

SISSALJA RURAL BANK
REPORT AND FINANCIAL STATEMENT

FOR

THE YEAR ENDED DECEMBER 2023

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

Mr. Sulley Adam Usman	Chairman
Mr. Rashid Fuseini N-dei	Member
Madam Evelyn Denchem Braimah	Member

Secretary Madam Evelyn Denchem Braimah

Management

Mr. Charles Angsennia Subie	Ag. CEO/Systems Administrator
Mr. Haruna Neindow Ghali	Finance/Operations
Mr. Laar George Yennume	Risk & Compliance
Mr. Suuk Kakariba	Credit

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, 2023**

The Directors in submitting to the shareholders their report and financial statements of the bank for the year ended 31 December, 2023 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:

	2023	2022
	GH¢	GH¢
The Bank recorded a Net Profit/(Loss) before taxation of	(426,637)	(790,155)
From which is deducted income tax expense of		
Giving a Net Profit/(Loss) after tax of	<u>(426,637)</u>	<u>(790,155)</u>
There was a transfer to Statutory Reserves of	<u>-</u>	<u>-</u>
Leaving a Profit/(Loss) for the year after tax and transfer to Statutory Reserve of	(426,637)	(790,155)
When added to the opening balance on the Income Surplus account as of 1 January	(4,536,747)	(3,099,671)
Prior-Year Adjustments/Additional Impairment Provision of	-	(657,725)
And aligning the opening balance with the figure of	-	10,804
From which is deducted: Dividend declared of Bonus Shares of		
Leaving a closing balance on the Retained Earnings account of	<u><u>(4,963,384)</u></u>	<u><u>(4,536,747)</u></u>

STATED CAPITAL

The Bank's Stated Capital relating to Ordinary Shares stood at GH¢619,104. The number of issued shares stood at 1,238,206 as at 31/12/2023.

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, 2023 which materially affect the financial statements as presented.

APPROVAL OF THE FINANCIAL STATEMENTS

The Financial Statements were approved by the Board of Directors on **10th February, 2024** and were signed on their behalf by the following:



.....
BOARD CHAIRMAN



.....
DIRECTOR



(Chartered Accountants & Management Consultants)

P. O. Box LA 730, Accra, / P. O. Box TL 1761, Tamale, Ghana Tel: + (0)200-612725,33-(0)20 8202325, ,

Location: H/N o. 33, Kokomlemle, on Nsawam-Circle Road (Adjacent Church of Christ) Accra-Ghana

Email: ruwan.consult55@gmail.com

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF SISSALA RURAL BANK LIMITED YEAR ENDED 31 DECEMBER, 2023

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, 2023, 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

The bank's accounting records were not satisfactory and its stated capital and the Capital Adequacy Ratio were far less than the Bank of Ghana's minimum requirements of GH¢ 1,000,000 and 10% respectively. In our opinion, the financial statements do not give a true and fair view of the financial position of the Bank as at 31st December, 2023 and of the financial performance and cash flows of the bank for the year then ended.

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 did not obtain 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 not been satisfactorily kept by the bank, so far as appears from our examination of those books; and
- iii) We cannot confirm 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 did not 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 Chief Dr. Alhaji Yahaya Abdul-Rahman (ICAG/P/1636)


09/02/2024

For and on behalf of Ruyan Consult (ICAG/F/092)
(Chartered Accountants)

Accra

RUYAN CONSULT
(CHARTERED ACCOUNTANTS &
MANAGEMENT CONSULTANTS)
P. O. BOX LA 730, ACCRA

SISSALA RURAL BANK LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER, 2023

	(NOTES)	2023 GH¢	2022 GH¢
Interest Income	(5)	805,016	313,518
Interest Expense	(5)	237,409	237,209
Net Interest Income		567,607	76,309
Fees & Commission Income	(6)	137,982	93,628
Fees & Commission Expense	(6)	28,275	23,961
Net Fees & Commission Income		109,706	69,666
Other Operating Income	(7)	51,996	21,679
Total Operating Income		729,310	167,654
Net Impairment Loss on Financial Assets	(14)	65,223	50,000
Personnel Expenses	(8)	429,139	460,807
Depreciation and Amortisation	(9)	60,000	50,000
Other Expenses	(10)	601,587	397,004
Total Expenses		1,155,948	957,810
Profit/Loss Before Income Tax		(426,637)	(790,155)
Income Tax Expense	(11)	-	-
Profit/Loss For The Year		(426,637)	(790,155)

