

SISSALA RURAL BANK LIMITED

REPORT AND FINANCIAL STATEMENT

FOR

THE YEAR ENDED DECEMBER 2021

RUYAN CONSULT

(CHARTERED ACCOUNTANTS)

P.O.BOX LA 730

ACCRA

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SISSALA RURAL BANK LIMITED
AUDITED FINANCIAL STATEMENTS-2021

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SISSALA RURAL BANK LIMITED

CORPORATE INFORMATION

Board of Directors

Godfred Baveru Kanton
Geoffrey Baduon Dudimah
Woda Samuel Seme
Sulley Adam Usman

Secretary

Awini Thomas Fortunate

Management

Awini Thomas Fortunate
Razak Luriwie Kanton
Narima Salam
Laar George Yennume
Charles A. Subie

Chief Executive Officer
Operations Manager
Credit Officer
Risk & Compliance Officer
Systems Administrator

Registered Office

Sissala Rural Bank Limited
P. O. Box 98
Head Office - Tumu
Sissala East Municipal
Upper West Region

Auditors

Ruyan Consult
Chartered Accountants
P O Box LA 730
Accra - Ghana

Legal Advisor

Clement Eledi
Eledi Law Consult & Associates
Wa-Upper West Region

Bankers

ARB Apex Bank Limited
Accra

**REPORT OF THE DIRECTORS TO THE MEMBERS OF
SISSALA RURAL BANK LIMITED
YEAR ENDED 31 DECEMBER, 2021**

The Directors in submitting to the shareholders their report and financial statements of the bank for the year ended 31 December, 2021 report as follows:

DIRECTORS' RESPONSIBILITY STATEMENT

The Bank's Directors are responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 2019, Act 992, and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930), and for such internal controls as the Directors determine are necessary to enable the preparation of Financial Statements that are free from material misstatements, whether due to fraud or error. The Directors have made an assessment of the ability of the Bank to continue as a going concern and have no reason to believe that the Bank will not be a going concern in the year ahead.

NATURE OF BUSINESS

The Bank is authorized to carry on the business of rural/community banking. There was no change in the nature of the Bank's business during the year.

FINANCIAL RESULTS

The Bank's operating results for the year are set out in the attached financial statements, highlights of which are as follows:

	2021	2020
	GH¢	GH¢
The Bank recorded a Net Profit/(Loss) before taxation of	(724,074)	(662,070)
From which is deducted income tax expense of		(456)
Giving a Net Profit/(Loss) after tax of	<u>(724,074)</u>	<u>(662,526)</u>
There was a transfer to Statutory Reserves of		
Leaving a Profit/(Loss) for the year after tax and transfer to Statutory Reserve of	(724,074)	(662,526)
When added to the opening balance on the Income Surplus account as of 1 January	(1,307,483)	(682,134)
Prior-Year Adjustments/Additional Impairment Provision of	(1,210,985)	37,177
And aligning the opening balance with the figure of	142,871	
From which is deducted: Dividend declared of Bonus Shares of		
Leaving a closing balance on the Retained Earnings account of	<u><u>(3,099,671)</u></u>	<u><u>(1,307,483)</u></u>

STATED CAPITAL

The Bank's Stated Capital relating to Ordinary Shares issued increased from GH¢611,114 as at the end of the previous year to GH¢611,714; recording an increase of GH¢600.00 as at close of the year. The number of issued shares stood at 1,223,427 as at 31/12/2021.

DIVIDEND

The Directors do not recommend the payment of any dividend for the year.

CORPORATE GOVERNANCE

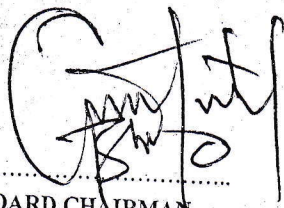
The Board of Directors is committed to ensuring good corporate governance as a means of determining the direction and performance of the Bank. To this end, the Bank aims to comply generally with best practices in corporate governance and the Bank of Ghana Corporate Governance Directives.

