



**ADA RURAL
BANK PLC**

39TH ANNUAL GENERAL MEETING

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023**



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BANK PLC**

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REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2023

**K AND A ACCOUNTING SERVICES
CHARTERED ACCOUNTANTS
P. O. BOX 8361
ACCRA - NORTH
TEL: 0302 8194 12**



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**ADA RURAL BANK PLC
CORPORATE INFORMATION**

BOARD OF DIRECTORS

Mr. Bernard Katernor Bosumprah	Chairman
Mr. Stephen Teye Sottie Crosby	Director (Retired - 04/11/2023)
Mr. Ernest Amartey-Vondee	Director
Nene Alhaji Shamsudeen Ayisah Adjovu I	Director
Mr. Simon Tetteh Numo	Director (Retired - 04/11/2023)
Mrs. Evelyn Akweley Nsiah	Director
Mr. Prince Seth Appiah	Director
SECRETARY:	None yet

REGISTERED OFFICES:

Bank Premises
P. O. Box 20
Kasseh - Ada

SENIOR MANAGEMENT:

Mr. Peter Kofi Tehova	Relieving Chief Executive Officer
Jacob Tetteh Numo	Manager: HR/Administration
Emmanuel N. Lawerteh	Manager: Operations
Richard Ofori Atruku	Manager: I.C.T. Dept.
Moses Narteh Gbagidie	Manager: Internal Audit
Mr. Vincent Baku	Manager: Credit/Marketing
Mr. Joshua Lawer Kumado	Manager: Finance/Risk/Compliance

AUDITORS:

K and A Accounting Services
49 Boundary Road (Coastal)
Off Spintex Road, Baatsona Accra
P. O. BOX 8361, Accra North

BANKERS:

ARB Apex Bank PLC
Universal Merchant Bank Ghana PLC
ADB Bank PLC
Consolidated Bank Ghana PLC
GCB Bank PLC, Ada



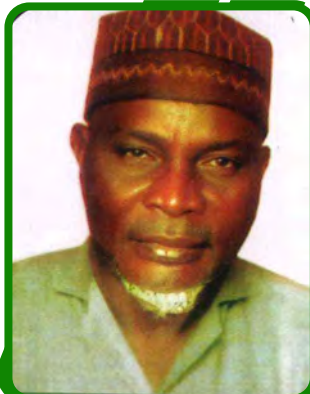
Board of Directors



Bernard Katenor Bosumprah
(Board Chairman)



Mr. Ernest Amartey-Vondee
(Member)



Nene Alhaji Shamsudeen Ayisah Adjovu I
Member



Mrs. Evelyn Akweley Nsiah
(Member)



Mr. Prince Seth Appiah
(Member)



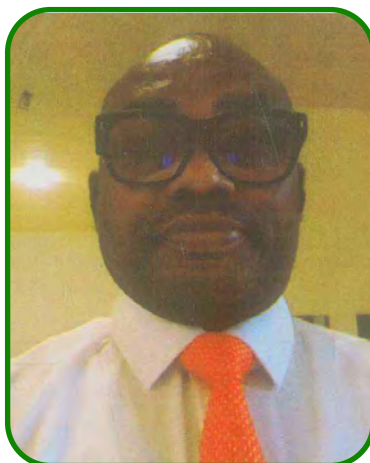
Mr. Stephen Teye Sottie
Member
(Retired 06/11/2023)



Mr. Simon Tetteh Numo
Member
(Retired 04/11/2023)



Key Management Staff



P.K. TEHOVA

Relieving Chief Executive Officer



MR. J. T. NUMO

Manager - HR / Admin.



MR. MOSES GBAGIDIE

Manager - Internal Audit



MR. JOSHUA L. KUMADO

Manager - Finance/Risk/Compliance



MR. RICHARD O. ATRUKU

Manager - ICT



MR. VINCENT BAKU

Manager - Marketing/Credit



MR. EMMANUEL LAWERTEH

Manager - Operations



ADA RURAL BANK PLC

NOTICE OF MEETING

Notice is hereby given that the 39th Annual General Meeting of members of Ada Rural Bank PLC will be held in the Chapel of the Presbyterian Church, Kasseh-Ada, at 10.00 a.m. on Saturday, the 23rd day of November 2024 to transact the following business:

AGENDA

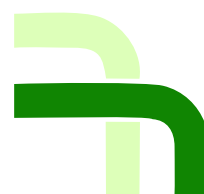
1. To read the Notice convening the meeting
2. To receive the Chairman's Report for the year ended 31st December 2023
3. To consider the Bank's Financial Statements for the year ended 31st December 2023 together with Reports of the Directors and the Auditors thereon.
4. To consider the retirement and election of Directors
5. To consider the appointment of Auditors
6. To authorize the Directors to fix the remuneration of the Auditors
7. To fix the remuneration of the Directors

NOTES:

1. A member is entitled to attend and vote at the meeting or to appoint a proxy to attend and vote in his or her stead. A proxy needs not be a member of the Bank. Completed proxy forms must reach the Bank's Head Office at Kasseh-Ada, or electronically sent to info@adaruralbank.com, not less than 48 hours before the time fixed for the holding of the meeting.
2. Copies of the Financial Statements have been dispatched to shareholders. Shareholders who have not yet received their copies (of the financial statements) may contact any of the Bank's branches at Kasseh, Sege, Big Ada or Ashaiman for same; or act on this advertisement to attend. The 2023 Annual Reports and Financial Statements (with the proxy form therein) will be posted on the website of the company (www.adaruralbank.com).

BY ORDER OF THE BOARD

Signed
BOARD SECRETARY





CHAIRMAN'S REPORT 2023 FINANCIAL YEAR

Introduction



Distinguished Shareholders, colleague Directors, invited guests, Ladies and Gentlemen, it gives me much pleasure to welcome you to the 39th Annual General meeting of our Bank and to share with you the results of business activities of your Bank in the 2023 financial year.

The year 2023 was a very significant period as the Bank re-strategized to recover from the operational challenges experienced as a result of the huge impairment provision for bad debts in the previous year. These strategies were largely successful as the Bank posted a 20% increase in Total Assets from GH¢27,723,720 in 2022 to GH¢33,382,505 at the end of 2023. This growth was driven mainly by a similar 20% increase in Deposits which closed at GH¢36,314,066. The Bank also posted a modest profit before tax of GH¢103,657 for the year 2023 as against the loss of GH¢7,851,767 for 2022.

Economic Review and the Banking Sector Performance

Despite the persisting macroeconomic situation, and the negative effects of the Domestic Debt Exchange Programme (DDEP), the Banking Sector experienced growth in some key indicators in 2023. Year-on-year, Total Assets grew by 29.7% to end 2023 at GH¢274.92 billion while Liquid Assets to total deposits increased from 85.4% in 2022 to 86.3% in 2023. Solvency stood at 13.9% in terms of Capital Adequacy Ratio, still higher than the prudential requirement of a minimum of 10%. Asset Quality measured by the Non-Performing Loans (NPL) ratio deteriorated and stood at 20.6% at the end of 2023 from 16.6% recorded in 2022.

The 147 licensed Rural and Community Banks (RCBs) also recorded an aggregate Total Asset growth of 29.9% over the previous year and closed the year 2023 at GH¢11.1 billion. Total Deposit for the sub-sector increased to GH¢9.7 billion, representing a growth of 29%. The RCBs experienced a marginal improvement in NPL ratio from 11.7% in 2022 to 9.9% in 2023. The average Capital Adequacy Ratio (CAR) at end-December 2023 declined to 7.5 per cent, below the 10 per cent minimum prudential requirement. Overall, the profitability of the sub-sector improved during the review year. (Source: Bank of Ghana, *2023 Annual Report & Financial Statements*).

Financial Performance

The results of the Bank's performance for the year 2023 indicate that the Bank has begun recovering from the impact of the huge impairment of GH¢7.069 million that was made last year for bad loans and advances. During the year the Board and Management focused on strategies which positively impacted the Bank on its path to financial recovery. These include:

1. Review, update and implementation of internal control policies and processes
2. Implementation of a new organizational structure
3. Intensification of recovery of non-performing loans and advances
4. Cost Management Strategies
5. Marketing drives



The following table highlights the financial performance of your Bank:

Indicator	Year 2023 (GH¢)	Year 2022 (GH¢)	Change (%)
Total Assets	33,382,505.00	27,723,720.00	20%
Deposits	36,314,066.00	30,313,915.00	20%
Loans and Advances	4,457,883.00	4,784,116.00	-7%
Short-Term Investments	16,530,240.00	10,447,932.00	58%
Net Interest Income	3,684,678.00	2,901,156.00	27%
Total Operating Income	4,409,106.00	3,337,598.00	32%
Total Expenses	4,305,449.00	11,189,365.00	-62%
Profit Before Tax	103,657.00	(7,851,767.00)	101%
Profit After Tax	118,230.00	(8,653,239.00)	101%
Stated Capital	1,149,008.00	1,135,288.00	1%
Shareholders' Fund	(5,567,650.00)	(5,914,419.00)	6%

As indicated in my introduction, the year 2023 ended with your Bank recording 20% growth Total Assets and Deposits, closing at GH¢33.3 million and GH¢36.3 million respectively.