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

SISSALA RURAL BANK LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2023**

		2023	2022
ASSETS	(NOTES)	GH¢	GH¢
Cash and Cash Equivalents	(12)	1,901,246	2,307,874
Investment in Securities	(13)	4,902,344	1,902,344
Loans and Advances to Customers	(14)	2,478,572	1,985,999
Other Assets	(15)	640,153	1,627,552
Other Investments	(16)	59,784	41,404
Property, Plant & Equipment	(25)	853,115	810,215
Total Assets		10,835,215	8,675,389
LIABILITIES			
Deposits from Customers	(17)	10,819,702	8,055,917
Current Tax Liabilities	(11)	-	-
Other Liabilities	(19)	1,156,731	1,676,826
Institutional Borrowings	(18)	586,988	245,988
Total Liabilities		12,563,421	9,978,731
EQUITY AND RESERVES			
Stated Capital	(20)	619,104	619,044
Income Surplus		(4,963,384)	(4,536,747)
Statutory Reserve	(21)	163,505	163,505
Capital Surplus	(22)	582,146	582,146
Credit Risk Reserve	(23)	1,870,423	1,868,711
Total Equity and Reserves		(1,728,206)	(1,303,341)
Total Liabilities and Equity		10,835,215	8,675,390

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

The financial statements were approved by the Board of Directors on 10th February, 2024
and signed on its behalf by:



.....
BOARD CHAIRMAN



.....
DIRECTOR

SISSALA RURAL BANK LIMITED
STATEMENT OF CHANGES IN EQUITY

2023	Stated Capital GH¢	Income Surplus GH¢	Statutory Reserve GH¢	Capital Surplus GH¢	Total GH¢
Balance as at Jan. 1, 2023	611,714	(4,536,747)	163,506	582,146	(3,179,382)
Alignment/Adjustment	7,330				7,330
Profit/loss for the year		(426,637)			(426,637)
Total Equity	619,044	(4,963,384)	163,506	582,146	(3,598,688)
Transactions with Equity Holders					
Shares issued	60				60
Bonus Shares					-
Dividend Declared/Payable		-			-
Total Equity Holders transactions	60	-	-		60
Regulatory & Other Transfers					
Transfer to Statutory Reserve					
Additional Impairment-Cr. Risk Reserve					-
Total Regul. & Other Transfers	-	-	-	-	-
Balance as at Dec. 31, 2023	619,104	(4,963,384)	163,506	582,146	(3,598,628)

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

2022	Stated Capital GH¢	Income Surplus GH¢	Statutory Reserve GH¢	Capital Surplus GH¢	Total GH¢
Balance as at Jan. 1, 2022	611,714	(3,099,671)	163,506	582,146	(1,742,306)
Alignment (263) & depr reduction 11,067		10,804			10,804
Profit/loss for the year		(790,155)			(790,155)
Total Equity	611,714	(3,879,022)	163,506	582,146	(2,521,656)
Transactions with Equity Holders					
Shares issued	-				-
Bonus Shares					-
Dividend Declared/Payable		-			-
Total Equity Holders transactions	-	-	-		-
Regulatory & Other Transfers					
Transfer to Statutory Reserve					
Additional Impairment-Cr. Risk Reserve		(657,725)			(657,725)
Total Regul. & Other Transfers	-	(657,725)	-	-	(657,725)
Balance as at Dec. 31, 2022	611,714	(4,536,747)	163,506	582,146	(3,179,381)

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

SISSALA RURAL BANK LIMITED

**STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER, 2023**

	(NOTES)	2023 GH¢	2022 GH¢
Cash flows from operating activities			
Profit/(Loss) before tax		(426,637)	(790,155)
Adjustments for:			
Depreciation & amortisation		60,000	50,000
Impairment on financial assets		65,223	50,000
		(301,414)	(690,155)
Change in loans and advances & adjustments	-	552,574	268,793
Change in other assets		987,399	(642,491)
Change in deposits from customers		2,763,785	1,847,239
Change in other liabilities	-	520,095	435,640
		2,377,100	1,219,026
Tax paid			
Net cash flows from operating activities		2,377,100	1,219,026
Cash flows from investing activities			
Change in Investment in Securities		(3,018,380)	-
Change in Property & Equipment and adjustments		(106,409)	(4,800)
Net cash flows used in investing activities		(3,124,789)	(4,800)
Cash flows from financing activities			
Dividend paid		-	-
Change in borrowings		341,000	100,000
Issue of ordinary shares		60	7,330
Net cash flows used in financing activities		341,060	107,330
Net change in cash and cash equivalents		(406,629)	1,321,556
Cash and cash equivalents at 1 January		2,307,874	986,318
Cash and cash equivalents at 31 December	(12)	1,901,246	2,307,874

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

SISSALA RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2023

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 periods affected.

