

**SOUTH AKIM RURAL BANK PLC**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2024**

## **SOUTH AKIM RURAL BANK PLC**

### **Financial statements for the year ended 31 December 2024**

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## **SOUTH AKIM RURAL BANK PLC**

### **Corporate information for the year ended 31 December 2024**

#### **Board of Directors**

Dr. Theophilus Knight Oware	Chairman
Mr. Festus Kwame-Mensah Ofosu	Vice Chairman
Emmanuel Obiri Addo (Dr.)	Member
Dr. Collins Nii Anang Okpoti	Member
Professor Douglas Darko Agyei	Member
Mr. Godfred Kwasi Gyasi	Member

**Secretary** Frank Nkansah

**Solicitor** Mr. Isaac Okyere- Darko  
Baako Apem Chambers  
P.O. BOX 32  
Koforidua

**Registered and principal place of business** Bank Premises  
P.M.B – Nankese  
House No. N380  
Nankese  
ES-0883-3401

**Company registration number** CS293192018

**Taxpayer identification number** C000690453X

**Agencies:** Nankese, Suhun, Asmankese, Koforidua,  
Adoagyiri, Adweso, Osenase and Kade.

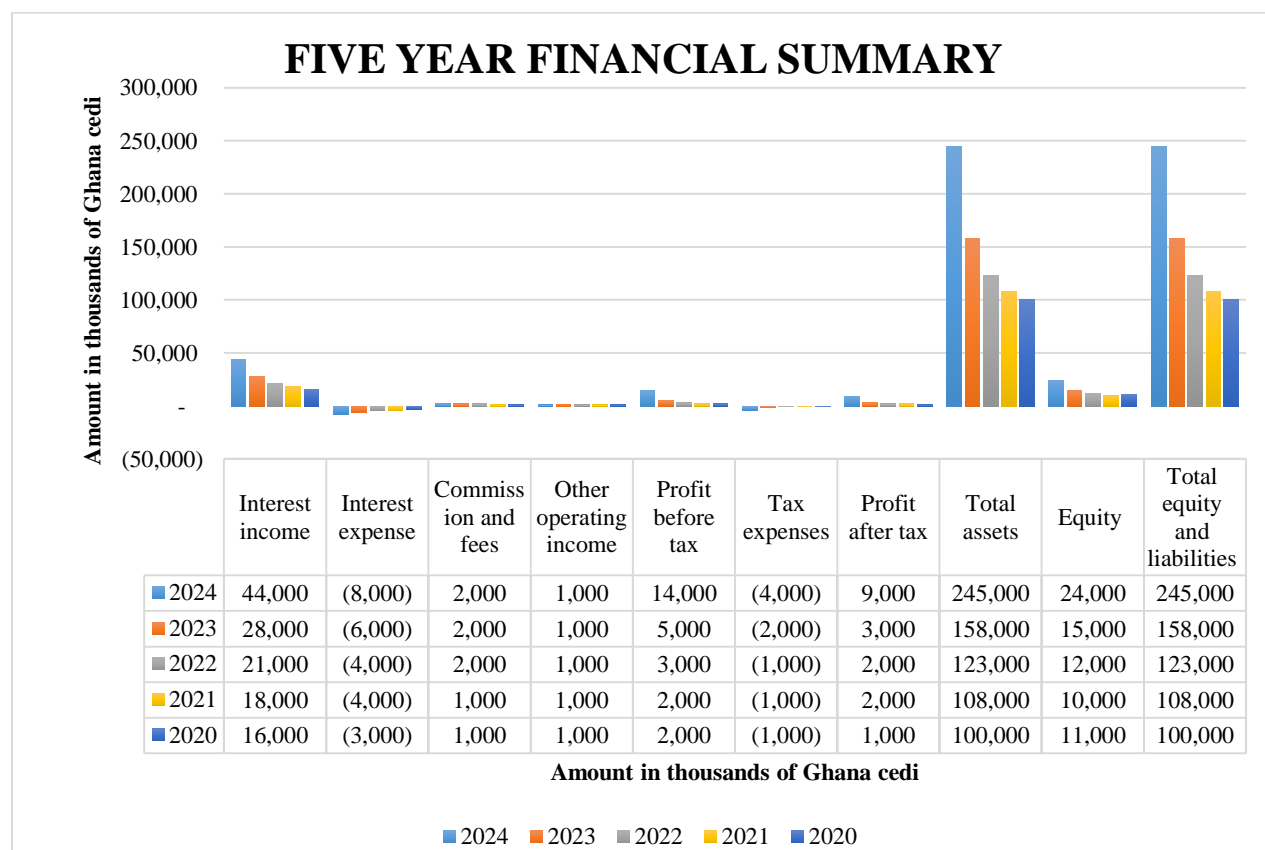
**Banker:** ARB Apex Bank PLC

**Independent auditor** BETA & Associates  
Madina, Agbogba Akatsi-Abor  
Adjacent Elegance Guest House  
P.O Box MD 396  
Accra  
[info@beta-associates.com](mailto:info@beta-associates.com)  
[www.beta-associates.com](http://www.beta-associates.com)  
GE-141-0011

## SOUTH AKIM RURAL BANK PLC

Five-year financial summary	2024	2023	2022	2021	2020
Interest income	43,949,478	27,995,850	20,873,899	18,489,465	15,723,499
Interest expense	(7,893,241)	(6,006,536)	(4,202,154)	(3,694,611)	(3,407,255)
Commission and fees	2,186,740	1,941,090	1,898,932	1,383,602	1,384,667
Other operating income	1,064,232	790,387	717,848	555,777	749,232
Profit before tax	14,184,633	4,878,624	3,092,243	2,437,704	1,707,855
Tax expenses	(4,888,844)	(1,847,558)	(962,008)	(681,989)	(789,504)
Profit after tax	9,294,529	3,031,066	2,130,235	1,755,715	918,351
Total assets	244,864,008	158,134,268	123,309,350	107,566,022	100,399,041
Equity	23,958,326	14,658,629	11,604,226	9,974,898	11,450,218
Total equity and liabilities	244,864,008	158,134,268	123,309,350	107,566,022	100,399,041

Financial highlights	2024	2023	Percentage (%)
Interest income	43,949,478	27,995,850	56.99
Interest expense	(7,893,241)	(6,006,536)	(31.41)
Commission and fees	2,186,740	1,941,090	12.66
Other operating income	1,064,232	790,387	34.65
Profit before tax	14,184,633	4,878,624	190.71
Tax expenses	(4,888,844)	(1,847,558)	(164.61)
Profit after tax	9,294,529	3,031,066	206.64
Total assets	244,864,008	158,134,268	54.85
Equity	23,958,326	14,658,629	63.44
Total equity and liabilities	244,864,008	158,134,268	54.85



## **SOUTH AKIM RURAL BANK PLC**

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

#### **Directors' responsibilities in respect of the financial statements**

The Directors are required to ensure that adequate accounting records are maintained so as to disclose at reasonable adequacy, the financial position of the Bank. They are also responsible for steps to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities. They must present financial statements for each financial year, which give a true and fair view of the affairs of the Bank, and the results for that year. In preparing these financial statements, they are required to:

- select suitable accounting policies and apply them consistently using reasonable and prudent judgment.
- state whether or not the Companies Act, 2019 (Act 992), the Bank and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), and in accordance with International Financial Reporting Standards ("IFRS") have been adhered to and explain material departures thereto.
- use the going concern basis unless it is inappropriate.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with IFRS and the responsibility of external auditors to report on these financial statements. The Board is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the year under review, which could have a material impact on the business.

The financial statements are prepared from the accounting records based on the consistent use of appropriate records supported by reasonable and prudent judgments and estimates that fairly present the state of affairs of the Bank. The financial statements have been prepared on a going concern basis and there is no reason to believe that the Bank will not continue as a going concern in the next financial year. The Directors confirm that in preparing the financial statements, they have:

- selected suitable accounting policies and applied them consistently.
- made judgments and estimates that are reasonable and prudent
- followed the International Financial Reporting Standards
- prepared the financial statements on the going concern basis

## **SOUTH AKIM RURAL BANK PLC**

### **Statement of Directors' responsibilities (continued)**

#### ***Directors' responsibilities in respect of the financial statements (continued)***

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them ensure that the financial statements comply with the Companies Act, 2019 (Act 992), the Bank and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and in accordance with International Financial Reporting Standards ("IFRS"). They are also responsible for safe guarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **By the order of the Board:**

**Name of Director.....**                      **Name of Director .....**

**Signature.....**                      **Signature.....**

**Date.....**                      **Date.....**

**REPORT OF THE DIRECTORS  
TO THE MEMBERS OF  
SOUTH AKIM RURAL BANK PLC**

By the requirement of section 136 of the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), we present our report together with the audited financial statements for the year ended 31 December 2024, which disclose the statement of the affairs of South Akim Rural Bank PLC (the “Bank”).

**Financial results**

Detailed financial results for the year are set out in the attached audited financial statements with an extract as below.

	<b>2024</b>	<b>2023</b>
<b>Total income</b>	<b>47,200,450</b>	<b>30,727,327</b>
<b>Profit before tax for the year</b>	<b>14,182,833</b>	<b>4,878,624</b>
from which is deducted growth and sustainability levy of	(659,580)	(243,931)
and income tax expense of	(4,228,724)	(1,603,627)
giving profit after tax of	9,294,529	3,031,066
To which is added balance on retained earnings account brought forward of	4,442,056	3,123,093
leaving a balance before statutory and other transfers of	13,736,585	6,154,159
From which the following transfers were made:		
Transfer to statutory reserve	(1,161,816)	(757,766)
Dividend Declared	(884,938)	-
Transfer toward staff exit package fund	(743,663)	-
Bonus share Issue	-	(454,337)
Transfer to development fund account	(1,000,000)	(500,000)
<b>Retained earnings at year-end</b>	<b>9,946,168</b>	<b>4,442,056</b>

The Directors considered the state of affairs of the Bank to be satisfactory.

**REPORT OF THE DIRECTORS  
TO THE MEMBERS OF  
SOUTH AKIM RURAL BANK PLC (CONTINUED)**

**Stated capital and capital adequacy ratio**

The Bank has complied with the minimum capital requirement and the 10% minimum capital adequacy ratio.

**Dividends**

The directors proposed GH¢0.03 per share amounting to GH¢2,698,366 as dividends for the year.

**Principal activities**

The principal business of the Bank is to provide banking and related services including taking deposits and lending money. This has not changed during the year.

**Appointment, retirement and re-election of Board members**

Per the Companies Act, 2019 (Act 992) and the regulations of the Bank of Ghana, no re-election was done during the year.

Mrs. Cynthia Anim was elected as director in October 2023. Bank of Ghana has approved her as fit and proper as a director of the Bank. Unfortunately, she passed on in September 2024 while the Bank was in the process of regularizing her documents at the office of the Registrar of Companies (ORC).



**REPORT OF THE DIRECTORS  
TO THE MEMBERS OF  
SOUTH AKIM RURAL BANK PLC(CONTINUED)**

**Directorate**

**The Directors in office at the date of this report are as follows:**

<b>Directors</b>	<b>Qualification/ Profession</b>	<b>Designation</b>
Dr. Theophilus Knight Oware	PhD in Animation and Visual Effects	Chairman
Mr. Festus Kwame-Mensah Ofosu	B.A (Hons) Economics and Geography	Vice chairman
Emmanuel Obiri Addo (Dr.)	MBA Finance	Member
Dr. Collins Nii Anang Okpoti	MGCP (Specialist Physician), MBCHB, MPA and PG Diploma (Diabetes Management)	Member
Professor Douglas Darko Agyei	PhD in Curriculum Design	Member
Mr. Godfred Kwasi Gyasi	EMBA Banking and Finance	Member

**Directors' capacity building**

Training for the Board of Directors is essential as this will enable them to continually update their skills, knowledge and familiarity with the company's businesses, and awareness of sector, risk, regulatory, legal, financial, and other developments to enable them to fulfil their role effectively on the Board.

**REPORT OF THE DIRECTORS  
TO THE MEMBERS OF  
SOUTH AKIM RURAL BANK PLC(CONTINUED)**

**Directors’ capacity building (continued)**

In the year under review, the sessions below were organised towards the capacity building of the Directors.

<b>Area of training</b>	<b>Participants</b>
Refresher Training on Cyber Security, IT & Rural Banking, Financial Analysis & Budgeting and Strategic Planning.	Dr. Theophilus Knight Oware, Emmanuel Obiri Addo (Dr.), Dr. Collins Nii Anang Okpoti, Prof. Douglas Darko Agyei, Mr. Festus Kwame-Mensah Ofori, Mr. Godfred Kwasi Gyasi
Training Programme for Directors and Key Management Staff by BOG	Dr. Theophilus Knight Oware, Mr. Festus Ofori,
Corporate Governance Certification Training by ARB	Dr. Theophilus Knight Oware, Emmanuel Obiri Addo (Dr.), Dr. Collins Nii Anang Okpoti, Mr. Festus Kwame-Mensah Ofori,
Governance, Risk and Compliance Meeting by ARB	Mr. Godfred Kwasi Gyasi

**Management Professional development and training**

The following trainings were undertaken for management during the reporting year.

