SOUTH AKIM RURAL BANK LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2015

	NOTE	2015	2014
ASSETS		**GH¢**	**GH¢**
Cash and Short Term Funds	4	7,823,724	7,421,421
Trading Investments	5	17,822,500	12,422,500
Loans and Other Advances	6	20,251,595	16,806,704
Other Assets Account	7	1,360,303	2,524,298
		47,258,122	39,174,923
Investments in Subsidiaries	8	1,800	1,800
Quoted Equity Investments	9	166,342	166,342
Property Plant & Equipment	10	1,446,610	250,389
TOTAL ASSETS		**48,872,874**	**39,593,454**
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Deposits & Current Accounts	11	37,472,139	29,683,454
Payables & Accruals	12	2,557,169	1,908,496
Taxation	13	26,463	45,905
Deffered Tax Liability	13.3	4,126	22,079
Borrowings	14	2,161,631	3,058,072
		42,221,528	34,718,006
NON CURRENT LIABILITIES			
Capital Grant	15	33,416	33,416
EQUITY			
Stated Capital	16	1,669,314	1,347,024
Statutory Reserve Fund		1,264,056	950,445
Retained Earnings		1,819,361	1,381,372
Development Fund		1,825,795	1,123,787
Revaluation Reserve	14	39,404	39,404
		6,617,930	4,842,032
TOTAL EQUITY AND LIABILITIES		**48,872,874**	**39,593,454**

The financial statements on pages 7 to 19 were approved by the Board of Directors on ………………………. and were signed on its behalf by

………………………. **……………………….**
DIRECTOR **DIRECTOR**

The notes on pages 24 to 37 form part of these Accounts. Auditors report on page 5

SOUTH AKIM RURAL BANK LIMITED
INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2015

	NOTE	2015 GH¢	2014 GH¢
Interest Income	17	11,509,035	8,286,744
Interest Expense	18	-2,802,438	-1,697,560
Net Interest Income		8,706,597	6,589,184
Commissions and Fees		1,077,450	1,067,160
Other Operating Income		130,577	82,284
Total Income		9,914,624	7,738,628
Bad and Doubtful Debt	19	-138,183	-85,988
Operating Expenses	20	-7,079,043	-5,653,093
Net Operating Profit Before Tax		2,697,398	1,999,547
Provision for Tax	13	-188,510	-267,361
Net Profit after Tax Transferred to Retained Earnings		**2,508,888**	**1,732,186**

Basic earnings per share		0.041	0.03

The notes on pages 24 to 37 form part of these Accounts. Auditors report on page 5

SOUTH AKIM RURAL BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2015

	Stated Capital GHC	Statutory Reserve Fund GHC	Development Fund GHC	Retained Earnings GHC	Revaluation Reserve GHC	Total GHC
Balance 01/01/2015	1,347,024	950,445	1,123,787	1,381,372	39,404	4,842,032
Additions	122,290	-	-	2,508,888	-	2,631,178 -
Transfer Out	-	-	(97,992)	(150,000)	-	(247,992)
Dividend	-		-	(607,288)	-	(607,288)
Transfers In	200,000	313,611	800,000	(1,313,611)	-	-
Balance 31/12/2015	**1,669,314**	**1,264,056**	**1,825,795**	**1,819,361**	**39,404**	**6,617,930**

	Stated Capital GHC	Statutory Reserve Fund GHC	Development Fund GHC	Retained Earnings GHC	Revaluation Reserve GHC	Total GHC
Balance B/F	1,240,948	731,162	738,636	860,618	39,404	3,610,768
Additions	106,076	-	-	1,732,187	-	1,838,263 -
Transfer Out	-	-	(114,849)	(75,000)	-	(189,849)
Dividend	-	-	-	(417,150)	-	(417,150)
Transfers	-	219,283	500,000	(719,283)	-	-
Balance C/D	**1,347,024**	**950,445**	**1,123,787**	**1,381,372**	**39,404**	**4,842,032**

SOUTH AKIM RURAL BANK LIMITED
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2015