The Bank embarked on a rigorous loan recovery drive and this yielded about GH¢747,000 recovered from Non-Performing Loans. The Loans and Advances (net of impairment) thus ended the year 2023 at GH¢4.5 million, representing a 7% decrease from 2022.

The Bank grew its short-term investments (mainly in Treasury Bills) from GH¢10,447,932.00 in 2022 to GH¢16,530,240.00 in 2023 representing a 58% growth.

Net Interest income saw a significant increase of 27% from GH¢2.9m in 2022 to GH¢3.68 million in 2023, and total operating income also grew significantly by 32% from GH¢3.3 million in 2022 to GH¢4.4 million in 2023.

Distinguished shareholders, Ladies and Gentlemen, at the end of the financial year ended 31st December 2023, your Bank recorded a profit before tax of GH¢103,657 as against a loss before tax of GH¢7,851,767 recorded in 2022. The year ended with a profit of after tax of GH¢118,230 and your Bank's negative Equity or Shareholders' Funds reduced marginally to GH¢5,567,650.

Dividend

Distinguished Shareholders, ladies and gentlemen, in view of the negative equity of the Bank, and in line with the restrictions under section 35 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) the Directors do not propose dividend payment for the year under consideration. However, be assured that the Board remains committed to paying shareholders their due, and will not hesitate to do so in the future. The Board and Management are confident that the efforts to recover as many overdue loans as possible and plans to recapitalize the Bank will in the near future reverse the huge Losses suffered by the Bank, and restore the Bank's equity.

Composition of the Board

At the end of the year 2023, the Bank had four (4) approved Directors, as against the minimum of five as required by the Bank of Ghana.



The Bank also had three applications pending with the Bank of Ghana for consideration and approval: Mr. Ernest Amartey-Vondee (re-elected), Mrs. Betty Atsupey Gorleku Quarshie (newly elected) and Mr. Michael Kweku Assem (newly elected).

During 2024, the Bank of Ghana subsequently approved Mr. Ernest Amartey-Vondee as a Director to serve his 3rd and final term, and Mr. Michael Kweku Assem to serve his first term. Unfortunately, the Bank of Ghana declined the approval of Mrs. Betty Atsupey Gorleku Quarshie. Currently, the Board is thus comprised of six (6) approved Directors.

Meanwhile, at this meeting, a motion will be tabled for the re-election of one Director who has completed her first term of three years to enable them continue to serve your Bank. Also, election will be held to fill one vacancy to bring the number of Directors to seven (7).

It has become imperative that we conform our processes for the election and appointment of Directors to the requirements under the Corporate Governance Directive for Rural and Community Banks issued by the Bank of Ghana in 2021 which provides explicit the criteria and processes for appointing directors. Failure to comply with the directive will result in difficulties at getting approval from the Bank of Ghana for persons elected by shareholders for the role of directorship. In line with the directive, the Board has developed a paper on the eligibility criteria for prospective directors of Ada Rural Bank to guide the Bank and shareholders in the processes leading up to the appointment of Directors. The document is available at the Head Office and Branches of the Bank and can be obtained by shareholders in both electronic and print form.

Appointment of Chief Executive Officer

Distinguished Shareholders, ladies and gentlemen, last year I mentioned that the Board has identified a new Chief Executive Officer. I am pleased to inform you that the Bank of Ghana approved the appointment of Mr. Gideon Kwabena Odei and he assumed office as the new Chief Executive Officer of the Bank on 1st March 2024.

On behalf of the Board and the Management of the Bank, I would like you to join me to welcome Mr. Odei to Ada Rural Bank. The Board is confident that he will lead the Management of the Bank to turn around the fortunes of the Bank.

Outlook for the Future

We are almost at the end of the Year 2024. The intensified Loan recovery efforts continue to yield encouraging results. The Board and Management continue to strengthen internal controls and comply with financial reporting standards to put the Bank back on growth and profitability path.

The Board is still working on the recruitment of a new Board Secretary in accordance with the Corporate Governance directives of the Bank of Ghana to support the Board in the efficient performance of its functions.

Distinguished shareholders, ladies and gentlemen, I wish to repeat the appeal I made last year on the urgent need to increase your shares in the Bank. The results of the financial performance for 2023 as presented in the audited financial statements and my report indicate that the Bank is beginning to turn around. The future of your bank is bright. Injection of new capital by shareholders and other strategic investors is critical to accelerate the process of recovering from the impact of the huge loss suffered mainly due to the



impairment of our loans and advances. The injection of fresh Capital is required to reverse the negative Equity which will enable Management to undertake more business by way of Loans and Investments to create additional income for your Bank and to make Dividend payment possible in the near future.

Acknowledgement

At this juncture I wish to thank you our cherished and distinguished shareholders, the ARB Apex Bank, the Greater Accra Regional Association of Rural Banks, the Bank of Ghana and our valued customers for your support and guidance.

My sincere thanks to the Management and all staff of the Bank for their invaluable services to the Bank.

Conclusion

The year 2023 has set the tone for a turnaround and a bright future for Ada Rural Bank. I urge you to continue to put your trust in the Board and Management and support them.

I appeal to all who are indebted to the Bank as a result of loans and other advances they have been granted to pay their debts.

I thank you for your presence and active participation in this meeting. May the Good Lord continue to bless you, your endeavours and indeed the Ada Rural Bank PLC.

Thank you.

Bernard K. Bosumprah
Board Chairman





**ADA RURAL BANK PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31st DECEMBER 2023**

The Directors have the pleasure in submitting their annual report for the year ended 31st December, 2023 together with the audited Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year ended 31st December, 2023.

The bank was incorporated on November 27th, 1981 with registration (No. 19,810) and issued with certificate to commence business and license under the Banking Law 1989, PNDCL 225, now replaced by the Banking Act 2004 (Act 673), on August 1, 1980 with registration (No. 16,620). The bank commenced business on 28th January, 1982. The nature of the business the bank is authorized to carry on includes the provision of current and deposit as well as savings and time deposit accounts for its customers. It also acts as agent of the other financial institutions in the country, accepts and discounts bills of exchange and provides finance for small scale farmers, merchants, industrialists, etc.

DIRECTORS' RESPONSIBILITIES

The Companies Act 2019 (Act 992) and the Banking Act 2004 (Act 673) as amended by the Banking (Amendment) Act of 2007 (Act 738) require the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Bank as at the end of the financial year and of the statement of comprehensive income of the Bank for that period.

In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Bank will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of the Bank and which enable them to ensure that the financial statements comply with the Companies Act 2019 (Act 992), Anti-money Laundering Act, 2008 (Act 749) as amended by the Anti-money Laundering amendment Act 2014 (Act 874) and the Banks and Specialized Deposit-Taking Institutions Act 2016 (Act 930) and the International Financial Reporting Standards (IFRS).

They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Bank and prevent and detect fraud and other irregularities.

The above statement which should be read in conjunction with the statement of the auditors' responsibilities set out on pages 3 to 5 is with the view of distinguishing for the shareholders the respective responsibilities of the Directors and the Auditors in relation to the financial statements.

GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the



realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

PRINCIPAL ACHIEVED

The principal achieves carried out by the Bank during the year under review are within the limits permitted by its Regulations and also consistent with its strategic focus. There were no changes in the principal achieves of the Bank during the year.