- Performance Management System: the balanced scorecard & 360-degree feedback
- USSD/Agency Banking Platform
- Annual Risk, Compliance & Audit Conference
- T24 AA Loans & Deposits
- Lenders & Borrowers ACT
- Corporate Governance Certification Training
- Financial Stability Department’s sensitization program for specialised deposit-taking institutions.
- Cybersecurity and Digital Forensics Training
- Credit Life Business Conference

**Conflict of interest and compliance**

The Bank has established appropriate conflicts and authorization procedures, whereby actual or potential conflicts or complaints are regularly reviewed and authorization sought as appropriate. During the year, no such conflicts arose. Necessary actions were also taken to resolve customers’ complaints.

**Particulars of entries in the Directors’ interest register during the financial year**

During the year the following directors expressed interest in certain transactions with the Bank. Per sections 194 to 196 of the Companies Act, 2019 (Act 992), they were appropriately entered into the interest register.

<b>Date</b>	<b>Interest</b>	<b>Director’s Name</b>
20th December, 2024	Loan	Prof. Douglas Darko Agyei

**REPORT OF THE DIRECTORS  
TO THE MEMBERS OF  
SOUTH AKIM RURAL BANK PLC(CONTINUED)**

**Independent auditor**

The independent auditor is responsible for independently reviewing and reporting on the Company's financial statements for the year. The financial statements have been reviewed by the Company's independent auditor and their report is presented on pages 21 to 26.

Messrs. BETA & Associates, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as independent auditors of the Bank.

BETA & Associates will continue in the office per the provisions of section 139 (11) of the Companies Act, 2019 (Act 992) and per the Bank of Ghana directive.

**Corporate social responsibilities**

The Bank supported the Farmers' Day celebration in areas where it operates. No donations were made to any political organization.

**Audit fees**

The amount payable for the 2024 statutory audit is GH¢ 60,876

**Events after the reporting year**

The management is not aware of any event that will affect the going concerns of the Bank after the reporting year.

**Related party transactions**

Related party transactions and balances are disclosed in *note 39* to the financial statements. All the Directors and key management personnel have an interest in shares but not loan stock of the Bank. Other than service contracts and those reported under directors' interest, no Director has a material interest in any contract to which the Bank was a party during the year

**REPORT OF THE DIRECTORS  
TO THE MEMBERS OF  
SOUTH AKIM RURAL BANK PLC(CONTINUED)**

**Code of ethics**

**a. Employee**

South Akim Rural Bank PLC has a Code of ethics for the staff and has been made available to all employees of the Bank through Union of Industry, Commerce & Finance (UNICOF) of the Ghana Trade Union Congress (GTUC).

The number and percentage of male and female in employment contract with the Bank during the financial year vis-à-vis total workforce is presented below.

**Gender analysis for employees and the Board of Directors**

<b>31-Dec-2024</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>	<b>Male</b>	<b>Female</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>%</b>	<b>%</b>
Employees	122	60	<b>182</b>	67	33
<b>Gender analysis of the Board and top management is below:</b>					
Board	6	-	<b>6</b>	100	-
Top management	6	2	<b>8</b>	75	25
<b>Detailed analysis of the Board and top management is below:</b>					
Executive Directors	-	-	-	-	-
Non-executive Directors	6	-	<b>6</b>	100	-
Head of departments	6	2	<b>8</b>	75	25
<b>Total</b>	<b>12</b>	<b>2</b>	<b>14</b>	86	14
<b>Gender analysis of the branch managers and employees are below:</b>					
Branch managers	5	3	<b>8</b>	63	38
Head Office	30	11	<b>41</b>	73	27
<b>Agencies:</b>					
Nankese	8	6	<b>14</b>	57	43
Suhum	11	9	<b>20</b>	55	45
Asamankese	7	10	<b>17</b>	41	59
Koforidua	19	7	<b>26</b>	73	27
Adoagyiri	12	5	<b>17</b>	71	29
Osenanse	11	3	<b>14</b>	79	21
Adweso	11	2	<b>13</b>	85	15
Kade	8	4	<b>12</b>	67	33

**REPORT OF THE DIRECTORS  
TO THE MEMBERS OF  
SOUTH AKIM RURAL BANK PLC**

**Approval of financial information**

The financial information for the year set out on pages 27 to 75 which have been prepared on a going concern basis, were approved by the Board of Directors and are signed on their behalf

**By the order of the Board:**

Name of Director..... Name of Director.....

Signature..... Signature.....

Date..... Date.....

## **SOUTH AKIM RURAL BANK PLC**

### **Corporate Governance (CG) report**

South Akim Rural Bank PLC is committed to strong corporate governance practices that allocate rights and responsibilities among the Bank's shareholders, the Board and Executive Management to provide effective oversight and management of the Bank in a manner that enhances shareholders' value and promotes investors' confidence. The Bank's corporate governance principles are contained in several corporate documents. The Board oversees the conduct of the Bank's business and is primarily responsible for providing effective governance over the Bank's key affairs, including the appointment of Executive Management, approval of business strategies, evaluation of performance and assessment of major risks facing the Bank. In discharging its obligations, the Board exercises judgment in the best interest of the Bank and relies on the Bank's Executive Management to implement approved business strategies, resolve day-to-day operational issues, keep the Board informed, and maintain and promote high ethical standards. The Board delegates authority in management matters to the Bank's Executive Management subject to clear instructions about such delegation of authority and the circumstances in which Executive Management shall be required to obtain Board approval before deciding on behalf of the Bank. The Board is made up of Non-Executive Directors.

South Akim Rural Bank PLC's commitment to ensuring international best practices in terms of Corporate Governance remains strong and unwavering.

#### **1. Board composition**

Membership of the Board plans to have seven (7) persons. The Board at all times, shall be regulated by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930), notices of Bank of Ghana and ARB Apex Bank PLC. All the Directors have varied experience and backgrounds and are well-equipped to handle the responsibilities of the Board. At the moment there are only Six (6) directors in place due to the passing on of Mrs. Cynthia Anim.

The Board's oversight of the operations and activities of the Bank continues to be carried out transparently. The Board shall concentrate on the policy direction of the Bank whilst the day-to-day administration of the Bank is vested in the Chief Executive Officer and his team.

Approval and acceptance of high-risk Loans and Overdraft and Investment portfolios are done by the whole Board at their meetings. The Board acts as the general policy maker of the Bank. Below is some other mandates of the Board:

- Formulation and review of policies and overseeing the management and conduct of the business.
- Formulation and management of the Risk Management Framework.
- Succession planning and the appointment, training, remuneration, performance appraisal and replacement of board members and senior management.
- Overseeing the effectiveness and adequacy of internal control systems.
- Overseeing the maintenance of the Bank's communication and information dissemination policy.
- Ensuring effective communication with shareholders.
- Ensuring the integrity of financial reports.
- Ensuring maintenance of ethical standards.
- Ensuring compliance with the Laws of Ghana and Directives and Guidelines from Regulatory bodies.

## **SOUTH AKIM RURAL BANK PLC**

### **Corporate Governance (CG) report (continued)**

#### **Frequency of meetings**

Meetings of the Board are usually held once every two months, but may be convened at any time the need arises.

#### **Board Sub-Committees**

By resolution, the Board has established five (5) Committees in the performance of its mandate. These Committees are:

- Audit, Risk and Compliance Committee (ARC)
- Credit and Mobilisation Committee
- Finance and Administration Committee
- Governance, Remuneration & Nominating Committee
- Cyber Security and Information Technology Committee

#### **Audit, Risk and Compliance Committee**

The Committee is composed of Mr. Godfred Kwasi Gyasi, Mr. Festus Kwame-Mensah Ofosu, Dr. Collins Nii Anang Okpoti, Mr. Stephen Yamoah Nteful, Mrs. Felicity Baah, Ms. Esther Serwaa Ama Mensah and Mr. Mark Anim Ayeh, being the Secretary of the Committee.

The Committee's terms of reference are as below:

The Committee shall meet every quarter and shall examine the budget comparing it with actual performance.

#### **The Committee's role shall be:**

- i. Advisory to the Board
- ii. Performs duties assigned by the Board

#### **The objectives of the Committee are:**

- i. Ensures Compliance with statutory and regulatory requirements as well as internal policies and directives guiding operations.
- ii. Monitors adherence to Corporate Plan stipulations.

#### **Scope of work**

- i. Reviews the Bank of Ghana on Site Examination Report and initiate responses to identified lapses for the consideration of the Board and monitors implementation of recommendations made.
- ii. Reviews the Annual Work Plans for Internal Audit and Risk/Compliance for consideration of the Board.
- iii. Reviews Internal Audit and Risk/Compliance Reports and monitors the rectification of lapses identified.
- iv. Apprises the Board of the findings of Audit and Risk/Compliance Reports for further action on rectification of lapses.
- v. Ensures the independence of the External Auditor, including the monitoring of any non-audit services and related fees.
- vi. Discusses with the External Auditor on the proposed audit scope, approach and fees for the consideration of the Board.

## **SOUTH AKIM RURAL BANK PLC**

### **Corporate Governance (CG) Report (Continued)**

#### **Scope of work (continued)**

- vii. Discusses the audit findings and annual financial reports with independent auditor (external auditor) and ensures that Management addresses any problems in a timely and effective manner, particularly if there is a qualified opinion.
- viii. Interacts regularly with external and internal auditors on any formal or informal issues concerning the Bank.

#### **Authority of the Committee:**

- i. Take urgent decisions for ratification by the Board.
- ii. Make recommendations for the attention of the Board.

#### **Credit and Mobilisation Committee (CMC)**

The Committee is composed of Mr. Festus Kwame-Mensah Ofosu, Emmanuel Obiri Addo (Dr.), Mr. Godfred Kwasi Gyasi, Mr. Stephen Yamoah Nteful, Mrs. Felicity Baah, Mr. Richard Kpodji, Mr. Fred Ofori Anim, Mr. Shani Mahama, Mr. Llewellyn Theophilus Okunka Bruce being the Secretary of the Committee.

#### **The objectives of the Credit and Mobilisation Committee**

The Board shall establish a Credit and Mobilisation Committee to assist it in its oversight functions with regard to the Bank's credit exposure and management, lending practices and the Bank's credit and lending strategy.

#### **The Committee's role shall be:**

- i. Advisory to the Board
- ii. Performs duties assigned by the Board

#### **The objectives of the Committee are:**

- i. To ensure effective Deposit Mobilisation
- ii. To ensure prudent Credit Management
- iii. To ensure effective Funds Transfer
- iv. To ensure efficient implementation of all operational matters

#### **Scope of work**

- i. Loans/Overdrafts/Microfinance and other investment matters
- ii. Consideration, assessment and review of all operational matters including deposits mobilization, Funds Transfer.
- iii. Ensures proper procedures exist for group organization and education for the Microfinance Scheme.
- iv. Explores avenues for improving the Microfinance Scheme.
- v. Develop new products and services and monitor their rollover.
- vi. Rebrand existing products and services to increase their patronage.



## **SOUTH AKIM RURAL BANK PLC**

### **CORPORATE GOVERNANCE (CG) REPORT (CONTINUED)**

#### **Scope of work**

- iii. Develop strategies to market the Bank.
- iv. Any other matters referred to the Committee by the Board.

#### **Authority of the Committee**

The Committee shall:

- i. Take decisions on operational matters for ratification by the Board
- ii. Recommends to the Board issues proposed for approval
- iii. Considers and approves urgent issues of time bound for Board ratification

#### **Finance and Administration Committee (F&A)**

The Committee is composed of Emmanuel Obiri Addo (Dr.), Prof. Douglas Darko Agyei, Mr. Stephen Yamoah Nteful, Mrs. Felicity Baah, Mr. Llewellyn Theophilus Okunka Bruce, Mr. Michael Asare being the Secretary of the Committee.

#### **The role of the Committee:**

- i. Advisory to the Board
- ii. Performs duties assigned by the Board

#### **The objectives of the Committee are:**

- i. Ensures the Bank has adequate quality staff for its operations to increase productivity.
- ii. Ensures effective operational procedures and systems are in place.
- iii. Ensures the existence of a congenial working environment.
- iv. Ensures that Management and staff operate with satisfactory conditions of service.

#### **Scope of work**

- i. Prepares an Establishment Quota and periodic review for the attention of the Board.
- ii. Assesses the accuracy and reliability of the Bank's financial statements in accordance with statute and appropriate accounting principles.
- iii. Reviews Annual Budget and conducts mid-year review Budget for the consideration of the Board
- iv. Review of Agency performance and assessment of the Bank's consolidated performance.
- v. Preparation of Corporate Strategic Plan.
- vi. Arranges for interviews for recruitment of staff.
- vii. Identifies training needs and schedules training programs for the attention of the Board. viii. Ensures good Salary Administration including placements, staff appraisals and interviews for promotion.
- viii. Design measures to promote Staff Welfare
- ix. Institutes proper procedures and systems at the workplace to ensure staff health and increased productivity.
- x. Arrange durbars for staff and Directors to promote mutual cordial relations.
- xi. Adjudicates over disciplinary matters for the attention of the Board.
- xii. Review exit interview reports from Management for the attention of the Board.

