

KINTAMPO RURAL BANK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2014**

2014	Stated Capital GH¢	Retained Earnings GH¢	Revaluation Reserve GH¢	Capital Reserve GH¢	Statutory Reserve Fund GH¢	Capital Surplus GH¢	Development Fund GH¢	General Pension Fund GH¢	Total GH¢
Balance at 1 st January	598,863	1,763,681	79,199	9	719,861	39,404	238,692	205,425	3,645,134
Profit For The Year	-	1,012,148	-	-	-	-	-	-	1,012,148
Share Issued	126,176	-	-	-	-	-	-	-	126,176
Transfer To Community Dev't Fund	-	(0)	-	-	-	-	0	-	-
Transfer To General Welfare Fund	-	(0)	-	-	-	-	-	0	-
Transfer To Statutory Reserve Fund	-	(126,519)	-	-	126,519	-	-	-	-
Funds Applied	-	-	-	-	-	-	(31,207)	(71,151)	(102,358)
Balance at 31st December	725,039	2,649,310	79,199	9	846,380	39,404	207,485	134,274	4,681,100

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER, 2015

	2015 GH¢	2014 GH¢
OPERATING ACTIVITIES		
Profit before Tax	1,369,178	1,112,746
Adjustments for:		
Depreciation	155,977	126,500
Community Development Fund Applied	(15,915)	(31,207)
General Pension Fund Applied	(11,220)	(71,151)
Income Tax Paid	(97,693)	(163,986)
Prior Year	(16,217)	0.00
Operating Profit before Working Capital Changes	1,384,110	972,902
Changes in Working Capital		
Change in Loans and Advances to Customers	188,126	(1,318,031)
Change in Other Assets	(345,738)	49,835
Change in Customer's Savings and Deposits	2,585,932	131,984
Change in Creditors & Accruals	639,350	(308,653)
Net Cash Flow from Operating Activities	3,067,670	(1,444,865)
INVESTING ACTIVITIES		
Purchase of Property and Equipment	(185,267)	(560,488)
Purchase of Treasury Bills & Other Eligible Bills	(3,225,000)	379,000
Dividend	(197,115)	0
Net Cash flow from Investing Activities	(3,607,382)	(181,488)
FINANCING ACTIVITIES		
Additional Shares Issued	126,311	126,176
Proceeds from Borrowed Funds	(300,000)	210,843
Net Cash Flow from Financing Activities	(173,689)	337,019
Net Increase/(Decrease) in Cash and Cash Equivalent	670,709	(316,432)
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENT DURING THE YEAR		
Cash and Cash Equivalents at beginning of year	1,260,553	1,576,985
Net increase in Cash and Cash Equivalent	670,709	(316,432)
Cash and Cash Equivalents at end of the year	1,931,262	1,260,553

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015

1) CORPORATE INFORMATION

Kintampo Rural Bank Limited is a bank incorporated in Ghana. The Bank operates unit banking. The address of the registered office of the bank is Box 98, Kintampo-Brong Ahafo Region-Ghana West Africa.

2) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a) Statement of Compliance

The financial statements of Kintampo Rural Bank Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention except as disclosed in the accounting policies below.

b) Use of Estimates and Judgement

The preparation of the financial statements in conformity with IFRS requires management to make judgement, estimates and assumptions that affects the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and the associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

c) Functional and Presentational Currency

The financial statements are presented in Ghana Cedis (GH¢), which is the Bank's functional and presentational currency

d) Significant Accounting Policies

The significant accounting policies adopted by the Bank which have been used in preparing

these financial statements are as follows;

e) Revenue Recognition

i) Interest Income and Expenses

Interest income and expenses are recognised in the statement of comprehensive income for all financial instruments measured at amortised cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments, when appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the instrument.

