



JOMORO RURAL BANK LTD.

2018 ANNUAL REPORT



**THE
DYNAMIC BANK
THAT PROVIDES
YOUR BUSINESS
NEEDS**



**JOMORO RURAL BANK LIMITED
FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2018**

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**JOMORO RURAL BANK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018**

DIRECTORS, OFFICIALS, AND REGISTERED OFFICE

DATE OF INCORPORATION:	DATE OF INCORPORATION:	20-Jan-81
CERTIFICATE NUMBER:	CERTIFICATE NUMBER:	C-17,767
DATE OF COMMENCEMENT	DATE OF COMMENCEMENT	12-Mar-81
DATE LICENCE WAS ISSUED:	DATE LICENCE WAS ISSUED:	10-Jan-84
BANK OF GHANA LICENCE NUMBER	BANK OF GHANA LICENCE NUMBER	44
OLD TIN	OLD TIN	163B000002
NEW TIN	NEW TIN	C0009062300
<i>BOARD OF DIRECTORS:</i>	BOARD OF DIRECTORS:	
CHAIRMAN:	PROF. COSMAS COBBOLD	
VICE CHAIRMAN:	MR. SAMUEL ALEX BERVELL	
MEMBER:	MRS. GIFTY ERZOA-BEBODU	
MEMBER:	MR. NTI ACHEAMPONG	
MEMBER:	MR. DANIEL B. NDEDE	
MEMBER:	MR. ERNEST KOFIE	
MEMBER:	MR. COLLINS EHWI	
SECRETARY:	MR. ADORMAH MAWUNYO	
GENERAL MANAGER	MR. ADORMAH MAWUNYO	
BRANCH NETWORK	TIKOBO NO. 1 HAFL-ASSINI ELUBO TIKOBO NO. 2 AIYINASI JEMA BOINSO	
CLEARING BANK:	ARB APEX BANK, TAKORADI	
REGISTERED OFFICE:	JOMORO RURAL BANK LIMITED PREMISES UNN PLT P. O. BOX 21 TIKOBO NO. 1, WESTERN REGION	
EMAIL ADDRESS	info@jomororuralbank.com	
WEBSITE	www.jomororuralbank.com	
AUDITORS:	sofTwinD OA Consult CHARTERED ACCOUNTANTS, DANSOA ROAD, SWANLAKE, NORTH KANESHIE KANESHIE. P. O. BOX AN-6891 ACCRA-NORTH	
SOLICITOR	CANN, QUARSHIE & CO. MBRANAN CHAMBERS P. O. BOX MC 0108, TAKORADI	

BOARD OF DIRECTORS



**Prof. Cosmas Cobbold
(Board Chairman)**



**Mr. Samuel Alex Bervell
(Vice Chairman)**



**Mr. Ernest Kofie
(Director)**



**Mr. Nti Acheampong
(Director)**



**Mr. Daniel Bulu Ndede
(Director)**



**Mrs. Gifty Erzoa-Bebodu
(Director)**



**Mr. Collins Ehwie
(Director)**

MANAGEMENT TEAM



Mr. Adormah Mawunyo
(General Manager)



Mr. Kwame-Arhin Obed Anthony
(Head, Banking Operations)



Mr. Duah Richard Kusi
(Head, Internal Audit)



Mr. Assuah Francis Kofi
(Head, Credit)



Miss Mary Magdalene Adebah
(Head, Micro Finance)



Mr. Caesar Julius Komla
(Head, IT)

BRANCH MANAGERS



Mr. Ehwi Vincent
(Branch Manager, Tikobo No. 1)



Mr. Isaac Anglow
(Branch Manager, Half Assini)



Mr. Gilbert Mensah
(Branch Manager, Elubo)



Mr. John Whajah
(Branch Manager, Tikobo No. 2)



Mr. George Ackah Attobrah
(Branch Manager, Aiyinasi)



Mr. Paul K Nyamekeh
(Branch Manager, Boinso and Jema)

JOMORO RURAL BANK LTD
NOTICE AND AGENDA OF
22ND ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd Annual General Meeting of Shareholders of Jomoro Rural Bank Limited will be held at the forecourt of the Bank's Head Office Building, Tikobo No. 1, on Saturday, 23rd November, 2019 at 10:00 am, to transact the following business:

1. To read the Notice convening the meeting.
2. To receive the Chairman's report.
3. To receive the reports of the Board of Directors and Auditors and approve the Financial Statements for the year ended 31st December, 2018.
4. To authorize the Directors to negotiate the Auditor's Remuneration.
5. To re-elect Directors retiring by rotation.
6. To approve Directors remuneration.
7. To transact any other business that may be transacted at an Annual General Meeting.

Note: A member of the Bank entitled to attend and vote can appoint a Proxy to attend and vote instead of him/her. A proxy need not be a member of the Bank. All completed proxy forms should be deposited at the Bank's Head Office, Tikobo No. 1, not less than 48 hours before the meeting. Copies of the Directors Report and the Accounts are available for collection at the Bank's Head Office, and branches. Enquiries about the AGM should be directed to the Board Secretary on 0501257627.

Dated 21st October, 2019.

By order of the Board



Adormah Mawunyo
(Board Secretary)

JOMORO RURAL BANK LTD
CHAIRMAN'S REPORT TO THE 22ND ANNUAL GENERAL
MEETING OF SHAREHOLDERS HELD ON 23RD NOVEMBER, 2019

1. INTRODUCTION

Awulae Annor Adjaye III (Omanhene of the Western Nzema Traditional Area), Nananom, the Honourable Member of Parliament (Jomoro Constituency), the Municipal Chief Executive (Jomoro Municipal), the President of the Association of Rural Banks - Ghana, the Representative of ARB Apex Bank, Chairpersons and Chief Executive Officers of sister banks present, Distinguished Invited Guests, Distinguished Shareholders, Ladies and Gentlemen. I welcome you, once again, on behalf of the Board and Management, to the 22nd Annual General Meeting of the Bank. It is a great honour to present to you the annual report and financial statements for the year ended 31st December, 2018.

2. ECONOMIC ENVIRONMENT

Distinguished shareholders, developments in the global economy, especially the escalation of trade tension between the US and China, and uncertainties about Brexit negotiations resulted in a decline in global GDP growth from 3.8% in 2017 to 3.6% in 2018. The development in the global economy had its own impact on the Ghanaian economy.

Ghana's real GDP growth in 2018 was estimated at 6.3% compared to 8.1% in 2017. Cumulatively, the cedi depreciated by 8.4% in 2018 compared to 4.9% in 2017, whilst inflation declined from 11.8% in December, 2017 to 9.4% in December 2018. Interest rates remained relatively stable during the review period. The Monetary Policy Rate (MPR) was cumulatively reduced from 20% in December, 2017 to 17% as at the end of December, 2018. The interest rate equivalent of the benchmark 91-day Treasury bill rate and the 182-day rate increased from 13.3%, and 13.8% in 2017 to 14.6%, and 15% in 2018 respectively. The developments in the macroeconomic environment impacted banking operations in the year under review.

3. DEVELOPMENTS IN THE BANKING SECTOR

The banking sector reforms which was started by the Bank of Ghana in 2017, with an announcement of an increase in the minimum capital of universal banks from GHS120m to GHS400m, continued in 2018. The reforms resulted in the formation of the Consolidated Bank Limited to assume the deposits and some selected assets of 7 insolvent banks. Three applications for mergers were approved by the Bank of Ghana, one bank exited, and one bank was given approval to operate as a savings and loans company.

