

ASUTIFI RURAL BANK PLC
(Reg No. C-20475 dated 29th March, 1982, TIN C0006739776)
(BOG license no. 061 dated 2nd December, 1982)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023.

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**ASUTIFI RURAL BANK PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER, 2023.**

CORPORATE INFORMATION

DIRECTORS

**KWASI ADUSE-POKU - CHAIRMAN
PETER MENSAH KONADU
AKWASI AKUAMOAH-BOATENG
ADU GYAMFI KESSEY
AKUA KESSEY OSEI-WUSU
(JUSTICE) RICHARD ADJEI-FRIMPONG**

GENERAL MANAGER (ACTING)

PASCAL DIGAH

SECRETARY (ACTING)

PASCAL DIGAH

AUDITORS

**PLANITA CONSULTING
CHARTERED ACCOUNTANTS
P O BOX CT521
CANTOMENTS
ACCRA**

CLEARING BANKS

**ARB APEX BANK GHANA LIMITED
ECOBANK BANK GHANA LIMITED
ABSA BANK GHANA LIMITED**

REGISTERED OFFICE

ACHERENSUA, AHAFO

HEAD OFFICE

**ASUTIFI RURAL BANK PLC
P . O. BOX 34,
ACHERENSUA, AHAFO**

**ASUTIFI RURAL BANK PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER, 2023.**

Report of The Directors to the Shareholders of Asutifi Rural Bank PLC (continued)

(v) Statement of Affairs of the Bank

	2023	2022
	GH¢	GH¢
Total Operating Income	6,769,337	5,000,062
Profit/(Loss) Before Taxation is	1,056,441	374,666
Profit After Income Tax	713,869	288,108
Shareholders' Funds	544,189	(169,680)
Total Liabilities	29,409,411	22,964,702
Total Assets	29,953,600	22,792,836

(vi) Highlights of the Financial Results of the Bank

	2023	2022
	GH¢	GH¢
Profit for the year ended 31 December	1,056,441	374,666
From which is deducted taxation of	(342,572)	(86,558)
Giving a Profit after Tax of	713,869	288,108
To which is added balance on the Retained Earnings brought forward of	(1,862,907)	(2,151,015)
Leaving a Balance of	(1,149,038)	(1,862,907)
Transfer to Regulatory Statutory Reserve	-	-
Transfer from/(to) Credit Reserve	-	-
Less: Dividend	-	-
Leaving a Balance on Retained Earnings carried forward of	(1,149,038)	(1,862,907)

The Directors consider the state of Bank's affairs to be satisfactory.

ASUTIFI RURAL BANK PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2023.

ASSETS	NOTE	2023 GH¢	2022 GH¢
Cash and Short - Term Funds	12	4,884,126	3,365,486
Short-term Investments	13	8,025,219	5,291,166
Advances	14	14,213,826	11,208,209
Inventories	15	116,543	89,225
Receivables & Prepayments	16	1,299,194	1,404,686
Taxation	24	-	-
		<u>28,538,908</u>	<u>21,356,586</u>
Property, Plant and Equipment	17	1,181,163	1,236,020
Long Term Investments	18	218,610	200,230
Deferred Tax	24(c)	14,920	-
		<u>1,414,693</u>	<u>1,436,250</u>
TOTAL ASSETS		<u>29,953,600</u>	<u>22,792,836</u>
LIABILITIES AND SHAREHOLDERS' FUND			
Deposit and Current Accounts	20	26,961,754	20,662,058
Borrowings	21	1,255,529	1,438,696
Taxation	24(a)	357,492	4,447
Other Accounts payable and Accruals	22	834,636	859,501
		<u>29,409,411</u>	<u>22,964,702</u>
TOTAL LIABILITIES		<u>29,409,411</u>	<u>22,964,702</u>
Stated Capital	23a	915,988	915,988
Contribution to Stated Capital	23b	103,344	103,344
Statutory Reserve fund		227,775	227,775
Capital Surplus		509,132	509,132
Retained Earnings		(1,212,050)	(1,925,919)
Shareholders' Funds		<u>544,189</u>	<u>(169,680)</u>
Total Liabilities and Shareholders' Fund		<u>29,953,600</u>	<u>22,795,022</u>

KWASI ADUSE-POKU
CHAIRMAN

PETER MENSAH KONADU
DIRECTOR

ASUTIFI RURAL BANK PLC
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023.