➤ REGISTER OF INTEREST HELD BY DIRECTORS

NAME OF DIRECTORS	POSITION	NUMBER OF SHARES	VALUE OF SHARES	PERCENTAGE (%) SHAREHOLDING
Mr. Bernard Katernor Bosumprah	Chairman	804,620	40,231.00	4.78
Mr. Stephen Teye Sottie Crosby	Member	245,000	12,250.00	1.46
Mr. Ernest Amartey-Vondee	Member	210,900	10,545.00	1.25
Nene Alhaji Shamsudeen A. Adjovu 1	Member	141,030	7,051.50	0.84
Mr. Simon Tetteh Numo	Member	152,000	7,600.00	0.90
Mrs Evelyn Akweley Nsiah	Member	200,000	10,000.00	1.19
Mr. Prince Seth Appiah	Member	100,000	5,000.00	0.60

➤ SIGNIFICANT SHARE HOLDERSS/NCustomer No.Full NameTotal SharesValue

S/N	Customer No.	Full Name	Total Shares	Value (GHS)	Shares Percent (%)
1	SH81100484	BOSUMPRAH BERNARD KATERNOR	804,620	40,231.00	4.78
2	SH81100530	DADZIE SAMUEL	760,128	38,006.40	4.52
3	SH81100803	KEED INVESTMENTS LTD	700,000	35,000.00	4.16
4	SH81100018	ACQUAYE REGINALD	499,140	24,957.00	2.97
5	SH81100667	FAYORSEY ARCHIE KABU	426,744	21,337.20	2.54
6	SH81100948	MACCARTHY THEOPHILUS OFORI	389,600	19,480.00	2.32
7	SH81101421	SOTTIE STEPHEN TEYE CROSBY	245,000	12,250.00	1.46
8	SH81101293	SABBAH DAVID NARH	232,604	11,630.20	1.38
9	SH81100024	ADA RURAL BANK TRUST A/C	225,906	11,295.30	1.34
10	SH81100561	DEBRAH NICHOLINA	220,000	11,000.00	1.31
11	SH81100159	AKAKPO TENMOTE	219,283	10,964.15	1.30
12	SH81100254	AMARTEY-VONDEE ERNEST	210,900	10,545.00	1.25
13	SH81100282	AMOAH SAMUEL TETTEH	207,500	10,375.00	1.23
14	SH81101613	NSIAH EVELYN AKWELEY	200,000	10,000.00	1.19
15	SH81101615	AGGREY EVELYN	170,000	8,500.00	1.01
16	SH81101568	ZOGBLAH EMMANUEL OFORI	165,050	8,252.50	0.98
17	SH81101607	NUMO SIMON TETTEH	152,000	7,600.00	0.90
18	SH81100056	ADJOVU SAMPSON AYISAH	141,030	7,051.50	0.8
19	SH81101040	NUMO JACOB TETTEH	110,520	5,526.00	0.66
20	SH81101322	SABBAH RICHSON OFOE	106,100	5,305.00	0.63
			6,186,125	309,306.25	36.77



CORPORATE SOCIAL RESPONSIBILITY

During the fiscal year, the Bank donated an amount GH¢1,000.00 towards Farmer Day in relation to social corporate responsibilities.

DIVIDEND POLICY

The Board of Directors do not intend paying dividend for the current fiscal year.

EVENT AFTER REPORTING DATE

The directors are not aware of any matter or circumstance arising since the end of the financial year to date of this report that could have a material effect on the financial position of the Bank.

STEPS TAKEN TO BUILD THE CAPACITY OF DIRECTORS

The Directors have been attending seminars and workshops to build their capacity. Below are some of the seminar and workshops the Directors have attended.

DATE	COURSE	PARTICIPANT	VENUE
31/03/2023	Governance Risk and Compliance	Directors	Koforidua
23/06/2023	Essentials of Cyber Security	Directors	Virtual
23/05/2023	Corporate Governance	Directors	Virtual
13/09/2023	T24 Core Banking Application	Directors	Virtual

MATERIAL CHANGE IN THE NATURE OF THE BUSINESS OF THE BANK

The principal activities carried out by the Bank during the year under review are within the limits permitted by its Regulations and also consistent with its strategic focus. There were no changes in the principal activities of the Bank during the year.

DETAILS ON THE STATE OF AFFAIRS OF THE BANK

The results of operations for the year ended 31st December, 2023 are set out in the Statement of Comprehensive income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the Notes to the Financial Statements from pages 17 to 43

A summary of the results is as follows:

	2023	2022
	GH¢	GH¢
Profit / (Loss) Before Tax	151,765	(7,851,767)
Total Comprehensive Income	4,980,890	4,031,800
Total Assets	33,365,081	27,723,720

DIRECTORS INTEREST IN CONTRACTS

To the best of our knowledge, none of the directors had any interest in contracts entered into during the year under review.

AUDITOR'S REMUNERATION

The audit fee for the year ended 31 December 2023 amounts to GH¢ 57,063.74 VAT inclusive.

APPOINTMENT OF AUDITORS

Messrs K and A Accounting services term of office as auditors to the Bank as ended in accordance with the provision of Section 139 (5a) of Ghana Companies Act 2019 (Act 992).



APPRECIATION

The board of directors would like to express its sincere appreciation to the customers of the Bank for their loyalty, to shareholders for their support, and to management and staff for their service during the year under review.

The report of the Directors of the bank was approved by the Board of Directors

 Chairman Date <u>25/4/2024</u>	 Director Date <u>25-04-2024</u>
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required by Section 145(1b) of the Companies Act, 2019(Act 992).



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADA RURAL BANK PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ada Rural Bank Ltd, which comprise the statement of financial position as at December 31, 2023, and the statement of comprehensive income, statement of cash flow' and statement of changes in equity for the twelve months then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes as set out on pages 17 to 43.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Ada Rural Bank PLC as at 31 December, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992), except for the issue raised under the key audit matters.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (Including International Independence Standards) (The Code) issued by the International Ethics Standards Board for Accountants and the independence requirement of section 143 of the Companies Act, 2019 (Act 992). 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 audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Bank's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matters
We noticed that some of the transactions of the Bank have been sent to Unassigned Line which has been reduced to GH¢ 574,962. This has resulted from Apex Bank's upgrade of the T24 software. We were not able to confirm this balance with Apex Bank.	We urge management to write to ARB Apex Bank to rectify the remaining balance to enable the bank clean their books.
We noticed that the bank has not prepared bank reconciliation statements with ARB Apex clearing accounts from the months of September to December for the year under review.	We urge management to prepared the bank reconciliation statement for the remaining months as soon as possible.



Other Information

The Directors are responsible for the other information. The other information comprises Corporation Information and Report of the Directors but does not include the financial statements and our audit's report thereon which we obtained prior to the date of this auditor's report.

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

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors are responsible for the preparation of the financial statements in accordance with the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930), the Anti-Money Laundering Act, 2008 (Act 749), and the International Financial Reporting Standards (IFRS) and for such internal control as The Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, The Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors. ^[SEP]
- Conclude on the appropriateness of the Board of Directors' use of the going concern



basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The Companies Act, 2019 - Act 992 requires that in carrying out audit we report on the following:

We confirm that:

- 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;
- In our opinion proper books of account have been kept by the Ada Rural Bank Plc, so far as appears from our examination of those books, and
- The statement of financial position, the statement of profit or loss and other comprehensive income, the statement of cash flows are in agreement with the books of account.

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

- The financial statements give a true and fair view of the state of affairs as at 31 December 2023 of the Bank and the results for the year ended on that date.
- We obtained all the information and explanation required for the efficient performance of our audit.
- The transactions of the Bank are within their powers; and
- The Bank has generally complied with the provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930); the Anti-Money Laundering Act, 2008 (Act 749) and the Anti-Terrorism Act, (Act 762).

The engagement partner resulting in this independent auditors report is Mr. Kwadwo Kwarteng.

Partner Signing: Kwadwo Kwarteng

License Number (ICAG/P/1097)

KWAAS

For and on behalf of

K and A Accounting Services

Chartered Accountants (ICAG/F/2023/089)

49 Boundary Road (Coastal)

Off Spintex Road

Baatsonaa

P.O.Box AN 8361

Accra North

Date: *26th April 2024*

.....

K & A ACCOUNTING SERVICES
CHARTERED ACCOUNTANTS



**ADA RURAL BANK PLC STATEMENT OF COMPREHENSIVE INCOME FOR THE
YEAR ENDED 31ST DECEMBER 2023**

	NOTE	<u>2023</u>	<u>2022</u>
		GH¢	GH¢
Interest Income	3	4,256,462	3,595,358
Interest Expense	4	(571,784)	(694,202)
Net Interest Income		3,684,678	2,901,156
Commissions and Fees	5	457,697	267,390
Other Operating Income	6	266,731	169,052
Total Operating Income		4,409,106	3,337,598
Impairment Allowance	7	(48,109)	(7,069,285)
Personnel Expenses	8	(2,130,448)	(1,842,763)
Depreciation and Amortisation	9	(118,940)	(113,197)
Other Operating Expenses	10	(2,007,952)	(2,164,120)
Profit Before Tax		103,657	(7,851,767)
Taxation		-	-
Deferred Tax	20(b)	14,573	(801,472)
Net Profit (Loss) After Tax		<u>118,230</u>	<u>(8,653,239)</u>
Transfer to Statutory Reserve		59,115	-
Transfer to Income Surplus		59,115	-

Notes 1 - 34 form an integral part of these financial statements

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**ADA RURAL BANK PLC****STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2023**