When a financial asset or group of similar financial assets have been written down as a result of impairment, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income and expenses on financial assets and liabilities held at fair value through profit or loss is recognised in the income statement in the period they arise.

ii) Fees & Commissions

Fees and commission income and expenses that are an integral part to the effective interest rate on financial instruments are included in the measurement of the effective interest rate. Fees

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2015 (Cont'd)

and commissions relating to specific services are recognised as revenue when the related services are performed.

iii) **Other Operating Income**

Other income comprises gains or losses arising on fair value changes in trading assets and liabilities and derecognised available for sale financial assets.

f) **Financial Assets and Financial Liabilities**

i) Categorisation of Financial Assets and Financial Liabilities

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

ii) Financial assets and Financial Liabilities at Fair Value through profit or loss is a financial asset or financial liability that meets either of the following conditions;

g) **Held for Trading**

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

h) **Designated at Fair Value Through Profit or Loss**

Upon initial recognition as financial asset or financial liability, it is designated by the Bank at fair value through profit or loss except for

investment that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

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.

i) **Property, Plant and Equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or 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 can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Depreciation is recognised in the income statement on a straight -line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The current annual depreciation rates for each class of property, plant and equipment calculated in the month of acquisition are as follows;

Buildings	5%
Plant & Machinery	10%
Motor Vehicles	33.3%
Office Equipment	25%
Furniture & Fittings	20%
Computer and Accessories	25%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2015 (Cont'd)

j) **Taxation**

The Bank provides for income taxes at the current tax rate on the taxable profits of the Bank. 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. No provision is made for deferred tax.

k) **Employee Benefits**

Post Employment Benefits

a) Social Security and National Insurance Trust (SSNIT)

Under a National Deferred Benefit Pension Scheme, the Bank contributes 13% of employees' basic salary to SSNIT for employees' pensions. The Bank's obligation is limited to the relevant contributions which were settled on due dates. The pension liabilities and obligations, however, rest with SSNIT.

b) **Provident Fund**

The Bank has a provident Fund Scheme for all employees who have permanent status with the Bank. Employees contribute 6% of their basic salary to the fund whilst the Bank contributes 10%. The obligation under the plan is limited to the relevant contribution and these are settled on due dates.

l) **Provision**

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is more likely than not, that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where the obligation is expected to be settled over a period of years, the provision is discounted using a discount rate appropriate to the nature of the provisions.

m) **Dividend**

Dividend declared is treated as an appropriation of profits in the year of approval, whilst dividend proposed is disclosed as a note to the financial statements.

n) **Borrowings**

Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost. Any difference between the amount initially recognised (net of transaction cost) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as non-current liabilities where the Bank has an unconditional right to defer settlement of liability for at least twelve months after the balance sheet date. Borrowing costs relating to an acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. All other borrowing costs are expensed as incurred.

o) **Post Balance Sheet Events**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2015 (Cont'd)

p) **Cash and Cash Equivalent**

For the purposes of the cash flows statement, cash and cash equivalents include cash, non-restricted and restricted balances with ARB Apex Bank of Ghana, amounts due from other banks and financial institutions.

3) **COMMITMENTS AND CONTINGENCIES**

a) Commitment - Banking Business

The Bank enters into various commitments in the normal course of banking.

b) Contingent Liabilities

There were no contingent liabilities at the end of the year.

c) Commitment for Capital Expenditure

There were no commitments for Capital Expenditure at the end of the year.

4) **INTEREST INCOME**

Interest on loans & overdrafts
Investments

**2015
GH¢**

3,340,892
1,708,298

5,049,190

**2014
GH¢**

2,925,306
1,350,084

4,275,390

5) **INTEREST EXPENSE**

Interest on Savings & Deposits
Interest on Fixed Deposits
Interest on Borrowed Funds

161,429
440,090
64,742

666,261

171,409
230,272
47,119

448,800

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2015 (Cont'd)