## **SOUTH AKIM RURAL BANK PLC**

### **CORPORATE GOVERNANCE (CG) REPORT (CONTINUED)**

#### **Finance and Administration Committee (F&A) (continued)**

**The authority of the Committee is to** Recommend human resource issues to the Board for consideration

#### **Governance, Remuneration and Nominating Committee**

The Committee is composed of Dr. Theophilus Knight Oware Mr. Festus Kwame-Mensah Ofori, Mr. Stephen Yamoah Nteful and Lawyer Frank Nkansah as the secretary to the committee.

#### **The role of the Committee:**

- i. Advisory to the Board
- ii. Performs duties assigned by the board

#### **The objectives of the Committee are:**

- i. Ensures the implementation of relevant Governance issues.
- ii. Promotes competitive work environment for Key Management Staff
- iii. Ensures effective Board support towards the Corporate objective.

#### **Scope of work**

- i. Establish the criteria for Board and Board Committee memberships, review candidates' qualifications and any potential conflict of interest;
- ii. assess the contribution of current Directors in connection with their renomination and make recommendations to the Board.
- iii. prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate.
- iv. periodically evaluate the skills, knowledge and experience required on the Board.
- v. make recommendations on experience required by Board Committee members, Board and Committee nominations, appointments and removal, operating structure, reporting and other committee operational matters.
- vi. make recommendations on compensation structure for Executive Directors.
- vii. provide input to the Annual Report of the Bank in respect of Director compensation.
- viii. ensure that a succession policy/plan exists for the positions of the Chairman, CEO, and other senior executive officers.
- ix. ensure that the Board conducts a Board evaluation on an annual basis.
- x. review and make recommendations to the Board for approval of the Bank's organisational structure and any proposed amendments; and
- xi. ensure that the Board complies with the provisions of the Fit and Proper Persons Policy in respect of Board and Committee nominations as well as the appointment of Key Management staff of the Bank.
- xii. Review and recommend to the Board changes regarding the Bank's policies covering the compensation and provision of benefits to employees.

**SOUTH AKIM RURAL BANK PLC**  
**Corporate Governance (Cg) Report (Continued)**

- xiii. Ensure that the Bank's total compensation package for the Chief Executive Officer, other executive officers and other key senior officers will serve to:
- a) attract, retain and motivate outstanding management staff who add value to the Bank based on individual and team contributions
  - b) provide a highly competitive base salary structure in all markets where the Bank operates and
  - c) clearly link annual variable pay opportunities to the attainment of predefined performance measures

**The authority of the Committee**

The Committee shall recommend to the Board issues on of Governance for consideration

**Cyber Security and Information Technology Committee**

The Committee is composed of Prof. Douglas Darko Agyei, Dr. Collins Nii Anang Okpoti, Mrs. Felicity Baah, Mr. Emmanuel Laud Anderson and Ms. Irene Atterh being the Secretary of the Committee.

The Board shall establish a Cyber Security and Information Technology Committee to assist the Board in fulfilling its oversight responsibility regarding the establishment of policies, standards, and guidelines for Cyber Security and Information Technology and compliance with legal and regulatory requirements in the Bank.

**The role of the role of the Committee:**

- i. Advisory to the Board
- ii. Performs duties assigned by the Board

**The objectives of the Committee:**

- i. Ensures the implementation of relevant ICT schemes.
- ii. Promotes robust computerization of operation.
- iii. Ensures effective electronic security at operational locations.

**Scope of work**

- i. Implements updates into the ICT system
- ii. Develop ICT policy
- iii. Oversee the installation of updates in the Bank's software
- iv. Review the procurement of ICT items/gadgets
- v. Monitors the implementation of ICT Agreements

**The authority of the Committee**

The Committee shall recommend to the board issues on ICT for Consideration

**SOUTH AKIM RURAL BANK PLC**  
**Corporate Governance (CG) Report (Continued)**

**Frequency of meetings**

Meetings of the Board are usually held once in two months, but may be convened at any time the need arises

**The Board and its Committees met as follows:**

	<b>Number of meetings</b>
Board of Directors	7
Governance, Remuneration & Nominating Committee	2
Audit, Risk and Compliance Committee	3
Finance and Administration Committee	3
Cyber Security and Information Technical Committee	2
Credit and Mobilisation Committee	9

**Directors**

**Attendance Percentage (%)**

The Board of Directors convened seven (7) meetings.

Dr. Theophilus Knight Oware	7	100
Mr. Festus Kwame Mensah Ofosu	7	100
Prof. Douglas Darko Agyei	5*	71
Mrs. Cynthia Anim	2*	29
Mr. Godfred Kwasi Gyasi	7	100
Dr. Collins Nii Anang Okpoti	6*	86
Emmanuel Obiri Addo (Dr.)	7	100
Mr. Frank Nkansah	7	100

***\*Mrs. Cynthia Anim passed on after attending 2 board meetings. \*All other directors duly seek permission not to be in attendance at the meetings held during the year***

**Audit, Risk and Compliance Committee**

The Audit, Risk, and Compliance Committee convened three (3) meetings.

<b>Members</b>	<b>Attendance</b>	<b>Percentage(%)</b>
Mr Godfred Kwasi Gyasi	3	100
Dr. Collins Nii Anang Okpoti	2*	67
Mr. Festus Kwame Mensah Ofosu	3	100
Mr. Stephen Yamoah Nteful	3	100
Mrs. Felicity Baah	2*	67
Ms. Esther Serwaa Ama Mensah	2*	67
Mr. Mark Anim Ayeh – Secretary	2*	67

***\*Member duly seeks permission not to be in attendance at the meetings held during the year***

**SOUTH AKIM RURAL BANK PLC**  
**Corporate Governance (CG) Report (Continued)**

**Credit and Mobilisation Committee**

Credit and Mobilisation Committee convened nine (9) meetings.

<b>Members</b>	<b>Attendance</b>	<b>Percentage (%)</b>
Mr. Godfred Kwasi Gyasi	9	100
Emmanuel Obiri Addo (Dr.)	8*	89
Mr. Festus Kwame Mensah Ofosu	9	100
Mr. Stephen Yamoah Nteful	7*	78
Mr. Fred Ofori Anim	8*	89
Mr. Mahama Shani	7*	78
Mrs. Felicity Baah	8*	89
Mr. Richard Kpodji	9	100
Mr. Llewellyn Theophilus Okunka Bruce- Secretary	8*	89

*\*Member duly seeks permission not to be in attendance at the meetings held during the year*

**Finance and Administration Committee**

Finance and Administration Committee convened three (3) meetings

<b>Members</b>	<b>Attendance</b>	<b>Percentage (%)</b>
Emmanuel Obiri Addo (Dr.)	3	100
Prof. Douglas Darko Agyei	3	100
Mr. Festus Kwame-Mensah Ofosu	3	100
Mr. Stephen Yamoah Nteful	3	100
Mrs. Felicity Baah	2*	67
Mr. Michael Asare- secretary	3	100

*\*Member duly seeks permission not to be in attendance at the meetings held during the year*

**Governance, Remuneration & Nominating Committee**

<b>Members</b>	<b>Attendance</b>	<b>Percentage (%)</b>
Dr. Theophilus Knight Oware	2	100
Mr. Festus Kwame-Mensah Ofosu	2	100
Frank Nkansah (Esq)	2	100
Mr. Stephen Yamoah Nteful	2	100

**SOUTH AKIM RURAL BANK PLC**  
**Corporate Governance (CG) Report (Continued)**

**Cyber Security & Information Technology Committee**

<b>Members</b>	<b>Attendance</b>	<b>Percentage (%)</b>
Prof. Douglas Darko Agyei	2	100
Dr.Collins Nii Anang Okpoti	-**	-
Mrs. Felicity Baah	1*	50
Mr. Emmanuel Laud Anderson	2	100
Ms. Irene Atterh- Secretary	2	100

***\*\*The member was replaced during the year.***

***\*Member duly seeks permission not to be in attendance at the meetings held during the year***

**By order of the Board**

**Name of Chairman..... Name of Vice Chairman.....**

**Signature..... Signature.....**

**Date..... Date.....**

**BETA & ASSOCIATES**(CHARTERED ACCOUNTANTS MANAGEMENT CONSULTANTS)Audit Assurance, Taxation, Accountancy, ICT And Management Consultancy Services

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
SOUTH AKIM RURAL BANK PLC**

**Report on the audited financial statements**

**Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Bank as at 31 December 2024, and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) with the IAS 29 directive issued by the Institute of Chartered Accountants Ghana (ICAG) and in the manner required by the Companies Act, 2019 (Act 992), the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and any other relevant local legislation.

**What we have audited**

We have audited the accompanying financial statements of the South Akim Rural Bank PLC for the year ended 31 December 2024.

The financial statements comprise:

- statement of comprehensive income for the year then ended;
- statement of financial position as at 31 December 2024;
- statement of changes in equity for the year then ended;
- statement of cash flows for the year then ended; and
- the notes to the financial statements, which include 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Bank within the meaning of the International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants. We have fulfilled our other ethical responsibilities with the IESBA Code.

**Going concern**

The financial statements of the Bank have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Bank's financial statements is appropriate.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
SOUTH AKIM RURAL BANK PLC**

**Report on the audited financial statements (continued)**

Management has not identified a material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern, and accordingly, none is disclosed in the financial statements of the Bank. Based on our audit of the financial statements of the Bank, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Bank's ability to continue as a going concern.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. These matters are selected from the matters communicated with management and the board but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified concerning any of the key audit matters described below, and we do not express an opinion on these individual matters

**Key audit matters**

**Key audit matter**

**Impairment of loans and advances**

Impairment of loans and advances to customers is a key audit matter due to the complexity and subjectivity of estimating the amount of impairment.

Loans for which there is objective evidence that an impairment event has occurred are assessed individually for impairment. If there is deemed to be no evidence that impairment exists on an individual basis, loans are assessed collectively for impairment.

The estimation of the impairment loss allowance on an individual basis also requires management to make assumptions about the financial conditions of the borrower, expected future cash flows of the borrower and the amount recoverable from any collateral pledged.

**How our audit addressed the key audit matter**

We focused our attention on an accurate computation of the non-performing loans ratio. Our audit procedures included:

We assessed and tested the design, implementation and operating effectiveness of key controls over the capture, monitoring and reporting of loans and advances to customers. We also look at the staging of all loans to customers.

We also assessed and tested the design and operating effectiveness of controls over the bank's loan impairment process regarding management's review process over impairment calculations. We also went through the computation and recomputed to confirm the reasonableness of the ECL

We further examined a sample of performing loans to evaluate if any indicators of impairment existed to test the completeness of individual impairment provisions.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
SOUTH AKIM RURAL BANK PLC**

**Report on the audited financial statements (continued)**

**Key audit matters (continued)**

The collective impairment loss allowance relates to losses incurred but not yet identified on other loans and advances. The two key judgments in the collective impairment assessments are the likelihood of default and the emergence period; and it is the latter which is the single most critical judgment, as there is limited historic data on which to accurately assess it and therefore, the most sensitive to adjustment.

Accordingly, impairment of the Bank's loan and advances portfolio is considered to be a key audit matter.

Impairment about changes in estimates occurring during the period and its sensitivity to key assumptions.

From our substantive procedures, we validated the year end impairment figures by re-performing calculations and agreeing our figures with what was done by the Bank, for the sample we took.

**Other information**

The Directors are responsible for the other information. The other information comprises the Report of the Directors, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
SOUTH AKIM RURAL BANK PLC**

**Report on the audited financial statements (continued)**

**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, 2019 (Act 992) and the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930). 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.