DIRECTORS REPRESENTATION

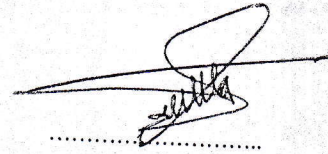
The Directors confirm that no matters have arisen since 31st December, 2021 which materially affect the financial statements as presented.

APPROVAL OF THE FINANCIAL STATEMENTS

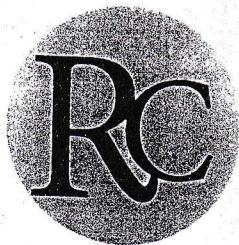
The Financial Statements were approved by the Board of Directors on and were signed on their behalf by the following:



.....
BOARD CHAIRMAN



.....
DIRECTOR



RUYAN CONSULT

(Chartered Accountants & Management Consultants)

P. O. Box LA 730, Accra/ P. O. BOX TL 1761, Tamale, Ghana Tel: +233 (0) 200612725, +233 (0) 244601067, +233 (0) 208383335, +233 (0) 208542509
Location: H/No. 33, Komkomlemle, on Nsawam-Circle Road (Adjacent Church of Christ) Accra - Ghana
Email: ruyanconsult55@gmail.com

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF SISSALA RURAL BANK LIMITED YEAR ENDED 31 DECEMBER, 2021

Report of the Independent Auditors to the Shareholders

We have audited the accompanying financial statements of the Sissala Rural Bank Limited. These statements comprise the Statement of Financial Position as at 31st December, 2021, the Statement of Comprehensive Income and the Statement of Changes in Equity and Cash Flow Statements for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibilities

The directors are responsible for the preparation and fair presentation of these statements in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Ghana Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930). This responsibility includes: designing, implementing, and maintaining internal controls 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.

Auditors' Responsibilities

Our responsibilities are to express an independent opinion on those financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risk of material misstatements of the financial statements.

Misstatement can arise from fraud or error, and either:

- i) Describe that they are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements; or
- ii) Provide a definition or description of materiality in accordance with the applicable financial reporting framework.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstance but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Basis of Opinion

We conducted our audit in accordance with International Standards on auditing (ISAS). Our responsibility under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statement section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standard Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

Except for the bank's stated capital being less than the Bank of Ghana's minimum requirement of GH¢ 1,000,000, in our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31st December, 2021 and of the financial performance and cash flows of the bank for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and generally complied with the requirements of the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-taking Institutions Act, 2016 (Act 930)

Report on Other Legal Requirements


The Companies Act, 2019 (Act 992) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion proper books of account have been kept by the bank, so far as appears from our examination of those books; and
- iii) that the bank's Statement of Financial Position and Statement of Comprehensive Income are in agreement with the books of account.

The Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), section 85 requires that we state certain matters in our report. We hereby state that:

- i) We were able to obtain all the information and explanations required for the efficient performance of our duties as auditors;
- ii) That the bank's transactions are within its powers; and
- iii) That the bank has complied with the provisions of the Banks and Special Deposit-taking Institutions Act, 2016 (Act 930), except the bank's inability to meet the prevailing minimum capital requirements.

The Engagement Partner on the audit, resulting in this Independent Auditor's Report is Dr. Alhaji Chief Yahaya Abdul-Rahman (ICAG/P/1636)


..... 28/03/2022
For and on behalf of Ruyan Consult (ICAG/F/092)
(Chartered Accountants)

Accra

SISSALA RURAL BANK LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER, 2021

	(NOTES)	2021 GH¢	2020 GH¢
Interest Income	(5)	304,769	294,228
Interest Expense	(5)	207,561	147,213
Net Interest Income		97,208	147,015
Fees & Commission Income	(6)	106,700	65,662
Fees & Commission Expense	(6)	23,053	14,855
Net Fees & Commission Income		83,646	50,806
Other Operating Income	(7)	23,035	53,207
Total Operating Income		203,889	251,028
Net Impairment Loss on Financial Assets	(14)	57,000	35,000
Personnel Expenses	(8)	411,048	386,983
Depreciation and Amortisation	(9)	70,000	60,418
Other Expenses	(10)	389,916	430,698
Total Expenses		927,963	913,099
Profit/Loss Before Income Tax		(724,074)	(662,070)
Income Tax Expense	(11)	-	(456)
Profit/Loss For The Year		(724,074)	(662,526)

The attached notes are an integral part of these financial statements.