	NOTE	2023 GH¢	2022 GH¢
Interest Income	6	6,769,337	5,000,062
Interest Expense	7	<u>(1,571,447)</u>	<u>(1,217,689)</u>
Net Interest Income		5,197,890	3,782,373
Commissions and Fees	8	1,261,136	932,306
Other Operating Income	9	<u>92,164</u>	<u>123,678</u>
TOTAL INCOME		<u>6,551,190</u>	<u>4,838,357</u>
Provision for Impairment	10b	(229,478)	(67,860)
Operating Expenses	11	<u>(5,265,271)</u>	<u>(4,395,831)</u>
Total Operating Expenses		<u>(5,494,749)</u>	<u>(4,463,691)</u>
Operating Loss Before Tax		1,056,441	374,666
Taxation	24(b)	<u>(342,572)</u>	<u>(86,558)</u>
Net Profit before other comprehensive income		713,869	288,108
Other Comprehensive Income:			
Revaluation Gain		-	-
Gain on Apex Share		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u><u>713,869</u></u>	<u><u>288,108</u></u>

ASUTIFI RURAL BANK PLC
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
DECEMBER 31, 2023.

2023	Stated capital	Contribution to Stated capital	Capital Surplus	Statutory Reserves	Retained Earnings	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance as at 1st January	915,988	103,344	509,132	227,775	(1,925,919)	(169,680)
Net Profit	-	-	-	-	713,869	713,869
Contribution to Stated Capital	-	-	-	-	-	-
Balance as at 31 December	915,988	103,344	509,132	227,775	(1,212,050)	(667,862)

2022	Share capital	Contribution to Share capital	Capital Surplus	Statutory Reserves	Retained Earning	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance as at 1st January	915,988	97,232	509,132	227,775	(2,151,015)	(388,888)
Net Profit	-	-	-	-	288,108	288,108
Contribution to Stated Capital		6,112	-	-	(63,012)	(68,900)
Balance as at 31 December	915,988	103,344	509,132	227,775	(1,925,919)	(169,680)

ASUTIFI RURAL BANK PLC
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
DECEMBER 31, 2023.

	NOTE	2023 GH¢	2022 GH¢
Profit/(loss) for the period	17	1,056,441	374,666
Adjustment for:			
Retained earning-Provision Adjustment		-	(63,012)
Depreciation		<u>201,267</u>	<u>184,428</u>
		<u>1,257,708</u>	<u>496,082</u>
(Increase)/Decrease in Investment		(2,734,053)	(4,135,505)
(Increase)/Decrease in Advances		(3,005,617)	(3,205,820)
(Increase)/Decrease in Inventories		(27,318)	(6,721)
(Increase)/Decrease in receivables & prepayments		105,492	(580,707)
Increase/(Decrease) in Deposits & Current Accounts		6,299,696	8,999,274
Increase/(Decrease) in Creditors & Accruals		(24,865)	549,545
Tax paid		<u>(4,445)</u>	<u>-</u>
<i>Net cash flows from operating activities</i>		<u>1,866,598</u>	<u>2,116,148</u>
Cash flows from investing activities			
Purchase of Property, Plant & Equipment		(146,410)	(58,249)
(Increase)/Decrease in Long-term Investments		<u>(18,380)</u>	<u>-</u>
<i>Net cash flows used in investing activities</i>		<u>(164,790)</u>	<u>(58,249)</u>
Cash flows from financing activities			
Disposal of Education Fund		-	(12,000)
Proceeds from the sale of shares		-	6,112
Borrowing		<u>(183,167)</u>	<u>(207,263)</u>
<i>Net cash flows from financing activities</i>		<u>(183,167)</u>	<u>(213,151)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		1,518,641	1,844,748
Cash and Cash Equivalents at 1 January		<u>3,365,486</u>	<u>1,520,738</u>
Cash and Cash Equivalents at 31 December		<u>4,884,126</u>	<u>3,365,486</u>
Cash and Cash Equivalents comprise:			
Cash at Bank		<u>4,884,126</u>	<u>3,365,486</u>

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2022.