**Independent 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 a 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 skepticism throughout the planning and performance of the audit. We also:

- 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 misstatement 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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
- 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 audit. We remain solely responsible for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
SOUTH AKIM RURAL BANK PLC**

**Report on the audited financial statements (continued)**

**Independent auditor's responsibilities for the audit of the financial statements (Continued)**

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**

***Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992)***

The Companies Act, 2019 (Act 992) 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 Company, so far as appears from our examination of those books; and
3. the statement of financial position and the statement of comprehensive income of the Company are in agreement with the books of account.
4. We are independent of the Bank pursuant to section 143 of the Act.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
SOUTH AKIM RURAL BANK PLC**

**Report on the audited financial statements (continued)**

**Banking Act**

In accordance with Section 85 (2) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), we hereby confirm that:

1. The accounts give a true and fair view of the state of affairs of the Bank and its results of operations 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;
4. In our opinion, the Bank has complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749) repealed and replaced by the Anti-Money Laundering Act, 2020 (Act 1044), the Anti-Terrorism Act, 2008 (Act 762) and the regulations enactments; and
5. The Bank has complied with the provisions in the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

**The engagement partner on the audit resulting in this independent auditor's report is *Emmanuel Banu* (ICAG/P/1355).**

For and on behalf of:

**BETA & Associates (ICAG/F/2025/221)**

**Chartered Accountants**

**P.O. Box MD 396, Accra**

**Madina, Agbogba Akatsi-Abor**

**Adjacent Elegance Guest House**

**Accra – Ghana.**

**E: [info@beta-associates.com](mailto:info@beta-associates.com)**

**W: [www.beta-associates.com](http://www.beta-associates.com)**

**Date:.....2025**

## SOUTH AKIM RURAL BANK PLC

### Statement of comprehensive income for the year ended 31 December 2024

(All amounts are stated in Ghana cedi unless otherwise stated)

	Notes	2024	2023
Interest income	7	43,949,478	27,995,850
Interest expense	8	(7,893,241)	(6,006,536)
<b>Net interest income</b>		<b>36,056,237</b>	<b>21,989,314</b>
Commissions and fees	9	2,186,740	1,941,090
Other operating income	10	1,064,232	790,387
<b>Total operating income</b>		<b>39,307,209</b>	<b>24,720,791</b>
Impairment of loan	10.1	(540,614)	(435,071)
Other operating costs	11	(24,583,762)	(19,407,096)
<b>Profit before taxation</b>		<b>14,182,833</b>	<b>4,878,624</b>
Growth and sustainability levy	12d	(659,580)	(243,931)
Taxation	12c	(4,228,724)	(1,603,627)
<b>Profit after taxation</b>		<b>9,294,529</b>	<b>3,031,066</b>
<b>Other comprehensive income</b>			
Revaluation gain-equity investment		7,700	-
<b>Total comprehensive income attributable to the shareholders</b>		<b>9,302,229</b>	<b>3,031,066</b>

The notes on pages 32 to 75 are integral parts of these financial statements.

## SOUTH AKIM RURAL BANK PLC

### Statement of financial position as at 31 December 2024

(All amounts are stated in Ghana cedi unless otherwise stated)

	Notes	2024	2023
Cash and cash equivalents	13	24,928,809	17,344,660
Short term investment	14	111,600,000	50,500,000
Trading investments	15	51,328,274	44,324,008
Investment in subsidiary	17	-	1,800
Loans and advances to customers	18	48,514,521	40,622,178
Equity investments	19	335,216	258,468
Other assets	20	3,950,162	1,824,506
Prepayments	21	382,447	221,006
Property, plant and equipment	22	2,781,259	1,907,895
Intangible assets	23	196,408	229,361
Right of use of asset	24	846,912	900,386
<b>Total asset</b>		<b>244,864,008</b>	<b>158,134,268</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Customer deposits	25	210,694,205	134,492,012
Long term liabilities	26	1,925,866	757,810
Payables and accruals	27	5,953,311	6,340,682
Dividend payable	28	872,577	1,303,285
Taxation	12a	715,308	325,850
Deferred tax liability	12c	744,416	256,000
<b>Total liability</b>		<b>220,905,683</b>	<b>143,475,639</b>
<b>Equity</b>			
Stated capital	29	4,425,043	4,279,882
Retained earnings		9,946,167	4,442,056
Statutory reserve fund	30	5,694,889	4,533,073
Capital reserve		137,904	130,204
Development fund	31	1,841,583	1,053,272
Credit risk reserve	32	220,142	220,142
Staff exit package fund	33	743,663	-
Deposit for shares		948,934	-
<b>Total equity</b>		<b>23,958,325</b>	<b>14,658,629</b>
<b>Total liabilities and equity</b>		<b>244,864,008</b>	<b>158,134,268</b>

The notes on pages 32 to 75 are integral part of these financial statements. These financial statements were approved by the Board and signed on their behalf by:

Name of Director..... Name of Director.....

Signature..... Signature.....

Date ..... Date .....

**SOUTH AKIM RURAL BANK PLC**
**Statement of changes in equity for the year 31 December 2024**
*(All amounts are in Ghana cedis unless otherwise stated)*

	Stated capital	Retained earnings	Statutory reserve Fund	Capital reserve	Develop't fund	Credit risk	Deposit for Shares	Staff exit package fund	Total
At year start	4,279,882	4,442,056	4,533,073	130,204	1,053,271	220,142	-	-	14,658,628
Deposit for shares	-	-	-	-	-	-	1,094,095	-	1,094,095
Transfer from the deposit for shares	145,161	-	-	-	-	-	(145,161)	-	-
Dividend Declared	-	(884,938)	-	-	-	-	-	-	(884,938)
Profit for the year	-	9,294,529	-	-	-	-	-	-	9,294,529
Transfer to statutory reserve	-	(1,161,816)	1,161,816	-	-	-	-	-	-
Revaluation gain- equity investment	-	-	-	7,700	-	-	-	-	7,700
Transfer toward staff exit package	-	(743,663)	-	-	-	-	-	743,663	-
Development utilized	-	-	-	-	(211,689)	-	-	-	(211,689)
Transfer to the development fund	-	(1,000,000)	-	-	1,000,000	-	-	-	-
<b>At year-end</b>	<b>4,425,043</b>	<b>9,946,168</b>	<b>5,694,889</b>	<b>137,904</b>	<b>1,841,582</b>	<b>220,142</b>	<b>948,934</b>	<b>743,663</b>	<b>23,958,325</b>

The notes on pages 32 to 75 are integral part of these financial statements.





## SOUTH AKIM RURAL BANK PLC

### Statement of changes in equity for the year 31 December 2023 (All amounts are stated in Ghana cedi unless otherwise stated)

December 2023	Stated capital	Retained earnings	Statutory Reserve Fund	Capital reserve	Develop't Fund	Credit Risk	D'sit for Shares	Total
At year start	3487,878	3,123,093	3,775,307	130,204	553,272	220,142	314,330	11,604,226
Prior year adjustment	314,330						(314,330)	-
<b>Reinstated balance</b>	<b>3,802,208</b>	<b>3,123,093</b>	<b>3,775,307</b>	<b>130,204</b>	<b>553,272</b>	<b>220,142</b>	<b>-</b>	<b>11,604,226</b>
Deposit for shares	-	-	-	-	-	-	59,685	59,685
Transfer from deposit for shares	59,685	-	-	-	-	-	(59,685)	-
Bonus shares issued	417,989	(454,337)	-	-	-	-	-	(36,348)
Profit for the year	-	3,031,066	-	-	-	-	-	3,031,066
Transfer to statutory reserve	-	(757,766)	757,766	-	-	-	-	-
Transfer to development fund	-	(500,000)	-	-	500,000	-	-	-
<b>At year end</b>	<b>4,279,882</b>	<b>4,442,056</b>	<b>4,533,073</b>	<b>130,204</b>	<b>1,053,272</b>	<b>220,142</b>	<b>-</b>	<b>14,658,629</b>

The notes on pages 32 to 75 are integral part of these financial statements.

## SOUTH AKIM RURAL BANK PLC

### Statement of cash flows for the ended 31 December 2024

(All amounts are stated in Ghana cedi unless otherwise stated)

	Notes	2024	2023
<b>Cash generated from operations before taxation</b>	38	80,955,646	33,473,622
<b>Growth and sustainability levy paid</b>		(517,102)	(77,268)
Tax paid		(3,350,850)	(1,072,239)
<b>Net cash generated from operating activities</b>		<b>77,087,696</b>	<b>32,324,115</b>
<b>Cash flows from investing activities:</b>			
Purchase of property, property and equipment		(1,938,226)	(659,452)
Agency developments costs		(211,689)	-
Acquisition of right to use asset		(201,647)	(1,030,524)
Increase in Investment		(7,088,714)	(19,442,895)
Proceed from sale of assets		90,223	46,952
<b>Net cash used in investing activities</b>		<b>(9,350,053)</b>	<b>(21,085,919)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issue of shares		1,094,095	59,685
Loan received		1,400,000	-
Loan payment		(231,944)	(164,208)
Cost of bonus issue		-	(36,347)
Dividend paid		(1,315,644)	(47,072)
<b>Net Cash paid for Financing activities</b>		<b>946,507</b>	<b>(187,942)</b>
<b>Increase in cash and cash equivalent</b>		<b>68,684,148</b>	<b>11,050,254</b>
Cash and cash equivalents at the beginning of the year		67,844,661	56,794,407
<b>Cash and cash equivalents at the end of the year</b>		<b>136,528,809</b>	<b>67,844,661</b>
<b>Analysis of cash and cash equivalents:</b>			
Cash and bank balances		24,928,809	17,344,660
Short term investment		111,600,000	50,500,000
<b>At year end</b>		<b>136,528,809</b>	<b>67,844,660</b>

The notes on pages 32 to 75 are integral part of these financial statements.

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies**

*(All amounts are stated in Ghana cedi unless otherwise stated)*

#### **1. Reporting entity**

The South Akim Rural Bank PLC (SARB) is a Limited Liability Company registered in Ghana and authorised by its Regulations and a banking license issued by the Bank of Ghana to engage in the provision of banking and related services including the taking of deposits and lending of money. It was incorporated on 25<sup>th</sup> August, 1984 and commenced business on 13<sup>th</sup> June, 1986.

The Bank is domiciled in Ghana with its Head Office in Nankese and its agencies located in the Eastern region. During the year 2024, the Bank change its name from South Akim Rural Bank Limited to South Akim Rural Bank PLC based on the requirement in the Companies Act, 2019 (Act 992)

#### **2. Summary of significant accounting policy**

##### **2.1 Basis of preparation**

###### **a. Statement of compliance**

The financial statements of South Akim Rural Bank PLC have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Financial Reporting Standard Board (IFRSB) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930).

The financial statements were approved by the Board of Directors on the date signed under the financial position.

###### **b) Basis of measurement**

The financial statements have been prepared under the historical cost convention as modified to include the fair valuation of certain financial instruments to the extent required or permitted under the Bank's accounting policies and set out below.

- Assets and liabilities held for trading are measured at fair value
- Financial instruments designated at fair value through profit or loss are measured at fair value
- Investments in equity are measured at fair value
- Other financial assets not held in a business model whose objective is to hold assets to collect contractual terms do not give rise solely to payments of principal and interest are measured at fair value; and
- Available-for-sale financial assets are measured at fair value

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are stated in Ghana cedi unless otherwise stated)*

#### **c) Functional and presentation currency**

These financial statements are presented in Ghana cedi (GH¢), which is the Bank's functional currency. Financial information in Ghana cedi have been rounded to the nearest one Ghana Cedi (GH¢ 1)

#### **d) Use of estimates and judgements**

The preparation of financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

### **2.2 Significant accounting policies**

The accounting policies set out below have been applied consistently to all years presented in these financial statements, and have been applied consistently by the Bank.

#### **2.2.1 Revenue recognition**

The Bank recognises revenue in the financial statements on the accrual basis when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Bank's activities. The Bank bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

##### **(a) Interest income**

Interest income, including income arising from loans and advances and other financial instruments are recognised in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter year to the net carrying amount of the financial asset. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

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

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### **2.2.1 Revenue recognition (continued)**

##### **(b) Fee and commission income**

Fees and commissions are generally recognised on an accrual basis when the service is provided. Commission and fees arising from negotiation or participation in the negotiation of a transaction such as the arrangement for a loan are recognised upon completion of the underlying transaction.

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

##### **(c) Other income**

These are incomes from other activities of the Bank other than the core business like profit on disposal, SMS alert charges, etc and these are recognized in the statement of comprehensive income.

#### **2. 2.2 Interest expense**

Interest expense is recognised in the profit or loss for all interest-bearing financial instruments measured at amortised cost, these include savings, fixed deposits, current accounts and loans from ARB Apex Bank PLC as interest accrues using the effective interest rate method.

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

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

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

#### **2.2.3 Income tax expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### **2.2.3 Income tax expense (continued)**

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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

#### **2.2.4 Financial assets and liabilities**

##### **a) Recognition**

The Bank initially recognises loans and advances, deposits and debt securities issued on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

##### **b) De-recognition**

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

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

The Bank enters into transactions whereby it transfers assets recognised on its balance sheet, but retains all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

##### **c) Offsetting**

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

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### **d) Amortised cost measurement**

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

#### **e) Fair value measurement**

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models. The Bank uses widely recognised valuation models for determining the fair value of common and simpler financial instruments like options and interest rate and currency swaps. For these financial instruments, inputs into models are market observable.

#### **f) Identification and measurement of impairment**

At each reporting date, the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The Bank considers evidence of impairment at both an individual and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

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

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

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### **Identification and measurement of impairment (continued)**

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

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

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

#### **h) Cash and cash equivalents**

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with ARB Apex Bank PLC and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost or fair values in the statement of financial position depending on the business model for managing the asset or the cash flow characteristics of the asset.

#### **i) Loans and advances**

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.

When the Bank purchases a financial asset under a commitment to sell the asset (or a substantially similar asset) at a fixed price on a future date, the financial asset is accounted for as a loan, and the underlying asset is not recognised in the Bank financial statements.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except when the Bank chooses to carry the loans and advances at fair value through profit or loss.

#### **j) Investment securities**

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either held-to-maturity, fair value through profit or loss, or available for sale.



## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### **2.2.5 Provisions**

Provisions are recognised when the Bank has:

- a present obligation (legal or constructive) as a result of a past event,
- 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.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that the reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision. Provisions are not recognised for future operating losses. If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingents' liabilities are not recognised. Contingencies are disclosed in the notes to the financial statements.