	2015 GH¢	2014 GH¢
6) FEES & COMMISSION INCOME		
Commission and fees	120,799	127,071
Commitment Fees	270,007	143,645
Other Income	134,306	115,501
Remittances	17,110	32,722
Sundries (sms charges & Bad debt recovery)	11,659	11,287
	553,881	430,226
7) OPERATING EXPENSES		
a) Staff Cost	1,752,914	1,601,619
b) Occupancy Cost	203,601	146,418
c) General Administrative Expense	1,478,316	1,226,945
Total Operating Expenses	3,434,831	2,974,982
a) Staff Cost		
Salaries, Wages & Allowances	1,514,119	1,344,779
Other Staff Cost	180,665	219,651
Training	49,843	24,204
Medical Expenses	8,287	12,985
	1,752,914	1,601,619
b) Occupancy Cost		
Rent & Rates	16,692	11,338
Repairs and Maintenance	38,146	29,731
Electricity and Water	143,881	100,779
Housing	4,882	4,570
	203,601	146,418

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2015 (Cont'd)

c) GENERAL ADMINISTRATIVE EXPENSES	2015 GH¢	2014 GH¢
Directors' Remuneration	40,440	34,957
Board Meeting Expenses	114,945	70,070
Travelling and Transport	134,822	110,903
Printing and Stationery	66,551	50,685
Telephone & Postages	25,970	22,431
Police Guard Expenses	64,891	54,911
General Office Expenses	33,199	52,219
Mobilization Expenses	39,025	49,781
Licensing & Operational Levy	15,815	11,404
Legal Expenses	2,821	4,694
Vehicle Running Expenses	61,794	82,524
Recruitment & Selection	0	2,331
Annual Gen. Meeting Expenses	35,441	41,258
Audit Expenses	8,444	6,835
Audit Fees	10,000	10,000
Loan Recovery expenses	2,789	18,693
Insurance	44,555	35,031
Generator Expenses	31,503	26,986
Computerisation Expenses	163,503	75,972
Entertainment	27,655	11,770
Advertising and Publicity	26,699	25,335
Specie Movement Expenses	6,609	8,879
Susu Expenses	284,076	226,144
Subscription/Dues/Newspapers	26,537	34,166
Bank Charges	6,686	4,520
Donations	9,007	10,605
Depreciation	155,977	126,500
Shortages	433	0
Funeral Expenses	18,087	4,591
Ezwich Expenses	1,775	11,890
Cleaning/Sanitation	18,267	860
	1,478,316	1,226,945
8) LOAN IMPAIRMENT		
Bad debts written off	0	0
Charge for the year	132,801	169,088
Revised Charge	132,801	169,088



9)	TAXATION Year	1st January GH¢	Payments GH¢	Charge for Year GH¢	31st December GH¢
	2011	16,014	36,118	53,505	33,401
	2012	33,401	80,000	78,018	31,419
	2013	31,419	98,281	112,001	45,139
	2014	45,139	163,986	100,598	(18,249)
	2015	(18,249)	97,693	118,561	2,619

All liabilities are subject to agreement with the Ghana Revenue Authority (Revenue Division).

10) **BASIC EARNINGS PER SHARE**

Basic earnings per share were based on profit attributable to ordinary shareholders and ordinary shares in issue during the year.

11) **PROPOSED DIVIDEND**

Total Dividend amounting to GH¢250,119 (2014-GH¢202,430) is proposed by the Directors to be paid to qualifying shareholders.

12) **CASH AND BANK BALANCES**

	2015 GH¢	2014 GH¢
Cash Balance	916,479	454,786
Current Account Balance- ARB APEX Bank Limited	276,533	227,999
5% Placement - ARB APEX Bank Limited	697,996	577,444
E-zwich Account	40,254	324
	1,931,262	1,260,553
13) INVESTMENTS		
Treasury Bills - BOG	9,010,000	5,885,000
ACOD	1,050,000	950,000
	10,060,000	6,835,000

14) **LOANS & ADVANCES**

Loans and Overdraft	8,916,457	8,971,782
Less: Provision for Bad & Doubtful Debts	(808,780)	(675,979)

8,107,677 **8,295,803**

Provision for Impairment:

Balance at 1st January	675,979	506,891
Loan Impairment Charge	132,801	169,088

Balance at 31st December **808,780** **675,979**

15) **OTHER ASSETS**

Managed Fund Loans	104,715	104,715
Office Account (Debit)	144,796	73,860
Stationery Stocks	91,876	83,927
Insurance - Prepayments	9,941	3,406
Inter Agencies	0	0
Defalcation Account	17,454	14,838
Automatic Generated	21,857	20,647
Rent - Prepayments	115,056	107,668
Interest in Arrears	249,104	

