046</b>
<b>Other than Cash</b>				
Capitalization Issue	5,247	23,386	5,247	23,386
Transfer from Capital Surplus	-	106,416	-	106,416
Transfer from Income Surplus	-	183,722	-	183,722
Transfer from Stabilization Fund	-	150,000	-	150,000
<b>At December 31st</b>	<b>63,359</b>	<b>1,320,225</b>	<b>55,349</b>	<b>1,188,570</b>

There is no unpaid liability on any shares. There are no calls or installments unpaid, and there are no treasury shares held

<b>Capital Adequacy</b>	<b>2017</b>		<b>2016</b>	
	<b>Required By BOG</b>	<b>Actually Achieved</b>	<b>Required By BOG</b>	<b>Actually Achieved</b>
Adequacy Ratio	10%	21.04%	10%	25.75%



**Notes to the Financial Statements**

*All amounts expressed in Ghana Cedis*

<b>26. Income surplus account</b>	<b>2017</b>	<b>2016</b>
Balance at January 1st	858,643	847,625
Deferred Tax from Prior years	-	-
	<b>858,643</b>	<b>847,625</b>
Net Profit after Taxation for the year	527,000	385,936
<b>Balance before Statutory and other Transfers</b>	<b>1,385,643</b>	<b>1,233,561</b>
Transfer to Statutory Reserve	(131,750)	(96,484)
Dividend Payable	(276,107)	(278,434)
Transfer to Stabilization Reserve Fund	-	-
Transfer from building reserve fund	938,516	-
<b>Balance at December 31st</b>	<b>1,916,302</b>	<b>858,643</b>

**27. Earnings per share**

Basic earnings per share (EPS) is calculated by dividing the profit after tax for the year attributable to equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year

	<b>2017</b>	<b>2016</b>
Profit attributable to ordinary shareholders	527,000	385,936
Weighted Average number of ordinary shares	58,009,833	44,362,122
Basic Earnings per share (in Ghana Pesewa)	0.91	0.86

(Note: The bank had no category of dilutive potential ordinary shares at both reporting dates. The diluted earnings per share is therefore the same as the basic earnings per share.)

**Notes to the Financial Statements**

All amounts expressed in Ghana Cedis

**28. Analysis of Financial Assets and Financial Liabilities**

	Designated At Fair Value Through P&L	Held to Maturity Inv'mt	Available for Sale Fin. Assets	Loans and Receivables	Total Amount
<b>Financial Assets</b>					
Loan and Advances	-	-	-	12,456,343	12,456,343
Short Term Investment	-	7,599,581	-	-	7,599,581
Account Receivable	-	-	-	321,709	321,709
Equity Investment	-	-	84,004	-	84,004
Cash and Bank Balances	1,094,167	-	-	-	1,094,167
Deposit Reserves	913,162	-	-	-	913,162
<b>Total Financial Assets</b>	<b>2,007,329</b>	<b>7,599,581</b>	<b>84,004</b>	<b>12,778,051</b>	<b>22,468,966</b>
Total Non Financial Assets					4,462,353
Total Assets					<b>26,931,319</b>
<b>Financial Liabilities</b>					
Customer Deposit on Demand					19,133,499
Managed Funds & Borrowing					285,490
Accruals and Bills Payables					927,721
<b>Total Financial Liabilities</b>					<b>20,346,710</b>
Total Non-Financial Liabilities					800,647
					<b>21,147,357</b>
Total Shareholders Fund					5,783,962
<b>Total Liabilities and Shareholder's Fund</b>					<b>26,931,319</b>

**29. Capital commitments**

There were no capital commitments not provided for in the financial statement at the reporting dates

**30. Exchange control**

All remittances from Ghana are subject to the agreement of the Exchange Control Authorities

**Notes to the Financial Statements**

*All amounts expressed in Ghana Cedis*

**31. Shareholding Structure**

**(i) Directors' Shareholding**

The directors named below held the following number of ordinary shares in the Bank as at 31st December 2017.

<b>Directors</b>	<b>No. of Shares</b>	<b>Percentage</b>
Kwabena Adjei	679,700	1.09%
Eric Baadu Agyemang	456,694	0.73%
Samuel Yao Katsekpor	154,592	0.25%
Daniel Adu Appea	147,940	0.24%
Nathaniel K Afunhya	131,412	0.21%
Godfred Essel	91,335	0.15%
Christian Ani-Frimpong	103,775	0.17%

**(ii) Number of Shares Outstanding**

Earnings and dividend per share are based on 63,359,495 (2016: 55,348,873) ordinary share outstanding

**(iii) Number of Shareholders**

The Bank had a total of 6,360 ordinary shareholders at the reporting date and were categorized by the number of shares held as follows:

<b>Holdings</b>	<b>No. of Members</b>	<b>Total holdings</b>	<b>% Holdings</b>
1-1000	1,108	713,177	1.13
1,001-5,000	3,806	10,627,985	16.77
5,001-10,000	870	6,730,365	10.62
Exceeding 10,000	639	45,287,968	71.48
	<b>6,423</b>	<b>63,359,495</b>	<b>100</b>