#### **(a) Provision for restructuring/reorganization**

A restructuring or reorganization is a programme that is planned and controlled by management which will materially change the scope and manner in which the business is conducted e.g. the termination or sale of business. A provision for restructuring can only be recognized if there is a constructive obligation which is established if the following conditions are met:

- There is a detailed formal plan that identifies the part of the business, location and employees who will be affected by the restructuring
  - A valid expectation has been created to those who will be affected by the restructuring.
- Provision for restructuring is made if a constructive obligation exists before the end of the financial year. However, if the constructive obligation arises after year end, and the provision is material, the material effect is disclosed in the financial statements in accordance with IAS 10.

Restructuring provision cost include direct expenditures that will be incurred because of the restructuring and excludes any cost associated with ongoing activity of the entity. E.g. training of staff, relocation of staff, marketing and investment in new machinery.

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### **2.2.6 Employee benefits**

##### **Short term employment benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the year in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as result of past performance.

A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity.

The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

Payments to defined contribution retirement benefits plans are charged as an expense as they fall due.

A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting year less the fair value of plan assets, together with adjustments for unrecognised past-service costs.

##### **(a) National pension scheme**

The Bank contributes 13.0% of qualifying employee costs to a National Pensions Scheme and the contribution is charged to the profit or loss account as part of total employee benefit. The National Pension Scheme is a creation of law and managed by the Government of Ghana through the appropriate public and private sector entities. The fund is managed by SSNIT (Tier 1) and Enterprise Trustee (Tier 2)

##### **(b) Provident fund**

The Bank has a provident fund scheme for all employees who have completed their probation with the Bank. Employees of the Bank contribute 9% of their basic salary to the fund while the Bank contributes 7.5%. Obligations under the scheme are limited to the relevant contributions made and any related investment income generated. The fund is managed by Metropolitan Pensions Trust Ghana.

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### **Termination benefits**

Termination benefits are recognized as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognized if Bank has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

#### **Loan concessionary rate**

The Bank gives a lower rate to her staff lower than the commercial customers and this is in line with the Banks policies.

#### **2.2.7 Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost of inventories are measured using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimate costs of completion and the estimated costs necessary to make the sale.

Cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The inventories are stationeries of the Bank. Some of the inventory item which by way of changings in the Bank's operation are rendered obsolete are yet to be taken out of the inventory list and values.

#### **2.2.8 Impairments of assets and other financial assets**

The Bank assesses at each end of the reporting year whether there is any indication that an asset may be impaired. If any such indication exists, that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is possible to estimate the recoverable amount of the individual asset, the recoverable amount of the Cash-Generating Unit (CGU) to which the asset belongs is determined. The recoverable amount of a cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss of assets carried at cost less than any accumulated depreciation or amortization is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a downward revaluation.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortization other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as an upward revaluation.

#### **2.2.9 Share capital and equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as part of equity.

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### **2.2.10 Related parties**

Related parties are individuals and companies, where the individual and the Bank have the ability directly or indirectly, to control the other party or exercise significant influence on the other party in making financial and operating decisions. Related party transactions and balances are disclosed in the notes to the financial statements.

#### **2.2.11 Property, plant and equipment**

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures 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 Bank and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss during the financial year in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Land and Buildings	5% per annum
- Plant and Machinery	25% per annum
- Office Equipment	25% per annum
- Motor Vehicles	33 <sup>1</sup> / <sub>3</sub> % per annum
- Computers and Accessories	25% per annum
- Furniture, Fittings and Structures	20% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property and equipment were impaired as at 31 December 2024 (2023 December: nil).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### **2.2.12 Intangible assets**

Intangible assets are initially recognized at cost. Where an intangible asset arises through an internal project, the cost of that intangible asset is the total expenditure incurred from the development phase of the project when the Company can demonstrate all of the following:

- the technical feasibility to completing the intangible asset so that it will be available for use or sale
- its intention to complete and its ability to use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete and the ability to measure reliably the expenditure during the development.

Expenditures incurred during the research phase of an internal project and all other expenditures incurred on internally generated intangible assets is recognised as an expenses in the income statement when it is incurred.

Intangible assets are subsequently carried at cost less any accumulated amortisation and any impairment losses. For purposes of determining the amortisation of intangible assets, the useful lives of these assets are assessed as being either indefinite or finite.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the year over which the asset is expected to generate net cash inflows for the Company. Amortisation is not provided for these intangible assets but impairment test.

For all other intangible assets, amortisation is provided on a straight-line basis to write down the cost of the intangible assets, less their residual values, on a straight-line basis over their useful lives

The amortisation charge is recognised as an expense in the income statement. The amortisation year and amortisation method applied to an intangible asset with a finite useful life is reviewed and adjusted, if necessary, on an annual basis. These changes are accounted for as a change in estimate.

Intangible assets with indefinite useful lives are tested for impairment annually by determining the recoverable amount of the assets either individually or at the cash-generating unit level.

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### **Intangible assets (continued)**

The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment is made prospectively.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an intangible asset is included in the income statement and is calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the asset at the date of de-recognition.

#### **Software**

Software acquired by the Company is stated at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is ten (10) years. The only software acquired during the year was Temenos 24 (T24) which the software used by the Bank for their operations.

#### **2.2.13 Right of use of asset**

Under IFRS 16, lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. The Bank recognize payment made in advance to landlords which give them the right to use the asset during that period.

The Bank couldn't foresee renegotiation of the right to use the asset. Right-of-use of assets are depreciated over the leased terms and this is recognized in the statement of comprehensive income.

#### **2.2.14 Impairment of non-financial assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### **2.2.15 New standards and amendments effective but were not elected by the Bank adopted during the year**

##### **(i) IFRS S1, General requirements for disclosure of sustainability-related financial reporting**

IFRS S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S1 is effective for annual reporting periods beginning on or after 1 January 2024

##### **(ii) IFRS S2, Climate-related disclosures**

IFRS S2 requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects')

IFRS S2 is effective for annual reporting periods beginning on or after 1 January 2024

#### **2.2.15 New standards and amendments not yet effective**

For the 2024 reporting period, certain International Financial Reporting Standards (IFRS) have been issued but are not yet effective. These standards will become applicable in future periods but will not impact financial statements for 2024 unless specifically early adopted by a company. Below are some key IFRS standards that are either new, updated, or awaiting future implementation:

##### **(i). IFRS 16 – Leases (Amendment)**

- Amendment: Lease Liability in a Sale and Leaseback.
- Effective date: January 1, 2024.
- Applicability: This amendment clarifies how to account for the sale and leaseback transactions. Specifically, it addresses the sale and leaseback accounting treatment, focusing on how to measure lease liabilities when the leaseback transaction involves a sale of the asset.

##### **(ii). IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (Amendment)**

- Amendment: Definition of Accounting Estimates.
- Effective date: January 1, 2024.
- Applicability: This amendment provides clearer guidance on the distinction between accounting estimates and accounting policies. It helps entities make clearer judgments when updating estimates versus changing policies.

##### **(iii) IAS 12 – Income Taxes (Amendment)**

- Amendment: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- Effective date: January 1, 2024.
- Applicability: The amendment addresses the recognition of deferred tax for transactions that result in the recognition of both an asset and a liability (such as leases and asset purchases).

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

### **3. Critical accounting estimates and judgments**

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **3.1 Critical judgments and assumptions made in applying the bank's accounting policy**

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. The estimates and assumptions that have a risk of causing adjustments to the carrying amounts are:

##### **(i) Fair value of financial instruments**

The fair values of financial instruments where no actual markets exist 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.

##### **(ii) Investment measured at amortised cost**

The Bank follows guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as investment measured at amortised cost. This classification requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such investments to collect investment income. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire category as investment measured at fair value through other comprehensive income. These investments would therefore be measured at fair value and not amortised cost.

##### **(iii) Property, plant and equipment**

Critical estimates are made by Directors in determining depreciation rates for property, plant and equipment. The rates used are set out in Note 2.2.11

##### **(iv) Income taxes**

Significant estimates are required in determining the provision for income taxes. The deferred income tax has been based on future profitability assumptions.



## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### **3.2 Stated capital and reserves**

##### **(a) Statutory reserves**

This represents the cumulative amounts set aside as non-distributable reserve from annual profit after tax in accordance with Section 34 (1) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The amount transferred ranges from 12.5% to 50% of the net profit after tax, depending on the ratio of the current statutory reserve fund to stated capital. The Bank transfer 25% of her profit after tax to statutory reserve.

##### **(b) Capital surplus/reserves**

The capital reserve account is a creation of law under Sections 70 and 71 of the Companies Act, 2019 (Act 992) and records gains or losses arising from the revaluation of assets of the Bank including its property, plant and equipment and quoted equity investment. The International Financial Reporting Standards (IFRS) require the evaluation at regular intervals of these property, plant and equipment. The Bank has therefore adopted a policy to evaluate its assets at regular intervals.

##### **(c) Retained earnings**

The retained earnings record the cumulative annual profits (after appropriations) available to shareholders which is not distributed as dividend as at the reporting date.

##### **(d) Development fund reserve**

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

#### **3.3 Events after reporting date**

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

#### **3.4 Comparatives**

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Where IAS 8 applies, comparative figures have been adjusted to conform to changes in presentation in the current Year.

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### **4.0. Financial risk management**

##### **Introduction and overview**

An organization may be exposed to different types of financial risks depending on the size and complexity of business activities. South Akim Rural Bank PLC, however, is generally exposed to:

- |                        |                       |
|------------------------|-----------------------|
| (a) Credit risk        | (e) Compliance risk   |
| (b) Liquidity risk     | (f) Legal risk        |
| (c) Market risk        | (g) Reputational risk |
| (d) Operational risk   | (h) Capital risk      |
| (i) capital management |                       |

The identifying, measuring, monitoring and controlling these risks, and regulatory capital management is presented below:

Risk management framework, objectives, policies, procedures and processes

##### **Risk management framework**

The Board of Directors and Senior Management have developed and established policies and procedures to facilitate effective risk management. These policies and procedures provide guidance on risk appetite/tolerance limit, risk identification, monitoring and control and adherence to set risk limits. The risk management policies and procedures are continually reviewed to reflect changes in economic and financial landscape as well as products and services offered.

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The responsibilities of the Board of Directors include; setting out the overall risk appetite/tolerance limit, ensuring that the overall risk exposure is maintained at prudent levels and consistent with available capital.

They also include ensuring that Management as well as individuals responsible for Risk Management possess sound expertise and knowledge to accomplish the risk management function and that appropriate policies and procedures for risk management are in place.

The board Sub-Committees on Audit Assurance, Finance & Administration and Credit and the Management Committee as a whole oversee the implementation of the broad risk management policies and objectives of the Bank.

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### **(a)Credit risk**

##### **Credit risk management**

Credit risk represents the loss which the bank would suffer if a customer or counter-party to financial instruments failed to meet its contractual obligations.

Credit Risks terms from outright default due to inability or unwillingness of a client or counterpart to meet commitment in relation to lending, trading settlement and other financial transaction. Resultant losses may result in reduction in receivables Portfolio value due to the actual or perceived deterioration in those receivables portfolio quality.

The bank has established credit policies under which new customers are assessed for credit worthiness before credit is extended to them.

The Management Technical Committee is responsible for implementing the credit risk policy/strategy, monitoring credit risk on a Bank-wide basis and ensuring compliance with credit limits to be approved by the Board. Business strategies, policies and procedures for managing credit are determined bank-wide with specific policies and procedures being adopted for commercial loans, small and medium enterprises and salary loans.

##### **Managing problem loans**

The Recoveries Unit within the Credit Department manages delinquent facilities including outright recoveries or nursing of such problem loans back to health. At delinquent and past due stages, where recovery efforts are unsuccessful, the Credit Department refers the client to the Bank's contractual external collectors-Lawyers and sometimes uses task force. In some cases, the Bank gets authority to dispose of security assets to defray the loan balance.

##### **Provisioning for loans and advances**

Credit losses are anticipated and charged in the statement of profit or loss on a monthly basis. The balance in the impairment allowance account is always equal to at least the required provisions based on the current risk rating profile. If the status of the loan worsens, the balance of the provision account is increased by an additional charge against earnings.