754,799 **409,061**

16) **INVESTMENT IN EQUITY**

Apex Bank Limited-Ordinary Shares	49,704	49,704
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17) **PROPERTY, PLANT & EQUIPMENT**

	Land & Buildings GH¢	Computers & Accessories GH¢	Motor Vehicles GH¢	Furniture & Fittings GH¢	Office Equipment GH¢	Work in Progress GH¢	Plant & Generator GH¢	Total GH¢
COST								
Balance at 1 st January	664,643	103,771	58,833	147,822	179,045	358,974	69,068	1,582,156
Additions during the year		13,000	159,737	(27,074)	12,530		(9,375)	185,268
Deletion during the year		(5,334)	0		(19,229)			(61,011)
Transfer during the year	345,876	0	0	0	0	(345,876)	0	0
Balance at 31 st December	1,010,519	111,437.56	218,570	120,748	172,346	13,098	59,693	1,706,412
Depreciation								
Balance at 1 st January	149,853	55,438	45,022	62,741	49,158	0	11,724	373,936
Charge for the Year	40,418	23,482	19,596	24,671	42,192	0	5,618	155,977
Deletions		(5,334)		(27,074)	(19,229)	0	(4,050)	(55,687)
Balance at 31 st December	190,271	73,586	64,618	60,338	72,121	0	13,292	474,226
Net Book Values								
31 st December, 2015	817,648	37,851	153,952	60,410	100,226	13,098	46,401	1,232,186
31st December, 2014	514,790	48,333	13,811	85,081	129,887	358,974	57,344	1,208,220

18) DEPOSITS AND CURRENT ACCOUNTS
a) Analysis By Type of Deposit

Savings Accounts	6,207,615	5,968,048
Demand Accounts	2,787,988	2,053,822
Time Deposits	2,469,359	1,786,785
Susu	2,707,020	1,832,163
E-zwich Holding	57,317	2,548

14,229,299

11,643,366

19) CREDITORS & ACCRUALS

Loan Insurance Cover	33,870	23,666
Unearned Discount on Treasury Bills	367,138	305,938
Audit Fees	5,000	10,000
Office Account Credit	229,893	269,709
Bills Payable	0	125
SIF Insurance	3,978	3,978
Payment Order	708,552	185,023
Accrued Interest	80,983	41,495
Managed Funds	179,400	179,400
Interest on Managed Funds	13,419	13,419
Interest in Suspense	99,744	99,735
Micro - Finance Project	19,633	10,875
Unassigned Lines	1,224	6,726
CCC Settlement Account	27,710	15,001
Mmaa Nkosuo Scheme	43,368	31,525
Cheque in Suspense	501	11,616
Dividend Account	276,402	243,893
Inter branch	659	0

2,091,474

1,452,124

20) BORROWINGS

ARBAPEX Bank	0	300,000
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21a. **STATED CAPITAL**
Authorized

	2015		2014	
	Number	GH¢	Number	GH¢
Number of Shares of no par value Ordinary Shares	15,000,000		15,000,000	
Issued Shares				
Ordinary Shares at 1 st January	8,756,712	725,026	7,494,946	598,850
Capitalization	0	0	0	0
Issue of New Shares	1,263,106	126,311	1,261,766	126,176
31st December	10,019,818	851,337	8,756,712	725,026
Preference Shares	125,000	13	125,000	13
		851,350		725,039

There is no unpaid liability on any share and there is no share in Treasury.