SISSALA RURAL BANK LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2021

ASSETS	(NOTES)	2021 GH¢	2020 GH¢
Cash and Cash Equivalents	(12)	986,318	1,034,721
Investment in Securities	(13)	1,952,344	2,552,344
Loans and Advances to Customers	(14)	2,255,056	1,950,524
Other Assets	(15)	985,060	880,190
Other Investments	(16)	41,404	41,404
Property, Plant & Equipment	(25)	844,348	888,180
Total Assets		7,064,532	7,347,363
LIABILITIES			
Deposits from Customers	(17)	6,208,678	6,231,827
Current Tax Liabilities	(11)	-	-
Other Liabilities	(19)	1,241,186	525,861
Institutional Borrowings	(18)	145,988	540,393
Total Liabilities		7,595,852	7,298,081
EQUITY AND RESERVES			
Stated Capital	(20)	611,714	611,114
Income Surplus		(3,099,671)	(1,307,483)
Statutory Reserve	(21)	163,505	163,505
Capital Surplus	(22)	582,146	582,146
Credit Risk Reserve	(23)	1,210,985	
Total Equity and Reserves		(531,321)	49,282
Total Liabilities and Equity		7,064,532	7,347,363

The attached notes are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on
and signed on its behalf by:

.....
BOARD CHAIRMAN

.....
DIRECTOR

SISSALA RURAL BANK LIMITED
STATEMENT OF CHANGES IN EQUITY

2021	Stated Capital	Income Surplus	Statutory Reserve	Capital Surplus	Total
	GH¢	GH¢	GH¢	GH¢	GH¢
Balance as at Jan. 1, 2021	611,114	(1,307,483)	163,506	582,146	49,282
Alignment		142,871			142,871
Profit/loss for the year		(724,074)			(724,074)
Total Equity	611,114	(1,888,686)	163,506	582,146	(531,920)
Transactions with Equity Holders					
Shares issued	600				600
Bonus Shares					-
Dividend Declared/Payable					-
Total Equity Holders transactions	600	-	-	-	600
Regulatory & Other Transfers					
Transfer to Statutory Reserve					
Additional Impairment-Cr. Risk Reserve		(1,210,985)			(1,210,985)
Total Regul. & Other Transfers	-	(1,210,985)	-	-	(1,210,985)
Balance as at Dec. 31, 2021	611,714	(3,099,671)	163,506	582,146	(1,742,305)

Any transfer to the Reserve Fund is according to Section 34 of the Banks & Specialised Deposit-Taking Institutions Act 2016 (Act 930).

2020	Stated Capital	Income Surplus	Statutory Reserve	Capital Surplus	Total
	GH¢	GH¢	GH¢	GH¢	GH¢
Balance as at Jan. 1, 2020	554,387	(682,134)	190,709	669,605	732,566
Profit/loss for the year		(662,526)			(662,526)
Total Equity	554,387	(1,344,660)	190,709	669,605	70,041
Transactions with Equity Holders					
Shares issued	56,727				56,727
Bonus Shares					-
Dividend Declared/Payable					-