	NOTE	2015 GH¢	2014 GH¢
OPERATING ACTIVITIES			
Operating profit		2,697,398	1,999,547
ADJUSTMENTS			
Depreciation		220,333	318,686
Net cashflow from operating activities		**2,917,731**	**2,318,233**
CHANGES IN OPERATING ASSETS & LIABILITIES			
Increase in Loans & Overdrafts		(3,444,891)	(3,848,037)
Decrease in Other Assets Account		1,066,003	(1,389,615)
Increase in Deposits		7,788,685	3,855,460
Increase in Payables & Accruals		(108,615)	(125,852)
Net Change in Operating Assets & Liabilities		5,301,182	(1,508,044)
Net Cash Provided by Operating Activities		8,218,913	810,189
Tax Paid		(225,905)	(293,839)
		7,993,008	**516,350**
INVESTING ACTIVITIES			
Purchase of Fixed Assets		(1,416,554)	(189,117)
Increase in Investment		(5,400,000)	(885,000)
Net Cash Provided by Investing Activities		**(6,816,554)**	**(1,074,117)**
FINANCING ACTIVITIES			
Proceeds from Issuance of Shares		122,290	106,076
Principal Repayment of S. T. Borrowings		(896,441)	2,599,749
Net cash used in Financing Activities		**(774,151)**	**2,705,825**
Net increase in Cash and Cash Equivalent		402,303	2,148,059
Cash & Bank Equvalent as at 01/01/15		7,421,421	5,273,362
Cash & Bank Equvalent as at 31/12/15		**7,823,724**	**7,421,421**

The notes on pages 24 to 37 form part of these Accounts. Auditors report on page 5

1 General information and summary of significant accounting policies

1.1 Corporate Information

South Akim Rural Bank Limited, a company limited by shares was incorporated in Ghana under the Companies Act, 1963 (Act 179) and the Banking Act 2004 (Act 673). The Company is permitted by its regulations to carry on, inter alia, the business of Rural Banking. The registered office of the company is in Nankese, Ghana.

1.2 Statement of Compliance

The Financial Statements have been prepared in accordance with all International Financial Reporting Standards, including International Accounting Standards and Interpretations issued by the International Accounting Standards Board and its Committees, as required by the Institute of Chartered Accountants (Ghana) and the Bank of Ghana.

1.3 Basis of Preparartion

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as defined by IAS 1. Additional information required by the Companies Act, 1963 (Act 179) and the Banking Act, 2007 (724) are included where appropriate. They have been prepared on a historical cost basis except for the following assets and liabilities that are stated at their fair values: financial instruments that are fair value through profit or loss; financial instruments classified as availabl-for-sale; investment properties and property, plant and equipment. The financial statements are presented in Ghana Cedis (GH₵)

The following accounting standards, interpretations and amendments to published accounting standards that impact the operations of the Company were adopted:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 7	Financial Instruments: Disclosures
IAS 1	Presentation of Financial Statement
IAS 2	Inventories
IAS 7	Statement of Cashflows
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Reporting Period
IAS 12	Income Tax
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 23	Borrowing Costs

1 **General information and summary of significant accounting policies (cont'd)**

IAS 26	Accounting and Reporting by Retirement Benefit Plans
IAS 28	Investments in Associates
IAS 32	Financial Instruments: Presentation
IAS 33	Earnings per Share
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilites and Contingent Assets
IAS 39	Financial Instruments: Recognition and Measurement

1.4 Use of Estimates and Judgement

The preparation of financial statements in conformity with IFRSs requires Management to make judgement, certain critical accounting estimates and assumptions that affect the application of policies and reported amounts of assets, liabilites, income and expenses. The estimates and the associated assumptions are based on historical experience and other factors that are reasonable under the circumstances, the results of which forms the basis of making judgement about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.4.1 Impairment of available-for-sale financial assets

The company assesses at each reporting date whether there is objective evidence that available-for-sale financial assets are impaired and impairment loss determined when the fair value of the asset is significantly less than its carrying amount shown in the books of the company. This determination of what is significant requires judgement. In making this judgement, the Bank evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performamce, changes in technology, and operational and financing cashflow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

1.4.2 Fair value of financial instruments

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated

1 General information and summary of significant accounting policies (cont'd)

and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only obsevable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

1.5 Summary of significant accounting policies

The significant accounting policies adopted by South Akim Rural Bank Limited under the International Financial Reporting Standards (IFRSs) are set out below:

1.5.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria apply in revenue recognition.

i. Interest Income and Expense

Interest Income and expense are recognised in the statement of profit or loss and other comprehensive income for all finacial instruments measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or of a finacial liability and allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument to the net carrying amount of financial asset or liability.

ii. Commission and Fees

Commission and fees income is recognised as revenue upon completion of the act or service.
Income arising from service fees such as special statement request and commissipon on turnover is recognised as the services are provided.
Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.

iii. Other Income

This made up of bad debts recovered, profit or loss on sale of property, plant and equipment and other miscellaneous income and are recognised when they occur.