1. REPORTING ENTITY

Asutifi Rural Bank PLC (ARB PLC) was incorporated in Ghana on 29 March, 1982 under the Companies Act, 2019, (Act 992) and regulated under the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

The Bank is fully owned by Ghanaians, mainly local residents of Asutifi, in the Ahafo Region. Asutifi Rural Bank PLC is domiciled in Ghana and headquartered at Acherensua, Ahafo Region with its registered office at an Unnumbered Building, Acherensua, Asutifi South District of Ahafo Region.

The Bank is authorised to carry on the following businesses:

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

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB in force as of the reporting date.

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2023.

2.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by Asutifi Rural Bank PLC in the preparation of the financial statements are set out below.

2.1 Basis of Preparation

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

2.2 Functional and Presentation Currency

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

2.3 Foreign Currency Transactions

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

At the end of the reporting period;

- Monetary items are reported using the closing rate; the closing rate is the ruling exchange rate at the end of the financial year; and
- Non-monetary items are maintained at actual historical rates.

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

Ghana Cedi equivalents were paid for all foreign currency transactions. There were no monetary assets and/or liabilities denominated in foreign currencies as at the end of the year.

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2023.

2.4 Property, Plant and Equipment

The Bank recognizes an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it, the amount meets the materiality threshold set by the Bank, and can be reliably measured.

Property, plant and equipment are initially measured at cost.

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

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

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

The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs, which the Bank would currently obtain from the disposal of an asset in similar age and condition as expected at the end of the Annual depreciation rates of items of property, plant and equipment have been assessed as follows:

Bank Building	2.0%
Computers	33.3%
Office Equipment	25.0%
Furniture & Fittings	20.0%
Bungalow Furniture	20.0%
Motor Vehicle/Bicycle	25.0%

Costs associated with routine servicing and maintenance of assets is expensed as incurred.

Subsequent expenditure is only capitalized if it is probable that future economic benefits associated with the item will flow to the Bank.

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

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

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2023.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised. Residual values, useful lives and methods of depreciation for property and equipment are reviewed and adjusted if appropriate, at each financial year end.

2.5 Employee Benefits.

Short-Term Benefits.

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

The costs of short-term employee benefits are recognised as an expense in the period when the economic benefit is given, as an employee cost. Unpaid short-term employee benefits at the end of the accounting year are recognised as an accrued expense and any short-term benefit paid in advance are recognised as prepayment to the extent that it will lead to a future cash refund or a reduction in future cash payment.

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

Social Security and National Insurance Trust (SSNIT) and Tier 2 Pension

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

Provident Fund

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

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2023.

2.6 Taxation

Income tax in the Income Statement comprises current tax and deferred tax. Current tax is the tax expected to be payable, under the Income Tax Act, 2015 (Act 896) on the taxable profit for the year.

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

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

2.7 Financial Instruments

Initial recognition and measurement

The Bank recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

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

Subsequent measurement of financial instruments

For purposes of subsequent measurement financial assets are classified as follows:

- Financial assets measured at amortised cost
- Financial assets measured at fair value through other comprehensive income.
- Financial assets measured at fair value through profit or loss

(a) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets the following two (2) conditions:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
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- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the two conditions is measured at amortised cost (net of any write down for impairment).

(b) Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if:

- It is designated on initial recognition as such, or
- It relates to other financial assets that are not classified under any of the other categories.

(c) Financial assets measured at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if:

- It is designated as such upon initial recognition, or
- Meets the recognition of 'held for trading'.

Financial Liabilities

For purposes of subsequent measurement financial liabilities are classified as follows:

- Financial liabilities measured at amortised cost
- Financial liabilities measured at fair value through profit or loss.

(a) Financial liabilities measured at fair value through profit or loss

A financial liability at fair value through profit or loss is a financial liability that is designated on initial recognition at fair value through profit or loss or liabilities that are 'held for trading'.

(b) Financial liabilities at amortised cost

These are financial liabilities that are not held for trading and are also not designated on initial recognition at fair value through profit or loss.

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2023.