4. OPERATIONAL RESULTS

Distinguished shareholders, developments in the global and domestic environments affected banking operations in the year under review. Your bank recorded moderate growth in its key performance indicators with the exception of profit before, and after tax. Total loans disbursed to small and medium scale enterprises, farmers, and salaried workers amounted to GHS10,703,169.00 as compared to GHS9,044,714.00 in 2017. Total income increased by 10.92% from GHS4,627,965.00 in 2017 to GHS5,133,598.42 in 2018, whilst total expenditure also increased from GHS4,026,959.00 in 2017 to GHS4,710,275.13 in 2018, showing an increase of 14.50%. This resulted in profit before tax decreasing by 42.87% from GHS601,006.00 in 2017 to GHS343,323.00 in 2018. The key performance indicators are as summarised in the table below:

Financial highlights for 2018

Fin. Indicator	2018 (GHS)	2017(GHS)	Change(GHS)	Percentage Change
Total Assets	20,809,644.00	18,202,225.00	2,607,419.00	14.33
Total Deposits	18,000,033.00	15,818,617.00	2,181,416.00	13.79
Investments	8,950,024.00	7,500,000.00	1,450,024.00	19.34
Advances	6,684,385.00	6,270,472.00	413,913.00	6.60
Profit Before Tax	343,323.00	601,006.00	(257,683)	(42.87)
Profit After Tax	222,180.00	532,675.00	(310,495)	(58.29)
Paid-up Capital	1,038,268.00	1,018,588.00	19,680.00	1.94
Shareholders Fund	2,281,386.00	2,039,526.00	241,860.00	11.86

5. PROFIT BEFORE TAX

Distinguished shareholders, profit before tax reduced by 42.87% from GHS601,006.00 in 2017 to GHS343,323.00 in 2018 largely on account of an increase in impairment provisions from GHS120,000.00 in 2017 to GHS490,557.00 in 2018. The 2018 provision marked the end of the legacy bad debt provisions that have been staggered over the years.

6. PAID-UP CAPITAL

Distinguished shareholders, the Bank's stated capital stood at GHS1,038,268.00 as at the end of 2018, and is above the GHS1,000,000.00 required by the Bank of Ghana. As we are all aware, the issue of bank capital has taken center stage in recent times, requiring pragmatic measures to shore up capital in anticipation of any announcement of upward adjustment by the regulator. In this regard, we have made it compulsory for Directors, Management, and Staff to purchase some fixed amount of shares every month. As part of the strategy, it has also been proposed that the minimum number of shares for aspiring directors be pegged at 10,000, with those of their nominators and seconders being 4,000.

**JOMORO RURAL BANK LTD
CHAIRMAN'S REPORT CONTINUED**

7. DIVIDEND

Distinguished shareholders, I announced at last year's AGM that the year 2017 marked the end of non-payment of dividends, and that barring any unforeseen circumstances, the directors would declare dividends at this year's AGM. Having fully satisfied the provisions of section 35 of ACT 930, the Directors recommended the payment of dividend of GHS0.0020 per share, totaling GHS55,274.00, but developments in the financial sector this year has necessitated a rethink of the decision. It has therefore, been recommended that the proposed dividend be converted to bonus shares for members.

8. SHARE REGISTER

Distinguished shareholders, it has been some time now since I announced the computerisation of the share register, and urged members to update their personal records and take statements. Regrettably, very few shareholders have updated their records. With the declaration of bonus shares over the years, your shares have increased substantially, so I urge you to take keen interest in your investments by going to any of our branches to update your records and take statements.

9. DIRECTORS

Ladies and gentlemen, the Banks and Specialised Deposit-Taking Institutions Act, 2016 (ACT 930) stipulates the conditions under which a person shall not be appointed, elected or accept appointment as a director of a bank or a specialised deposit-taking institution. Section 58 (1) of the Act states that A person shall not be appointed or elected or, accept an appointment or election, as a director or key management personnel of a bank, specialised deposit-taking institution or financial holding company if that person

- a) has been adjudged to be of unsound mind or is detained as a person with a mental disorder under any relevant enactment;
- b) has been declared insolvent or has entered into agreement with another person for payment of the debt of that person and has suspended payment of the debt;
- c) has been convicted of an offence involving fraud, dishonesty or moral turpitude;
- d) has been a director, key management personnel or associated with the management of an institution which is being or has been wound up by a court of competent jurisdiction on account of bankruptcy or an offence committed under an enactment;
- e) is a director or key management personnel of another bank, specialised deposit-taking institution or financial holding company in the country;
- f) is below the age of eighteen years;
- g) does not have the prior written approval of the Bank of Ghana; or
- h) has defaulted in the repayment of the financial exposure of that person.

Ladies and gentlemen, the draft corporate governance directive issued by the Bank of Ghana also states that the competencies of the board shall be diverse and shall cover a blend of the following: Banking, Audit, Law, Finance, Accounting, Economics, Information Communication technology, Entrepreneurship, Risk Management, Strategic Planning, Corporate Governance and other areas that the Bank of Ghana deems fit. Further to section 58 subsection 1(g) of Act 930, I wish to inform all person interested in becoming directors of the bank to submit their applications in good time for onward submission to the Bank of Ghana.

Now, in accordance with section 325 of the Companies Act, 2019, Act 992, Mr. Ernest Kofie and I, Prof. Cosmas Cobbold, have retired by rotation at this AGM. Being eligible, we have offered ourselves for re-election.

10. ENCROACHMENT ON ELUBO LAND

Distinguished shareholders, there is a saying that the wheels of justice turn slowly but grind exceedingly fine. The Elubo land case that started in 2015 finally came to a close at the Sekondi High Court on 8th July, 2019. As expected, the Court entered judgment for the bank and said it was entitled to recover possession of the entire 0.92 acres of its land. An order of perpetual injunction was made against the Defendants, their agents, assigns, privies, workmen, and all those claiming through them from having anything to do with the land. Cost of GHS10,000.00 was also awarded against the defendants.

Though the judgment was emphatic, the Defendants have expressed misgivings about it, and have decided to go on appeal. Processes are currently ongoing for the appeal to be heard at the Appeals Court in Cape Coast. We are confident of securing victory at the Appeals Court also to bring finality to the issue. At this point, I would like to, on behalf of the Board, express my deepest appreciation to our erudite Lawyer, Mr. Constantine Kojo Mawuena Kudzedzi, Mr. Francis Ndede Siah, the General Manager, and our stakeholders for the various roles they played in securing victory for the bank at the Sekondi High Court.

11. PANIC WITHDRAWAL

Following Bank of Ghana's announcement about the closure of some microfinance institutions in May, 2019, some people started spreading malicious information on social media about the imminent closure of rural and community banks (RCBs) by the Bank of Ghana, and urged customers of RCBs to move their funds to other banks. Again, on 19th August, 2019 the Bank of Ghana issued notice number BG/GOV/SEC/2019/14 informing RCBs that had not met the minimum capital requirement of GHS1,000,000.00 to take steps to meet it by 28th February, 2020. Though

JOMORO RURAL BANK LTD CHAIRMAN'S REPORT CONTINUED

the second notice was only a follow-up on an earlier one issued to RCBs on 3rd July, 2015 to increase their minimum capital to GHS1,000,000.00 by December, 2017, some people still interpreted it to mean BoG's intended closure of RCBs by 2020 and, again, urged customers of RCBs to move their funds to other universal banks. These developments, unfortunately, led to a run on the bank, disrupting operations for some time. Thankfully, all customers that rushed to our bank to withdraw their funds were paid fully, and have even started returning the funds after realising the rumours were false. I would like to cease this opportunity to thank the Management, Staff, Board members, Shareholders, and all those who worked tirelessly to repel the rumours and returned banking operations to normalcy.

It is important to note, however, that the Bank of Ghana never said it was going to close down any rural bank; rather, it said in its notice dated 16th August, 2019 that "The Bank of Ghana has with effect from today completed the clean-up of the banking, specialized deposit-taking (SDI), and non-bank financial institutions (NBFIs) sectors which began in August, 2017". Continuing it said "The Bank of Ghana will also work with ARB Apex Bank to reposition the rural and community banking sector to enable them to better support rural economic development". I, therefore, wish to encourage our existing and potential customers to continue to do business with the Bank.

12. DEPOSIT PROTECTION

As part of measures to protect small depositors in the event of bank failure, the Bank of Ghana and the government of Ghana operationalised the Ghana Deposit Protection Scheme in September, 2019. I am happy to announce that Jomoro Rural Bank Ltd., was among the banks that were given a clean bill of health to sign on to the Ghana Deposit Protection Scheme to protect depositors' interest.

13. FLOOD ISSUES AT THE HEAD OFFICE

The perennial flooding of the Head Office premises continued to engage the attention of the Board and Management. As a short to medium term measure, the frontage of the bank premises was raised above the level of the road to prevent flood waters from entering the bank premises. So far, the measure has been very effective.