1 General information and summary of significant accounting policies (cont'd)

iv Interest Expense

Interest expense is recognised in profit or loss for all interest-bearing financial instruments measured at amortised cost including loans and advances, as interest accrues using the effective interest rate method.

The effective interest method is a method of calculaing the amortised cost of a financial liability and of allocating the interest expens The effective interest rate is the rate that exactly discounts the estimated future cash payment over the expected life of the instrument or, where appropriate, a shorter period, to the net carrying amount of the financial liability

1.5.2 Current Taxation

The company provides for income taxes at the current tax rates on its taxable profits. Current tax is the expected tax payable on the taxable income for the year, using tax rates (and laws) that have been enacted or substantially enacted by the reporting date, and any adjustment to tax payable in respect of previous years.

1.5.3 Deferred Taxation

Deferred tax is the amount of income tax (tax asset or tax liability) recoverable or payable in future periods in respect of taxable temporary differences. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.5.4 Property, Plant and Equipment

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes the purchase prices of items of property, plant and equipment and directly attributable cost of acquisition.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

1 **General information and summary of significant accounting policies (cont'd)**

Increase in the carrying amount arising on revaluation of asset is credited directly to equity under the heading of revaluation surplus. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. On the other hand, a decrease in the carrying amount of an asset as a result of a revaluation is recognised in profit or loss. However, a decrease is debited directly to equity under the heading of revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Land is not depreciated. Depreciation on other assets is computed using the straight-line method to allocate the depreciable amounts over the assets' useful lives, at the following annual rates:

Motor Vehicle	33.33%
Furniture, fixtures and fittings	20%
Office Equipment	25%
Computer Hardware	25%
Computer Software	25%
Leasehold Land&Building	5%

The assets' residual values and useful lives are reviewd at each reporting date and adjusted if appropriate.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of assets is the greater of their net selling price and value in use. The impairment losses are recognised in the statement comprehensive income.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount. These are included in profit and loss. When revalued assets are sold, the amount included in the revaluation surplus is transferred to income surplus.

1.5.5 Financial Assets and Financial Liabilities

Categorisation of Financial Assets and Financial Liabilities

The company classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivable; available-for-sale financial assets; and held-to-maturity investments. Financial liabilities are classified as either held at fair value through profit or loss, or amortised cost. Management determines the categorisation of its financial assets and financial liabilities at initial recognition.

Financial Assets and Financial Liabilities at Fair Value through Profit or Loss

Fniancial asset or liability at fair value through profit or loss is a financial asset or financial liability that meets either of the following conditions:

1 General information and summary of significant accounting policies (cont'd)

Held for Trading

A financial asset or financial liability is classified as held for trading if it is: acquired or incurred principally for the purpose of selling or repurchasing in the near future; or part of a portfolio of identified financial instruments that managed toghether and for which there is evidence of a recent actual pattern of short-term profit taking.

Designated at fair through profit or loss

Upon initial recognistion as financial asset or financial lilability, it is designated by the company as at fair value through profit or loss except for investments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Loans and Receivables

Loans and Receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Avaiable-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated on initial recognition as available-for-sale and are held for an indefinite period or time and may be sold in response to needs for liquidity or changes in interest rates, exchange rate or equity prices.

Held-to-maturity investment

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has the positive intention and ability to hold maturity.

Initial recognition of financial assets and financial liabilities

The Company recognises a financial asset or financial liability on its statement of financial position when and only when, it becomes a party to the contractual provisions of the instrument subject to the provisions in respect of regular way purchases or sales of a financial asset which state that 'a regular way purchase or sale of financial assets is recognised and derecognised using either trade date settlement date accounting'.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the right to receive cashflows from the financial assets has expired or where the company has transferred substantially all the risks and rewards of ownership. Any interest in transferred financial assets that is created or retained by the company is recognised as a separate asset.

1 General information and summary of significant accounting policies (cont'd)

A financial liability (or part of a financial liability) is removed from the company's statement of financial position when, and only when, it is extinguished - i.e. when the obligation specified in the contract is; discharged; cancelled; or expired.

Initial Measurement of Financial Assets and Financial Liabilities

When a financial asset or financial liability is recognised initially, the company measures it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

When the company uses settlement date accounting for an asset that is subsequently measured at cost or amortised cost, the asset is recognised initially at its fair value on the trade date.