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

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

The Bank's principal financial assets are loans and advances to customers, cash and bank balances and investments.

Loans and advances and investments have been classified as financial assets at amortised cost and are measured at amortised cost.

Cash and bank balance has been classified as financial asset at fair value through profit or loss and is measured at fair value with measurement gains and losses recognised in profit or loss.

Equity investment has been classified as fair value through other comprehensive income and is measured at fair value with measurement gains and losses recognised in other comprehensive income.

The Bank's principal financial liabilities are fixed term investments from customers and demand and savings deposits from customers.

The Bank's financial liabilities have been classified as financial liabilities at amortised cost and are measured at amortised cost.

The foregoing classification of financial instruments for purposes of subsequent measurement, are spelt out in IFRS 9 Financial Instruments' which will be effective for annual periods beginning on or after 1st January 2018.

The adoption of the above classification amounts to an early adoption of IFRS 9.

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

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2023.

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

Fair Value Measurement

The Bank defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes an orderly transaction between market participants at the measurement date under current market conditions.

In measuring fair value:

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

De-recognition of financial assets and liabilities

A financial asset or a portion thereof, is derecognized when the bank's rights to cash flows have expired or when it has transferred its rights to cash flows relating to the financial assets, including the transfer of substantially all the risk and rewards associated with the financial assets or when control over the financial assets has passed.

A financial liability is derecognised when the obligation is discharged, cancelled or has expired.

Impairment of financial assets

Framework for measuring impairment of financial assets

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

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

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

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

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

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

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

2.8 Regulatory Credit Risk Reserve

Provision for loans and advances has been made based on IFRS principles. However, provisions made should meet Bank of Ghana's criteria for loan provisioning.

Where provision for impairment based on Bank of Ghana's criteria is higher than that based on IFRS principles the difference is charged to income surplus and transferred to a non-distributable reserve.

2.9 Events after the Reporting Period

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

2.10 Cash and Cash Equivalents.

Cash and cash equivalents comprise cash in vault and bank balances.

2.11 Provisions

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

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
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Where the Bank expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

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

2.12 Use of Estimates and Judgements

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

Key areas in which judgment is applied include:

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

2.13 Revenue recognition

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

• **Interest Income**

Interest income is recognised in profit for all interest – bearing financial assets measured at amortised cost, as interest accrues using the effective interest method. The Bank’s financial assets that give rise to interest income are loans and advances and investments.

• **Commissions and fees**

Revenue fees that are an integral part of the true interest rate of financial assets and are included in the measurement of the effective interest rate are spread over the period of the financial assets.

Commission and fees from the rendering of services are recognised in the income statement when the related services are performed.

The company earns commissions and fees from a range of services provided to its customers.

Commissions and fees revenue are accounted for as follows:

Income earned on customer’s current account (commission on turnover) is recognised when charged.

Income earned from the provision of cheque clearing services are recognised when the services are provided.

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2023.

2.14 Interest Expense

Interest expense is recognised in profit or loss for all interest –bearing financial liabilities measured at amortised cost. The Bank’s financial liabilities that give rise to interest expense are fixed term and savings deposits from customers.

2.15 Accruals and Payables

Liabilities are recognized for amounts to be paid in the future, and amounts accrued but payments not yet made.

2.15 New Standards and interpretations issued but not yet effective

Of the new standards and interpretations that are issued and effective or not yet effective for accounting periods beginning 1 January 2023, none has any significant effect on the Bank's financial statements.

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2023.

3. RISK MANAGEMENT

The Bank's operations come with these risk: Credit, Market, Liquidity and Operational.

3.1 Credit Risk

To the Bank, Credit Risk is the likelihood that a receivable from a financial instrument issued by a Bank to a borrower is unlikely to be received regarding the principal with or the interest according to the terms contained in the financial instrument. This will result in economic loss to the Bank.

The Credit Risk is managed through the systems and controls established by the Credit Department that ensures that periodic review of the status of the receivable at every stage from application to completion of the repayment of the advance by the borrower. The Credit Department submits reports of the performance of the Loans and Overdraft to a Credit Committee which takes appropriate actions for recovery. Credit facilities are monitored for early warning signals of non-performance.