In particular, information about significant areas of estimation and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes.

3. Significant Accounting Policies

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Interest

Interest revenue is generally recognised when future economic benefits of the underlying assets will flow to the organisation and it can be reliably measured. It is income derived from use of an entity's assets and hence the interest is mostly dependent on the underlying agreement. Interest income and expense are however generally recognised in the income statement on straight-line basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the P&L and OCI include:

- Interest on financial assets and liabilities at amortised cost on an effective interest rate basis and
- Interest on available-for-sale investment securities on an effective interest basis.

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 income.

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 established..

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.

SISSALA RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2023

	2023 GH¢	2022 GH¢
5. Net Interest Income		
Interest income		
Loans and advances to customers	301,581	197,589
Investment securities	503,435	115,929
Total Interest Income	805,016	313,518
Interest Expense		
Deposits from customers	237,142	219,798
Interest on Borrowings	267	17,411
Total interest expense	237,409	237,209
Net Interest Income	567,607	76,309
6. Net Fees and Commission Income		
6a. Fees and Commission Income		
Commitment Fees	1,230	
Commission	124,460	90,814
Commission on Cheques Clearing	12,291	2,814
Total Fees and Commission Income	137,982	93,628
6c. Fees and Commission Expense		
Cheques Clearing Fees	2,724	1,798
Susu/mobilization expenses	25,551	22,163
Total Fees and Commission Expense	28,275	23,961
Net Fees and Commission Income	109,707	69,667
7. Other Operating Income		
Asset Disposal	-	-
Bad Debt Recovered	-	-
Sundry Income	51,996	21,679
Total Other Operating Income	51,996	21,679
8. Personnel Expenses		
Salaries, Wages and Allowances	418,701	432,199
Medical Expenses	156	-
Staff training	10,282	28,609
Total Personnel Expenses	429,139	460,807

SISSALA RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2023

	2023	2022
	GH¢	GH¢
9. Depreciation and Amortisation		
Depreciation of property & equipment	60,000	50,000
Amortisation of purchased software	-	-
Total Depreciation and Amortisation	60,000	50,000
10. Other Expenses		
Audit Fees	19,600	29,164
Audit Expenses	12,314	12,681
Directors Remuneration		2,320
Board Meeting Expenses	-	4,211
Traveling Expenses	210	395
Printing and Stationery	10,260	4,658
Vehicle Repairs & Maintenance	9,945	8,322
Vehicle Running Cost	50,838	40,414
Postage and Communication	5,673	2,310
Insurance	51,959	43,389
Entertainment & Business Promotion	1,336	1,168
Adverts & Publicity	2,876	1,010
Fees, Subscriptions and Periodicals	15,001	22,995
AGM/Anniversary Expenses		10,000
Donations & charitable contributions	7,001	3,200
Penalties	47,913	
Computerization & software licence	117,093	61,080
Police/Security Guard Expenses	28,508	27,827
Specie Movement	24,735	27,033
Generator Running Cost	6,178	8,420
Repairs and Maintenance	31,290	10,834
Legal Expenses/Fees	16,285	8,800
Housing Expenses	150	786
Rent and Rates and Taxes	2,778	4,618
Electricity and Water	36,497	32,503
Office & Admin. Expenses	8,873	
Office/Sundry Expenses	88,722	24,770
Loan Recovery Expenses		280
Cleaning & Sanitation Exps	1,677	1,996
Teller Efficiency	550	
Bank charges	3,326	1,819
Total Other Expenses	601,587	397,004

SISSALA RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2023

	2023	2022
	GH¢	GH¢
11. Income Tax Expense		
Current Income Tax (a)	-	-
	-	-

(a) Current income tax

Year of Assessment	Opening Balance	Charged to P&L	Payments during the year	Closing Balance
	GH¢	GH¢	GH¢	GH¢
2019				
2020				-
2021				-
2022				-
2023				

	2023	2022
12. Cash and Cash Equivalents		
Cash balance	470,719	715,468
Unrestricted balance with ARB Apex bank & others	874,373	1,164,962
Restricted balance at ARB Apex bank- 5% placement	556,154	427,445
	1,901,246	2,307,874

13. Investments in Securities

Gov't of Ghana Treasury Bills & Other Investments		
Government of Ghana Treasury Notes	1,750,000	
Investment with Gold Coast Fund Management	1,902,344	1,902,344
Apex Certificate of Deposits (ACOD)	1,250,000	-
	4,902,344	1,902,344