Subsquent measurement of financial assets

After initial recognition, the company measures financial all assets, including derivatives that are assets, at their fair value, without any deduction for transaction costs it may incur on sale or other disposal, except for the following financial assets: loans and receivables, which shall be measured at amortised cost using the effective interest method; held-to-maturity investments, which shall be measured at amortised cost using the effective interest method; and investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost.

Subsequent measurement of financial liabilities

After initial recognition, the Bank measures all financial liabilities at amortised cost using the effective interest method, except for: financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are measured at fair value except for a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, which are measured at cost; and financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuing involvement approach.

Gains and Losses

The Bank recognises a gain or loss arising from a change in the fair value of financial asset or financial liability that is not part of a hedging relationship as follows: a gain or loss on a financial asset or financial liability classified as at fair value through profit or loss are recognised in profit or loss; a gain or loss on an available-for-sale fiancial asset are recognised directly in equity, through the statement of changes in equity except for impairment losses and foreign exchange gains and losses until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss.

1 **General information and summary of significant accounting policies (cont'd)**

Interest calculated using effective interest method is recognised in profit or loss; dividends on an available-for-sale equity instrument are recognised in profit or loss when the company's right to receive payment is established.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Fair value measurement

The determination of fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices or dealer price quotations. If the market for a financial asset or a financial liability is not actively traded or unlisted security, the company establishes fair value by using valuation techniques. These techniques include the use of arms' length transactions, discounted cashflow analysis, and valuation models and techniques commonly used by market participants.

The value produced by a model or other valuation technique may be adjusted to allow for a number of factors as appropriate, because valuation techiques cannot appropriately reflect all factos that market participants take into account when entering into a transaction. Management believe that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value in the statement of financial position.

Offsetting

Financial assets and financial liabilities are set off and the net amount presented in the statement of financial position when, and only when, the company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expense are presented on the net basis only when permitted by the accounting standards or interpretation, or for gains and losses arising from a group of similar transacitions such as in the company's trading activities.

Impairment of Financial assets

The Bank assesses at each reporting date, whether there is any objective that a financial asset or group of financial assets is impaired.

1 General information and summary of significant accounting policies (cont'd)

1.5.6 Investments

Investments are recognised on a trade date basis and are classified as held-to-maturity or available-for-sale. Investments with fixed maturity dates, where management has both the intent and ability to hold to maturity are classified as held-to-maturity. Investments intended to be held for indefinite period of time, which may be sold in response to needs for liquidity or changes in the market, are classified as available-for-sale.

Investments are initially measured at cost. Available-for-sale investments are subsequently re-measured at fair value based on quoted prices. Fair values for unlisted securities are estimated using market values of the underlying securities or appropriate valuation methods.

Held-to-maturity investments are carried at amortised cost less any provison for impairment. Amortised cost is calculated on the effective interest method.

1.5.7 Cash and Cash Equivalents

For the purposes of statement of cashflow and cash and cash equivalents include cash, non-restricted balances with banks and other financial institutions, short-term highly liquid investments maturing in three months or less from the date acquisition and bank overdrafts.

1.5.8 Dividends distribution on ordinary shares

Dividends on ordinary shares distributed to the company's shareholders are recognised in the statement of changes in equity as owner changes in equity in the period in which such dividends are approved by the shareholders.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events notes.
Interim dividends are recognised when paid.

1.5.9 Provisions

Provisions for restructuring costs, legal claims and similar events are recognised when; the company has a present legal or constructive obligation as a result of past events; it is more likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

1.5.10 Inventories

Inventory is stated at the lower of cost or net realisable value. Costs of inventories include, the purchase price, and related cost of acquisition. The cost of inventory is determined using weighted average cost formula.

1 **General information and summary of significant accounting policies (cont'd)**

1.5.11 Impairment of non-financial assets

The carrying amount of the company's non-financial assets other than deferred tax assets, are reviewed at each reporting date to detemine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Impairment losses are recognised in the statement of comprehensive income.

Impairment losses recognised in prior period are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amounts do not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.5.12 Events after reporting period

The company adjusts the amounts recognised in its financial statements to reflect events that provide evidence of conditions that existed at the reporting date.

Where there are material events that are indicative of conditions that arose after the reporting date, the company discloses, by way of note, the nature of the event and the estimate of financial effect, or a statement that such an estimate cannot be made.

1.5.13 Stated Capital

Ordinary Shares are classified as equity when there is no obligation to transfer cash or other assets. All shares are issued at no par value.

1.5.14 Intangible assets

Computer Software

Acquuired computer software licences are captialise on the basis of the costs incurred to acquire and bring it to usable stage. These costs are amortised over their estimated useful lives. The current computer software acquired is amortised over five (5) years.