SISSALA RURAL BANK LIMITED

STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER, 2021

	(NOTES)	2021 GH¢	2020 GH¢
Cash flows from operating activities			
Profit/(Loss) before tax		(724,074)	(662,070)
Adjustments for:			
Depreciation & amortisation		70,000	60,418
Impairment on financial assets		57,000	(57,003)
		(597,074)	(658,655)
Change in loans and advances & adjustments		(506,941)	(267,253)
Change in other assets		(358,834)	193,684
Change in deposits from customers		(23,149)	1,570,955
Change in other liabilities/creditors & accruals		715,325	(174,590)
		(770,673)	664,141
Tax paid			(2,000)
Net cash flows from operating activities		(770,673)	662,141
Cash flows from investing activities			
Change in Investment in Securities		600,000	100,000
Change in Property & Equipment and adjustments		(83,925)	(58,068)
Net cash flows used in investing activities		516,075	41,932
Cash flows from financing activities			
Dividend paid		-	-
Change in borrowings		(394,405)	263,910
Issue of ordinary shares		600	56,727
Net cash flows used in financing activities		(393,805)	320,637
Net change in cash and cash equivalents		(648,403)	1,024,708
Cash and cash equivalents at 1 January		1,634,721	610,013
Cash and cash equivalents at 31 December	(12)	986,318	1,634,721

The attached notes are an integral part of these financial statements.

SISSALA RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2021

1. Reporting entity

Sissala Rural Bank Limited is a limited liability company incorporated under the Companies Act, 2019 (Act 992) and domiciled in Ghana. The bank is located in Tumu in the Sissala East Municipality, within the Upper West Region of Ghana.

2. Basis of Preparation

a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except loans and advances which are measured at fair value.

c) Functional and Presentational Currency

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

d) Use of Estimates and Judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period.

b) Fees and Commissions

Fees and Commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees and special statement request are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

c) Net Trading Income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest and dividends.

d) Financial Assets and Liabilities

i) 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.

ii) De-recognition

The bank de-recognises 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 asset that is created or retained by the bank is recognised as a separate asset or liability.

The bank de-recognises 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 de-recognised 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.

iii) Offsetting

Financial assets and liabilities are set off and the net amount presented in the financial position when, and only when, the bank 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 similar transactions.

iv) 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 method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

v) 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.

vi) 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 individual 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, 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 judgement 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.

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 OCI.

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

vii) Designation at Fair Value through Profit or Loss

The bank has designated financial assets and liabilities at fair value through profit or loss when either:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

The notes sets out the amount of each class of financial asset or liability that has been designated at fair value through profit or loss. A description of the basis for each designation is set out in the note for the relevant asset or liability class.

e) Cash and Cash Equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with ARB Apex Bank and Other Banks 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.

f) Trading Assets and Liabilities

Trading assets and liabilities are those assets and liabilities that the bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking. Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs taken directly to profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition.

g) 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 is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the financial asset is recognised within loans and advances.

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 ("reverse repo or stock borrowing"), the financial asset is accounted for as a loan, and the underlying asset is not recognised in the bank's 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 as described in the accounting policy.

h) 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.

i) Held-to-Maturity

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the bank has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity investments are carried at amortised cost using the effective interest method.

It must be noted that IFRS 9 only considers fair value and amortised cost based on the business models for managing the financial asset and the contractual cash flow characteristics of the financial asset. Thus all HTM assets are classified as amortised cost.

(ii) Fair Value through Profit or Loss

The bank carries some investment securities at fair value, with fair value changes recognised immediately in profit or loss as described in the accounting policy.

(iii) Available-for-Sale

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the bank becomes entitled to the dividend.

Other fair value changes are recognised directly in equity until the investment is sold or impaired and the balance in equity is transferred to profit or loss.

Other fair value changes are recognised directly in equity until the investment is sold or impaired and the balance is transferred to profit or loss.

i) Property, Plant and Equipment

(i) Recognition and Measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When components of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent Costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Revaluation Model

After recognition of an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and accumulated impairment losses.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Revaluation model is used for only property and surpluses on such revaluations are restricted to tier two capital with respect to capital adequacy ratio computation.

(iv) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	2%
Computers & Accessories	12.50%
Office Equipment	16.65%
Furniture and Fittings	12.50%
Motor Vehicles	25%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

j) Provisions

A provision is recognised if, as a result of a past event, the bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Before a provision is established, the bank recognises any impairment loss associated with it.

k) Employee Benefits

The bank contributes to two defined contribution schemes (Social Security Fund and Provident Fund) on monthly basis on behalf of employees and the last month outstanding contribution is included in creditors and accruals.

i) Social Security and National Insurance Trust (SSNIT)

Under a National Deferred Benefit Pension Scheme, the Bank contributes 13% of employee's basic salary in addition to 5.5% deduction from employees basic salary to SSNIT for employee pensions; and the 2nd Tier contributions to Fund Managers.