The maximum amount of Credit Risk emanating from these sources is as follows:

	2023	2022
	GH¢	GH¢
Loans and Advances to customers	14,662,050	11,851,061
Other Loans - Bonanza, Poverty Alleviation, Mowac 2008/2009, Special Farmers Loans Disbursed, Planting for food and Jobs and Interest on Loan	(302,717)	(706,520)
	<u>14,359,333</u>	<u>11,144,542</u>

Collateral held as security against these risks consists mainly of cash.

The Loans and Advances portfolio is further analysed in terms of quality as follows:

(i) Neither past due nor impaired	12,307,072	9,838,961
(ii) Past due but not impaired	1,767,623	690,022
(iii) Impaired	890,071	615,559
Gross loans and advances	<u>14,964,767</u>	<u>11,144,542</u>

The Fair Value of Collateral Security held on (b).

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
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Financial Assets Past Due But Not Impaired

These are analysed by age as follows:

No. Of Days	2023			2023		
	Amort. Cost	Measured at Fair Value	Total	Amort. Cost	Measured at Fair Value	Total
Overdue	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
(0-90)	7,036,392	3,311,243	10,347,635	7,483,085	3,521,452	11,004,536
(91-180)	502,947	247,720	750,667	63,600	31,325	94,925
(181-360)	311,272	190,779	502,051	63,193	38,731	101,925
Over 360	190,515	324,391	514,906	202,782	345,278	548,060
Total	8,041,125	4,074,133	12,115,259	7,812,660	3,936,787	11,749,446

3.2 Market Risk

Market Risk is the potential of losses arising from movements in market prices such as Interest Rates, Exchange Rates, and Equity and Commodity Prices. Currently, the Bank's activities expose it to Interest Rate risks with no exposure to exchange rate, equity commodity price risks. The Interest Rate risk is inherent in the Bank's Financial Assets and Liabilities such as Loans, Customer Deposits and Borrowings.

3.3 Liquidity Risk

Liquidity Risk is the potential loss to the Bank arising from either its inability to meet its maturing Short-Term obligations as they fall due or to fund increases in assets without incurring unacceptable costs. The management of this risk enables the Bank to minimise the timing of cash flows relating to its Assets and Liabilities to ensure that it regularly maintains the Primary Reserve requirement of 13% of Total Deposits as required by Bank of Ghana.

3.4 Operational Risk

Operational Risk is of direct or indirect loss resulting from inadequate or failed internal controls and processes, staff and systems. These are managed by well designed operating procedures, business continuity planning, reconciliations, internal audit and timely and reliable management reporting.

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2023.

4. CAPITAL

4.1 The Objectives of Capital Management

The Capital Management Objective of the Bank is to ensure that the financial net assets at the end of the financial year exceed the financial amount of the net assets at the beginning of the year after deducting distributions to and adding contributions from the owners.

The objective is also to ensure that, at any time, the Stated Capital requirement by Bank of Ghana could be met and also to comply with the Capital Adequacy Ratio Regulatory requirements of Bank of Ghana . This is achieved by maintaining appreciable level of profits to meet the expected Capital increases by Bank of Ghana.

4.2 Capital Description

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

4.3 The Level of Capital Adequacy

The Capital Adequacy Ratio as at 31 December, 2023 is disclosed as follows:

	2023	2022
	GH¢	GH¢
Registered Paid-Up Capital	915,975	915,975
Unregistered Paid-Up Capital	103,344	103,344
Disclosed Reserves	(475,143)	(906,286)
Permanent Preference Shares	13	13
Tier 1 Capital	<u>544,189</u>	<u>113,046</u>
Less:		
Investment in Unconsolidated Subsidiaries	79,785	61,405
Net Tier 1 Capital	<u>464,404</u>	<u>51,641</u>
ADJUSTED CAPITAL BASE	<u>464,404</u>	<u>51,641</u>

6. INTEREST INCOME

	2023	2022
	GH¢	GH¢
Investment Discount on T-Bills	1,081,206	299,759
Advances	<u>5,688,131</u>	<u>4,700,303</u>
	<u>6,769,337</u>	<u>5,000,062</u>

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2023.