FOR THE YEAR ENDED 31ST DECEMBER, 2015

1 **General information and summary of significant accounting policies (cont'd)**

Costs associated with developing or maintaining computer software programmes are recognised as an expenses as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

1.5.15 New Standards and interpretation not yet adopted

Certain new standards, amendments to standards and interpretations are not yet effective for the year ended 31st December, 2015, and have not yet applied in preparing these financial statements. Standards applicable to financial statements beginning on or after 1st January, 2013 are disclossed as follows:

New Standards

i. IFRS 9 - Financial Instruments
ii. IFRS 10 -Consolidated Financial Statements
iii. IFRS 11 - Joint Agreements
iv. IFRS 12 - Disclosure of Interests in other Entities
v. IFRS 13 - Fair Measurement

Revised Standards

i. IAS 19 Employee Benefits
ii. IAS 27 Consolidated and Separate Financial Statements
iii. IAS 28 Investments in Associates

New Interpretation

i. IFRIC 20

2 Management of Financial Risks

The company has exposture to the following risks from its financial instruments:

i. Financial risks, namely: credit risk; liquidity risk; and operational risk.

This note presents information about company's exposure to each of the risks, the objective, policies and processes for identifying; evaluating and mitigating such risks.

2.1 Risk Governance

The Board is ultimately responsible for the company's risk management and has therefore approved risk management policies and procedures inbuilt in the company's internal controls.

As part of the risk management of the company, the Board has approved a company wide risk appetite statement which reflects the company's risk management philosophy, and in turn influences its culture and operating stlye. As part of the company's risk appetite, appropriate risk response strategy is adopted to address each type of risk in accordance with the desire for risk. The strategies are avoidance, reduction, transfer and acceptance of risk.

The Board of Directors play oversight role and hence set the tone for the company's risk management. The management team is responsible for ensuring that risks that confront the company are identified, evaluated and mitigated to the level that do not prevent the accomplishment of the set objectives. Management has therefore aligned the risk management processes with the company's daily operations. This enables all departmental, unit and branch heads to observe risk management culture and ensure that all officers are not only aware of risks associated with their schedules but also comply with mitigating measures. They are also responsible for reporting weak controls and loss events.

The Internal Audit and Investigation also examines and expresses their opinion on the adequacy and compliance of risk control processes and make recommendation for improvement.

2.3 Financial Risk

In its normal course of business, the company uses primary and secondary financial instruments such as cash and cash equivalents, equity securities, corporate and government debt securities and receivables. These instruments expose the company to financial risks such as credit risk, liquidity risk, market risk, and operational risk.

2 Management of Financial Risks (cont'd)

2.3.1 Credit Risk

Credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. This includes lost principal and interest, disruption of cashflows and increase in collection costs.

A portfolio impairment provision is held to cover the inherent risk of losses, which although not identified, are known through experience to be present in any asset portfolio. The portfolio impairment provision is set with reference to the past experience and judgmental factors such as the economic environment and the trends in key protfolio indicators.

Set out below is an analysis of various credit exposures of that are neither past due nor impaired, the ageing of assets that are past due but not impaired and assets that have been impaired;

2.3.2 Liquidity Risk

Liquidity risk is the possibility of the company not being able to meet its financial obligations as and when they fall due. This could arise if it is difficult to convert other assets to cash, or when there are unexpected large benefit obligation or when there is a serious timing mismatch between cash collection and disbursement or when there is a decline in cash in-flow due to reduced premium production coupled with high commitment cost.

It is the policy of the company to maintain adequate liquidity at all times, and for all currencies so as to be in a position to meet all obligations (including benefits payments) as and when they fall due. The company is also committed to increasing annual productivity by attracting and retaining mutually profitable clients. Again, the company strictly follows the solvency regulatory framework drawn up by the Bank of Ghana (BOG) which has the objective of, among others, ensuring appropriate asset spread, good yield, and safety of the investments of Banks as well as ensuring appropriate asset liability matching.

2.3.3 Market Risk

The company recognises market risk as the exposure created by potential changes in market prices and rates. The company is exposed to market risk arising principally from transactions with clients as well as its investment transactions.

The company therefore maintains policies and procedures on exchange rate, interest rates and other markets which guide them through choice and execution of decisions to avoid or mitigate risk associated with foreign currency transactions, borrowing and investing activities.