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.

ii) Provident Fund

The bank has a provident fund scheme for all employees who have completed probation with the bank. Employees contribute 5% of their basic salary to the fund whilst the bank contributes 12.5%. The obligation under the plan is limited to the relevant contribution and these are settled on due dates.

(iii) Termination Benefits

Termination benefits are recognised as an expense when the bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to employees who have reached their statutory retirement date.

(iv) Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for an amount expected to be paid under short-term cash if the bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

l) Share Capital and Reserves

(i) Ordinary Shares

The bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

(ii) Share Issue Costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

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) Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right of set-off and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

o) Borrowings (Liabilities to Banks and Customers)

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method, any differences between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings. Borrowings and other forms of financial liabilities shall be de-recognised from the books only when they are extinguished, ie when the obligation specified in the contract is discharged or cancelled or expired.

4. Financial Risk Management

a) Introduction and Overview

The bank has exposure to the following risks arising from the use of financial instruments. Typical of such risks are as follows:

- credit risk
- liquidity risk
- market risk
- operational risk.

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk Management Framework

This depends mainly on the Risk Management framework set out by the Central Bank. Bank specific framework based on the overall structure of the bank ensures that the Board of Directors has overall responsibility for the establishment and oversight of the bank's risk management framework. The Board has established the necessary committees which are responsible for developing and monitoring the Bank's risk management policies. These committees include members of the Bank's Management Committee and report regularly to the Board of Directors on their activities.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank through its training and management standards and procedures, has developed disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Bank Risk, Audit, Finance & Compliance Committee (RAFC), which is yet to be comprehensively operationalised, is responsible for monitoring compliance with the bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank.

a) Credit Risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the bank's loans and advances to customers and other Banks and investment securities.

b) Liquidity Risk

The Bank defines liquidity risk as the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of Liquidity Risk

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses that will damage the bank's reputation.

It is the policy of the Bank to maintain adequate liquidity at all times. Liquidity risk management is governed by the Asset and Liability Management Committee (ALCO), which is headed by the General Manager. ALCO is responsible for both statutory and prudential liquidity. These responsibilities include the provision of authorities, policies and procedures, maintaining a liquidity crisis contingency plan.

c) Market Risk

The Bank recognizes market risk as the exposure created by potential changes in market prices and rates, such as interest rates. The Bank is exposed to market risk arising principally from customers driven transactions.

Market risk is governed by the Bank's risk office which is supervised by RAFC through the ALCO, which is yet to be est

d) Operational Risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the bank's operations and are faced by all business entities.

The bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall bank standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with the bank standards is supported by a programme of periodic reviews undertaken by Internal Audit, which is in the process of being established. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the bank.

SISSALA RURAL BANK LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED 31 DECEMBER, 2021

	2021	2020
	GH¢	GH¢
5. Net Interest Income		
Interest income		
Loans and advances to customers	235,061	240,408
Investment securities	69,708	53,819
Total Interest Income	304,769	294,228
Interest Expense		
Deposits from customers	194,897	134,804
Interest on Borrowings	12,665	12,409
Total interest expense	207,561	147,213
Net Interest Income	97,208	147,015
6. Net Fees and Commission Income		
Fees and Commission Income		
Commitment Fees		
Commission	105,135	63,919
Commission on Cheques Clearing	1,565	1,743
Total Fees and Commission Income	106,700	65,662
Fees and Commission Expense		
Cheques Clearing Fees	1,463	903
Susu/mobilization expenses	21,590	13,952
Total Fees and Commission Expense	23,053	14,855
Net Fees and Commission Income	83,647	50,807
7. Other Operating Income		
Asset Disposal	-	-
Bad Debt Recovered	-	-
Sundry Income	23,035	53,207
Total Other Operating Income	23,035	53,207
8. Personnel Expenses		
Salaries, Wages and Allowances	374,501	366,508
Medical Expenses	162	505
Staff training	36,385	19,970
Total Personnel Expenses	411,048	386,983