21b. **TWENTY LARGEST SHAREHOLDERS**

	<u>Name of Shareholder</u>	<u>Shareholding</u> GH¢	<u>Percentage</u> <u>Holding</u>
1	Effah-Baafi Yaw	768,412	7.62
2	Isaac Gyamfi Boateng	503,120	4.99
3	Donyina -Ameyaw Samuel	359,110	3.56
4	Boyd Donkor	341,923	3.39
5	Abubakari Sulemana	300,008	2.98
6	Kwadwo Asante Philip	284,993	2.83
7	Takyi Ekuban Kwabena	257,642	2.56
8	Agyepong Adu-Baah	244,972	2.43
9	Serwaa's Children Akua	236,425	2.35
10	Kwasi Fah Joseph	212,203	2.11
11	Kwabena Appiah Joseph	175,956	1.75
12	Tumtuo Christiana Nana	169,012	1.68
13	Kwaku Adamu George	144,881	1.44
14	Gyasi Kwasi	144,057	1.43
15	Appiah Donyina	121,758	1.21
16	Effah James	115,968	1.15
17	Elizabeth Adjei/Twuma	115,932	1.15
18	Pokua Afua	115,249	1.14
19	Anorchie Frimpong	115,229	1.14
20	Tumtuo Paulina	104,012	1.03
	TOTAL	4,830,862	47.94
	TOTAL SHAREHOLDERS	10,019,818	
	TOP 20 SHAREHOLDERS	47.93%	

	<u>2015</u> <u>GH¢</u>	<u>2014</u> <u>GH¢</u>
22 <u>STATUTORY RESERVE FUND</u>		
Balance at 1 st January	846,380	719,861
Transfer From Retained Earnings	156,327	126,519
	-----	-----
Balance at 31 st December	1,002,707	846,380
	=====	=====
<p>The transfer to Statutory Reserve Fund represents 12.5% (2014 :12.5%) of the Bank's net profit after tax and before dividend for the year. The transfer is in compliance with Section 29 of the Banking Act, 2004 (Act 673).</p>		
23 <u>CAPITAL SURPLUS</u>		
Balance at 1 st January	39,404	39,404
Transfers during the year	0	0
	-----	-----
Balance at 31 st December	39,404	39,404
	=====	=====
24 <u>REVALUATION RESERVE</u>		
Balance at 31 st December.	0	79,199
	=	=====
25 <u>CAPITAL RESERVE</u>		
Balance at 31 st December	0	9
	=	=
26 <u>COMMUNITY DEVELOPMENT FUND</u>		
Balance at 1 st January	207,485	238,692
Funds Applied	(15,915)	(31,207)
	-----	-----
Balance at 31 st December	191,570	207,485
	=====	=====
27 <u>GENERAL PENSION FUND</u>		
Balance at 1 st January	134,274	205,425
Funds Applied	(11,220)	(71,151)
	-----	-----
Balance at 31 st December	123,054	134,274
	=====	=====

2015 YEAR OF ASSESSMENT TAX COMPUTATION

	GH¢
Profit before tax	1,369,178
Add Back: Depreciation	155,977
Loan Impairment Charge	132,801
Adjusted Profit	1,657,956
Capital Allowances	(175,940)
Chargeable income	1,482,016

Tax thereon @ 8%	118,561
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CAPITAL ALLOWANCE COMPUTATION

2015 YEAR OF ASSESSMENT

<u>CLASS</u>	<u>WDV</u> <u>1/1/2015</u> <u>GH¢</u>	<u>ADDITIONS</u> <u>GH¢</u>	<u>TOTAL</u> <u>GH¢</u>	<u>RATE</u> <u>%</u>	<u>DEP</u> <u>GH¢</u>	<u>WDV</u> <u>31/12/2015</u> <u>GH¢</u>
1	22,404.94	13,000.20	35,405.14	40	14,162.06	21,243.08
2	24,774.95	159,737.31	184,512.26	30	55,353.68	129,158.58
4	192,702.30	12,530.00	205,232.30	20	41,046.46	164,185.84
5	10,363.92		10,363.92	10	3,454.83	6,909.09
5a	10,429.80		10,429.80	10	1,738.30	8,691.50
5b	8,777.30		8,777.30	10	1,253.90	7,523.40
5c	194,746.18		194,746.18	10	24,343.27	170,402.91
5d		345,875.82	343,875.82	10	34,587.58	311,288.24
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	464,199.39				175,940.08	
	=====				=====	



KINTAMPO

RURAL BANK LIMITED

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