2 **Management of Insurance and Financial Risks (cont'd)**

2.3.5 Interest Rate Exposure

The bank's interest rate exposure arises from investments with fixed maturities such as corporate and government debt securities reported at fair value. Changes in interest rate will have an immediate effect on the company's profit and the shareholders' fund. The company's approach to managing interest rate risk is the maintenance of highly liquid short-term investment portfolio. It therefore monitors the investment protfolio closely to redirect investments to highly yielding vehicles.

2.3.6 Operational Risk

Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of internal processes, people and systems, or from external events. The Bank seeks to ensure that key operational risks are identified and managed in a timely and effective manner.

2.3.7 Capital Management

The bank's objectives when managing capital which is a broader concept than the equity on the statement of financial position are:

i To comply with the capital and solvency requirements as set out in the Banking Act 2004 (Act 673)

iii To guarantee the bank's ability to operate as a going concern and continually provide returns to shareholders and benefit to other stakeholders.

Management keeps monitoring the bank's solvency margin on a regular basis to ensure its compliance.

SOUTH AKIM RURAL BANK LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015

4 CASH & SHORT - TERM FUNDS

	2015 GH¢	2014 GH¢
Cash in Hand	2,067,419	1,950,467
Barclays Bank, Accra	-	2
ARB Apex Bank	1,280,056	1,895,962
ARB Apex Bank - 5% Deposit	1,827,917	1,408,072
ACOD 7/30	2,000,000	2,000,000
From other Bank	648,332	166,918
	7,823,724	**7,421,421**

5 TRADING INVESTMENTS

These represent investments in Ghana Government Treasury Bills and Bonds.
They are redeemable at Fixed Dates and Stated at their face values.

	2015 GH¢	2014 GH¢
Treasury Bill Notes	16,400,000	10,700,000
Government Stocks & Bonds	1,422,500	1,722,500
	17,822,500	**12,422,500**

6 ADVANCES

	2015 GH¢	2014 GH¢
Loans	16,539,871	14,678,843
Overdrafts	4,219,068	2,693,603
	20,758,939	17,372,446
Less: Provision	-507,344	-565,742
Net Advances	**20,251,595**	**16,806,704**

Advances are standing in the statement of financial position as the amount of Principal and Interest Outsstanding less Provision for Bad and Doubtful Debts.

SOUTH AKIM RURAL BANK LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015

SECTORIAL BREAKDOWN LOANS	**2015**	**2014**
	GH¢	**GH¢**
Agriculture	223,014	425,747
Cottage Industry	282,811	169,545
Transport	1,885,816	1,091,987
Commerce	7,097,864	4,939,022
Others	7,050,366	8,052,542
	16,539,871	14,678,843
OVERDRAFT		
Transport	578,890	40,207
Commerce	3,114,097	2,337,816
Others	526,081	315,580
	4,219,068	2,693,603
	20,758,939	**17,372,446**
Less Provision	-507,344	-565,742
	20,251,595	**16,806,704**

	7 OTHER ASSETS ACCOUNTS	**2015**	**2014**
		GH¢	**GH¢**
	Stationery Stock	186,746	123,439
	Prepaid Rent	235,613	193,788
	Prepaid Insurance	80,201	75,787
	Office Accounts	20,760	1,424,580
	Int. & Comm. Accrued	247,858	227,062
	Inter Agency Balance	-	171,704
	Others	514,014	232,770
	Discount Houses	14,785	14,785
	Migrating ARB Apex	60,326	60,383
		1,360,303	**2,524,298**

8 INVESTMENTS IN SUBSIDIARIES	**2015**	**2014**
	GH¢	**GH¢**
Name SARB Services Ltd	1,800	1,800
Shares		
Nature of Business ;- General Trading		
Investment 100%	**1,800**	**1,800**

9 QUOTED EQUITY INVESTMENT

	2015	2014
	GH¢	GH¢
SG-SSB Ltd	160	160
Ghana Commercial Bank Ltd	374	374
ARB Apex Bank Ltd	164,808	164,808
C. P. C.	1,000	1,000
	166,342	**166,342**

10 PROPERTY, PLANT & EQUIPMENT

See page 34 for Fixed Assets Shedule

11 DEPOSIT

SAVINGS	2015	2014
	GH¢	GH¢
Others	1,699,841	1,450,196
Individuals	12,241,029	9,639,223
Private Enterprise	1,521,645	1,613,323
Public Enterprise	864,640	813,028
	16,327,155	**13,515,770**
CURRENT ACCOUNTS		
Others	606,258	1,658,534
Private Individuals	2,909,621	1,475,024
Private Enterprise	1,009,375	731,633
Public Enterprise	409,390	222,010
	4,934,644	**4,087,201**
Time Deposit	**11,407,790**	**8,711,190**
OTHER DEPOSIT		
Payroll Deposit	16,117	7,374
Susu	4,786,432	3,361,919
	4,802,549	**3,369,293**
	37,472,138	**29,683,454**