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

### Provisioning for loans and advances (continued)

In conformity with Bank of Ghana's directives, the minimum provision that are held are as follow;

Credit risk rating (%)	Days past	Minimum Provision	
		2024	2023
Current	Less than 30	1	1
OLEM	31-90	10	5
Sub-standard	91-180	25	25
Doubtful	181-360	50	50
Loss	Over 360	100	100

In conformity with Bank's policy on IFRS 9, financial Instrument measurement and impairment, the minimum provision that are held are as follow;

Product	Stage 1		Stage 2		Stage 3		Total	Total
	Exposure	ECL	Exposure	ECL	Exposure	ECL	Exposure	ECL
Agric	1,654,778	878	-	-	226,420	226,420	1,881,198	227,298
Trading	25,547,519	8,115	788,905	1,659	1,124,628	1,124,628	27,461,052	1,134,402
Transport	372,405	413	-	-	9,148	9,148	381,553	9,561
Others	15,160,603	2,999	37,548	69	661,131	661,131	15,859,282	664,199
Cottage industries	4,943,434	2,543	10,055	27	106,825	106,825	5,060,314	109,395
<b>Total</b>	<b>47,678,739</b>	<b>14,948</b>	<b>836,508</b>	<b>1,755</b>	<b>2,128,152</b>	<b>2,128,152</b>	<b>50,643,399</b>	<b>2,144,855</b>

### Exposure to credit risk

The carrying amount of financial assets represents the bank's maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2024	2023
Cash & balances with banks	24,928,809	17,344,660
Financial assets held to maturity	162,928,274	94,824,008
Loans & advances	48,514,521	40,622,178
Other assets	3,950,163	1,824,505
Equity investment	335,216	258,468

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### Exposure to credit risk (continued)

All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

The provision for credit losses is done using Bank of Ghana guidelines, within the context of the principles of IFRS. Where possible, this involves the individual assessment of loans and advances outstanding having regard to factors that may impair or impede the ability of loan holders to retire the loans on time.

The general outcome of the assessment and review processes leading to the impairment provision at the reporting date is as follows:

Category	Percentage Provision	2024	2023
Current	1%	786,421	686,034
Other loans especially mentioned (OLEM)	10%	39,385	37,115
Sub-standard	25%	19,773	129,462
Doubtful	50%	65,521	50,366
Loss	100%	1,217,778	2,010,155
		<b>2,128,878</b>	<b>2,913,132</b>

#### Exposure to credit risk

The outcome of the assessment and review processes leading to the impairment provision at the reporting date based on IFRS 9 is as follows:

Provision	Exposure	ECL
Stage 1 exposure	47,678,739	14,948
Stage 2 exposure	836,506	1,755
Stage 3 exposure	2,128,151	2,128,152
<b>Total</b>	<b>50,643,396</b>	<b>2,144,855</b>

#### (b) Liquidity Risk

Liquidity risk is the risk that the Bank will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities.

The Bank's liquidity risk management systems comprise two main processes;

- Assessment of the Bank's financing requirements on the basis of budgets in order to plan appropriate funding sources and;
- Analysis of daily cash report to monitor daily cash flow position

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

### Liquidity Risk (continued)

The table below analyses the Bank's financial assets and financial liabilities that will be used to settle excluding the impact of netting agreements, into relevant maturity groupings based on the remaining year between the reporting dates to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows based on the earliest date on which the Bank may be required to pay using its liquid assets.

### Maturities of financial assets and liabilities

At 31 December 2024	Up to 1 month	1-12 month	1-5 years	Non-interest bearing	Total
<b>Financial assets</b>					
Cash and bank balances	24,928,809	-	-	-	24,928,809
Short-term and trading investments	13,600,000	131,435,495	17,892,779	-	162,928,274
Loans and advances	48,035,216	-	479,305	-	48,514,521
Equity investments	-	-	-	-	335,216
Other assets	-	-	-	3,950,163	3,950,163
<b>Total financial assets (Gross)</b>	<b>86,564,025</b>	<b>131,435,495</b>	<b>17,892,779</b>	<b>3,950,163</b>	<b>240,656,983</b>

At 31 December 2024	Up to 1 month	1-12 month	1-5 years	Non-interest bearing	Total
<b>Financial liabilities</b>					
Customer deposits	210,694,205	-	-	-	210,694,205
Long term borrowing	-	-	1,925,866	-	1,925,866
Dividends payable	-	-	-	872,577	872,577
Taxation	-	-	-	715,308	715,308
Accounts payable	-	-	-	5,953,403	5,953,403
<b>Total financial liabilities</b>	<b>210,694,205</b>	<b>-</b>	<b>1,925,866</b>	<b>7,541,288</b>	<b>220,161,359</b>
<b>Total finance gap</b>	<b>(124,130,180)</b>	<b>131,435,495</b>	<b>16,302,129</b>	<b>(3,591,125)</b>	<b>20,495,624</b>

### At 31 December 2023

Total financial assets	73,394,359	26,477,933	56,090,155	1,824,505	157,786,951
Total financial liabilities	100,923,737	33,568,275	757,810	7,969,816	143,219,638
<b>Total finance gap</b>	<b>(27,529,378)</b>	<b>(7,090,342)</b>	<b>55,332,345</b>	<b>(6,145,311)</b>	<b>14,567,313</b>

The gap shows that the Bank did bounce back positively in 2024 as compared to 2023 and this is a good performance of the Bank operation.

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### **(c) Market risk**

##### **Interest rate risk**

Interest rate risk represents the risk exposures the Bank has in relation to instruments whose value vary with the level of interest rates. These include investments, debt securities, and borrowings.

The borrowings with floating interest rates. All of its borrowings are at floating interest rates.

Exposure to the risk of changes in market interest rates relates primarily to its long-term Interest rate exposure is managed primarily through negotiating new borrowing agreements that carry lower and more stable interest rates.

##### **Interest rate risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It is the risk of loss arising from the potential that inadequate information systems, breaches of internal controls, fraud, technological failure and unforeseen catastrophes may result in unexpected loss or reputational problems.

Over the years the bank has developed a thorough and consistent framework of policies, procedures and tools to identify, measure, monitor, control and actively manage its operational risks in a timely and effective manner.

#### **(e) Compliance and regulatory risk**

In order to strengthen the compliance with regulatory requirements, the Bank organizes series of dedicated training on a regular basis to equip staff with compliance and regulatory issues in order to minimize risk emanating there from.

#### **(f) Legal risk**

The Banks activities are undertaken in a manner which adequately reduces the risks which may arise out of material litigation to be initiated against it (The Bank).

#### **(g) Reputational risk**

The Bank conducts its business in a responsible, professional and transparent manner. The Bank safeguards the interest of its clients as well as its reputation. This is aimed at demonstrating our commitment and fostering a long-term relationship with our clients and the public at large. We manage our image and reputation in a professional manner.

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### **(h) Capital risk management**

The primary objectives of the Banks externally imposed capital requirement by the Bank of Ghana and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and maximize shareholders value. In order to maintain the desired level of capital, the Bank may vary its dividend policy or issue new shares. The Bank complied with all externally imposed capital requirement throughout the year.

#### **(i) Capital management**

The Bank of Ghana sets and monitors capital requirements for the bank. The banking operations are directly supervised by their local regulators. In implementing current capital requirements, Bank of Ghana requires the bank to maintain a prescribed ratio of total capital to total risk-weighted assets. The bank calculates requirements for market risk in its trading portfolios based upon the CAR models and uses its internal gradings as the basis for risk weightings for credit risk. The bank is also required to maintain a credible capital plan to ensure that capital level of the bank is maintained in consonance with the bank risk appetite.

#### **The Banks regulatory capital is analysed into two tiers:**

1. Tier 1 capital, which includes ordinary share capital, perpetual bonds (which are classified as innovative Tier 1 securities), retained earnings, translation reserve, development funds and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
2. Tier 2 capital, which includes qualifying subordinated liabilities, and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale. Various limits are applied to elements of the capital base. Qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated loan capital exceed 50 percent of tier 1 capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of banks and certain other regulatory items.

Banking operations are categorised as either trading book or banking book, and risk weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-statement of financial position exposures. The bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The impact of the level of capital on shareholders' return is also recognised and the bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The bank operations have complied with all externally imposed capital requirements throughout the period. There have been no material changes in the bank's management of capital during the year. The bank's regulatory capital position at 31 December was as follows:



## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

	2024	2023
	Amount in GH¢	Amount in GH¢
<b>Tier 1 capital</b>		
Ordinary share capital (stated capital)	4,425,043	4,279,882
<b>Disclosed reserves:</b>		
Retained earnings	9,946,167	4,442,056
Statutory reserve fund	5,694,889	4,533,073
Development fund	1,841,583	1,053,272
Credit risk reserve	220,142	220,142
Deposit for shares	948,934	-
Staff exit package fund	743,663	-
Investments in unconsolidated subsidiaries	-	(1,800)
Investments in the capital of other banks & financial institutions	(335,216)	(258,468)
<b>Total</b>	<b>23,485,206</b>	<b>14,268,157</b>
<b>Tier 2 capital</b>		
Revaluation reserves	68,952	65,102
<b>Total</b>	<b>68,952</b>	<b>65,102</b>
<b>Total regulated capital</b>	<b>23,554,158</b>	<b>14,333,259</b>
<b>Total assets</b>	<b>244,864,008</b>	<b>158,134,268</b>
<b>Less</b>		
Cash on hand	10,580,973	7,939,712
i. 5% deposit	9,810,575	6,556,093
ii. Clearing account balance at apex	3,999,042	2,192,222
iii. ACOD	13,600,000	9,600,000
<b>Claims on government:</b>		
i. Treasury securities (bills and bonds) investment	131,435,495	63,335,495
ii. Stock	21,548,969	21,548,969
iv. Investments in unconsolidated subsidiaries	-	1,800
v. Investments in the capital of other banks & financial institutions	335,216	258,468
vi. 80% claims on discount houses	430,576	525,306
<b>Adjusted total assets</b>	<b>53,123,164</b>	<b>46,176,203</b>
<b>Add:</b>		
100% of 3years average annual gross income	24,882,283	17,750,507
Adjusted assets base	78,005,447	63,926,710
Adjusted capital base as percentage of adjusted asset base	30.11%	22.42%
Capital surplus / deficit	15,753,614	8,070,792
<b>Capital adequacy</b>	<b>30.11%</b>	<b>22.42%</b>

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

The bank has met the minimum 10% capital adequacy ration

### 5.1 Financial assets and financial liabilities

#### Fair values

Set out below is a comparison by class of the carrying amounts and fair values of the Bank's financial instruments that are carried in the financial statements.

	Carrying amount		Fair Value	
Financial Assets	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Cash and cash equivalents	24,928,809	17,344,660	24,928,809	17,344,660
Short term investment	111,600,000	50,500,000	111,600,000	50,500,000
Loans and advances	48,514,521	40,622,178	48,514,521	40,622,178
Other assets	3,950,163	1,824,505	3,950,163	1,824,505
Trading investments	51,328,274	44,324,008	51,328,274	44,324,008
<b>Total</b>	<b>240,321,767</b>	<b>154,615,351</b>	<b>240,321,767</b>	<b>154,615,351</b>

#### Financial liabilities

	Carrying Amount		Fair Value	
	2024	2023	2024	2023
Customer deposits	210,694,205	134,492,012	210,694,205	134,492,012
Term borrowing	1,925,866	757,810	1,925,866	757,810
Payables and accruals	5,953,311	6,340,682	5,953,311	6,340,682
Dividend payable	872,577	1,303,283	872,577	1,303,283
Taxation	715,308	325,850	715,308	325,850
<b>Total</b>	<b>220,161,267</b>	<b>143,219,638</b>	<b>220,161,267</b>	<b>143,219,638</b>

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

#### **5.1 Financial assets and financial liabilities**

**The following methods and assumptions were used to estimate the fair values: -**

Cash and short-term deposits, loans and advances, deposits and current accounts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

-Long-term, fixed-rate and variable-rate receivables/borrowings are evaluated by the Bank based on parameters such as interest rates. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at December 31, 2024, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

Also, staff loans which are given at an interest rate lower than the effective interest rate are assumed to have a fair value as the carrying amount as tools for managing the fluctuations are not in place when management decided to measure them at fair value by creating staff cost and deferred interest to be amortised over the staff loan life span.

#### **Fair value hierarchy**

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, the Ghana Stock Exchange).
  - Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
  - Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observation market data when available. The Bank considers relevant and observable market prices in its valuation when possible.
- The fair value of the Bank's financial assets and liabilities approximate the respective carrying amounts, due to the generally short years to maturity dates.

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

As at 31 December 2024, the Bank held the following financial instruments measured at fair value:

2024	Note	Total	Level 1	Level 2	Level 3
Equity investment	19	335,216	43,820	-	291,396
Trading investment	15	51,328,274	-	51,328,274	-
Loans and advances	18	48,514,521	-	-	48,514,521

As at 31 December 2023, the Bank held the following financial instruments measured at fair value:

2023	Note	Total	Level 1	Level 2	Level 3
Equity investment	19	258,468	36,120	-	222,348
Trading investment	15	44,324,008	-	44,324,008	-
Loans and advances	18	40,622,178	-	-	40,622,178

The Bank carries quoted and unquoted equity shares as equity investment financial instruments classified as Level 1 and level 3 within the fair value hierarchy.