14. CORPORATE SOCIAL RESPONSIBILITY

Distinguished shareholders, the bank continued to perform its role as a good corporate citizen by providing assistance to various communities, institutions and individuals within its catchment area. Your bank afforded students from various tertiary institutions in the country the opportunity to undertake their internships, and spent a total amount of GHS6,197.00 in the areas of education, health, sports and culture in the year under consideration.

15. HUMAN CAPITAL DEVELOPMENT

The Board of Directors remained focused in its commitment to staff development. As has always been the case, a number of our staff members were given the opportunity to pursue approved programmes in various tertiary institutions in the country. Our staff also participated fully in internal training programmes as well as training programmes organised by the Association of Rural Banks, the ARB Apex Bank, and the Bank of Ghana in the year under consideration.

16. OUTLOOK FOR 2019 AND BEYOND

Ladies and Gentlemen, the year 2019 witnessed the revocation of the licences of 347 microfinance companies (of which 155 had already ceased operations), 39 micro credit companies/money lenders (of which 10 had already ceased operations), 15 savings and loans companies, 8 finance houses and 2 non-bank financial institutions that had already ceased operations. The reasons adduced by the regulator for the licence revocations were violation of the minimum regulatory capital requirements, excess risk taking without the required risk management function to manage risk exposures, use of depositors' funds to finance related projects, illiquidity, poor corporate governance practices, persistent regulatory breaches, among others. The developments in the micro finance and savings and loans sub-sector impacted the operations of most RCBs in 2019, and has brought to the fore the need for prudent management of risk and liquidity. Going forward, the Bank of Ghana is expected to tighten its regulatory and oversight responsibilities to ensure a safe and sound financial sector. The Board and management will work collaboratively with the Bank of Ghana, the ARB Apex Bank and our auditors to ensure that the bank remains robust and resilient at all times.

17. CONCLUSION AND ACKNOWLEDGEMENTS

Distinguished shareholders, I would like to conclude by urging you and our customers to continue to keep faith with the bank whilst the Board and Management work assiduously to improve on its fortunes. On this note, I would like to express my profound gratitude to the Board, Management, Staff and all our stakeholders for the immeasurable support they have always given to the bank. Finally, our sincerest gratitude goes to Nananom, invited guests and the media for making time out of their busy schedule to grace this occasion.

Thank you all for your attention, and may the good Lord bless us all.

Prof. Cosmas Cobbold
Board Chairman
23rd November, 2019

JOMORO RURAL BANK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018

DIRECTORS' REPORT TO THE MEMBERS

The Directors present herewith the audited Financial Statements of the Bank for the year ended 31st December, 2018 and report thereon as follows:

DIRECTORS' RESPONSIBILITY STATEMENT

The Bank's Directors are responsible for the preparation and fair presentation of the Financial Statements, comprising the Statement of Financial Position as at 31st December, 2018, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies' Act, 1963, (Act 179) as amended by Companies (Amendment) Act, 2012, (Act 835) and the Banks and Specialised Deposit-Taking Institutions Act, 2016, (Act 930) and Anti-Money Laundering Act, 2008, (Act 749) (AML).

The Directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, making accounting estimates that are reasonable in the circumstances.

The Directors have assessed the Bank's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

FINANCIAL STATEMENTS AND DIVIDEND

	2018	2017
	GH¢	GH¢
Profit for Year, after Taxation, ended 31st December,	222,180	532,675
Opening Income Surplus Account brought forward of	<u>457,409</u>	<u>467,903</u>
	679,589	1,000,578
Transfers From/(to)/Dividend Payable		
Transfer to Stated Capital	-	(410,000)
Statutory Reserves	(55,545)	(133,169)
Credit Risk Reserve	<u>(115,871)</u>	<u>-</u>
	(171,416)	(543,169)
Leaving the balance Income Surplus Account carried forward of	<u>508,173</u>	<u>457,409</u>
TOTAL ASSETS	<u>20,809,644</u>	<u>18,193,793</u>

In accordance with Section 134 of the Companies Act, 1963, (Act 179), the Auditors, Messrs' softwind OA Consult continue in office as auditors of the Bank.

The Directors recommend the payment of dividend of GH¢0.0020 per share totalling GH¢55,274 in respect of the year ended 31st December, 2018 (2017: GH¢0.000: GH¢0.000).

NATURE OF BUSINESS

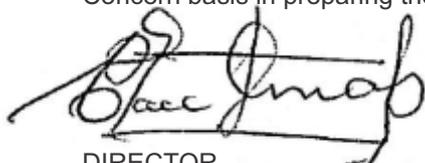
The Bank is registered to carry out the business of banking.
There was no change in the activities of the Bank.

APPROVAL OF THE FINANCIAL STATEMENTS

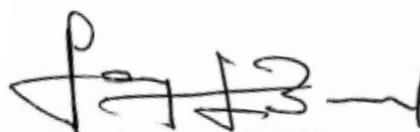
The Financial Statements of the Bank as indicated above were approved by the Board of Directors on the date stated below.

DIRECTORS' ASSESSMENT OF THE STATE OF THE BANK'S AFFAIRS

The Bank has put in place strategies to meet the Financial Reporting Guidelines on Bank's Financial Statement ending December 31, 2018. This is a requirement as directed and published in the 'Guide for Financial Publication for Banks & BOG Licensed Financial Institutions for all Financial Statements ending December 31, 2016. The Directors consider the Bank's State of Affairs to be satisfactory and have a reasonable expectation that the Bank will continue in operational existence into the foreseeable future and have therefore used the Going Concern basis in preparing these Financial Statements.



DIRECTOR
PROF. COSMAS COBBOLD
TIKOBO NO. 1



DIRECTOR
MR. SAMUEL ALEX BERVELL
APRIL 23, 2019

JOMORO RURAL BANK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Audit of the Financial Statements

We have audited the Financial Statements of JOMORO Rural Bank Limited, which comprise the Statement of Financial Position as at 31st December, 2018, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, which include a summary of significant accounting policies as set on pages 12 to 22.

Modified Opinion

In our opinion, except for few compliance issues regarding the Bank of Ghana Guidelines for Financial Publication for Banks & Other Licensed Financial Institutions, the accompanying Financial Statements present fairly, in all material respects, the Financial Position of the Bank as at 31st December, 2018, and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards and the requirements of the Companies' Act, 1963 (Act 179) as amended by the Companies (Amendment) Act, 2012, (Act 835) and Anti-Money Laundering Act, 2008, (Act 749) (AML).

Basis of Modified 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 communicated with the Directors regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Key Audit Matters

The Bank is engaged in training to ensure full compliance with Bank of Ghana Guide for Financial Publication for Banks and Bank of Ghana Licensed Financial Institutions.

Independence

We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the Financial Statements in accordance with Companies Act, 1963, (Act 179) as amended by Companies (Amendment) Act, 2012, (Act 835), Banks and Specialised Deposit-Taking Institutions Act, 2016, (Act 930), and Anti-Money Laundering Act, 2008, (Act 749) (AML) and the International Financial Reporting Standards (IFRS), and for such internal control as management 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, management 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 management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. Those charged with governance are 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 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 an 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of Management's 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Bank or business activities within the Bank to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the Bank audit. We remain solely responsible for our audit opinion.

We communicate with Management and 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 control that we identify during our audit.