SISSALA RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2021

	2021 GH¢	2020 GH¢
9. Depreciation and Amortisation		
Depreciation of property & equipment	63,582	54,000
Amortisation of purchased software	6,418	6,418
Total Depreciation and Amortisation	70,000	60,418
10. Other Expenses		
Audit Fees	4,000	8,000
Audit Expenses	1,890	1,150
Directors Remuneration	4,500	3,600
Board Meeting Expenses	6,635	11,249
Traveling Expenses	2,350	1,100
Printing and Stationery	2,646	3,824
Vehicle Repairs & Maintenance	39,158	25,283
Vehicle Running Cost	12,171	16,899
Postage and Communication	1,777	1,667
Insurance	51,276	31,676
Entertainment & Business Promotion	100	6,049
Adverts & Publicity	5,076	242
Fees, Subscriptions and Periodicals	8,757	13,738
AGM/Anniversary Expenses	-	21,648
Donations & charitable contributions	4,330	3,160
Penalties	-	12,000
Computerization & software licence	54,689	56,112
Police/Security Guard Expenses	27,496	26,886
Specie Movement	19,940	14,220
Generator Running Cost	7,478	11,876
Repairs and Maintenance	17,114	7,148
Legal Expenses/Fees	13,993	12,000
Housing Expenses	1,012	1,239
Rent and Rates and Taxes	7,800	37,441
Electricity and Water	41,040	33,667
Office & Admin. Expenses	4,430	1,168
Office/Sundry Expenses	43,013	49,639
Loan Recovery Expenses	2,903	6,685
Cleaning & Sanitation Exps	1,737	3,459
Bank charges	2,608	7,873
Total Other Expenses	389,916	430,698

SISSALA RURAL BANK LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED 31 DECEMBER, 2021

	2021 GH¢	2020 GH¢
11. Income Tax Expense		
Current Income Tax (a)	-	-

(a) Current income tax

Year of Assessment	Opening Balance GH¢	Charged to P& L GH¢	Payments during the year GH¢	Closing Balance GH¢
2018				
2019				-
2020				-
2021				-

12. Cash and Cash Equivalents

Cash balance		
Unrestricted balance with ARB Apex bank & others	192,234	625,524
Restricted balance at ARB Apex bank- 5% placement	385,882	139,691
	408,202	269,506
	986,318	1,034,721

13. Investments in Securities

Gov't of Ghana Treasury Bills & Other Investments		
Government of Ghana Treasury Notes		
Investment with Gold Coast Fund Management	1,952,344	1,952,344
Apex Certificate of Deposits (ACOD)	-	600,000
	1,952,344	2,552,344

SISSALA RURAL BANK LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED 31 DECEMBER, 2021

	2021 GH¢	2020 GH¢
14. Loans and Advances to Customers		
Overdrafts		442,289
Term Loans	711,284	2,309,860
	<u>2,027,981</u>	<u>2,752,149</u>
Allowances for impairment	2,739,264	2,752,149
Allowance for Interest in Suspense	(484,208)	(801,625)
	<u>2,255,056</u>	<u>1,950,524</u>
Analysis by business segment to retail customers:		
Agriculture	223,556	201,633
Cottage industries	229,009	256,400
Transport	2,913	5,290
Commerce	362,178	648,385
Others	1,921,608	1,640,441
	<u>2,739,264</u>	<u>2,752,149</u>
Allowances for impairment		
Balance at 1 January	801,625	766,625
Impairment loss for the year:		
Charge for the year	57,000	35,000
Additional Provision		
Bad Debt Written-off/Adjustments	858,625	801,625
Balance at 31 December	<u>(374,417)</u>	<u>-</u>
	<u>484,208</u>	<u>801,625</u>

Loan statistics

i) Twenty (20) largest exposure	886,891	1,000,055
i) Twenty (20) largest exposure to total exposures	32.38%	36.34%
ii) Loan loss provision ratio	17.68%	29.13%