7. Interest Expense	2023	2022
	GH¢	GH¢
Savings Account/Deposits	192,727	135,227
Interest on loan	540,683	673,150
Fixed Deposit	838,037	409,312
	<u>1,571,447</u>	<u>1,217,689</u>
8. Commission and Fees	2023	2022
	GH¢	GH¢
Commissions	606,461	392,660
Commitment Fees	654,675	539,646
	<u>1,261,136</u>	<u>932,306</u>
9. Other Operating Income	2023	2022
	GH¢	GH¢
Sundry Income	75,161	104,170
Commission income	-	9,979
Cheque Clearing Fee	17,003	9,529
	<u>92,164</u>	<u>123,678</u>
10a. Impairments	2023	2022
	GH¢	GH¢
Provision - Balance Brought Forward	615,559	480,941
Net Increase/(Decrease) In Provision	274,512	134,618
Impairment (Bad Debt)	-	-
	<u>890,071</u>	<u>615,559</u>
10b. Charge to operating Expenses		
Net Increase/(Decrease) In Provision for Doubtful Advances	<u>229,478</u>	<u>67,860</u>

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2023.

	2023	2022
	GH¢	GH¢
11. Operating Expenses		
Salaries	1,282,688	1,247,003
Other Staff Cost	813,321	369,184
Depreciation	202,552	184,428
Audit Fees	18,285	15,847
Motor Running-Fuel Expenses	131,676	34,311
Motor Running-Repairs & Maintenance	113,478	51,121
Board Meeting Expenses	231,176	57,298
Director's Fees	20,160	7,200
Repairs & Maintenance	37,402	33,440
Donations	57,490	31,349
Specie Movement	30,325	20,313
Bank Charges	23,111	6,344
Insurance	138,613	80,458
Audit Expenses	10,966	9,877
Travelling & Transport	26,887	70,656
Printing & Stationery	47,977	63,854
Postage & Telephone	17,929	17,109
Subscription & Periodicals	356,816	64,701
Bungalow Expenses	1,136	876
Police Guard Duties	16,730	11,208
Mobilization/Recovery Expenses	44,491	14,726
Communication Expenses- Apex	73,694	221,322
Entertainment/Staff allowance	103,175	519,338
Electricity & Water	144,144	101,134
Medical Expenses	31,189	17,360
Legal Expenses	64,479	74,281
Advertising & Publicity	8,191	6,297
Cleaning & Conservancy	11,321	24,983
Staff Training	64,546	71,973
Office Expenses	20,090	7,390
AGM Expenses	23,491	18,000
Generator Expenses	57,812	40,272
Micro-Finance Expenses	394,957	316,602
Shortage in Till	1,137	594
Direct Sales Executives salary	241,544	227,066
Direct sales Executives transport	64,506	79,669
Sac Expenses	50,966	53,142
Rent, Rates and Taxes	25,080	24,100
Recovery	1,515	550
Other Expenses	4,522	-
Write-off of System Generated Overdrafts	255,703	200,455
	5,265,271	4,395,831

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2023.

12. Cash and Short - Term Funds	2023	2022
	GH¢	GH¢
Cash on Hand	2,386,359	2,608,309
Apex Clearing Account	609,342	(246,199)
5% Placement with Apex	1,664,569	680,171
Balance with Other Banks	117,912	121,513
Ecobank account	105,944	201,692
	<u>4,884,126</u>	<u>3,365,486</u>

13. Short -Term Investments	2023	2022
	GH¢	GH¢
Treasury Bills	6,989,618	4,773,433
Less Unearned discount on T-Bills	(964,399)	(432,267)
ACOD 7 - ARP Apex Bank	2,000,000	950,000
	<u>8,025,219</u>	<u>5,291,166</u>

14. Advances	2023	2022
Analysis by customer type:	GH¢	GH¢
Individuals	11,877,336	11,050,130
Corporate Bodies	2,470,357	532,016
Others	314,357	268,916
	<u>14,662,050</u>	<u>11,851,061</u>
Impairments (Note 10)	<u>(890,071)</u>	<u>(615,559)</u>
	<u>13,771,979</u>	<u>11,235,502</u>

14.1 Advances - Others

Others Include Poverty, Alleviation, Mowac, Planting for Food and Jobs, Bonanza and Special farmers loan Disbursed