We also provide those charged with governance with a Statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

The Companies Act, 1963 (Act 179) as amended by the Companies (Amendment) Act, 2012, (Act 835) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

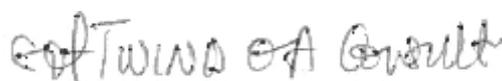
- a) We have obtained all the information and explanations which we considered necessary for the performance of the audit.
- b) In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books; and
- c) The Statement of Financial Position (Balance Sheet) and Statement of Comprehensive Income (Profit or Loss Account) of the Bank 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:

- i) The Financial Statements give a true and fair view of the state of affairs of the Bank and its results for the year under review;
- ii) We were able to obtain all the information and explanations required for the efficient performance of our duties as auditors;
- iii) The Bank has complied with the provisions in the Banks and Specialised Deposit-Taking Institutions Act, 2016, (Act 930), Anti-Money Laundering Act, 2008, Act 749 (AML) and Anti-Terrorism Act, 2008, (Act 762).

osei yaw asamoah (ICAG/P/1179)

ACCRA
APRIL 23, 2019



sofTwind OA consult (ICAG/F/2019/260)
chartered accountants
dansoa house, swanlake, north kaneshie
p. o. box an 6891
accra-north

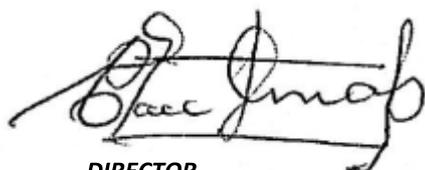
JOMORO RURAL BANK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018

STATEMENT OF COMPREHENSIVE INCOME

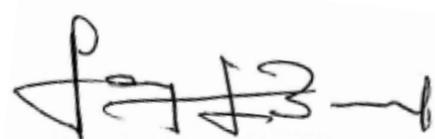
	<u>NOTES</u>	2018 Bank GH¢	2017 Bank GH¢
Interest Income	8	4,259,612	3,705,769
Interest Expenses	9	(604,947)	(507,444)
Net Interest Income		3,654,665	3,198,325
Commission and Fees Income	10	726,582	834,468
Commission and Fees Expense	11	-	-
Net Fees and Commission		726,582	834,468
Net Trading Income			-
Other Operating Income	12	147,404	87,728
		147,404	87,728
Operating Income		4,528,651	4,120,521
Net Impairment Loss on Financial Assets	28	(490,557)	(120,000)
Personnel Expenses	25.1	(1,888,641)	(1,679,322)
Depreciation and Amortisation	25.2	(87,908)	(91,128)
Operating Cost	25.3	(1,718,221)	(1,629,065)
		(4,185,328)	(3,519,515)
Profit Before Taxation		343,323	601,006
Tax Expense	19	(121,144)	(68,331)
Net Profit for the Year		222,180	532,675
OTHER COMPREHENSIVE INCOME			
Revaluation of Property, Plant and Equipment		-	-
Defined Benefit Plan Actuarial Gain/(Loss)		-	-
Other Comprehensive Inc. for the Year (Net of Tax)		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
Profit attributable to:			
Controlling Equity Holders of the Bank		222,180	532,675
Non-Controlling Interest		-	-
Profit for the Year		222,180	532,675
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
Basic Earnings per Share		-	-
Total Comprehensive Income for the year		222,180	532,675
Earnings per Share GH¢		0.00804	0.01939
Diluted Earnings per Share GH¢		0.00804	0.01939

JOMORO RURAL BANK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018
STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	<u>NOTES</u>	<u>2018</u>	<u>2017</u>
<u>CURRENT ASSETS</u>		<u>GH¢</u>	<u>GH¢</u>
Cash and Short-Term Funds	13	3,416,746	3,262,132
Short-Term Investments	14	8,950,024	7,491,568
Advances	15	6,684,385	6,148,647
Inventories	16	31,453	28,771
Investment Securities	18	223,206	223,206
Taxation	19	1,668	-
Deferred Taxation	19	-	-
Other Assets	17	673,095	554,014
		19,980,577	17,708,338
<u>NON CURRENT ASSETS</u>			
Intangibles	26	6,650	10,450
Property, Plant and Equipment	27	822,417	475,005
		20,809,644	18,193,793
<u>LIABILITIES AND SHAREHOLDERS FUNDS</u>			
Deposits and Current Accounts	20	18,000,033	15,818,617
Other Liabilities	21	441,413	297,319
Taxation	19	-	38,331
Deferred Taxation	19	86,812	-
		18,528,258	16,154,267
FINANCED AS FOLLOWS:			
Stated Capital	22	1,038,268	1,018,588
Revaluation Surplus		43,070	43,070
Income Surplus		508,173	457,409
Credit Risk Reserve		115,871	-
Statutory Reserve		576,004	520,459
		2,281,386	2,039,526
Shareholders Fund		2,281,386	2,039,526
TOTAL LIABILITIES AND SHAREHOLDERS FUND		20,809,644	18,193,793



DIRECTOR
PROF. COSMAS COBBOLD
TIKOBO NO. 1
APRIL 23, 2019



DIRECTOR
MR. SAMUEL ALEX BERVELL

JOMORO RURAL BANK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018

STATEMENT OF CHANGES IN EQUITY

BANK
2018

	Stated Capital	Statutory Reserve	Revaluation Surplus	Income Surplus	Credit Risk Reserves	TOTAL
	GHC	GHC	GHC	GHC	GHC	
Balance b/f	1,018,588	520,459	43,070	457,409	-	2,039,526
Total Comp. Profit	-	-	-	222,180	-	222,180
	1,018,588	520,459	43,070	679,589	-	2,261,706
Dividend Paid	-	-	-	-	-	-
	1,018,588	520,459	43,070	679,589	-	2,261,706
Transfers						
Reversal	-	-	-	-	-	-
Stated Capital	-	-	-	-	-	-
Statutory Reserve	-	55,545	-	(55,545)	-	-
Credit Risk Reserve	-	-	-	(115,871)	115,871	-
	-	55,545	-	(171,416)	115,871	-
Share Acquisition	19,680	-	-	-	-	19,680
	1,038,268	576,004	43,070	508,173	115,871	2,281,386

BANK

2017

	Stated Capital	Statutory Reserve	Revaluation Surplus	Income Surplus	Credit Risk Reserves	TOTAL
	GHC	GHC	GHC	GHC	GHC	GHC
Balance b/f	532,848	387,290	43,070	467,903	-	1,431,111
Total Comp. Income	-	-	-	532,675	-	532,675
	532,848	387,290	43,070	1,000,578	-	1,963,786
Dividend	-	-	-	-	-	-
	532,848	387,290	43,070	1,000,578	-	1,963,786
Transfers						
Surplus	410,000	-	-	(410,000)	-	-
Stat. Reserve	-	133,169	-	(133,169)	-	-
Credit Risk Reserve	-	-	-	-	-	-
	410,000	133,169	-	(543,169)	-	-
Sale of Shares	75,740	-	-	-	-	75,740
	1,018,588	520,459	43,070	457,409	-	2,039,526

JOMORO RURAL BANK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018
STATEMENT OF CASH FLOWS

	2018	2017
	GH¢	GH¢
Cash Flow from Operating Activities		
Net Profit Before Tax	343,323	601,006
Profit on Disposal of Motor Vehicle	28	-
Impairment Loss	490,557	120,000
Depreciation	84,108	87,328
Amortisation	3,800	3,800
	921,816	812,134
(Increase)/Decrease in Advances	(1,026,295)	(1,607,962)
(Increase)/Decrease in Inventories	(2,682)	-
(Increase)/Decrease in Other Assets Account	(119,081)	(107,798)
Increase/(Decrease) in Deposits & Current Accounts.	2,181,416	2,796,222
Increase/(Decrease) in Other Liabilities	144,094	(486,398)
Net Changes in Working Capital	1,177,452	594,064
Cash Flow from Operating Activities	2,099,268	1,406,198
Tax Paid	(74,331)	(44,309)
Net Cash Flow from Operating Activities	2,024,937	1,361,889
Cash Flow from Investing Activities		
Additions		
Work-In-Progress	(179,175)	(147,760)
Intangibles	-	-
Proceeds from Disposal of Motor Cycle	1,300	-
Purchase of Fixed Assets	(253,673)	(70,704)
	(431,548)	(218,464)
	1,593,389	1,143,425
Financing Activities		
Stated Capital	19,680	75,740
Dividends Paid	-	-
	19,680	75,740
Net Inc./(Dec.) in Cash and Cash Equivalent	1,613,070	1,219,165
Opening Cash and Cash Equivalent	10,753,700	9,534,535
Net Inc./(Dec.) in Cash and Cash Equivalent	1,613,070	1,219,165
Closing Cash and Cash Equivalent	12,366,770	10,753,700
Represented by Cash and Cash Equivalents	12,366,770	10,753,700

JOMORO RURAL BANK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018

NOTES TO THE FINANCIAL STATEMENTS

1 NATURE OF OWNERSHIP AND OPERATIONS

The Bank was incorporated as a Public Limited Liability Company on 20th January, 1981 with Registration No. C-17,767 under the Companies' Act 1963 (Act 179) in Ghana. The Bank was issued with a licence on 13th November, 1981, with Licence No. 044 by Bank of Ghana to operate a business of Banking. The registered address of the Bank is JOMORO Rural Bank Premises, P. O. Box 21, Tikobo No.1 referred to as the "Bank"). The Bank primarily is involved in Rural Banking being Corporate and Retail.