### 6.1 Regulatory Disclosure

	2024	2023
Gross Loans (GH¢)	50,643,399	43,535,310
Performing loans (GH¢)	48,821,637	40,280,417
Non-performing loans (GH¢)	1,821,762	3,254,893
Non-performing loan ratio (NPL %)	3.60%	7.48%
Loan loss provision ratio	4.20%	6.69%
Ratio of 20 largest exposures to total credit (%)	25.50%	23.60%
Capital Adequacy Ratio (CAR %)	30.11%	12.42%
Primary Reserve - No. of defaults	Nil	Nil

### 7. Interest income

	2024	2023
Loans and advances	19,214,875	14,396,107
Government securities & other investments	24,734,603	13,599,743
	<b>43,949,478</b>	<b>27,995,850</b>

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

<b>8. Interest expense</b>	<b>2024</b>	<b>2023</b>
Savings, Ghanapay and fixed deposit accounts	7,800,308	5,978,412
Interest on loan	92,933	28,124
	<b>7,893,241</b>	<b>6,006,536</b>
<b>9. Commission and fees</b>	<b>2024</b>	<b>2023</b>
Commitment fees	1,128,332	1,013,729
Commission	1,058,408	927,361
	<b>2,186,740</b>	<b>1,941,090</b>
<b>10. Other operating income</b>	<b>2024</b>	<b>2023</b>
Other income	650,411	491,307
Service charge	112,866	70,688
Loss/profit on disposal	(21,512)	44,462
Sundry income	322,467	183,930
	1,064,232	790,387
<b>10.1 Impairment loss</b>	<b>2024</b>	<b>2023</b>
At start of year	2,913,132	2,478,061
Reconciliation to provision		
Restated balance	2,913,132	2,478,061
Bad debt written off	(1,324,868)	-
impairment after write off	1,588,264	2,478,061
Charged to profit or loss	540,614	435,071
Impairment at year end based on Bank of Ghana guidelines	<b>2,128,878</b>	<b>2,913,132</b>

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

<b>11. Other operating costs</b>	<b>2024</b>	<b>2023</b>
Staff related costs - note (11a)	12,570,828	10,280,579
Depreciation	1,168,141	812,539
Depreciation of right-of-use of asset	255,122	130,137
Audit fees	60,876	55,000
Microfinance expenses	1,176,826	719,738
General and administrative expenses-note (11b)	9,351,969	7,409,102
	<b>24,583,762</b>	<b>19,407,095</b>
<b>11(a). Staff related cost</b>	<b>2024</b>	<b>2023</b>
Salaries and wages	8,553,243	7,320,227
Staff social security	931,305	811,583
Staff provident fund	513,359	446,056
Staff training and development	374,537	184,026
Staff medical costs	270,026	237,400
Allowance to attachment students	10,200	4,300
Other staff allowances	1,918,158	1,276,987
	<b>12,570,828</b>	<b>10,280,579</b>

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

11(b) General and administrative expenses	2024	2023
Electricity & water	413,184	359,295
Board meeting expenses	475,574	285,676
Police guard expenses	513,696	492,775
Travelling expenses	196,242	139,585
Office expenses	293,953	223,016
Printing & stationery	322,989	279,003
Repairs & maintenance	338,059	159,757
Rent & rates	364,698	101,906
Telephone postage	78,707	55,247
Insurance expenses	376,951	682,415
Advertising & publicity	87,555	69,050
Shortage in till	2,730	410
Anniversary expenses	924	-
Annual general meeting expenses	400,000	182,337
Vehicle running expenses	1,842,127	1,475,249
Entertainment/protocol expenses	399,095	247,933
Specie expenses	92,674	54,577
Annual subscription	142,388	104,158
Computerisation	921,163	791,650
Cheque clearing expenses	63,168	55,441
Generating plant	194,586	99,127
Donation	114,184	69,753
Legal expenses	190,136	319,845
Motor vehicle repairs & Maintenance	314,752	272,168
Audit expenses	31,380	12,050
Bad debts	-	(45,338)
Defalcation written off	102,148	117,928
Bank charges	2,440	911
Other expenses	479,279	419,860
Business promotion	593,397	371,318
Impairment of investment in subsidiary	1,800	-
Recovery Expenses	1,990	-
Penalties	-	12,000
	<b>9,351,969</b>	<b>7,409,102</b>

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

#### 12. Taxation

##### a. Current tax liability

	Balance at 1-1-2024	Charge for the Year	Adjustment	Payments	Balance at 31-12-24
2023	325,850	-	-	(325,850)	-
2024	-	3,740,308	-	(3,025,000)	715,308
	<b>325,850</b>	<b>3,740,308</b>	<b>-</b>	<b>(3,350,850)</b>	<b>715,308</b>

The above tax position is subject to the agreement of the Domestic Tax Revenue Division of the Ghana Revenue Authority.

##### b. Growth and sustainability levy

	Balance at 1-1-24	Charge for the Year	Adjustment	Payments	Balance at 31-12-24
2023	166,663	-	(49,561)	(117,102)	-
2024	-	709,141	-	(400,000)	309,141
	<b>166,663</b>	<b>709,141</b>	<b>(49,561)</b>	<b>(517,102)</b>	<b>309,141</b>

The above tax position is subject to the agreement of the Domestic Tax Revenue Division of the Ghana Revenue Authority.

c. Income tax expense charge to income statement	2024	2023
Current income tax expense	3,740,308	1,337,876
Charge to income statement for deferred tax	488,416	162,763
Underestimate	-	102,988
Balance at year-end	<b>4,228,724</b>	<b>1,603,627</b>

d. Growth and sustainability levy charge to income statement	2024	2023
Current income tax expense	709,141	1,337,876
Overestimate	(49,561)	243,931
Balance at year end	<b>659,580</b>	<b>1,581,807</b>

(e) Deferred tax	2024	2023
Balance at year start	256,000	93,237
Charge to income statement	488,416	162,763
Balance at year end	<b>744,416</b>	<b>256,000</b>



## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

<b>12(f) Reconciliation of effective tax rate</b>	<b>2024</b>	<b>2023</b>
<b>Profit before tax</b>	14,182,833	4,878,624
<b>Income tax using domestic tax rate (25%)</b>	3,545,708	1,219,656
Tax effect of non-deductible expense	555,000	476,936
Tax effect of over/under estimate	-	102,988
Effect of deferred tax	488,416	162,763
Tax effect of capital allowance and other allowable	(360,401)	(358,716)
<b>Tax expense charge to profit or loss</b>	<b>4,228,724</b>	<b>1,603,627</b>
<b>Effective tax rate</b>	<b>29.82%</b>	<b>32.87%</b>
<b>13. Cash and bank balances</b>	<b>2024</b>	<b>2023</b>
Cash holdings	10,580,973	7,939,712
Bank (Note 32b)	4,537,261	2,848,855
ARB Apex Bank PLC- 5% Deposit (Note 16)	9,810,575	6,556,093
	<b>24,928,809</b>	<b>17,344,660</b>
<b>14. Short-term investments</b>	<b>2024</b>	<b>2023</b>
Apex certificate of deposit (ACOD 7/30)	13,600,000	9,600,000
Treasury bills note	98,000,000	40,900,000
	<b>111,600,000</b>	<b>50,500,000</b>
<b>15. Trading investment</b>	<b>2024</b>	<b>2023</b>
Fixed deposit with Non-Bank Financial Institution	4,426,069	4,426,069
Government stock	54,984,464	43,984,463
	59,410,533	48,410,532
Unearned interest	(8,082,259)	(4,086,524)
	<b>51,328,274</b>	<b>44,324,008</b>

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

<b>16. ARB Apex Bank PLC- 5% Deposit</b>	<b>2024</b>	<b>2023</b>
At start of year	6,556,093	4,801,011
Net Investments during the Year	3,254,482	1,755,082
At year end	<b>9,810,575</b>	<b>6,556,093</b>
<b>17. Investment in subsidiary</b>	<b>2024</b>	<b>2023</b>
SARB Service Limited	1,800	1,800
Full impairment	(1,800)	-
	<b>-</b>	<b>1,800</b>
The SARB Service Limited is a subsidiary but as at 31 December 2024, the Company is no more in existence except its net assets that procedures will be followed to liquidate the Company by appointing a liquidator. The board has decided to write off the balance awaiting formal liquidation.		
<b>18 (a) Loans and advances</b>		
<b>Analysed by type of facility</b>	<b>2024</b>	<b>2023</b>
Loans	40,448,335	32,819,110
Advances	10,195,064	10,716,200
	50,643,399	43,535,310
Less: provision for credit losses	(2,128,878)	(2,913,132)
	<b>48,514,521</b>	<b>40,622,178</b>
<b>b) Analysed by type of customer</b>	<b>2024</b>	<b>2023</b>
Individuals	32,878,782	23,687,981
Private institutions	7,569,553	5,390,518
Others	10,195,064	14,456,811
	<b>50,643,399</b>	<b>43,535,310</b>
Less provision for credit losses	(2,128,878)	(2,913,132)
	<b>48,514,521</b>	<b>40,622,178</b>

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

(c) Sectorial report	2024	2023
<b>Loans</b>		
Agriculture	1,881,197	1,464,500
Cottage industry	5,060,314	3,659,998
Transport	381,553	592,698
Trading	11,472,999	12,100,500
Others (Microfinance)	15,142,706	13,406,394
	<b>33,938,769</b>	<b>31,224,090</b>
<b>Advances</b>		
Commerce	15,988,053	12,006,416
Others	716,577	304,804
	<b>16,704,630</b>	<b>12,311,220</b>
<b>Total loans and advances</b>	<b>50,643,399</b>	<b>43,535,310</b>
Less provision for credit losses	(2,128,878)	(2,913,132)
	<b>48,514,521</b>	<b>40,622,178</b>
<b>19. Equity Investments</b>	<b>2024</b>	<b>2023</b>
<b>Quoted shares</b>		
Societe Generale Ghana PLC	12,000	9,600
GCB Bank PLC	31,500	26,200
Cocoa Processing Company PLC	320	320
	<b>43,820</b>	<b>36,120</b>
<b>Unquoted shares</b>		
ARB Apex Bank PLC	291,396	222,348
<b>Total</b>	<b>335,216</b>	<b>258,468</b>

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

<b>20. Other Assets</b>	<b>2024</b>	<b>2023</b>
Office accounts	156,859	172,691
Stationery stock	426,250	310,389
Inter-agency	-	3,887
Payment of accounts of suppliers	439,823	-
Others (Ewich/U CONNECT)	-	45,920
CC Uncleared effect	17,043	233,818
E-Zwich/ ATM Stock	433,015	512,395
Suspense	105,172	-
Interest and commission accrued	2,372,000	545,406
	<b>3,950,162</b>	<b>1,824,506</b>
<b>21. Prepayments</b>	<b>2024</b>	<b>2023</b>
Insurance	382,447	221,006
	<b>382,447</b>	<b>221,006</b>

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

<b>22a. Property, plant and equipment- 2024</b>	<b>Cost/valuation 01-01-24</b>	<b>Additions</b>	<b>Reclassification /disposal</b>	<b>31-Dec</b>
Land & Building	1,180,603	-	-	1,180,603
Office Equipment	672,616	88,000	(8,100)	752,516
Plant & Machinery	514,885	-	-	514,885
Motor Vehicle	2,836,296	1,580,102	(22,502)	4,393,896
Computer & Accessories	1,091,237	189,474	(29,702)	1,251,009
Furniture & Fittings	841,033	80,651	(51,941)	869,742
	<b>7,136,670</b>	<b>1,938,226</b>	<b>(112,245)</b>	<b>8,962,651</b>
<b>Accumulated Depreciation</b>	<b>01-01-24</b>	<b>Charge for the year</b>	<b>Reclassification /disposal</b>	<b>31-Dec</b>
Land & Building	562,086	54,097	1,816	617,999
Office Equipment	495,966	80,402	69,168	645,536
Plant & Machinery	361,866	60,704	-	422,570
Motor Vehicle	2,142,078	746,347	(76,596)	2,811,829
Computer & Accessories	910,163	147,994	(44,205)	1,013,952
Furniture & Fittings	756,616	40,092	(127,202)	669,506
	<b>5,228,775</b>	<b>1,129,636</b>	<b>(177,019)</b>	<b>6,181,392</b>
<b>Carrying values:</b>				
Land & Building				562,604
Office Equipment				106,980
Plant & Machinery				92,315
Motor Vehicle				1,582,067
Computer & Accessories				237,057
Furniture & Fittings				200,236
				<b>2,781,259</b>

None of these assets are hedged against any borrowings except The Armored Bullion Van used as a collateral for loan contracted from ARB Apex Bank PLC

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

<b>22b. Property, plant and equipment- 2023</b>	<b>Cost/valuation 01-01-24</b>	<b>Additions</b>	<b>Reclassification</b>	<b>31-Dec</b>
Land & Building	1,126,113	54,490	-	1,180,603
Office Equipment	556,004	116,613	-	672,617
Plant & Machinery	344,085	170,800	-	514,885
Motor Vehicle	2,629,737	206,558	-	2,836,295
Computer & Accessories	1,016,387	74,850	-	1,091,237
Furniture & Fittings	804,892	36,141	-	841,033
			-	
	<b>6,477,218</b>	<b>659,452</b>	-	<b>7,136,670</b>

<b>Accumulated depreciation</b>	<b>44,927</b>	<b>Charge for the year</b>	<b>Disposal</b>	<b>31-Dec</b>
Land & Building	510,713	51,373	-	562,086
Office Equipment	413,288	82,678	-	495,966
Plant & Machinery	304,721	57,145	-	361,866
Motor Vehicle	1,635,366	506,712	-	2,142,078
Computer & Accessories	829,995	80,168	-	910,163
Furniture & Fittings	722,153	34,463	-	756,616
			-	
	<b>4,416,236</b>	<b>812,539</b>	-	<b>5,228,775</b>