Exposure to credit risk

	Rates	2021		2020	
		Gross Amount	Impairment	Gross Amount	Impairment
		GH¢	GH¢	GH¢	GH¢
Current (Not past due)	1%	2,266,735	22,667	2,259,715	22,597.15
OLEM (Past due 30-90 days)	10%	2,568	257	9,625	962.50
Sub-Standard (Past due 91-180 days)	25%	275,164	68,791	283,488	70,872.00
Doubtful (Past due 181-360 days)	50%	17,664	8,832	20,369	10,184.50
Loss (past due above 360 days)	100%	177,133	177,133	178,951	178,951.00
Total		<u>2,739,264</u>	<u>277,680</u>	<u>2,752,148</u>	<u>283,567</u>

Accuracy of classification is very doubtful

SISSALA RURAL BANK LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED 31 DECEMBER, 2021

	2021 GH¢	2020 GH¢
15. Other Assets		
Stationery Stocks		
Others	68,980	70,865
Office Account	634,037	317,273
Interest & Commission Accrued	30,323	25,783
Uncleared effects	11,844	17,223
Interagency Account	209,235	194,737
	30,298	
Deferred Tax Asset	984,715	625,881
Income Tax Assets		238,661
Migration Suspense		15,303
	345	345
	985,060	880,190
16. Other Investment Securities		
Investment in ordinary shares of ARB Apex bank	41,404	41,404
	41,404	41,404
17. Deposits from Customers		
Retail customers:		
Demand deposits		
Savings deposits	526,418	593,297
Time deposits	4,546,391	4,715,613
E-zwich/Other deposits	228,650	121,700
	907,220	801,217
	6,208,678	6,231,827
18. Institutional Borrowings		
Managed Funds	145,988	540,393
	145,988	540,393

SISSALA RURAL BANK LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED 31 DECEMBER, 2021

	2021 GH¢	2020 GH¢
19. Other Liabilities		
Provision for Audit Fees/Expenses		
Interagencies		2,473,611
Provision-Annual General Meeting	12,000	12,000
Office Account (Credit)	126,395	134,595
Bills Payable	9,770	11,273
Accrued Interest	7,461	1,663
Unearned Investment Income & T/Bills discount	62,715	41,658
Others	1,000,434	(2,148,940)
Others-Ezwich operations	22,411	
Sub-Total	1,241,186	525,861
Dividend Payable	-	-
Total	1,241,186	525,861

20. Stated Capital

Authorised shares (of no par value)	<u>5,000,000</u>	<u>5,000,000</u>
Issued and Fully Paid Shares		
Number of shares at start	1,222,227	1,108,774
Shares issued during the year	1,200	113,453
Number of shares at End	<u>1,223,427</u>	<u>1,222,227</u>
Amount of Share Proceeds		
Amount at start	611,114	554,387
Share proceeds received in the year (GHC0.50 each)	600	56,727
Amount at End	<u>611,714</u>	<u>611,114</u>

Shares in Treasury: There is no share in treasury and no call or instalment unpaid on any share.

Capital Adequacy Ratio	-2.51%	-0.95%
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SISSALA RURAL BANK LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED 31 DECEMBER, 2021

	2021	2020
21. Statutory Reserve		
Balance at Beginning		
Transfer from Retained Earnings	163,505	163,505
Balance at End	163,505	163,505
22. Capital Surplus		
Balance at beginning		
Transfer of Revaluation Reserve	582,146	39,404
Balance at end	582,146	542,742
23. Credit Risk Reserve		
Additional Impairment for Advances		

SISSALA RURAL BANK LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED 31 DECEMBER, 2021

25. Property, Plant and Equipment
 2021

Cost/Valuation	Balance at 1st Jan 2021 GH¢	Additions in the year GH¢	Transf/Adjust /Disposals GH¢	Balance at 31st Dec 2021 GH¢
Land and Buildings	883,000			883,000
Furniture & Fittings	20,161			20,161
Plant & Machinery	136,208			136,208
Office Equipment	242,996	3,750		246,746
Computers & Accessories	96,634	-		96,634
	1,378,999	3,750	-	1,382,749