	2023	2022
14. Loans and Advances to Customers		
Overdrafts	794,585	754,585
Term Loans	2,278,195	1,765,621
	3,072,780	2,520,207
Allowances for impairment	(594,208)	(534,208)
Allowance for Interest in Suspense		
	2,478,572	1,985,999

Analysis by business segment to retail customers:

Agriculture	768,195	214,204
Cottage industries	153,639	156,470
Transport	30,728	2,341
Commerce	768,195	647,615
Others	1,352,023	1,499,577
	3,072,780	2,520,207

Allowances for impairment

Balance at 1 January	534,208	858,625
Impairment loss for the year:		
Charge for the year	65,223	50,000
Adjustments		
	599,431	908,625
Alignment/Adjustments	(5,223)	(374,417)
Balance at 31 December	594,208	534,208

Loan statistics

i) Twenty (20) largest exposure	867,027	916,377
i) Twenty (20) largest exposure to total exposures	28.22%	36.36%
ii) Loan loss provision ratio	19.34%	21.20%

Exposure to credit risk

	Rates	2023		2022	
		Gross Amount	Impairment	Gross Amount	Impairment
		GH¢	GH¢	GH¢	GH¢
Current (Not past due)	1%	1,109,972	11,100	2,155,133	21,551
OLEM (Past due 30-90 days)	10%	276,981	27,698	1,115	111
Sub-Standard (Past due 91-180 days)	25%	388,018	97,004	202,995	50,749
Doubtful (Past due 181-360 days)	50%	151,896	75,948	14,443	7,222
Loss (past due above 360 days)	100%	1,145,914	1,145,914	146,521	146,521
Total		3,072,780	1,357,664	2,520,207	226,154

SISSALA RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2023

	2023	2022
	GH¢	GH¢
15. Other Assets		
Stationery Stocks	62,590	63,208
Office Account	31,653	25,559
Interest & Commission Accrued	107,650	2,561
Uncleared effects	92,291	345,337
Interagency Account	30,298	230,298
Ezwich operations-debit	252,940	
Ghana pay Operations (Dr)	7,280	
Others (suspense a/c 2977, others 5858.18)	8,835	955,284
Insurance Prepaid	17,030	4,960
Other Prepayments/Rent Prepaid	29,640	345
Migration Suspense	(55)	0
	640,153	1,627,552
16. Other Investment Securities		
Investment in ordinary shares of ARB Apex bank	59,784	41,404
	59,784	41,404
17. Deposits from Customers		
Retail customers:		
Demand deposits	804,960	523,275
Savings deposits	9,128,281	6,105,791
Time deposits	285,918	252,450
E-zwich/Other deposits	600,542	1,174,401
	10,819,702	8,055,917
10 largest depositors	1,530,186	1,029,555
Deposit concentration ratio	14.1%	12.8%
18. Institutional Borrowings		
ARB Apex Bank	-	100,000
Managed Funds	586,988	145,988
	586,988	245,988

SISSALA RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2023

	2023	2022
	GH¢	GH¢
19. Other Liabilities		
Provision for Audit Fees/Expenses		
Interest Suspense	(113,956)	
Provision-Annual General Meeting	15,649	13,796
Office Account (Credit)	199,490	137,531
Payment Order/Bills Payable	21,466	16,913
Accrued Interest	12,205	15,295
Unearned Investment Income & T/Bills discount	129,123	90,839
Ghana Pay Wallet	2,484	
Unearned Commission-SMS	(196)	
Unassigned Lines	51,321	
GL difference	1,667	
Tax Provision	1,169	
Others	797,048	1,385,607
Others-Provident Fund, Ezwich operations	39,259	16,844
Sub-Total	1,156,731	1,676,826
Dividend Payable	-	-
Total	1,156,731	1,676,826

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	1,238,086	1,222,227
Shares issued during the year	120	15,859
Number of shares at End	1,238,206	1,238,086
Amount of Share Proceeds		
Amount at start	619,044	611,114
Share proceeds received in the year (GHC0.50 each)	60	7,930
Amount at End	619,104	619,044

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

Capital Adequacy Ratio	-36.98%	-67.73%
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SISSALA RURAL BANK LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED 31 DECEMBER, 2023

	2023	2022
21. Statutory Reserve		
Balance at Beginning	163,505	163,505
Transfer from Retained Earnings		
Balance at End	163,505	163,505
22. Capital Surplus		
Balance at beginning	582,146	582,146
Transfer of Revaluation Reserve	-	-
Balance at end	582,146	582,146
23. Credit Risk Reserve		
Balance at beginning	1,210,985	1,210,985
Addition/change	659,438	-
Balance at end	1,870,423	1,210,985
24 Prior -Year Adjustments		
	-	