	NOTE	2023 GH¢	2022 GH¢
ASSETS			
Cash and Short Term Funds	11	3,396,768	3,869,226
Investments	12(a)	15,146,229	9,095,172
Loans and Advances to Customers	13(b)	4,457,883	4,784,116
Other Assets Account	14	3,703,239	3,595,577
Current Tax	20(a)	306,874	306,874
		<u>27,010,993</u>	<u>21,650,965</u>
Other Investments	15	1,384,011	1,352,760
Property, Plant & Equipment	16	4,794,394	4,542,973
Intangible Assets	17	193,107	220,694
TOTAL ASSETS		<u>33,382,505</u>	<u>27,767,392</u>
LIABILITIES AND SHAREHOLDERS'			
FUND LIABILITIES			
Deposits and Current Accounts	18 19	36,314,066	30,313,915
Creditors and Accruals	20(b)	1,514,600	2,146,594
Deferred Tax	21 22	869,065	883,638
Managed Funds Borrowings		30,660	30,660
		221,764	307,004
TOTAL LIABILITIES		<u>38,950,155</u>	<u>33,681,811</u>
SHAREHOLDERS' FUNDS			
Stated Capital	23	1,149,008	1,135,288
Statutory Reserve	24	568,004	508,889
Capital Surplus	25	918,535	918,535
Building Reserve Fund		1,200	1,200
Income Surplus	26	(8,204,397)	(8,478,331)
		(5,567,650)	(5,914,419)
TOTAL SHAREHOLDERS' FUNDS		<u>33,382,505</u>	<u>27,767,392</u>
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS			

Approved by the Directors on and signed by;

[Signature]
25/4/2024
CHAIRMAN

[Signature]
DIRECTOR

Notes 1 - 34 form an integral part of these financial statements

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ADA RURAL BANK PLC
STATEMENT OF CASHFLOW FOR THE YEAR ENDED
31ST DECEMBER 2023

	<u>2023</u>	<u>2022</u>
	<u>GH¢</u>	<u>GH¢</u>
<u>CASHFLOW FROM OPERATING ACTIVITIES</u>		
Net Profit Before Tax	103,657	(7,851,767)
<u>ADJUSTMENTS TO RECONCILE OPERATING PROFIT TO NET</u>		
<u>CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Depreciation and Amortisation	118,940	113,197
Adjustment for the Year	(1,349,799)	(47,275)
Charge for Loan Impairment	48,109	7,069,285
Deferred Income	-	-
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES BEFORE</u>		
<u>CHANGES IN OPERATING ASSETS AND LIABILITIES</u>	(1,079,093)	(716,560)
(Increase)/ Decrease in Loans and Advances to Customers	1,842,742	(1,096,450)
(Increase)/ Decrease in Other Assets	(107,662)	397,608
Increase/ (Decrease) in Deposits Liability	6,000,151	8,266,949
Increase/ (Decrease) in Creditors and Accruals	(631,994)	760,762
	6,024,144	7,612,309
Corporate Tax Paid	-	(56,314)
NET CASH INFLOW FROM OPERATING ACTIVITIES	6,024,144	7,555,995
<u>INVESTING ACTIVITIES</u>		
Government Securities	(6,051,057)	(4,720,582)
Other Investments	(31,251)	(747,399)
Purchase of Property, Plant and Equipment	(355,132)	(28,122)
Disposal of Property, Plant and Equipment	12,357	-
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES	(6,425,083)	(5,496,103)
<u>FINANCING ACTIVITIES</u>		
Proceeds from Issue of Shares	13,720	53,844
Managed Fund	-	(37,152)
Borrowing	(85,240)	(256,609)
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES	(71,520)	(239,917)
Net Increase / (Decrease) in Cash and Cash Equivalents	(472,459)	1,819,975
Cash and Cash Equivalents as at 1/1/2023	3,869,227	2,049,252
Cash and Cash Equivalents as at 31/12/2023	3,396,768	3,869,227

ADA RURAL BANK PLC
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2023

	Stated Capital GH¢	Credit Risk Reserve	Building Reserve Fund GH¢	Capital Surplus GH¢	Statutory Reserves GH¢	Income Surplus GH¢	Total GH¢
Balance as at January 1	1,135,288	-	1,200	918,535	508,889	(8,478,331)	214,819
Adjustment	-	-	-	-	-	214,819	118,230
Net Profit for the Year	-	-	-	-	-	118,230	(5,581,370)
Proceeds from Issue of Shares	1,135,288	-	1,200	918,535	508,889	(8,145,282)	13,720
Credit Risk Reserve	13,720	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	-	-
Balance as at December 31	1,149,008	-	1,200	918,535	59,115	(5,567,650)	

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2022

	Stated Capital GH¢	Credit Risk Reserve	Building Reserve Fund GH¢	Capital Surplus GH¢	Statutory Reserves GH¢	Income Surplus GH¢	Total GH¢
Balance as at January 1	1,081,444	-	1,200	918,535	508,889	(47,275)	2,732,250
Adjustment	-	-	-	-	-	(8,653,239)	(8,653,239)
Net Profit for the Year	-	-	-	-	-	(8,478,331)	(5,968,263)
Revaluation	1,081,444	-	1,200	918,535	508,889	-	-
Proceeds from Issue of Shares	-	-	-	-	-	-	53,844
Transfer to Statutory Reserve	53,844	-	-	-	-	(8,478,331)	-
Balance as at December 31	1,135,288	-	1,200	918,535	508,889	(8,478,331)	(5,914,419)



ADA RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER 2023

1.0 CORPORATE INFORMATION

1.1 Registration and Nature of Business

The bank was incorporated on November 27th, 1981 with registration (No. 19,810) and issued with certificate to commence business and license under the Banking Law 1989, PNDCL 225, now replaced by the Banking Act 2004 (Act 673), on August 1, 1980 with registration (No. 16,620) and January 10, 1984 respectively. The bank commenced business on September 26, 1980. The nature of the business the bank is authorized to carry on includes the provision of current and deposit as well as savings and time deposit accounts for its customers. It also acts as agent of the other financial institutions in the country, accepts and discounts bills of exchange and provides finance for small scale farmers, merchants, industrialists, etc.

1.2 Compliance with International Financial Reporting Standards (IFRSs)

The bank's financial statements have been prepared in accordance with IFRSs in force as of the reporting date.

International Financial Reporting Standards (IFRSs) comprise IFRS 1 to 15 and International Accounting Standards (IAS) 1 to 41.

1.3 Effects of Transition to IFRS

The transition from Ghana National Accounting Standards (GNAS) to IFRS resulted in changes in the Equity at the date of transition and the end of the comparative period as well as reported results of the comparative period.

In accordance with IFRS 1, "First time adoption of international financial reporting standards", the changes are explained in the reconciliation statements below:

a. Reconciliation of Profit

	2022
	Gh¢
Pre-tax profit / (Loss) under previous GNAS	(7,851,767)
Deferred portion of Fee Income	<u>43,673</u>
Pre-tax profit under IFRS	<u>(7,808,094)</u>

Reconciliation of Equity 2022

	2022
	Gh¢
Total Equity under previous GNAS	(5,914,419)
Deferred portion of Fee Income	<u>43,673</u>
Total Equity under IFRS	<u>(5,870,746)</u>



2.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by Ada Rural Bank PLC in the preparation of the financial statements are set out below:

2.1 Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified by the adoption of fair value measurement basis for assets and liabilities in compliance with IFRS requirements.

2.2 Functional and Presentation Currency

The financial statements are presented in Ghana Cedi (GHC) which is the functional and presentation currency of the Bank.

2.3 Revenue Recognition

Revenue is recognized to the extent that the economic benefit will flow to the bank and can be reliably measured. The following specific income recognition criteria have been applied in the financial statements.

- i. Interest Income and expenses are recognized on interest bearing assets and liabilities on accrual basis.
- ii. Commissions and fees are credited upon collection.

2.4 Income Tax

Income Tax in the Profit and Loss Account comprises current tax and deferred tax. Current tax is the tax expected to be payable, under the Income Tax 2015 (Act 896 as amended), on the taxable profit for the year.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all taxable temporary differences while deferred tax assets are recognized to the extent that it is probable future taxable profit will be available against which deductible temporary differences can be utilized. Deferred tax is calculated using the rate expected to be applicable in the period during which the asset will be realized or the liabilities settled.

Deferred tax assets and liabilities are offset when they arise in the same tax reporting entities and relate to income taxes of the same taxation authority, and when a legal right to set off exists.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available for full or partial utilization of the deferred tax asset.

2.5 Financial Instruments

(a) Initial Recognition and Measurement

Financial instruments are recognized initially when the bank becomes a party to the contractual provisions of the instruments.

The bank classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the instrument. These are initially measured at fair value (including transaction costs for assets and liabilities not measured at fair value through profit or loss).

**(b) Subsequent Measurement**

For purposes of subsequent measurement financial assets and financial liabilities are classified as:

- a) financial assets measured at fair value through profit or loss
- b) financial liabilities at fair value through profit or loss
- c) financial assets measured at amortised cost
- d) financial liabilities measured at amortised cost
- e) financial assets measured at fair value through other comprehensive income.