1.1 Functional and Presentational Currency

The Financial Statements are presented in Ghana Cedis (GH¢) which is the Company's functional currency.

2 ACCOUNTING POLICIES

The significant Accounting Policies adopted by the Bank and which have been applied in preparing these Financial Statements are stated below:

2.1 Basis of Accounting

These Financial Statements have been prepared under the historical cost convention but modified in appropriate areas by the adoption of Fair Value measurement basis. The Bank of Ghana Guideline 'Guide for Financial Publication for Banks and BOG Licensed Financial Institutions' for 2016 and 2018 require certain disclosures to be completely complied with in applicable areas. These guidelines have been, to a large extent, complied with and to this extent, the Financial Statements are in compliance with International Financial Reporting Standards, IFRS.

2.2 Revenue Recognition

Revenue is recognised on accrual basis and to the extent of the economic benefits expected to flow to the Bank and that the Revenue can be reliably measured as provided hereunder.

2.2.1 Interest Income and Expense

Interest income and expense are recognised in the Statement of Comprehensive Income in respect of interest bearing Financial Instruments including Loans and Advances as interest accrues using the Effective Interest Rate method. This method calculates the amortised cost of a Financial Asset or Liability and allocates the Interest Income or Interest Expense also the discount rate applicable to future cash flows (receipts or payments), over the life of the Financial Asset or Liability to its net carrying amount.

2.2.2 Non-Interest Income

Commission and Fees are earned on accrual basis on services such as Funds Transfer on completion of the transaction.

2.3 Income Tax

Income Tax comprises Current Tax and Deferred Tax.

Current Tax relates to determination of expected payable tax from the Profits of the Financial Statements in relations to Tax obligations imposed from by legislation of Ghana.

Deferred Income Tax relates to Tax Provision on all Temporary differences at the Financial Position date arising from Tax bases of assets and liabilities and their carrying amounts. Deferred Tax Assets are the recoverable taxes of future periods which include deductible Temporary differences. Deferred Tax Liabilities are the recognised payable Taxable Temporary differences on future taxable profits. Deferred taxes(Assets or Liabilities) are calculated using the enacted rate expected to be applicable in the period when the asset is realised 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 amounts of Deferred Tax Assets or Liabilities are reviewed at the end of each reporting date and adjusted to reflect the new values through the Profit or Loss.

2.4 Financial Instruments Categorisation, Initial Recognition and Subsequent Measurement

2.4.1 Categorisation

The Bank classifies its Financial Assets into those measured at Fair Value through Profit or Loss and those measured at Amortised Cost; and Financial Assets measured at Fair Value through Other Comprehensive Income.

2.4.2 Date of Recognition

Purchases and Sale of Financial Assets are recognised on the Transaction date.

2.4.3 Initial Recognition of Financial Instruments

Financial Instruments are initially recognised at their fair value plus, in the case of Financial Assets or Financial Liabilities not at Fair Value through Profit or Loss, transaction costs that are directly attributable to the acquisition or issue of the Financial Asset or Financial Liability.

2.4.4 Subsequent Measurement of Financial Instruments

(a) Financial Assets at Fair Value Through Profit or Loss

A Financial Asset at fair value through Profit or Loss is that which meets either of the following conditions.

Held for Trading

A Financial Asset is classified as Held for Trading if it is acquired principally for the purpose of selling in the near future, or 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.

Designated at Fair Value through Profit or Loss

Upon initial recognition as Financial Asset, it is designated at fair value through Profit or Loss. Financial Assets at fair value through Profit or Loss are measured at fair value subsequent to initial recognition. Gains or Losses upon subsequent measurement are treated in Profit or Loss.

All equity instruments are measured at fair value.

(b) Financial Assets Measured at Amortised Cost

A Financial Asset is measured at amortised cost if the following conditions are met:

- (i)** The Asset is held within a business model whose objective is to hold assets in order to collect contractual Cash Flows.
- (ii)** 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.

Term Loans to customers come under this category. They are initially recognised when cash is advanced to the borrowers at fair value, inclusive of transaction costs. Subsequent to initial recognition, Term Loans are measured at amortised cost less impairment losses.

(c) Financial Assets Measured at Fair Value Through Other Comprehensive Income

Securities including investments in money market and equity shares, other than those classified as trading securities, or at fair value through Profit or Loss, are classified and recognised in the Statement of Financial Position at their fair value. Other Financial Assets that are neither cash nor categorised under any other category also come under this classification.

Financial Assets measured at fair value through Other Comprehensive Income are measured at Fair Value with gains and losses arising from changes in Fair Value recognised directly in Other Comprehensive Income until the Financial Asset is either sold, becomes impaired, or matures, at which time the cumulative gain or loss previously recognised in equity is recognised in Profit or Loss.

Interest calculated using the effective interest method is recognised in the Statement of Comprehensive Income. Dividends on equity instruments are recognised in the income statement when the Bank's right to receive payment is established.

(d) Financial Liabilities

Financial Liabilities are classified as non-trading, held for trading or designated as at fair value through Profit and Loss. Non-Trading Liabilities are measured subsequent to initial recognition at Amortised Cost applying the effective interest method. Held for Trading Liabilities or Liabilities designated as at fair value through Profit or Loss, are measured at fair value. All Financial Liabilities shown in the Statement of Financial Position are non-trading liabilities.

2.5 Determination of Fair Value of Financial Instruments

2.5.1 Availability of Active Market

The fair value of a financial instrument traded in active markets such as the Ghana Stock Exchange (GSE) at the reporting date is based on its quoted market price without any deduction of transaction costs.

2.5.2 Non-Availability of Active Market

Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. However, Fair Values for such equity investments, are determined from the declaration of capital appreciations by the investee organisation of amounts so declared in the form of additional shares in the equity holdings. Investments whose fair value can be reliably measured are measured professionally through the use of valuation techniques.

2.5.3 Short-Term Receivables

The fair value of short term receivables approximate book value and are measured as such.

2.5.4 Offsetting of Financial Instruments

Financial Assets and Financial Liabilities are offset when there is a legally enforceable right to do so and the net amount stated in the Statement of Financial Position. This happens when there is the intention settle on net basis or realise the Financial Asset and redeem the Financial Liability.

2.5.5 Derecognition of Financial Assets and Liabilities

A Financial Asset or a portion thereof, is derecognised 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 derecognised when the obligation is discharged, cancelled or has expired.

2.5.6 Impairment of Financial Assets

(a) Framework for measuring impairment of Financial Assets .

At each reporting 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/are 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.

(b) Loans and Advances and Amounts due from Banks & other Financial Institutions

For loans and advances to customers and amounts due from banks and other financial institutions carried at amortised cost, the Bank first assesses individually whether objective evidence of impairment exists individually for Financial Assets that are individually significant, or collectively for Financial Assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed Financial Asset, whether significant or not, it includes the asset in a group of Financial Assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized, are not included in a collective assessment of impairment.

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 Profit or Loss.

Loans together with the associated allowances are written off when there is no realistic prospect of future recovery and all collaterals have been utilised or have been transferred to the Bank and all the necessary procedures have been completed.

If, in a subsequent year, the amount of the estimated impairment loss 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. If a write-off is later recovered, the recovery is credited to the Profit or Loss and charged to the Allowance Account ('Credit Loss Expense').

The present value of the estimated future cash flows is determined using the Financial Asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

For the purposes of collective evaluation of impairment, Financial Assets are grouped on the basis of the Bank's internal credit grading system that considers credit risk characteristics, such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

(c) Other Financial Assets

The Bank assesses at each reporting date whether there is objective evidence that an investment or group of investments is impaired.