<b>Carrying values:</b>	
Land & Building	618,517
Office Equipment	176,651
Plant & Machinery	153,019
Motor Vehicle	694,217
Computer & Accessories	181,074
Furniture & Fittings	84,417
	<b>1,907,895</b>

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

<b>23. Intangible assets</b>	<b>2024</b>	<b>2023</b>
Cost at start of year	385,054	385,054
Cost at year end	385,054	385,054
<b>Accumulated amortization</b>		
Balance at start of year	155,693	117,188
Charge for the year	38,505	38,505
Disposal/adjustment	(5,552)	-
Balance at year end	188,646	155,693
<b>Carrying amount</b>	<b>196,408</b>	<b>229,361</b>
<b>24. Right of use of assets</b>	<b>2024</b>	<b>2023</b>
Cost at start of year	1,030,524	-
Additions	201,647	1,030,524
Cost at year end	1,232,171	1,030,524
Accumulated amortization		
Balance at the start of the year	130,137	-
Charge for the year	255,122	130,137
Balance at year end	385,259	130,137
<b>Carrying amount</b>	<b>846,912</b>	<b>900,386</b>
<b>25. Customer Deposits</b>	<b>2024</b>	<b>2023</b>
<b>(a) Analysed by type of accounts</b>		
Time deposits	47,422,163	33,568,275
Current account	30,299,220	20,614,678
Susu	44,644,786	27,106,892
Other deposits (Ezich and E-connect)	634,177	963,848
Savings accounts	87,693,859	52,238,319
	<b>210,694,205</b>	<b>134,492,012</b>

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

#### (b) Analysed by Type of Customers

Susu	44,644,786	27,106,892
Government agencies and department	1,467,041	963,495
Private Enterprise	13,131,277	8,905,885
Individual	151,451,101	97,515,740
	<b>210,694,205</b>	<b>134,492,012</b>

<b>26. Long term liabilities</b>	<b>2024</b>	<b>2023</b>
Other sources CAP	720,310	720,310
<b>ARB Apex Bank PLC Loan:</b>		
Balance b/f	37,500	201,708
Loan received-ARB Apex Bank PLC	1,400,000	-
Loan received-ARB Apex Bank PLC	(231,944)	(164,208)
<b>ARB Apex Bank PLC Loan as at year end</b>	<b>1,205,556</b>	<b>37,500</b>
	<b>1,925,866</b>	<b>757,810</b>

The Bank borrowed an amount of GH¢ 1,400,000 in 2024 from ARB Apex PLC at an interest rate of 17.0% payable within 36 monthly installments. The purpose of the loan is to purchase an armored bullion van.

<b>27. Payables and accruals</b>	<b>2024</b>	<b>2023</b>
Migrating suspense	-	214,363
Accrued interest	1,353,992	1,025,346
Growth and sustainability levy	309,142	166,663
Bills payable	1,065,191	416,624
Audit fees	60,876	55,000
Police guard	79,100	49,600
Office accounts	1,014,820	653,379
ACH Uncleared effect	865,814	2,649,112
Withholding tax payable on bonus shares issued	-	36,348
Inter-Agency	-	329,047
Redenomination account/interest suspense	844,300	745,200
Ezwich	360,076	-



## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

	5,953,311	6,340,682
<b>28. Dividend payable</b>	<b>2024</b>	<b>2023</b>
At start of year	1,303,283	1,350,355
Dividend declared at AGM	884,938	-
Payments	(1,315,644)	(47,072)
<b>At close of year</b>	<b>872,577</b>	<b>1,303,283</b>

<b>29. Stated Capital</b>		<b>2024</b>		<b>2023</b>
	<b>Number</b>	<b>Proceeds</b>	<b>Number</b>	<b>Proceeds</b>
<b>Issued Ordinary Shares for:</b>				
Cash and other than cash	88,493,914	4,279,882	83,597,935	3,802,208
Additions during the year	1,451,607	145,161	716,082	59,685
Bonus Issue	-	-	4,179,897	417,989
<b>At year-end</b>	<b>89,945,521</b>	<b>4,425,043</b>	<b>88,493,914</b>	<b>4,279,882</b>

<b>30. Statutory Reserve Fund</b>	<b>2024</b>	<b>2023</b>
At the start of the year	4,533,073	3,775,307
Transferred from Retained earnings	1,161,816	757,766
<b>At year-end</b>	<b>5,694,889</b>	<b>4,533,073</b>

The Statutory Reserve Fund is required under section 34 of the Banks and Special Deposit Act, 2016 (Act 930). Based on the parameters, 12.55% of profit after tax was transferred to statutory reserve for 2024 and 25% in 2023.

<b>31. Development fund</b>	<b>2024</b>	<b>2023</b>
At the start of the year	1,053,271	553,272
Transfer from retained earnings	1,000,000	499,999
Development fund utilized (Nankese Agency refurbishment)	(211,689)	-
<b>At year-end</b>	<b>1,841,582</b>	<b>1,053,271</b>

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

<b>32. Credit risk reserve</b>	<b>2024</b>	<b>2023</b>
Balance at start of year	220,142	220,142
<b>At year end</b>	<b>220,142</b>	<b>220,142</b>
<b>33. Staff exit package fund</b>	<b>2024</b>	<b>2023</b>
Staff exit package	743,663	-
	<b>743,663</b>	<b>-</b>
<b>34. Earnings per Shares</b>		
Basic earnings per share (EPS) is calculated by dividing the profit after tax for the year attributable to equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year.		
	<b>2024</b>	<b>2023</b>
Profit attributable to ordinary shareholders	9,294,529	3,031,066
Weighted average shares	89,945,521	88,493,914
<b>EPS</b>	<b>GH¢ 0.10</b>	<b>GH¢0.03</b>
<b>35. Cash and Cash Equivalents</b>	<b>2024</b>	<b>2023</b>
Cash holdings (Note 13)	10,580,973	7,939,712
Bank (Note 32b)	4,537,261	2,848,855
ARB Apex Bank PLC-5% Deposit (Note 16)	9,810,575	6,556,093
Short term investment (Note 14)	111,600,000	50,500,000
	<b>136,528,809</b>	<b>67,844,660</b>
<b>35(b). Bank Balance</b>	<b>2024</b>	<b>2023</b>
ARB Apex Bank PLC	3,999,042	2,192,222
Other banks (Mobile money and money at call)	538,220	656,633
	<b>4,537,262</b>	<b>2,848,855</b>

### 36. Capital commitments

## **SOUTH AKIM RURAL BANK PLC**

### **Notes and significant accounting policies (continued)**

*(All amounts are expressed in Ghana Cedi unless otherwise stated)*

There were no outstanding capital commitments at the reporting date (2023: Nil).

#### **37. Contingencies**

There were no contingent assets or liabilities not provided at the reporting date (2023: Nil).

#### **38. Legal proceeds**

There were legal proceedings that the Bank took against her customers who failed to pay back their loans Bank at the reporting date. Previous experience is that Bank always win her cases against her customers. The Bank lawyer is yet to furnish his expectations on these outstanding legal cases. (2023: Nil).

#### **39. Related party**

##### **a) Key management personnel and directors**

Key Management personnel are defined as those persons having authority and responsibility for planning: directing and controlling the activities of South Akim Rural Bank PLC (directly or indirectly) and comprise the Directors and senior management.

**For the year under review, key management personnel include:**

- i. Board of Directors -refer to list on page 1
- ii. Key management persons

**These are the departmental heads of the Bank and the list is below:**

Mr. Stephen Yamoah Nteful	Chief Executive Officer
Mrs. Felicity Baah	Operations Manager
Mr. Llewellyn Theophilus Okunka Bruce	Human Resource Manager
Mr. Richard Kpodji	Marketing Manager
Mr. Fred Anim	Credit Manager
Mr. Mark Ayeh Anim	Audit Manager
Ms. Esther Serwa A Mensah	Risk and Compliance Manager
Mr. Shani Mahama	Microfinance Manager

##### **b. Transactions with Directors and Key Management Personnel**

The details of transactions between the company and its key management personnel are as follows:

<b>Key management and staff compensation</b>	<b>2024</b>	<b>2023</b>
Directors Emoluments	-	-
Salaries and other benefits to senior management	3,965,154	3,196,384

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

#### c. Loan transactions with Directors and Key Management Personnel

Loans to Board members and management staff are given in line with the policies of the Bank. Below is the details:

Details	At start of year	Addition	Payments	At year end
Directors	-	-	-	-
Firms that Directors have interest	-	200,000	(21,874)	178,126
Senior management staff	890,931	1,701,000	(1,558,016)	1,033,915

#### d. All Directors and key management staff have an interest in shares at year-end

##### (i) Directors Shareholding:

The total number of shares held by the Directors of the Bank at the reporting date represented 1.88% of total number of shares outstanding then. Below are the details **directors' shareholding as at 31 December 2024**

Names of Director	No. of Shares	Percentage of Issued Capital
1. Dr. Theophilus Knight Oware	263,617	0.26
2. Mr. Festus Kwame-Mensah Ofori	647,692	0.65
3. Mr. Godfred Kwasi Gyasi	102,039	0.10
4. Prof. Douglas Darko Agyei	101,500	0.10
5. Emmanuel Obiri Addo (Dr.)	310,000	0.31
6. Dr. Collins Nii Anang Okpoti	445,453	0.45
	<b>1,870,301</b>	<b>1.88</b>

##### (ii) Key Management staff other than the Board of Directors shareholding as at 31 December 2024

**Key management staff also invested in the shares of the Bank. The details are**

Mr. Stephen Yamoah Nteful	278,474	0.28%
Mrs. Felicity Baah	175,536	0.18%
Mr. Llewellyn Theophilus Okunka Bruce	42,670	0.04%
Mr. Richard Kpodji	50,000	0.05%
Mr. Fred Anim	49,461	0.05%
Mr. Mark Ayeh Anim	46,310	0.05%
Ms. Esther Serwa Ama Mensah	427,450	0.43%
Mr. Shani Mahama	27,942	0.03%
	<b>1,097,843</b>	<b>1.10%</b>

#### 2. Related company

SARB Service Limited is a 100% Subsidiary of the Bank. During the year there has not been any transaction

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

or balance between the two as the company has ceased operations many years ago.

#### 40. Number of Shareholders

##### Shareholding Structure

##### (i) Number of Shares Outstanding

Earnings and dividend per share are based on **89,945,521** (2023: 88,493,914 Ordinary Shares Outstanding).

The Bank Ordinary Shareholders as at 30 September 2024 distributed as follows: -

Range	Total Shareholders	Total shares
1-1000	1,842	868,330
1001-5000	2,413	6,097,249
5001-10000	961	6,896,169
> 10000	1,439	76,083,773
	<b>6,655</b>	<b>89,945,521</b>

41. Cash flows from operating activities:	2024	2023
Profit before tax	14,184,633	4,878,624
Add: depreciation and amortization	1,168,141	851,045
Depreciation on right-of-use of assets	255,122	130,137
Loss/Profit on disposal	21,512	(46,952)
Impairment of investment in subsidiary	1,800	-
<b>Cash Inflow before changes in working capital</b>	<b>15,629,408</b>	<b>5,812,854</b>
Increase in loans and advances	(7,892,344)	(4,099,671)
Increase in other assets	(2,125,658)	600,995
Increase in customer deposit	76,202,193	28,800,148
Increase/(decrease) in accounts payable	(696,512)	1,655,551
Decrease/(increase) in prepayments	(161,441)	703,745
<b>Cash flows from operating activities before taxation</b>	<b>80,955,646</b>	<b>33,473,622</b>

## SOUTH AKIM RURAL BANK PLC

### Notes and significant accounting policies (continued)

(All amounts are expressed in Ghana Cedi unless otherwise stated)

<b>42. Value added statement</b>	<b>2024</b>	<b>2023</b>
Interest income and other operation income	46,571,550	30,191,557
Direct operational expenses	(18,482,914)	(14,190,375)
<b>Value added by banking services</b>	<b>28,088,637</b>	<b>16,001,182</b>
Non-banking Income	628,900	535,769
Impairments	(540,614)	(435,071)
<b>Value Added</b>	<b>28,176,923</b>	<b>16,101,880</b>
<b>Distributed as follows:</b>		
<b>To Employees:-</b>		
other employees	12,570,827	10,280,579
	<b>12,570,827</b>	<b>10,280,579</b>
<b>To Government and Statutory:</b>		
Statutory reserve	1,161,816	757,766
Taxation	4,888,304	1,847,558
	<b>6,050,120</b>	<b>2,605,325</b>
<b>To providers of capital:</b>		
Bonus Issue	-	454,337
Dividend paid	884,938	-
	<b>884,938</b>	<b>454,337</b>
<b>To expansion and growth:</b>		
Depreciation and amortisation	1,423,263	942,676
	1,423,263	942,676
<b>Transferred to retained earnings</b>	<b>7,247,775</b>	<b>1,818,963</b>