A financial asset is measured at amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset or financial liability at fair value through profit or loss is one that either:

- a) is designated as such upon initial recognition, or
- b) meets the recognition of 'held for trading'

A financial asset or financial liability is deemed to be 'held for trading' if

- (i) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term,
- (ii) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (iii) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging contract).

Financial assets and financial liabilities at amortised cost are measured, subsequent to initial recognition, at amortised cost using the 'effective interest method'. The 'effective interest method' is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Financial assets and liabilities at fair value through profit or loss are measured, subsequent to initial recognition, at fair value with gains or losses recognised in profit or loss.

Financial assets and liabilities at fair value through other comprehensive income are measured, subsequent to initial recognition, at fair value with gains or losses recognised in other comprehensive income.

The foregoing classification of financial instruments for purposes of subsequent measurement, are spelt out in IFRS 9 'Financial Instruments' which became effective for annual periods beginning on or after 1st January 2015.

The bank's principal financial assets are investments and loans and advances to customers, cash and cash equivalents, while its principal financial liabilities are customer deposits.

**(c) Derecognition of financial assets and liabilities**

A financial asset or a portion thereof, is derecognized when the Bank's rights to cash flows has expired or when the Bank has transferred its rights to cash flows relating to the financial assets, including the transfer of substantially all the risk and rewards associated with the financial assets or when control over the financial assets has passed.

A financial liability is derecognized when the obligation is discharged, cancelled or has expired.

2.6 The Amortised Cost of a Financial Asset or Financial Liability

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

2.7 Fair Value Measurement

The bank defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes an orderly transaction between market participants at the measurement date under current market conditions.

In measuring fair value:

- The bank takes into account the characteristics of the asset or liability being measured that a market participant would take into account when pricing the asset or liability at the measurement date.
- The bank determines classes of asset or liability for disclosure purposes on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy within which the fair value measurement is categorised.

2.8 Impairment of financial assets

At each balance sheet date, the Bank assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets has become impaired.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, or the fact that the debt is being restructured to reduce the burden on the borrower.

In the case of equity investments, objective evidence would include significant or prolonged decline in the fair value of the investment below its cost.

For debt instruments and financial assets measured at amortised cost, if there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

If, in a subsequent year, the amount of the estimated impairment allowance increases or decreases because of an event occurring after the impairment was recognised, the previously



recognised impairment loss is increased or reduced by adjusting the allowance account. Assets together with the associated allowances are written off when there is no realistic prospect of future recovery and all collateral have been utilised.

If a future write-off is later recovered the recovery is credited to 'credit loss expense'. The present value of the estimated future cashflows is determined using the financial asset's original effective interest rate.

2.9 Impairment of Non-Financial Assets (Including Property Plant & Equipment (PPE))

The Bank assesses at least at each financial year end whether there is any evidence that non-financial assets (including PPE) may be impaired. Where indicators of impairment exist, an impairment test is performed. This requires an estimation of the 'value in use' of the asset or the cash-generating units to which the asset belong. Estimating the value in use amount requires management to make an estimate of the expected future cash flows from the asset or the cash generating unit and also to select a suitable discount rate in order to calculate the present value of those cash flows.

2.10 Property, plant and equipment

The Bank recognizes an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it and the amount meets the materiality threshold set by the Bank. Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on the depreciable amount of each component on a straight-line basis over the anticipated useful life of the asset. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs, which the Bank would currently obtain from the disposal of an asset in similar age and condition as expected at the end of the useful life of the asset.

The current annual depreciation rates for each class of property, plant and equipment are as follows:

• Land and Building	2.5%
• Office Furniture & Equipment	20%
• Motor Vehicle	20%
• Computer	20%
• T24 User License Software	10%

Costs associated with routine servicing and maintenance of assets are expensed as incurred. Subsequent expenditure is only capitalized if it is probable that future economic benefits associated with the item will flow to the Bank.

The carrying values of property, plant and equipment are reviewed for indications of impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.



An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognized.

2.11 Foreign Currency

Transactions denominated in foreign currency are translated into cedis at the rates of exchange ruling on the dates of the transactions.

Assets and liabilities denominated in foreign currencies are translated into cedis at exchange rates ruling at the balance sheet date.

Any gains or losses resulting from foreign currency translation or exchange are dealt with through the profit and loss account for the year.

2.12 Cash & Cash Equivalents

For the purposes of the statement of cashflows, cash and cash equivalents include cash, balance with ARB Apex Bank, amounts due from other banks and financial institutions and short-term government securities.

2.13 Provisions

The bank recognizes provisions when it has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the bank expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, 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. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

2.14 Events after the Reporting Period

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

2.15 Use of Estimates and Judgements

In the preparation of the financial statements, the bank makes estimates and judgements that could affect the reported amounts of assets and liabilities within the next financial year.

Key areas in which judgment is applied include:

- (i) Determination of depreciation rates for property, plant and equipment
- (ii) Estimation of Provisions
- (iii) Determination of contingent liabilities and contingent assets
- (iv) Impairment of financial and non-financial assets.

2.16 Employee Benefits



- **Short-Term Benefits**

Short-term employee benefits are amounts payable to employees that fall due wholly within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term employee benefits are recognized as an expense in the period when the economic benefit is given, as an employment cost. Unpaid short-term employee benefits as at the end of the accounting period are recognized as an accrued expense and any short-term benefit paid in advance are recognized as prepayment to the extent that it will lead to a future cash refund a reduction in future cash payment.

Wages and salaries payable to employees are recognized as an expense in the income statement at gross amount. The Bank's contribution to social security fund is also charged as an expense.

- **Social Security and National Insurance Trust (SSNIT)**

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

- **Provident Fund**

The Bank has a Provident Fund Scheme for all permanent employees. Employees contribute 4.5% of their basic salary to the Fund whilst the Bank contributes 11%. The Bank's obligation under the plan is limited to the relevant contribution which is invested at interest rates agreed by the trustees of the scheme and the Bank.

2.17.0 New Standards and Interpretations

2.17.1 Standards and Interpretations not yet effective

The following standard which is relevant to the bank's operations has been published.

2.17.2 IFRS 9 Financial Instruments

This new standard is the first phase of a three-phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. Phase one deals with the classification and measurement of financial assets. The following are changes from the classification and measurement rules of IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated as at fair value.
- For hybrid contracts, where the host contract is within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.



- Investments in equity instruments may be measured at fair value though. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on de-recognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost under any circumstances.

The standard was to be effective for annual periods beginning on or after 1st January 2015. However, with the completion of the project to replace IAS 39 and the issue on 24th July 2014 of IFRS 9 (2014) as a complete standard the new effective date for IFRS 9 has been changed to reporting periods beginning on or after 1st January, 2018 with early adoption permitted (subject to local endorsement requirements). This notwithstanding early adoption of the previous versions is permitted for limited periods to 1st February 2015.



ADA RURAL BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023 CONTINUED...

	2023	2022
	GH¢	GH¢
3 INTEREST INCOME		
Advances	1,555,029	2,769,585
Investment	2,701,433	825,773
	4,256,462	3,595,358
4 INTEREST EXPENSE		
Interest on Fixed Deposit	200,695	188,194
Interest on Savings	340,661	234,733
Accounts Interest on	30,428	271,275
Borrowing	571,784	694,202
5 COMMISSIONS AND FEES		
Commitment Fees	200,490	143,492
Commission Received	246,735	113,660
Remittances Fees	10,471	10,238
	457,697	267,390
6 OTHER OPERATING INCOME		
Interest on Placement Account	53,265	32,252
SMS Charges	63,807	25,561
Other Income	149,659	111,239
	266,731	169,052
7 IMPAIRMENT ALLOWANCE		
Current Provision	6,565,377	8,081,886
Previous Provision Adjustment	8,081,886	1,012,601
for the Year	(1,564,618)	-
Charged for the Year	48,109	7,069,285
8 PERSONNEL EXPENSES		
Staff Cost (Appendix I)	2,130,448	1,842,763
9 DEPRECIATION AND AMORTISATION		
Depreciation Charge for the Year	91,354	83,605
Amortisation Charge for the Year <u>TOTAL</u>	27,587	29,592
	118,940	113,197
10 OTHER OPERATING EXPENSES		
Occupancy Costs (Appendix II)	516,710	290,797
Administrative Expenses (Appendix III)	1,399,894	1,795,489
Directors' Remuneration	24,400	21,600
Audit Fees	46,802	36,564
Micro Finance Expenses	20,146	19,670
	2,007,952	2,164,120



ADA RURAL BANK PLC **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST** **DECEMBER 2023 CONTINUED...**