SOUTH AKIM RURAL BANK LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015

12 PAYABLES & ACCRUALS

	2015	2014
	GH¢	GH¢
Discount on T/Bills	373,427	187,117
Accrued Interest	383,719	301,886
Bills Payable	153,680	156,873
Audit Fees	17,625	11,750
Police Guard	24,700	-
Office Account	167,498	361,082
Dividend Payable	1,111,660	814,788
Nankese SHS	150,000	75,000
Consulting Fees	17,625	-
Ezwich	157,234	-
	2,557,168	**1,908,496**

13.1 TAXATION

	2015	2014
a) **Tax on profit**	GH¢	GH¢
Current tax expenses	206,463	245,282
Deferred tax expenses	-17,953	22,079
	188,510	267,361

13.2 b) Current Taxation

Assessment Year	Balance as at 1/1/2015	Payment	Charge for the year	Balance as at 31/12/15
	GH¢	GH¢	GH¢	GH¢
2013	105,620	-	-	105,620
2014	-59,715	-	-	-59,715
2015	-	-225,905	206,463	-19,442
	45,905	**-225,905**	**206,463**	**26,463**

13.3 c) Deferred Tax Liabilities

	2015	2014
	GH¢	GH¢
Balance (01/01/15)	22,079	-
Additions	(17,953)	22,079
Balance (31/12/15)	**4,126**	**22,079**

The tax liabilities are subject to agreeent with the GRA

SOUTH AKIM RURAL BANK LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015

14 BORROWINGS		
	GH¢	**GH¢**
ARB APEX Bank	**2,161,631**	**3,058,072**
15 CAPITAL GRANT	**2015**	**2014**
	GH¢	**GH¢**
This represents assets in the form of computers		
& accessories donated to the Bank by RF:	**33,416**	**33,416**
16 STATED CAPITAL	**2015**	**2014**
	GH¢	**GH¢**
Authorised 100,000,000 Ordinary Shares of no par value		
Issued No of Shares	59,594,493	54,046,099
Adjustment	1,198,321	5,548,394
Total No. of Shares	60,792,814	59,594,493
For Cash Consideration	44,728,150	43,682,609
Addition Cash Consideration	1,198,321	1,045,541
Addition from Bonus Shares	4,502,853	4,502,853
Other than Cash	10,363,490	10,363,490
	60,792,814	59,594,493
At 1/1/15	1,347,024	1,240,948
Transfer from Income Surplus	200,000	-
Additions	122,290	106,076
At 31/12/15	**1,669,314**	**1,347,024**
17 INTEREST INCOME	**2015**	**2014**
	GH¢	**GH¢**
Interest on Advances	7,729,992	5,762,806
Interest on Investments	3,779,043	2,523,938
	11,509,035	**8,286,744**
18 INTEREST EXPENSES	**2015**	**2014**
	GH¢	**GH¢**
Interest on Deposits	2,410,405	1,607,632
Interest on Loans	392,033	89,928
	2,802,438	**1,697,560**

SOUTH AKIM RURAL BANK LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015

19 PROVISIONS FOR BAD & DOUBTFUL DEBTS

	2015	2014
Provisions made are charged as a separate	GH¢	GH¢
amount in the Income Statement	**138,183**	**85,988**

20 OPERATING EXPENSES

	2015	2014
	GH¢	GH¢
Staff Cost - Salaries	2,982,682	2,847,625
Staff Cost - Medical Expenses	33,647	22,877
Staff Cost - Staff Training Expenses	63,360	61,905
Staff Cost - Others	876,738	370,562
Directors Remuneration	28,080	30,480
Occupancy Costs	398,151	58,011
Admin & Other Expenses	2,432,246	1,910,523
Legal Fees	26,232	20,674
Auditors' Remuneration	17,625	11,750
Depreciation	220,333	318,686
	7,079,094	**5,653,093**

SOUTH AKIM RURAL BANK LIMITED
APPROPRIATION ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015

	NOTE	2015 GH¢	2014 GH¢
At the beginning of the year		1,381,372	860,618
Add Profit for year		2,508,888	1,732,187
		3,890,260	2,592,805
Transfer to Statutory Reserve Fund 12.5%		(313,611)	(219,283)
Transfer to Dev. Fund		(800,000)	(500,000)
Proposed Dividend		(607,288)	(417,150)
Transfer to Stated Capital		(200,000)	-
Transfer to Nankese SHS		(150,000)	(75,000)
		1,819,361	**1,381,372**