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

In the case of other debt instruments, impairment is assessed based on the same criteria as Financial Assets carried at amortised cost. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Income Statement, the impairment loss is reversed through the Income Statement.

(d) Derecognition of Financial Assets and Liabilities

A Financial Asset or a portion thereof, is derecognised 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 derecognised when the obligation is discharged, cancelled or has expired.

2.6 Derecognition of Financial Assets and Liabilities

A Financial Asset or a portion thereof, is derecognised 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 derecognised when the obligation is discharged, cancelled or has expired.

3 Regulatory Credit Risk Reserve

To cater for any difference between the Bank of Ghana's Credit Loss Provision requirements and Loans and Advances Impairments based on IFRS Principles, a charge or credit is made to Income Surplus in respect of the difference required to bring up the cumulative provision to the level required under the Bank of Ghana regulations. Under current regulations the Credit Risk Reserve does not qualify as Tier 1 Capital for the computation of Capital Adequacy.

4 Property, Plant and Equipment

The Bank recognises 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 or revalued amount 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 which is determined in percentages. The depreciable amount of each asset is the difference between the cost/revaluation and the residual value which is set to zero of the asset. No depreciation is provided on Land.

The residual value is the estimated amount, net of disposal costs, that 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. In the last year or period of the charge of depreciation to Profit or Loss, the depreciation amount is reduced by GH¢1 so that the asset has GH¢1 value to give an indication of the existence of the item of Property, Plant and Equipment.

The current Annual Depreciation rates for each class of Property, Plant and Equipment are as follows:

Buildings	5.0%
Branch Development	20.0%
Bungalow Furniture & Fittings	15.0%
Computers	15.0%
Office Equipment	25.0%
Motor Vehicles	33.3%
Office Furniture & Fittings	15.0%
Plant and Machinery	25.0%

****Branch Development is for a useful life of 5 years, that is, 20% or the lease period which ever is earliest.

Costs associated with routine servicing and maintenance of assets are expensed as incurred. Subsequent expenditure is only capitalised 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 derecognised 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 derecognised.

Residual values, useful lives and methods of depreciation for Property, Plant and Equipment are reviewed and adjusted if appropriate, at each financial year end.

5 Use of Estimates and Judgement

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

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the Financial Statements are described in Notes 4.

6 RISK MANAGEMENT

The Bank's operations come with these risks: Credit, Market, Liquidity and Operational.

6.1 Credit Risk

To the Bank, Credit Risk is the likelihood that a receivable from a financial instrument issued by the Bank to a borrower is unlikely to be received regarding the principal with or the interest according to the terms contained in the financial instrument. This will result in economic loss to the Bank.

The Credit Risk arises from largely Loans and Advances to customers.

The Credit Risk is managed through the systems and controls established by the Credit Department that ensures that periodic review of the status of the receivable at every stage from application to completion of the repayment of the advance by the borrower. The Credit Department submits reports of the performance of the Loans and Overdrafts to a Credit Committee which takes appropriate actions for recovery. Credit facilities are monitored for early warning signals of non-performance.

6.2 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. Currently, the Bank's activities expose it to Interest Rate risks with no exposure to exchange rate, equity or commodity price risks. The Interest Rate risk is inherent in the Bank's Financial Assets and Liabilities such as Loans, Customer Deposits and Borrowings.

6.3 Liquidity Risk

Liquidity Risk is the potential loss to the Bank arising from either its inability to meet its maturing Short-Term obligations as they fall due or to fund increases in assets without incurring unacceptable costs. The management of this risk enables the Bank to minimise the timing of cash flows relating to its Assets and Liabilities to ensure that it regularly maintains the Primary Reserve requirement of 13% of Total Deposits as required by Bank of Ghana and ARB Apex Bank.

6.4 Operational Risk

Operational Risk is direct or indirect loss resulting from inadequate or failed internal and processes, staff and systems. These are managed by well designed operating manuals that reflect the main operating procedures, business continuity planning, reconciliations, internal audit and timely and reliable management reporting.

7 CAPITAL

7.1 The Objectives of Capital Management

The Capital Management Objective of the Bank is to ensure the financial net assets at the end of the financial year exceeds the financial amount of the net assets at the beginning of the year after deducting distributions to and adding contributions from the owners.

The objective is also to ensure that, at any time, the Stated Capital requirement by Bank of Ghana could be met and also to comply with the Capital Adequacy Ratio Regulatory requirements of Bank of Ghana. This is achieved by maintaining the appreciable level of profits to meet the expected Capital increases by Bank of Ghana.

7.2 Capital Description

The Bank's Capital is its Shareholders' funds comprising Stated Capital, Statutory Reserves and Income Surplus, which includes current and previous year's retained earnings. The current level of the Bank's capital complies with the existing minimum Stated Capital requirement of Bank of Ghana.

7.3 Regulatory Capital

The Bank's Regulatory Capital consists of both Tier 1 and Tier 2 capital.

Tier 1 Capital consists of Stated Capital, Statutory Reserves and Income Surplus, after deductions of Intangible Assets and Other Regulatory Adjustments relating to items that are included in equity but are treated differently for Capital Adequacy purposes.

Tier 2 Capital consists of Convertible Debentures and Revaluation Surpluses. Total Tier 2 Capital is limited to 100% of the Net Tier 1 Capital.

The Bank's Regulatory Capital position as at 31st December, is summarised below:

7.4 The Level of Capital Adequacy

Tier 1 Capital

	2018 Bank GH¢	2017 Bank GH¢
Ordinary Share Capital	1,038,268	1,018,588
Disclosed Reserves	1,243,118	1,020,938
Less Intangible Assets	(247,272)	(348,049)
Other Regulatory Adjustments	(223,206)	(223,206)
Total	1,810,908	1,468,272

Tier 2 Capital

Fair Value Reserve for Available for Sale Equity Securities		
Revaluation Reserve	43,070	43,070
Qualifying Subordinated Liabilities		-
Total	43,070	43,070
Total Regulatory Capital	1,853,978	1,511,342

Risk Weighted Assets

Total Adjusted Assets	14,124,649	12,593,577
Net Contingent Liabilities		
Operational Risk		
Market Risk		
Total Risk Weighted Assets	14,124,649	12,593,577

Capital Ratios

Total Regulatory Capital Expressed as a Percentage of Total Risk Weighted Assets	13.13%	12.00%
Total Tier 1 Capital Expressed as a Percentage of Risk Weighted Assets.	12.82%	11.66%

l) Dividend

Dividend payable is recognised as a liability in the period in which they are approved at the AGM.

8 INTEREST INCOME

	2018 Bank GH¢	2017 Bank GH¢
Advances - Loans	2,630,551	2,127,162
Advances - Overdrafts	74,352	63,305
Investment	1,554,709	1,515,302
	4,259,612	3,705,769

9	<u>INTEREST EXPENSES</u>			
	Savings Deposits		99,898	91,452
	Time Deposits		505,050	415,992
			604,947	507,444
10	<u>COMMISSIONS AND FEES</u>			
	Commissions on Turnover		343,666	369,454
	Commitment Fees		343,291	348,321
	Cheque Clearing/Domestic Money Transfer Fee		39,625	116,693
			726,582	834,468
11	<u>COMMISSIONS AND FEES EXPENSE</u>		-	-
12	<u>OTHER INCOME</u>			
	Bad Debts Recovered		17,327	2,142
	Sundry Income		130,077	85,586
			147,404	87,728
13	<u>CASH AND SHORT TERM FUNDS</u>			
	Cash on Hand		1,605,415	906,418
	ARB Apex Bank - ACOD		500,000	800,000
	ARB Apex Bank - Current		411,142	546,706
	ARB Apex Bank - Reserve (5% Placement)		871,108	713,155
	Momo		29,080	295,853
			3,416,746	3,262,132
14	<u>SHORT-TERM INVESTMENTS</u>			
	Treasury Bills, 91-day		2,289,000	850,000
	Treasury Bills, 182-day		250,000	-
	ARB Apex Bank, one year Note		400,000	400,000
	Investments with other Financial Institutions		6,061,000	6,250,000
			9,000,000	7,500,000
	Interest receivable on Investments		(49,976)	(8,432)
			8,950,024	7,491,568
15	<u>LOANS AND ADVANCES</u>		2018	2017
			GH¢	GH¢
	Loans		7,403,183	6,251,971
	Overdraft		95,166	220,083
			7,498,349	6,472,054
	Impairment Loss	Bad Debts Writen-Off	(200,000)	-
			7,298,349	6,472,054
	Impairment Loss	Balance Brought Forward	(323,407)	(203,407)
		Current Year Provision	(290,557)	(120,000)
			(613,964)	(323,407)
			6,684,385	6,148,647
	<i>Impairment Provision</i>			
	Opening Balance		323,407	203,407
	Bad Debts Reversed		-	-
	Loan Impairment Charges		290,557	120,000
	Closing Balance		613,964	323,407
	Loan Impairment Charges		290,557	120,000
	Impairment Loss		200,000	-
	Charged to Profit or Loss		490,557	120,000
16	<u>INVENTORIES</u>			
	Stationery		24,311	19,284
	Other Stores		7,142	9,487
			31,453	28,771