	2023	2022
	GH¢	GH¢
11 CASH AND SHORT TERM FUNDS		
Cash on Hand	775,415	738,684
ARB Apex Bank	1,737,997	1,322,786
ARB Apex Bank Clearing Account	149,064	208,835
Balances with Other Banks	734,292	1,598,922
	3,396,768	3,869,226
12 (a) INVESTMENTS IN SHORT TERM SECURITIES		
Treasury Bills	14,780,000	8,430,000
SDC Finance LTD	277,649	269,004
ACOD	980,000	830,000
Unearned Income on Investment	(891,421)	(433,832)
	15,146,229	9,095,172
The Accounting Policies for Financial Instruments have been applied to the following line items.		
	AT AMORTISED	FAIR VALUE
12 (b) FINANCIAL ASSETS BY CATEGORY	COST	TPL
	GH¢	GH¢
2023		
Description	GH¢	GH¢
Cash and Short Term Funds	-	3,396,768
Investments	15,146,229	-
Loans and Advances to Customers	4,457,883	-
	19,604,111	3,396,768
2022		
Cash and Short Term Funds	-	3,869,226
Investments	9,095,172	-
Loans and Advances to Customers	4,784,116	-
	13,879,288	3,869,226
12 (c) FINANCIAL LIABILITIES BY CATEGORY		
Deposits and Current Accounts	2023	2022
Deposits and Current Accounts	36,314,066	30,313,915
	2023	2022
Deposits and Current Accounts	36,314,066	30,313,915
	2023	2022
13(a) LOANS AND ADVANCES TO CUSTOMERS	GH¢	GH¢
Analysis by type of Customer:	2,777,662	2,309,770
Individuals	7,113,748	8,704,380
Other private enterprises	1,131,850	1,851,852
Staff and Directors	11,023,260	12,866,002
	(6,565,377)	(8,081,886)
Impairment Allowance	4,457,883	4,784,116
Analysis by Sector:	2,094,419	1,286,600
Agriculture, Forestry & Fishing	3,351,781	3,900,986
Trading	1,212,559	1,415,260
Transport , Storage & Communication	4,364,501	6,263,156
Miscellaneous	11,023,260	12,866,002
	(6,565,377)	(8,081,886)
Impairment Allowance	4,457,883	4,784,116
Non-Performing Loans		
Total Loss	6,542,975	7,640,692
Total Loss to Total Loans Portfolio Ratio	59%	59%



ADA RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2023 CONTINUED...

	<u>2023</u>	<u>2022</u>
13(b) <u>Analysis by type of Advance:</u>	<u>GH¢</u>	<u>GH¢</u>
Loans	7,122,350	7,109,961
Overdraft	3,900,910	5,756,041
	11,023,260	12,866,002
Impairment Allowance	(6,565,377)	(8,081,886)
	<u>4,457,883</u>	<u>4,784,116</u>
14 <u>OTHER ASSET ACCOUNTS</u>		
Interest In Arrears	686,097	764,139
Stationery Stocks	63,284	46,397
CCC Unclear Effect	-	1,369,063
ACH Unclear Effect	1,143,649	-
Commission Accrued	184,239	-
Prepaid Rent	23,858	49,330
Office Account	809,982	108,300
E-Zwich Operation	12,105	9,674
Unassigned Line	592,645	1,207,153
Interbranch	169,840	5,364
Sundry Debtors	17,540	36,157
	<u>3,703,239</u>	<u>3,595,577</u>
	<u>2023</u>	<u>2022</u>
15 <u>OTHER INVESTMENTS</u>	<u>GH¢</u>	<u>GH¢</u>
ARB Apex Bank Shares	100,910	69,660
Government - Stock/Bond	535,701	535,701
182 Day Brooks Asset Management	414,266	414,266
182 Day Gold Coast Investment	333,134	333,134
	<u>1,384,011</u>	<u>1,352,760</u>

ADA RURAL BANK PLC
PROPERTIES, PLANTS, AND EQUIPMENTS AS AT 31ST DECEMBER, 2023

16	FREEHOLD BUILDING WIP					
	LAND & BUILDING	RENOVATION	MOTOR VEHICLE	FURNITURE AND FITTINGS	OFFICE EQUIPMENTS & MACHINERY	TOTAL
COST						
Gross value at January 1, 2023	3,631,358	68,516	435,451	151,383	981,874	5,371,148
Additions	-	-	20,826	10,300	250,976	355,132
Disposal	-	(68,516)	-	(79,378)	(186,505)	(337,002)
Gross value at December 31, 2023	3,631,358	-	456,277	82,305	1,046,345	5,389,278
DEPRECIATION						
Balance as at 01/01/2023	-	56,159	173,396	101,260	436,829	828,175
Charge for the Year Disposal	-	-	2,777	5,724	79,201	91,354
Balance as at 31/12/2023	-	(56,159)	-	(79,378)	(186,505)	(324,645)
	-	-	176,173	27,606	329,525	594,884
NET BOOK VALUE						
Balance as at 31/12/2023	3,631,358	-	280,104	54,698	716,820	4,794,394
Balance as at 31/12/2022	3,631,358	12,357	262,055	50,123	545,045	4,542,973



ADA RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023 CONTINUED...

17. INTANGIBLE ASSETS	2023	2022
<u>COST</u>	<u>GH¢</u>	<u>GH¢</u>
Balance as at 1/1/2023	295,922	295,922
Additions	-	-
<u>Balance as at 31/12/2023</u>	<u>295,922</u>	<u>295,922</u>
 <u>Amortisation and Impairment</u>		
Balance as at 1/1/2023	75,228	45,636
Impairment Loss	27,587	29,592
<u>Balance as at 31/12/2023</u>	<u>102,815</u>	<u>75,228</u>
 <u>Carrying Amount</u>		
Balance as at 31st December	<u>193,107</u>	<u>220,694</u>

Intangible assets for the years 2022 and 2023 were attributable to purchased software.



ADA RURAL BANK PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2023 CONTINUED...

		2023	2022		
		GH¢	GH¢		
18	DEPOSITS AND CURRENT ACCOUNTS				
	Savings Accounts	27,498,072	22,038,703		
	Current Accounts	6,365,824	6,477,513		
	Time Deposit	2,450,170	1,797,700		
		36,314,066	30,313,915		
19	CREDITORS AND ACCRUALS				
	A.C.H. Unclear Effect	-	751,615		
	Deferred Income	17,424	43,673		
	Audit Fee	46,802	36,564		
	Accrued Interest Payable	71,544	49,008		
	Office Accounts	433,047	474,181		
	Dividend Payable	128,842	128,842		
	Interest Suspense	313,967	282,554		
	Loan Insurance Suspense Account	7,814	4,219		
	CCC Unclear Effect	26 3,888	-		
	Commission Accrued	-	20 9,663		
	Sundry Creditors	231,272	166,275		
		1,514,600	2,146,594		
20(a)	TAXATION - CURRENT				
	Year	Opening Balance GH¢	Tax Charged GH¢	Tax Paid GH¢	Closing Balance GH¢
	2011 - 2017	(35,210)	-	-	(35,210)
	2018 2019	(6,369)	-	-	(6,369)
	2020 2021	(85,704)	-	-	(85,704)
	2022	(75,000)	-	-	(75,000)
	2023	(48,277)	-	-	(48,277)
		(56,314)	-	-	(56,314)
		-	-	-	-
		(306,874)	-	-	(306,874)
20(b)	DEFERRED TAX				
		2023	2022		
		GH¢	GH¢		
	Balance as at 1 January	883,638	82,166		
	Charged for the Year	(14,573)	801,472		
	Balance as at 31 December	869,065	883,638		
	(c) RECONCILIATION OF TAX EXPENSE TO PRODUCT OF ACCOUNTING PROFIT AND APPLICABLE RATE				
		2023	2022		
		GH¢	GH¢		
	Profit Before Taxation	1 03,657	(7,851,767)		
	Adjusted Pre-Tax Profit	1 03,657	(7,851,767)		
	Tax at Applicable Rate @ 25%	25,914	(1,962,942)		
Add/					
Deduct:	Tax Effect of Non-Deductible Expenses	42,012	1,797,246		
	Tax Effect of Capital Allowances	63,994.12			
	Add Origination of Temporary Differences	(14,573)	39,264		
	TOTAL TAX EXPENSE	117,348	(126,432)		
	Effective Tax Rate	113.21%	1.61%		
21	MANAGED FUNDS				
		GH¢	GH¢		
	Food and Agricultural Budgetary Support	25,740	25,740		
	Fund Nene Tetegah Educational Fund	4,920	4,920		
		30,660	30,660		



ADA RURAL BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023 CONTINUED...