RESERVE FUND ACCOUNT

At the beginning of the year	950,445	731,162
Transfer from Income Surplus A/c	313,611	219,283
	1,264,056	**950,445**

DEVELOPMENT FUND ACCOUNT

At the beginning of the year	1,123,787	738,636
Renovation Expenses	-97,992	-114,849
Accrued Unearned Interest	-	-
Transfer from Income Surplus A/c	800,000	500,000
	1,825,795	**1,123,787**

SOUTH AKIM RURAL BANK LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015

MONTHS		**1-3 MONT**	**4-6 MONTH**	**7-12 MONTH**	**LOSS**	**TOTAL**
	CURRENT	**OLEM**	**SUB-STAND**	**DOUBTFUL**	**OVER 12**	
	1%	10%	25%	50%	100%	
	GH¢	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Loans	20,057,212	125,186	305,325	78,837	192,377	20,758,937
Cash Lien	(1,387,630)	-	-	-	-	(1,387,630)
	18,669,582					19,371,308
Less:						
Provision	186,696	12,519	76,331	39,418	192,377	507,342
Net	19,870,516	112,668	228,994	39,418	-	20,251,596
Total L/ODS	19,870,516	112,668	228,994	39,418	-	20,251,596

		GH¢
LESS:	PROVISION REQUIRED	507,342
	EXISTING PROVISION B/F	(565,742)
	CHARGED TO INCOME STATEMENT	**(58,400)**

SOUTH AKIM RURAL BANK LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015

	OFFICE EQUIPMENT FURNITURE & FITTINGS	COMPUTER	MOTOR VEHICLE	LAND & BUILDING	TOTAL
	POOL 4	POOL 1	POOL 2	POOL 5	
	20%	40%	30%	10%	
	GH¢	**GH¢**	**GH¢**	**GH¢**	**GH¢**
WDV 1/1/15	235,442	54,408	224,672	11,866	526,388
Additions	298,297	88,490	6,400	1,023,366	1,416,553
Disposal	-	-	-	-	-
At 31/13/5	533,739	142,898	231,072	1,035,232	1,942,941
Depreciation Alllowance	-106,647	-57,159	-69,321	-103,819	-336,946
	427,092	**85,739**	**161,751**	**931,413**	**1,605,995**

INCOME TAX COMPUTATION

	GH¢
Net Profit per Income Statement	2,697,397
Add Back: Depreciation	220,338
Ajusted Profit	2,917,735
Less: Capital Allowance:	-336,946
Taxable Income	2,580,789
Tax Thereon @8%	**206,463**
	=======

FIXED ASSETS SHEDULE

COST	OFFICE FURN. & FITTINGS GH¢	OFFICE EQUIP GH¢	COM PUTER GH¢	RESIDENCE FURN & FITTINGS GH¢	MOTOR VEHICLES GH¢	LAND & BUILD ING GH¢	GENE RATOR PLANT GH¢	MOTOR MIKES GH¢	TOTAL GH¢
Bal. 1/1/15	325,999	252,105	347,433	22,023	642,924	102,746	128,787	38,452	1,860,469
Additions	150,887	147,411	88,490	-	_	1,023,366	-	6,400	1,416,554
Disposals	-	-	-	-	-	-	-	-	-
Bal. 31/12/	**476,886**	**399,516**	**435,923**	**22,023**	**642,924**	**1,126,112**	**128,787**	**44,852**	**3,277,023**
DEPRECIATION									
Bal. 1/1/15	221,281	212,659	299,446	21,390	642,823	60,267	125,562	26,652	1,610,080
Charge for the year	54,444	57,550	41,803	484	100	56,307	1,563	8,082	220,333
Disposals	-	-	-	-	-	-	-	-	-
Bal. 31/12/	**275,725**	**270,209**	**341,249**	**21,874**	**642,923**	**116,574**	**127,125**	**34,734**	**1,830,413**
NBV 31/12	**201,161**	**129,307**	**94,674**	**149**	**1**	**1,009,538**	**1,662**	**10,118**	**1,446,610**
NBV 31/12	**104,718**	**39,446**	**47,987**	**633**	**101**	**42,479**	**3,225**	**11,800**	**250,389**
Rates Used	20%	25%	25%	20%	33⅓%	5%	25%	33⅓%	