Plant & Machinery includes motor vehicles

Depreciation	Balance at 1st Jan 2021 GH¢	Charge for the year GH¢	Transf/Adjust /Disposals GH¢	Balance at 31st Dec 2021 GH¢
Land and Buildings	119,978	15,710	(4,000)	131,688
Furniture & Fittings	16,450	1,643		18,093
Plant & Machinery	110,085	22,203		132,288
Office Equipment	231,396	12,741		244,137
Computers & Accessories	12,910	17,703	(18,418)	12,195
	490,819	70,000	(22,418)	538,401

Carrying Amount	2021 GH¢	2020 GH¢
Land and Buildings	751,312	763,022
Furniture & Fittings	2,068	3,711
Plant & Machinery	3,920	26,123
Office Equipment	2,609	11,600
Computers & Accessories	84,439	83,724
	844,348	888,180

25 Property, Plant and Equipment
2020

Cost/Valuation	Balance at 1st Jan 2020 GH¢	Additions in the year GH¢	Transf/Adjust /Disposals GH¢	Balance at 31st Dec 2020 GH¢
Land and Buildings	883,000			883,000
Furniture & Fittings	156,369		136,208	20,161
Motor Vehicles & bikes		136,208		136,208
Office Equipment	217,386	25,610		242,996
Computers & Accessories	-	96,634		96,634
Plant & Machinery	-			-
	1,256,755	258,452	136,208	1,378,999

Depreciation	Balance at 1st Jan 2020 GH¢	Charge for the year GH¢	Transf/Adjust /Disposals GH¢	Balance at 31st Dec 2020 GH¢
Land and Buildings	17,660	17,660	84,658	119,978
Furniture & Fittings	112,915	1,771	(98,236)	16,450
Motor Vehicles & bikes	-	11,849	98,236	110,085
Office Equipment	215,168	16,228		231,396
Computers & Accessories	-	12,910		12,910
Plant & Machinery	-			-
	345,743	60,418	84,658	490,819

Carrying Amount	2020 GH¢	2019 GH¢
Land and Buildings	763,022	865,340
Furniture & Fittings	3,711	43,454
Motor Vehicles & bikes	26,123	
Office Equipment	11,600	2,218
Computers & Accessories	83,724	
Plant & Machinery	-	
	888,180	911,012

26. Nature of Contingent Liabilities

Guarantees are generally written by a bank to support performance by a customer to third parties. The bank will only be required to meet these obligations in the event of the customer's default.

An acceptance is an undertaking by the bank to pay a bill of exchange drawn on the customer. The bank expects most acceptances to be presented and reimbursed by the customer immediately.

As at 31/12/2021, there were no outstanding guarantees or acceptances

27. Comparative Figures

Where necessary, figures within notes have been restated to either conform to changes in presentation in the current year or for the adoption of new IFRS requirement.

**SISSALA RURAL BANK LIMITED
INCOME TAX COMPUTATION
2021 YEAR OF ASSESSMENT**

	GH¢
Net Profit/(Loss)	(724,074)
Add back:	
Donations	4,330
Depreciation & amortization	70,000
Impairment provision	57,000
	<u>131,330</u>
Adjusted Profit	(592,744)
Less Capital Allowance	<u>(169,226)</u>
Chargeable Income	(761,970)
Tax thereon @25%	NIL

**SISSALA RURAL BANK LIMITED
COMPUTATION OF CAPITAL ALLOWANCE
2021 YEAR OF ASSESSMENT**

Items	Pool	Rate	WDV b/fwd	Additions	Total	Capital Allowance	WDV c/fwd
Computers & Data Processing Eqmt	1	40%	69,062	65,026	134,088	53,635.20	80,453
Vehicles	2	30%	78,738		78,738	23,621.40	55,117
Equipment, Furniture, Fittings & Fixtures	3	20%	20,488	2,900	23,388	4,677.60	18,710
Buildings	4	10%	872,913		872,913	<u>87,291.30</u>	785,622
						169,226	