Analysis by advance type	2023	2022
Loans	12,200,223	9,706,825
Overdraft	2,461,827	1,994,601
	<u>14,662,050</u>	<u>11,701,426</u>
Interest in Arrears	441,847	122,342
	<u>15,103,897</u>	<u>11,823,768</u>
Impairments (Note10)	<u>(890,071)</u>	<u>(615,559)</u>
	<u>14,213,826</u>	<u>11,208,209</u>

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
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Related Party Transaction included in Advances are

Directors Loans	-	-
Staff Loans	-	-

15. Inventories	2023	2022
	GH¢	GH¢
Stationery stock	116,543	89,226

16. Receivables and Prepayments	2023	2022
	GH¢	GH¢
Sundry Debtors	74,494	-
Inter-Agency	506,660	472,552
Special Farmers Loan Disbursed	1,245	11,810
Poverty Alleviation	-	7,440
Insurance Prepaid	34,133	37,295
Rent Prepaid	99,410	120,290
Ezwich Operation	-	133,403
MOWAC 2008/2009	50,521	76,680
Uncleared Effect	391,763	26,130
GRA Staff Tax Liability	-	16,844
Controller and Accountant General Account	-	377,943
Suspense Credit Account	140,968	124,299
	1,299,194	1,404,686

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
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17. Property Plant and Equipment

Cost	Balance 01/01/2023	Additions	Balance
	GH¢	GH¢	GH¢
Bank Premises	841,578	9,789	851,367
Bungalow Furniture	1,196	-	1,196
Office Equipment	470,195	123,333	593,528
Computers	300,522	10,063	310,585
Computer Software	160,439	-	160,439
Fixture & Fittings	220,519	3,225	223,744
Motor Vehicle	471,884	-	471,884
Bicycles	295	-	295
Capital Work-in-Progress	11,737	-	11,737
	2,478,365	146,410	2,624,775

Accumulated Depreciation	01/01/2023	Current Depreciation on Cost	45,291
	GH¢	GH¢	GH¢
Bank Premises	93,266	17,027	110,293
Bungalow Furniture	1,196	-	1,196
Office Equipment	244,197	65,191	309,388
Computers	244,472	51,759	296,231
Computer Software	160,278	-	160,278
Fixture & Fittings	191,909	22,374	214,283
Motor Vehicle	306,732	44,915	351,647
Bicycles	295	-	295
	1,242,345	201,267	1,443,612

Carrying Amount 31/12/2023 **1,181,163**

Carrying Amount 31/12/2022 **1,236,020**

The values of property, plant and equipment that have been fully depreciated but continue to be used in the activities of the company are shown below:

	2023	2022
	GH¢	GH¢
Bungalow Furniture	1,196	1,196
Computers	296,231	244,472
Office Furniture & Fittings	214,283	191,909
Bicycles	295	295
	512,005	437,872

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
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Bungalow furniture, Office Furniture and Fittings have been reclassified together as Fixtures and Fittings
 Bicycles have to be written off from the Financial Statements

The fair value measurement of the Land and Buildings at 31 December, 2015 was performed by Adwoa Konadu Prempeh, a Chartered Surveyor and member of the Ghana Institute of Surveyors based in Sunyani. She has the appropriate qualifications and experience in the fair value measurement of such properties, plants and equipment and in the Brong and Ahafo Regions of Ghana.

The revaluation is based on fair value measurement using a fair value technique that reflects the significance of the market value of the utility of the items to the company considering the economic, legal, physical and institutional factors and the area location which influence the values of the items. The fair values of property, plant and equipment were determined based on the use approach that reflects the market value of use that the company would derive from the items. None of the assets of the Company has been used as security for any loan.

18. Long Term Investments

	2023	2022
	GH¢	GH¢
Apex Bank	79,785	61,405
GN Investment (Net)	138,825	138,825
	<u>218,610</u>	<u>200,230</u>
GN Investments represents:		
Gold Coast Investment	150,000	150,000
GN Loan Overdraft	(11,175)	(11,175)
GN Investment (Net)	<u>138,825</u>	<u>138,825</u>

There was an agreement between the Company and GN Investments allowing net-off of the two items above.