	<u>2023</u>	<u>2022</u>
	GH¢	GH¢
22 LONG TERM BORROWINGS		
ARB Apex Microfinance Loan	-	145,833
ARB Apex NIA Loan	60,593	-
CAP Loan (NBSS)	161,171	161,171
	<u>221,764</u>	<u>307,004</u>

23 **STATED CAPITAL**

The Bank is registered with an authorised capital of 100,000,000 ordinary shares of no par value. During the year under review the bank issued 274,400 ordinary shares for cash consideration of GH¢13,720.00

<u>AUTHORISED</u>		<u>ORDINARY</u>		<u>2022</u>
Number of Shares of No Par Value		100,000,000		
		<u>2023</u>		<u>2022</u>
<u>ISSUED AND FULLY PAID</u>		<u>ORDINARY</u>	<u>ORDINARY</u>	
	Number	GH¢	Number	GH¢
For Cash	16,569,819	617,820	15,492,939	563,976
Issued for the Year	274,400	13,720	1,076,880	53,844
Transfer from Income Surplus	-	143,081	-	143,081
Transfer from Capital Surplus	-	234,387	-	234,387
Transfer from Building Reserve				
Fund	-	140,000	-	140,000
		<u>16,844,219</u>	<u>1,149,008</u>	<u>16,569,819</u>
				<u>1,135,288</u>

There was share 16,500 in treasury which amounted to GH¢ 825.00 and no call or instalments unpaid on any share.

24 **STATUTORY RESERVE**

This represents the cumulative amounts set aside as non-distributable reserve from annual net profit after tax in accordance with section 29, of the Banking Act 2004, (Act 673) as amended by the banking (Amendment) Act, 2007 (Act 738).

25 **CAPITAL SURPLUS**

There were no capital surplus at the balance sheet date.

26 **INCOME SURPLUS**

This represents the residual of cumulative annual profits that is available for distribution to shareholders.

27 **CREDIT RISK RESERVE**

This represents the difference of impairment provision between Bank of Ghana and IFRS requirement.

RECONCILIATION OF IMPAIRMENT PROVISION

	IFRS	BOG	
	<u>IFRS PROVISION</u>	<u>BOG</u>	<u>DIFFERENCE</u>
2023	7,236,162	7,189,546	46,617

28 **MICRO-CAPITAL GRANT - UNDP**

There were no Micro - capital grants as at the balance sheet date.

29 **CONTINGENCIES AND CAPITAL EXPENDITURE COMMITMENTS**

There were neither contingent liabilities nor contingent assets as at the balance sheet date.

30 **CAPITAL EXPENDITURE COMMITMENTS**

There were no capital commitments as at the balance sheet date.

31 **PROPOSED DIVIDEND**

The Board of Directors of the Bank are awaiting directives from Bank of Ghana in regards to payment of dividend.

32 **RELATED PARTY TRANSACTIONS**

Advances include the following amounts lent to related parties.

	<u>2023</u>	<u>2022</u>
	GH¢	GH¢
Employees	1,131,850	1,851,85
	<u>1,131,850</u>	<u>1,851,852</u>

**32.0 QUANTITATIVE DISCLOSURES**

	2023	2022
Capital Adequacy Ratio	(33.35)	(43.84)
Loan Loss Provision Ratio	59.56%	60.99%
Liquidity Ratio	0.7:1	0.6:1
Gross Non-Performing Loan Ratio	59%	59%

33.0 RISK MANAGEMENT

The nature of the bank's operations exposes it to various types of risk. The risks emanating from financial instruments to which the bank is exposed are credit risk, market risk and liquidity risk. Other risks include operational risk.

33.1 Credit Risk

Credit risk arises from the potential that a debtor or counterparty is either unwilling or unable to perform an obligation resulting in economic loss to the bank. The principal sources of credit risk inherent in the bank's operations are balances with the banks, loans and advances to customers and investments.

To minimize the risk from these sources the bank only deposits cash, grants credits and restricts investments to major banks, institutions and individuals of good repute and high credit standing.

33.2 Market Risk

Market risk is the potential of losses arising from movements in market prices such as interest rates, exchange rates, and equity and commodity prices. The bank's current operation exposes it to interest rate risk.

The interest rate risk is inherent in the bank's investments with other financial institutions which are affected by changes in interest rates by the Bank of Ghana.

The bank manages this risk by closely monitoring the inflation rates and other economic indicators that are germane, with a view to avoiding or minimizing losses arising from interest rate risk.

33.3 Liquidity Risk

Liquidity risk is the risk that the bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The bank manages liquidity risk through an ongoing review of future commitments and credit facilities. The bank has minimized its liquidity risk by ensuring that it has adequate banking funds.

33.4 Operational Risk

Operational risk is the potential for loss from failed systems and processes, staff incompetence and misconduct and uncontrolled external events. These risks are monitored and controlled in the Bank through well designed operating manuals that reflect the main operating procedures, business continuity planning, reconciliations, internal audit and timely and reliable management reporting.

34.0 CAPITAL



34.1 The Objectives of Capital Management

The primary objective of capital management in the Bank is to ensure that:

- it complies with the minimum stated capital requirement of Bank of Ghana
 - it complies with the regulatory capital requirement that enables it to meet the minimum Capital Adequacy Ratio requirements of Bank of Ghana
 - its operations would assure it of increasing level of profitability and shareholder value.
- The achievement of the above objectives is monitored through regular reports on the performance of the Bank and the Bank's returns submitted to Bank of Ghana regularly.

34.2 Capital Description

The Bank's Capital is its Shareholders' funds comprising Stated Capital, Reserves and Income

Surplus, which includes current and previous year's retained earnings.

34.3 The Level of Capital Adequacy

The bank's capital adequacy status is shown in the *Long Form Audit Report*.



ADA RURAL BANK PLC

CAPITAL ALLOWANCE COMPUTATION

FOR THE YEAR ENDED 31ST DECEMBER 2023

	POOL 1	POOL 2	POOL 3	POOL 4	Class 5 T24 User License Software	TOTAL
	Computers	Motor Vehicle	Plant, Furn. / Equipments	Building		
	GH¢ 40%	GH¢ 30%	GH¢ 20%	GH¢ 10%	GH¢ 10%	GH¢
Capital Allowance						
WDV B / Fwd Additions	86,969	20,978	146,950	747,517	226,701	1,229,115
TOTAL	74,874	20,826	259,432	-	-	355,132
Less: Capital Allowance	161,843	41,804	406,382	747,517	226,701	1,584,247
WDV C / Fwd	64,737	12,541	81,276	74,752	22,670	255,976
	86,969	29,263	325,106	672,765	204,031	1,318,134

SUMMARY OF CAPITAL ALLOWANCES	2023 GH¢	2022 GH¢
	255,976	-
Unutilised Allowances B / Fwd Capital	255,976	211,954
Allowances	255,976	211,954
Total Allowances	-	-
Less: Allowances Utilised		211,954
Allowances C / Fwd		

INCOME TAX COMPUTATION

FOR THE YEAR ENDED 31ST DECEMBER 2023

	GH¢	GH¢	GH¢
Net Profit before Tax		103,657	(7,851,767)
<u>Add Back:</u> Depreciation and Amortisation	118,940		113,197
Donation	1,000		6,500
Impairment Allowance	48,108.56		7,069,285
		168,049	7,188,982
Assesable Income		271,706	(662,785)
<u>Less:</u> Capital Allowance Chargeable		(255,976)	-
Income		15,729	-
2022 Business Loss C/fwd		(662,785)	-
		(647,056)	-
Tax thereon @ 25%		-	-
Growth and Sustainability Levy @ 5%		-	-



	<u>2023</u>	<u>2022</u>
	<u>GH¢</u>	<u>GH¢</u>
<u>APPENDIX I</u>		
<u>STAFF COST</u>		
Salaries and Allowances	990,253	911,131
Social Security Fund Contribution	126,067	101,444
Provident Fund	67,684	57,777
Other Staff Allowances	796,978	418,694
Staff Training Expenses Medical	65,192	89,596
End of Service Benefit	46,789	31,827
Housing Expenses	-	60,000
Staff Clothing and Party	37,486	20,331
<u>TOTAL</u>	<u>-</u>	<u>151,964</u>
<u>APPENDIX II</u>	<u>2,130,448</u>	<u>1,842,764</u>
<u>OCCUPANCY COSTS</u>		
Electricity and Water	167,619	105,216
Police Guard	204,252	38,470
Rent, Rates and Taxes	38,422	87,940
Generator Running Expenses Repairs and Maintenance	52,650	29,071
	53,766	30,100
<u>TOTAL</u>	<u>516,710</u>	<u>290,797</u>
<u>APPENDIX III</u>		
<u>ADMINISTRATIVE EXPENSES</u>		
Motor Running Expenses	113,718	117,716
Printing and Stationery Insurance	91,507	184,653
Business Promotion	162,230	284,205
Subscriptions & Periodicals	20,196	34,125
Audit Expenses	40,325	53,152
Transport and Travelling	12,960	9,727
Specie Expenses	40,898	39,978
Computerisation Expenses	4,198	7,035
Board Meeting Expenses	212,359	227,499
AGM Expenses	272,553	194,487
Postage, Telephone & Telegraph Bank Charges	30,730	83,232
Office Expenses	22,623	21,263
	37,523	22,720
	41,887	21,500