**Notes to the Financial Statements**

*All amounts expressed in Ghana Cedis*

**(iv) List of Twenty (20) largest shareholders at 31st December 2017**

	<b>No. of Shares</b>	<b>% Holdings</b>
1. Gyau Bismark Anyane	7,011,000	11.20
2. Osafo Adamu Jonas	2,500,000	3.99
3. Nartey Desmond Afutu	2,375,000	3.79
4. Dadzie Samuel	1,860,000	2.97
5. Sage Bancshares	1,839,625	2.94
6. James Allotey	1,075,000	1.72
7. Nartey Desiri Nartekie	1,000,000	1.60
8. Eshun Richard Sarbah	1,000,000	1.60
9. Paarock Van Percy	986,996	1.58
10. Namusa Trust	982,350	1.57
11. Kwabena Adjei	679,700	1.09
12. Samuel Bada	600,000	0.96
13. Salome Appiah/Asante Emmanuel Ofori	531,169	0.85
14. Yaokumah Paul Kwasi	501,284	0.80
15. Nartey Sophie	500,000	0.80
16. Eric Baadu Agyemang	456,694	0.73
17. Akyea-Obeng Timothy Kwaku	398,485	0.64
18. Odame Irene Mary	390,349	0.62
19. Ntim Benjamin Obuobi	367,283	0.59
20. Mati Newton Solomon	300,000	0.48
<b>Total</b>	<b>25,354,935</b>	<b>40.52</b>
Others	38,004,560	59.48
	<b>63,359,495</b>	<b>100.00</b>

**Notes to the Financial Statements**

*All amounts expressed in Ghana Cedis*

**Gen. & Admn Expenses**

	<b>2017</b>	<b>2016</b>
Directors' Training Expenses	11,927	1,550
Board Meeting Expenses	141,150	121,220
Police Guard & Security	101,616	64,442
Recruitment Expenses	7,110	565
Travelling & Transport	64,768	65,965
Audit expenses	655	6,435
Legal & Professional Fees	18,931	7,267
Office Expenses	159,269	108,024
Printing & Stationery	34,280	43,779
Repairs & Maintenance	69,244	81,026
Rent & Rates	82,387	68,685
Communication (Postage & Telephone)	24,478	20,062
Insurance	68,452	66,081
Utilities (Electricity & Water)	206,405	188,204
Entertainment	-	254
Subscription & Periodicals	40,102	33,562
Motor Vehicle Running	114,158	86,070
Specie Expenses	27,080	20,156
Shortage in Till and round off	520	1,088
Loans Recovery	40,041	44,583
Scholarship Scheme	920	9,173
Generator Running	67,755	58,744
Agency expenses	1,100	1,000
Business promotion	30,150	32,580
Susu expenses	215,023	119,328
Accountancy charges	3,500	-
Bullion Van Loan Interest	3,612	2,363
Computerization	217,444	163,146
Cheque clearing expenses	22,646	7,032
	<b>1,774,722</b>	<b>1,422,382</b>

**Notes to the Financial Statements**

*All amounts expressed in Ghana Cedis*

**32. Tax Computation**

**Year of assessment - 2017**

(1) Corporate Tax	<b>2017</b>	<b>2016</b>
<b>Profit before Tax</b>	<b>767,617</b>	<b>619,295</b>
Add/(Less)		
Depreciation	227,038	220,542
Credit Losses	112,580	262,674
Donations	28,894	25,350
Penalty	-	-
Bad Debt Written Off	-	-
<b>Assessable Income</b>	<b>1,136,129</b>	<b>1,127,860</b>
Less: Capital Allowances Utilised	(173,662)	(194,424)
<b>Chargeable Income</b>	<b>962,468</b>	<b>933,436</b>
<b>Tax Thereon @ 25% (2016: 25%)</b>	<b>240,617</b>	<b>233,359</b>

**Notes to the Financial Statements**

All amounts expressed in Ghana Cedis

**Capital Allowance Computation**  
**2017 Year of Assessment**  
**Basis Period (01/01/17-31/12/17)**

Pool of Asset	Deprn. Allow. Rate	WDV 01/01/17	Additions	Total	Depreciation Allowance	WDV 31/12/17
Pool 1 Computers	40%	10,049	-	10,049	(4,020)	6,030
Pool 2 Motor Vehicles	30%	63,131	3,337	66,468	(19,940)	46,527
Pool 4 Fixture/Equit'	20%	289,944	12,406	302,350	(60,470)	241,880
Pool 5 Building	10%	3,234	-	3,234	(323)	2,910
Pool 5 Building	10%	2,525	-	2,525	(252)	2,272
Pool 5 Building	10%	6,719	-	6,719	(672)	6,047
Pool 5 Building	10%	38,393	-	38,393	(3,839)	34,554
Pool 5 Building	10%	7,440	-	7,440	(744)	6,696
Pool 5 Building	10%	66,762	-	66,762	(6,676)	60,086
Pool 5 Building	10%	52,389	-	52,389	(5,239)	47,150
Pool 5 Building	10%	3,592	-	3,592	(359)	3,233
Pool 5 Building	10%	10,567	-	10,567	(1,057)	9,510
Pool 5 Building	10%	559	-	559	(56)	503
Pool 5 Building	10%	139,340	-	139,340	(13,934)	125,406
Pool 5 Building	10%	26,763	-	26,763	(2,676)	24,087
Pool 5 Building	10%	355,947	98,674	454,621	(45,462)	409,159
Pool 5 Building	10%	79,413	-	79,413	(7,941)	71,472
<b>TOTAL</b>		<b>1,156,767</b>	<b>114,417</b>	<b>1,271,184</b>	<b>(173,662)</b>	<b>1,097,522</b>

	2017	2016
Capital Allowance Unutilised at January 1st	-	-
Depreciation Allowance for the year	173,662	194,424
	<b>173,662</b>	<b>194,424</b>
Less: Utilised	(173,662)	(194,424)
Capital Allowance Unutilised at December 31st	-	-