SISSALA RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2023

25 Property, Plant and Equipment
2023

Cost/Valuation	Balance at 1st Jan 2023 GH¢	Additions in the year GH¢	Transf/Adjust /Disposals GH¢	Balance at 31st Dec 2023 GH¢
Land and Buildings	883,000			883,000
Furniture & Fittings	20,161			20,161
Plant & Machinery	136,208			136,208
Office Equipment	246,746	113,967		360,713
Computers & Accessories	101,434	-	1	101,433
	1,387,549	113,967	1	1,501,516

Plant & Machinery includes motor vehicles

Depreciation	Balance at 1st Jan 2023 GH¢	Charge for the year GH¢	Transf/Adjust /Disposals GH¢	Balance at 31st Dec 2023 GH¢
Land and Buildings	149,348	14,660		164,008
Furniture & Fittings	20,160	-	-	20,160
Plant & Machinery	136,207	-		136,207
Office Equipment	246,745	46,125		292,870
Computers & Accessories	24,874	10,281		35,155
	577,334	71,066	-	648,400

Carrying Amount	2023 GH¢	2022 GH¢
Land and Buildings	718,992	733,652
Furniture & Fittings	1	1
Plant & Machinery	1	1
Office Equipment	67,843	1
Computers & Accessories	66,278	76,560
	853,115	810,215

SISSALA RURAL BANK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2023**

**Property, Plant and Equipment
2022**

Cost/Valuation	Balance at 1st Jan 2022 GH¢	Additions in the year GH¢	Transf/Adjust /Disposals GH¢	Balance at 31st Dec 2022 GH¢
Land and Buildings	883,000			883,000
Furniture & Fittings	20,161			20,161
Plant & Machinery	136,208			136,208
Office Equipment	246,746			246,746
Computers & Accessories	96,634	4,800		101,434
	1,382,749	4,800	-	1,387,549

Plant & Machinery includes motor vehicles

Depreciation	Balance at 1st Jan 2022 GH¢	Charge for the year GH¢	Transf/Adjust /Disposals GH¢	Balance at 31st Dec 2022 GH¢
Land and Buildings	131,688	1,500	16,160	149,348
Furniture & Fittings	18,093	-	2,067	20,160
Plant & Machinery	132,288	17,500	(13,581)	136,207
Office Equipment	244,137	17,500	(14,892)	246,745
Computers & Accessories	12,195	13,500	(821)	24,874
	538,401	50,000	(11,067)	577,334

Carrying Amount	2022 GH¢	2021 GH¢
Land and Buildings	733,652	751,312
Furniture & Fittings	1	2,068
Plant & Machinery	1	3,920
Office Equipment	1	2,609
Computers & Accessories	76,560	84,439
	810,215	844,348

SISSALA RURAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2022

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
2023 YEAR OF ASSESSMENT**

	2022	2022
	GH¢	GH¢
Net Profit/(Loss)	(426,637)	(790,155)
Expenses Added Back:		
Donations	70,001	3,200
Depreciation & amortization	60,000	50,000
Impairment provision	65,223	50,000
	<u>195,224</u>	<u>103,200</u>
Adjusted Profit	(621,861)	(893,355)
Less Capital Allowance-see below	<u>128,528</u>	<u>132,941</u>
Chargeable Income	(493,333)	(760,415)
Tax thereon @25%	NIL	NIL

**SISSALA RURAL BANK LIMITED
COMPUTATION OF CAPITAL ALLOWANCE
2023 YEAR OF ASSESSMENT**

Items	Pool	Rate	WDV b/fwd	Additions	Total	Capital Allowance	WDV c/fwd
Computers & Data Processing Eqmt	1	40%	51,152	-	51,152	20,460.72	30,691
Vehicles	2	30%	38,582		38,582	11,574.57	27,007
Equipment, Furniture, Fittings & Fixtures	3	20%	14,968	113,967	128,935	25,787.00	103,148
Buildings	4	10%	707,060		707,060	<u>70,705.98</u>	636,354
						128,528	

2022

Items	Pool	Rate	WDV b/fwd	Additions	Total	Capital Allowance	WDV c/fwd
Computers & Data Processing Eqmt	1	40%	80,453	4,800	85,253	34,101.20	51,152
Vehicles	2	30%	55,117		55,117	16,535.10	38,582