

**SOUTH AKIM RURAL BANK LIMITED - NANKESE**  
**AUDITED ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2016**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2016**

	<u>NOTES</u>	<u>2016</u> GH¢	<u>2015</u> GH¢
Interest income	5	14,409,510	11,509,035
Interest expense	6	<u>(3,807,835)</u>	<u>(2,802,438)</u>
Net interest income		<b>10,601,675</b>	<b>8,706,597</b>
Commissions and fees	7	1,132,759	1,077,450
Other operating income	8	<u>207,759</u>	<u>130,577</u>
Total operating income		<b>11,942,193</b>	<b>9,914,624</b>
Other operating costs	9	<u>(8,832,632)</u>	<u>(7,217,226)</u>
Profit taxation		<b>3,109,561</b>	<b>2,697,398</b>
Taxation	12	<u>(767,320)</u>	<u>(188,510)</u>
Profit after taxation		<b>2,342,241</b>	<b>2,508,888</b>
Other comprehensive income		-	-
Total comprehensive income attributable to the Shareholders		<b><u>2,342,241</u></b>	<b><u>2,508,888</u></b>

**STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2016**

	<u>Notes</u>	<u>2016</u> GH¢	<u>2015</u> GH¢
<b>ASSETS</b>			
Cash and bank balances	13	3,891,040	3,995,807
Short-term investments	14	4,604,039	3,827,917
Investment in subsidiary	19	1,800	1,800
Loans and advances to customers	16	23,615,153	20,251,595
Equity investments	17	166,342	166,342
Other assets	18	1,868,259	1,360,303
Trading investment	20	25,081,290	17,822,500
Deferred tax asset	12	26,379	-
Property, plant and equipment	22	<u>1,587,588</u>	<u>1,446,610</u>
Total assets		<b><u>60,841,890</u></b>	<b><u>48,872,874</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Stated capital	23	2,027,348	1,669,314
Capital reserve		39,404	39,404
Statutory reserve fund	25	1,556,836	1,264,056
Development fund	24	2,625,795	1,825,795
Retained earnings		<u>2,868,822</u>	<u>1,819,361</u>
Total equity		<b><u>9,118,205</u></b>	<b><u>6,617,930</u></b>
<b>LIABILITIES</b>			
Customer deposits	27	48,085,251	37,472,139
Term borrowings	28	1,446,056	2,161,631

Capital grant	26	-	33,416
Payables and accruals	29	2,019,803	2,557,169
Taxation	12	172,575	26,463
Deferred tax liability		-	4,126
Total liabilities		<u>51,723,685</u>	<u>42,254,944</u>
Total equity and liabilities		<u>60,841,890</u>	<u>48,872,874</u>

Approved by the Board on 19th April, 2017 and signed on their behalf by:

**MR. WILLIAM K. BOATENG**  
DIRECTOR

**MR. E. C. ASANTE-AKUFO**  
DIRECTOR

**STATEMENT OF CASHFLOW FOR THE YEAR ENDED 31ST DECEMBER, 2016**

	Notes	<u>2016</u>	<u>2015</u>
		<u>GH¢</u>	<u>GH¢</u>
<b>Cash flows from operating activities:</b>			
Profit before tax		3,109,561	2,697,398
Add: Depreciation		339,797	220,333
Decrease in doubtful debts		(3,433)	-
Cash Inflow before changes in working capital		3,445,925	2,917,731
Increase in Loans and Advances		(3,360,125)	(3,444,891)
Increase in other assets		(507,956)	1,066,003
Increase in Customer Deposit		10,613,112	7,788,685
Decrease in accounts payable		(72,330)	(108,615)
<b>Cash generated from/ (used in) operations</b>		<b>10,118,626</b>	<b>8,218,913</b>
Tax paid		(651,713)	(225,905)
<b>Net cash generated from operating activities</b>		<b>9,466,913</b>	<b>7,993,008</b>
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment		(480,775)	(1,416,554)
Increase in Investment		(7,258,791)	(5,400,000)
<b>Net cash used in investing activities</b>		<b>(7,739,566)</b>	<b>(6,816,554)</b>
<b>Financing activities:</b>			
Proceeds from Issue of Shares		158,034	122,290
Movement in capital grant		(33,416)	-
Net Loan Repayment		(715,575)	(896,441)
Dividend paid		(465,035)	-
<b>Net Cash flow from Financing</b>		<b>(1,055,992)</b>	<b>(774,151)</b>
<b>Increase in cash and cash equivalent</b>		<b>671,355</b>	<b>402,303</b>
Cash and Cash Equivalents at the beginning of the year		7,823,724	7,421,421
<b>Cash and cash equivalents at the end of the year</b>		<b>8,495,079</b>	<b>7,823,724</b>
<b>Analysis of cash and cash equivalents:</b>			
Cash and bank balances		3,891,040	3,995,807
Short term investments		4,604,039	3,827,917
At year end		<u>8,495,079</u>	<u>7,823,724</u>

**INDEPENDENT AUDITOR'S REPORT**

**Opinion**

In our opinion, the Bank has kept proper accounting records and the financial statements are in agreement

with the records in all material respects and report in the prescribed manner, information required by the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738). The financial statements give a true and fair view of the financial position of the Bank as at 31st December, 2016, and of its financial performance and statement of cash flow for the year then ended and are drawn up in accordance with the International Financial Reporting Standards, issued by the International Accounting Standards Board (IASB).

We have audited the financial statements of South Akim Rural Bank Limited, which comprise the statement of financial position as at 31st December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

### **Basis for opinion**

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

### **Responsibilities of Directors for the financial statements**

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), Companies Act, 1963 (Act 179), the Banking Act, 2004 (Act 673) and the Banking (Amendment) Act, 2007 (Act 738). These responsibilities include designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The Directors are responsible for overseeing the Bank's financial reporting process.

### **Auditor's Responsibilities for the audit of the Financial Statements**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether 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 guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- i. Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatements resulting from the fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. 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.
- v. Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank's audit. We remain solely responsible for our audit opinion.

We are required to communicate with those charged with governance 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. We are also required to provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on other Legal and Regulatory Requirements**

The Companies Act, 1963 (Act 179) requires that in carrying out our audit work we consider and report on the following matters. We confirm that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion proper books of account have been kept by the Bank, so far as appears from our examination of those books; and
3. The statement of financial position and statement of profit or loss and other comprehensive income of the Bank are in agreement with the books of account.

In accordance with Section 78 (2) of the Banking Act, 2004 (Act 673) and the Banking (Amendment) Act, 2007 (Act 738), we hereby confirm that:

The accounts give a true and fair view of the state of affairs of the Company and its results for the period under review;

1. The financial statements give a true and fair view of the state of affairs of the Company and its results for the year under review,
2. We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors;
3. The Bank's transactions were within its powers; and
4. The Bank has generally complied with the provisions in the Banking Act, 2004 (Act 673) and the Banking (Amendment) Act, 2007 (Act 738).

**Signed by:**

**Emmanuel K.D. Abbey (ICAG/P/1167)**

**For and on behalf of:**

**James Quagraine Associate**

**Chartered Accountants**

**(ICAG/F/2017/184)**

**P. O. Box GP 3947**

**Accra**

**19th April, 2017**