17 OTHER ASSETS

Prepaid Rent	40,171	94,837
Insurance prepaid	2,941	-
Office Account	-	27,377
Inter-Agency	-	810
Defalcation	9,483	-
E-zwich	2,682	-
Interest Receivable	617,818	309,165
Interest In Arrears	-	121,825
	673,095	554,014

18 INVESTMENT SECURITIES

ARB Apex Bank	151,928	151,928
ARB - WERBA	71,278	71,278
	223,206	223,206

19 TAXATION**19a BANK**

Tax Years	Balance 1-Jan-18 GH¢	Charges for Year GH¢	Payments GH¢	Balance 31-Dec-18 GH¢
Up to 2015	16,362	-	-	16,362
2016	(2,053)	-	-	(2,053)
2017	24,022	-	(38,331)	(14,309)
	38,331	-	(38,331)	-
2018	-	34,332	(36,000)	(1,668)
	38,331	34,332	(74,331)	(1,668)
Deferred Tax	-	86,812	-	86,812
	38,331	121,144	(74,331)	85,144

RECONCILIATION/COMPUTATION OF EFFECTIVE TAX RATE

	2018 GH¢	2017 GH¢
Profit Before Tax	343,323	601,006
Income Tax Using Applicable Tax Rate 10%	34,332	150,252
Deferred Tax		
Balance 31-Dec	81,347	-
Adjustment to Prior Years	5,465	81,347
Balance 31-Dec	86,812	81,347
Profit Before Tax Expense		
Deferred Tax	5,465	81,347
Total	5,465	81,347
Effective Tax Rate %	1.59	13.54

20 DEPOSIT AND CURRENT ACCOUNT

	2018 GH¢	2017 GH¢
Current Accounts	2,799,573	2,953,837
Savings Accounts	8,242,052	7,294,213
Time	4,327,085	3,526,200
Susu Deposits and Others	2,503,539	1,978,537
Others	127,784	65,831
	18,000,033	15,818,617

20.1 CURRENT ACCOUNTS

Individuals	1,995,104	2,142,228
Private Enterprises	119,343	120,871
Public Enterprises	110,124	110,378
Others	575,003	580,360
	2,799,573	2,953,837

20.2 SAVINGS ACCOUNTS

Individuals	6,466,526	5,799,141
Private Enterprises	408,378	400,272
Public Enterprises	402,691	402,536
Others	964,457	692,264
	8,242,052	7,294,213

25.3 Operating Costs

Repairs & Maintenance	70,678	75,134
Rent and Rates	41,252	31,014
Insurance	45,267	39,050
Donations	12,662	14,792
Police Guard	74,810	73,495
Generator Expenses	56,168	56,249
Electricity & Water	147,695	168,605
Audit Fees	18,545	15,773
Administrative	1,251,144	1,154,953
	1,718,221	1,629,065

25.4 Directors Remuneration

Included in the Administrative Cost under Operating Costs were the following:

Directors Fees	83,981	89,626
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26 INTANGIBLE ASSETS

26.1 BANK

26.1.1 Cost

Balance at 1 January, 2017

Acquisitions

Balance at 31 December, 2017

Balance at 1 January, 2018

Acquisitions

Balance at 31 December, 2018

	Developed Software GH¢	Additions/ Deletions	Developed Software GH¢
	15,200		15,200
	-		-
	15,200	-	15,200
	15,200		15,200
	-		-
	15,200	-	15,200

26.1.2 Amortisation and Impairment

Balance at 1 January, 2017

Amortisation for the Year

Impairment Loss

Balance at 31 December, 2017

Balance at 1 January, 2018

Amortisation for the Year

Impairment Loss

Balance at 31 December, 2018

	950	-	950
	3,800	-	3,800
	4,750	-	4,750
	10,450	-	10,450
	4,750	-	4,750
	3,800	-	3,800
	-	-	-
	8,550	-	8,550

26.1.3 Carrying Amounts

Balance at 1 January, 2017

Balance at 31 December, 2017

Balance at 31 December, 2018

	14,250	-	14,250
	10,450	-	10,450
	6,650	-	6,650

27 PROPERTY, PLANT & EQUIP.		GHC	GHC	GHC	GHC
27.1 2018	BALANCE			ADJUSTMENT/	BALANCE
27.1.1 COST	1-Dec-18	ADDITIONS	DISPOSAL	31-Dec-18	
Land/Buildings	361,141		(7,001)	354,140	
Capital Works in Progress	165,345	179,175	7,000	351,520	
Office Furn. & Fittings	115,583	80,806	(5,269)	191,120	
Computers	54,110	57,500	-	111,610	
Motor Cycle	28,855	8,600	(7,805)	29,650	
Bungalow Fittings and Furniture	8,178	-	-	8,178	
Office Equipment	101,904	81,574	(6,811)	176,667	
Motor Vehicles	190,771	25,192	-	215,963	
	1,025,887	432,848	(19,886)	1,438,849	
2018	BALANCE	CHARGED		BALANCE	
27.1.2 DEPRECIATION	1-Dec-18	FOR YEAR	DISPOSAL	31-Dec-18	
Buildings	174,418	17,343	-	191,761	
Capital Works in-Progress	-	-	-	-	
Branch Development	-	-	-	-	
Office Furn. & Fittings	83,890	11,484	5,269	90,105	
Computers	27,424	12,798	-	40,222	
Motor Cycle	16,856	8,035	6,478	18,413	
Bungalow Fittings and Furniture	6,262	1,282	-	7,544	
Office Equipment	74,259	16,351	6,811	83,799	
Motor Vehicles	167,773	16,815	-	184,588	
	550,882	84,108	18,558	616,432	
27.1.3 NET BOOK VALUE	475,005			822,417	
2017	GHC	GHC	GHC	GHC	
27.2 PROPERTY, PLANT & EQUIP.	BALANCE			BALANCE	
27.2.1 COST	1-Jan-17	ADDITIONS	DISPOSAL	31-Dec-17	
Buildings	361,141	-	-	361,141	
Capital Works in-Progress	17,585	147,760	-	165,345	
Branch Development	-	-	-	-	
Office Furn. & Fittings	111,189	4,394	-	115,583	
Computers	39,260	14,850	-	54,110	
Motor Cycle	16,195	12,660	-	28,855	
Bungalow Fittings and Furniture	8,178	-	-	8,178	
Office Equipment	86,104	15,800	-	101,904	
Motor Vehicles	167,771	23,000	-	190,771	
	807,423	218,464	-	1,025,887	
27.2.2 DEPRECIATION	BALANCE	CHARGED		BALANCE	
	1-Jan-17	FOR YEAR	DISPOSAL	31-Dec-17	
Buildings	157,075	17,343	-	174,418	
Office Furn. & Fittings	67,103	16,787	-	83,890	
Computers	14,676	12,748	-	27,424	
Motor Cycle	10,542	6,314	-	16,856	
Bungalow Fittings and Furniture	4,745	1,517	-	6,262	
Office Equipment	52,713	21,546	-	74,259	
Motor Vehicles	156,700	11,073	-	167,773	
	463,554	87,328	-	550,882	
27.2.3 NET BOOK VALUE	343,869			475,005	
28 IMPAIRMENT/CHARGES			2018	2017	
			GHC	GHC	
Loan Impairment Charges			490,557	120,000	
			490,557	120,000	

29 DIVIDEND

Balance 01 January	-	-
Approved Dividend	-	-
	<hr/>	<hr/>
Dividend Paid	-	-
Balance 31 December	-	-
Dividend per Share	-	-

30 RELATED PARTIES

a. Transactions with Key Management Personnel

30.1 Key Management Personnel and their immediate relatives have transacted with the Bank during the period as follows:

	2018 Max. Balance GH¢	2017 Max. Balance GH¢
Mortgage Lending and Other Secured Loans	-	-
Other Loans	101,562	84,431
	<hr/>	<hr/>
	101,562	84,431

30.2 Key management personnel compensation for the year comprised

	2018 GH¢	2017 GH¢
Short-Term Employee Benefits	-	-

The Bank does not have any share options policy in place for its Executive Officers.