The Directors believe the Gold Cost Investment is recoverable and must be maintained.

This is based on a Parliamentary approval of the amount the Government of Ghana had requested to protect depositors and investors of the failed financial institutions and to improve liquidity on the financial sector in the country.

19. Capital Work-in-progress

Capital Work-in-progress represents physical additions to the Bank's premises.

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2023.

20. Deposits and Current Accounts

	2023	2022
	GH¢	GH¢
Savings Accounts	13,198,205	10,237,186
Current accounts	3,126,404	4,109,173
Fixed Deposit	5,402,773	3,072,986
Susu	5,234,372	3,242,713
	<u>26,961,754</u>	<u>20,662,058</u>

21. Borrowings

	2023	2022
	GH¢	GH¢
Apex Loan	1,255,529	1,438,696
	<u>1,255,529</u>	<u>1,438,696</u>

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
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22. Other Accounts Payables & Accruals	2023	2022
	GH¢	GH¢
Sundry Creditors	-	207,434
Audit Fee - Planita Consulting	10,498	15,847
AGM	19,056	46,037
Unicorn Commodity	-	6,331
Accrued Interest/ Unearned Interest	3,043	1,834
Withholding Tax	7,987	1,139
Accrued Interest	218,347	(49,173)
E-zwich Operations	-	44,654
E-zwich Holding	151,397	202,981
Planting for Food and Jobs	-	(3,933)
Payment Order	110,156	225,191
Provision for Rent	-	10,206
Overs in Till	-	351
Provision for Staff PF	-	183,278
Account Closure Suspense	-	45
System Generating Overdrafts	-	(328,441)
E-zwich Card Proceeds A/C	-	93
Main Credit Undis Loans	-	7,571
MasterCard Loan Undisbused	-	50,168
Monica's Court Issues	-	37,638
Other Provisions	12,000	12,000
CCC Uncleared Effects	182,959	115,812
Accrued Int. on FDR	117,589	1,733
Interest Suspense	-	76,833
National Service Salary Payment Account	-	1,006
GH-Link Suspense Acct	-	(2,998)
T 24 R20 Miss Converted	-	(4,139)
Ghana Pay Wallet	1,604	3
	<u>834,636</u>	<u>859,501</u>

ASUTIFI RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2023.

23a. Stated Capital

Authorised

The Company is registered with 10,000,000 ordinary shares and 125,000 preference share both of no par value.

Issued

The Issued Share Capital is held as follows:

	2023		2023	
	Number	GH¢	Number	GH¢
Issued for Cash (Ordinary Shares)	4,579,875	915,975	4,579,875	915,975
Issued for Cash (Preference Shares)	125,000	13	125,000	13

23b. Contribution to Stated Capital

	2023		2023	
	Number	GH¢	Number	GH¢
Issued for Cash (Ordinary Shares)	35,630	7,126	35,630	7,126

This represents current year contributions to Stated Capital that have not been registered with the office of the Registrar General's Department. It will be recognised after the statutory stamp duties have been paid and the Stated Capital approved by and registered with Bank of Ghana.

24(a). Tax Payable/Receivable

	Balance at 1/1/22 GH¢	Paid During the Period GH¢	Charged for the Period GH¢	Balance at 31/12/2022 GH¢
2019	(79,611)	-	-	(79,611)
2020	(79,611)	(2,500)	-	(82,111)
2021	(82,111)	-	-	(82,111)
2022	(82,111)	-	86,556	4,445
2023	4,445	(4,445)	357,492	357,492

Corporate Tax Liabilities are subject to agreement with Ghana Revenue Authority (GRA).

24(b) Income Tax Expense

	2023 GH¢	2022 GH¢
Current tax	357,492	86,558
Deferred Tax	(14,920)	-
	<u>342,572</u>	<u>86,558</u>

Tax Rate Reconciliation

	2023 GH¢	2022 GH¢
Profit per Income Statement	1,056,441	374,666
Tax at Statutory Rate (20%)	211,288	74,933
Add: Permanent difference: Unallowed Expenses	131,284	11,625
Tax per Profit and Loss	<u>342,572</u>	<u>86,558</u>