Legal Expenses	7,000	500
Loan Recovery Expenses	2,900	2,925
Mobilisation Expenses	101,952	64,588
Motor Vehicle Repairs and Maintenance	27,811	40,367
Cleaning & Sanitation Entertainment	30,112	28,216
Cheque Clearing Expenses Donation	45,900	28,453
Funeral Grant	212	26,905
Sundry Expenses	1,000	6,500
Consultancy Services	1,500	10,120
Bad Debt Written Off	48,278	97,786
Advertising and Publicity	7,995	12,620
Registration and License	7,433	-
Student Attachment	11,840	23,341
Cashiers Overs and Shortage	-	300
Teller Efficiency	-	-
Security Expenses	803	1,148
<u>TOTAL</u>	1,450	1,475
	-	14 8,951
	<u>1,399,894</u>	<u>1,795,487</u>



ADA RURAL BANK PLC

CAPITAL ADEQUACY FOR THE YEAR ENDED 31ST DECEMBER 2023

	<u>2023</u>	<u>2022</u>
	GH¢	GH¢
ITEM		
1 Paid-Up Capital	1,149,008	1,135,288
2 Disclosed Reserves	(6,716,658)	(7,049,707)
3 Tier 1 Capital (1+2)	(5,567,650)	(5,914,419)
Less:		
4 Goodwill/Intangibles – Preliminary Expenses		
5 Losses not Provided For		
6 Investments in Unconsolidated Subsidiaries		
7 Investment in the capital of other Banks & Fin Insts.	100,910	1,352,760
8 Connected Lending of Long Term Nature		
9 Net Tier 1 Capital (3-4-5-6-7-8)	(5,668,560)	(7,267,179)
Add:		
10 Revaluation Reserves		
11 Subordinated Term Debt (Limited to 50% of 3)		
12 Hybrid Capital		
13 Tier 2 Capital (9+10+11+12)(Limited to 100% of 3)		
14 ADJUSTED CAPITAL BASE (9 +12)	(5,668,560)	(7,267,179)
15 TOTAL ASSETS(Less contra items)	33,382,505	27,767,392
Less:		
16 Cash on Hand	775,415	738,684
<u>Claim on ARB Apex Bank:</u>		
17 i. 5% Deposit ARB	1,737,997	1,322,786
18 ii. Clearing Account Balance	149,064	208,835
19 iii. ACOD	980,000	830,000
20 iv. Balances with other Banks	734,292	1,598,922
<u>Claims on Government</u>		
21 i) Treasury Securities (Bills and Bonds)	16,063,100	8,965,701
22 ii) Stocks –Call Account		
23 80% of Cheques drawn on other banks		
24 Goodwill/Intangibles		
25 Investments in Unconsolidated Subsidiaries		
26 Investments in the Capital of Other Banks & Fin	100,910	1,352,760
27 Connected Lending of Long Term Nature		
28 80% of claims on Discount Houses		
29 80% of claims on Other Banks		
30 50% of claims on Other Insts. (Public Sector)		
31 80% of loans guaranteed by government		
32 80% of loans guaranteed by multilateral banks		
33 50% of Residential Mortgage Loans	177,412	-
34 50% of Export Financing Loans		
35 Adjusted Total Assets (15-(16+17 to 34)	12,841,727	12,749,704
Add:		
36 100% of 3yrs Average Annual Gross Income	4,318,707	3,870,639
37 ADJUSTED ASSET BASE (35+36)	17,160,435	16,620,343
38 Adjusted Capital Base as percentage of		
Adjusted Asset Base: (14/37 x 100)	-33.03%	-43.72%
39 CAPITAL SURPLUS/DEFICIT (14 – (10% of 35)	(6,952,733)	(8,542,149)



ADA RURAL BANK PLC

CAPITAL ADEQUACY FOR THE YEAR ENDED 31ST DECEMBER 2023

	2023	2022
	<u>GH¢</u>	<u>GH¢</u>
1 Demand Deposit	6,365,824	6,477,513
2 Savings Deposit	27,498,072	22,038,703
3 Time Deposit	2,450,170	1,797,700
4 Sub-Total (1+2+3)	<u>36,314,066</u>	<u>30,313,916</u>
A PRIMARY		
5 Cash on Hand	775,415	738,684
6 ACOD	980,000	83
7 Other Banks Balances	2,621,353	0,000
8 Sub – Total (5+6+7)	<u>4,376,768</u>	<u>3,130,543</u>
		<u>4,699,227</u>
B SECONDARY		
9 Call Account		
10 Other Investments	277,649	269,004
11 Treasury Bills	14,780,000	8,430,000
12 Total (9 + 10+11)	<u>15,057,649</u>	<u>8,699,004</u>
13 Primary Reserve % of 8/4	12.05	15.50
14 Secondary Reserve % of 12/4	41.47	28.70
Required Reserves		
15 Primary 11% (of No. 4)	3,994,547	3,334,531
16 Secondary 30% (of No. 4)	10,894,220	9,094,175
EXCESS RESERVES		
Primary Reserve		
17 Available Reserve (No. 8)	4,376,768	4,699,227
18 Required Reserve (No. 15)	3,994,547	3,334,531
19 Excess Reserve (17-18) (i)	<u>382,221</u>	<u>1,364,696</u>
Secondary Reserve		
20 Available Reserve (No. 12)	15,057,649	8,699,004
21 Required Reserve (No. 16)	10,894,220	9,094,175
Excess Reserve (20 - 21) (ii)	<u>4,163,429</u>	<u>(395,171)</u>
TOTAL EXCESS/(DEFICIT) RESERVE		
Total Excess/(Deficit) Reserves (i) + (ii)	<u>4,545,650</u>	<u>969,525</u>



ADA RURAL BANK PLC
VALUE ADDED STATEMENTS FOR
THE YEAR ENDED 31ST DECEMBER, 2023

	<u>2023</u>	<u>2022</u>
	<u>GH¢</u>	<u>GH¢</u>
Interest earned and other operating income	4,980,890	4,031,800
Direct cost of Services	(571,784)	(694,202)
Value added by banking services	4,409,107	3,337,598
Non-banking Income	266,731	169,052
Impairments	48,109	7,069,285
Value Added	4,723,947	10,575,935
Distributed as follows:		
To Employees:-		
Directors (without executives)	24,400	21,600
Executive Director	-	-
Other Employees	990,253	9 11,131
To Government:		
Income Tax	-	56,314
To Provider of Capital		
Dividends to Shareholders	-	-
To Expansion and Growth		
Depreciation	91,354	83,605
Amortisation	27,587	29,592
Retained Earnings	(8,204,397)	(8,478,331)



**ADA RURAL
BANK PLC**

ADA RURAL BANK PLC PROXY FORM

FOR USE AT THE 39TH ANNUAL GENERAL MEETING

I/We

(Block letters please)

being a member/members of ADA RURAL BANK PLC hereby appoint

.....

..... of

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held on 23rd November, 2024.

Signed this day of 2024

.....
Shareholder's signature

.....
Company or Institution Seal/Stamp

No.	Resolution	For	Against
1.	To receive and consider the Chairman's Report, and the Financial Statements for the year ended 31 st December, 2023 along with the Directors' and Auditors' reports thereon		
2.	To appoint External Auditors		
3.	To authorized the Directors to fix the Auditors' Remuneration		
4.	a) To re-elect Mrs. Evelyn Akweley Nsiah as Director for a second term		
	b) To elect one Director to fill a vacancy		
5.	To fix the remuneration of the Directors		

NOTES

- 1) Please indicate with an "X" in the appropriate column how you wish your votes to be cast on the resolutions set out above. Unless otherwise the instructed, proxy will vote or abstain from voting at his/her discretion.
- 2) A member is entitled to attend and vote at the meeting or to appoint a proxy to attend and vote in his or her stead. A proxy needs not be a member of the Bank. Completed proxy forms must reach the Bank's Head Office at Kasseh-Ada, or electronically sent to info@adaruralbank.com, not less than 48 hours before the time fixed for the holding of the meeting.



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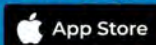
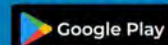
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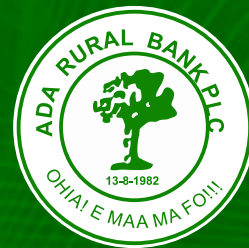
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