There were no Mortgages and therefore no Secured Loans granted over any Properties of a borrowers.

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with Key Management Personnel and their immediate relatives at the period end.

30.3 Loans and Advances to Employees

	2018 GH¢	2017 GH¢
Balance at 1 January	225,061	155,280
Loans Advanced during the Year	272,700	252,161
Loans Repayments Received	(259,410)	(182,380)
Balance at 31 December	<hr/>	<hr/>
	238,351	225,061

30.4 Loans and Advances to Directors and their Associates

The Bank has entered into transactions with its directors and/or their Associates, Associate's Companies or Directors as follows:

	2018 GH¢	2017 GH¢
Gross Amount at 1 January	69,278	88,788
Interest Charged	2,329	6,374
Loans Disbursed	-	-
Cash Received	(24,564)	(25,884)
Net Movement in Overdraft Balances	-	-
Net Amount at 31 December	<hr/>	<hr/>
	47,043	69,278

Included in Loans and Advances is GH¢47,043 (2017: GH¢69,278) advanced to the Board of Directors.

There is an amount of GH¢39,058 (2017:GH¢39,058) due from directors or their associates or entities the directors had interest in since January 31, 2011 and interest ceased in 2012.

Included in Deposits is approximately GH¢5,928 (2017:GH¢10,812) due to subsidiary companies in which some of the Board of Directors have interest. No interest has been paid on these Deposits during the year.

There is no subsidiary in which some of the Board of Directors have interest therefore no deposit due to subsidiary companies in which some of the Board of Directors have interest.

All the transactions with the Related Parties are priced on arm's length basis and have been entered into in the normal course of business.

The related interest income in 2018 was GH¢28,921 (2017:GH¢18,185).

30.5 List of Related Parties	Designation	Period	
		From	To
Prof. Cosmas Cobbold	Director	1-Jan-18	31-Dec-18
Mr. Samuel Alex Bervell	Director	1-Jan-18	31-Dec-18
Mrs. Gifty Erzoa-Bebodu	Director	1-Jan-18	31-Dec-18
Mr. Nti Acheampong	Director	1-Jan-18	31-Dec-18
Mr. Daniel B Ndede	Director	1-Jan-18	31-Dec-18
Mr. Ernest Kofie	Director	1-Jan-18	31-Dec-18
Mr. Collins Ehwi	Director	1-Jan-18	31-Dec-18

30.6 Key Management Personnel	Name	Designation	Period	
			From	To
	ADORMAH MAWUNYO	GENERAL MANAGER	1-Jan-18	31-Dec-18
	OBED ANTHONY KWAME ARHIN	HEAD OF OPERATIONS	1-Jan-18	31-Dec-18
	RICHARD KUSI DUAH	HEAD OF INTERNAL AUDIT	1-Jan-18	31-Dec-18
	FRANCIS ASSUAH	HEAD OF CREDIT	1-Jan-18	31-Dec-18
	MARY MAGDALENE ADEBAH	HEAD OF MICRO-FINANCE	1-Jan-18	31-Dec-18
	JULIUS CAESAR	HEAD OF ICT	1-Jan-18	31-Dec-18

30.7 a. Number of Shareholders	2018	2017
	Bank	Bank
	5,030	4,811

b. Twenty Largest Shareholders

Name	2018		2017	
	No. of Shares	%age	No. of Shares	%age
SEME JOHN	991,250	3.59	991,250	3.59
EWULEY EKONIA AUGUSTINE	495,628	1.79	495,628	1.79
MIEZAH KOFI	247,814	0.90	247,814	0.90
BLAY LAWRENCE K	247,814	0.90	247,814	0.90
ANDOH SAMUEL BLAY	247,814	0.90	247,814	0.90
EHOMAH PATRICK SOMIAH	247,814	0.90	247,814	0.90
SEME JOHN	247,814	0.90	247,814	0.90
AYEKPAH PAUL KINGDLEY	247,814	0.90	247,814	0.90
CUDJOE JOHN A	247,814	0.90	247,814	0.90
YANKEY M.B.N	227,986	0.82	227,986	0.82
ANDOH M.B	226,751	0.82	226,751	0.82
ARMAH ALBERT A	169,753	0.61	169,753	0.61
ASSAMOAH JOHN E	123,906	0.45	123,906	0.45
EHOMAH PATRICK SOMIAH	123,906	0.45	123,906	0.45
BLAY KAKU FRANK TANOE GEORGE	123,906	0.45	123,906	0.45
AMPOH JEROME	123,906	0.45	123,906	0.45
ANDOH ISHMAEL BINEY	123,906	0.45	123,906	0.45
ENWULI B.W	111,517	0.40	111,517	0.40
BLAY JOHN NDA	99,124	0.36	99,124	0.36
EHOMAH PATRICK SOMIAH	99,124	0.36	99,124	0.36
	4,775,361	17.28	4,775,361	17.28

30.8 Number of Employees	89	93
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JOMORO RURAL BANK LTD

22ND ANNUAL GENERAL MEETING OF SHAREHOLDERS HELD AT THE FORECOURT OF THE BANK'S HEAD OFFICE BUILDING ON SATURDAY, 23RD NOVEMBER, 2019

PROGRAMME

- 09.30 am Arrival of Shareholders and Invited Guests
- 10.00 am Opening Prayer – Catechist Jonathan Kumah
- 10.05 am Introduction of Chairman – Mr. Adormah Mawunyo (Gen Manager)
- 10.10 am Chairman's Opening Remarks
- 10.20 am Introduction of Board Members and Invited Guests – Mr. Adormah Mawunyo

MAIN BUSINESS

- 10.30 am Reading of Notice Convening the Meeting – Mr. Adormah Mawunyo
- 10.35 am Board Chairman's Report – Prof. Cosmas Cobbold
- 11.00 am Directors' Report – Mr. Samuel Alex Bervell
- 11.10 am Auditor's Report – External Auditors
- 11.20 am Motion for acceptance of reports – Shareholder
- 11.25 am To consider and Pass Ordinary Resolutions to:
 - I Authorize the Directors to fix the remuneration of the Auditors
 - ii. Re-elect Directors retiring by rotation
 - iii. Determine the remuneration of the Directors
 - iv. Increase the share qualification of aspiring directors, nominators, and seconders– Prof. Cosmas Cobbold
- 12.00 am Address by BOG Representative
- 12.10 pm Address by the MD, ARB Apex Bank
- 12.20 pm Address by the Hon. DCE of Jomoro
- 12.25 pm Address by the Hon. MP for Jomoro
- 12.30 pm Address by WERBA Representative
- 12.40 pm Address by Awulae Annor Adjaye III
- 12.50 pm Presentation of Awards – Board of Directors and Invited Guests
- 1.15 pm Vote of Thanks – Mrs Gifty Erzoah-Bebodu
- 1.20 pm Closing Prayer – Catechist Jonathan Kumah
- 1.25 pm Refreshment

JOMORO RURAL BANK LIMITED

PROXY NOTE

I/We of.....

being a member.....

hereby appoint.....of.....or failing him/her

.....of

.....as

My/our proxy to vote on my/our behalf at the Annual General Meeting of Jomoro Rural Bank Limited to be held onat..... and any adjournment thereof.

Signed.....thisday of

.....2019

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