

## DUMPONG RURAL BANK LIMITED

**REPORT OF THE DIRECTORS  
TO THE MEMBERS OF  
DUMPONG RURAL BANK LIMITED**

We, the Directors of Dumpong Rural Bank Limited have pleasure in submitting our Annual Report together with the Audited Financial Statements for the year ended 31<sup>st</sup> December 2020.

**STATEMENT OF DIRECTORS' RESPONSIBILITY**

Under the Companies Act 2019 (Act 992), we the directors are responsible for preparing in respect of each financial year, Financial Statements which give a true and fair view of the state of affairs of the Bank, and of its profit or loss and cash flows for that year in accordance with Accounting Standards acceptable in Ghana. In preparing these Financial Statements we are required to select suitable accounting policies and apply them consistently, make judgments and estimates that are reasonable and prudent.

As Directors we are responsible for keeping proper books of accounts, which disclose with reasonable accuracy at any time the financial position of the Bank. We are also responsible for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of fraud and other irregularity.

**NATURE OF BUSINESS**

The principal business of the company is to provide banking and related services including taking deposits and lending money.

**FINANCIAL RESULTS AND DIVIDEND**

The results for the year are as set out in the attached detailed Financial Statements on pages 10 to 38 and summarized below:

	<b>2020 GH¢</b>	<b>2019 GH¢</b>
Profit/(Loss) before tax for the year	280,258	(652,765)
From which is deducted a tax (charge)/credit of	(118,954)	316,893
	-----	-----
Resulting in a Loss after tax of	<b>161,304</b>	<b>(335,872)</b>
 To which must be added the balance brought forward on the Income Surplus Account at the beginning of the year	 (1,661,198)	 (1,200,377)
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Leaving a balance before statutory and other transfers of	<b>(1,499,894)</b>	<b>(1,536,249)</b>
From which the following transfers were made:		
• Transfer to Statutory Reserve in accordance with Section 34 of the Banking Act 2016 (Act 930)	(40,326)	-
• Transfer to Credit Risk Reserve	(75,380)	(124,949)
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Leaving a balance on the Income Surplus Account to be Carried Forward of	<b>(1,615,600)</b> =====	<b>(1,661,198)</b> =====

The directors cannot recommend the payment of any dividend for the year (**2019: Nil**).

**REPORT OF THE DIRECTORS CONT'D****RETIREMENT AND RE-ELECTION OF BOARD MEMBERS**

In accordance with section 325 of the Companies Act 2019 (Act 992) and the regulations of the bank, Emmanuel G. K. Bonna retire by rotation and being eligible, offer himself for re-election.

**AUDITORS**

The Auditors, Messrs Jacob Arthur Accounting Services have indicated their willingness to continue in office as the Auditors of the Bank in accordance with section 139(5) of the Companies Act, 2019 (Act 992). We therefore recommend their continued appointment.

**GOING CONCERN CONSIDERATIONS**

The attached Financial Statements have been presented on the basis of accounting policies and conventions applicable to a going concern entity. As directors, we have made the necessary assessment and evaluation of the future capital and other financial requirements of the company and nothing has come to our attention through that evaluative exercise that leads us to conclude that the company is not a going concern.

**MANAGEMENT REPRESENTATION**

We certify that the Statement of Comprehensive Income and the Statement of Financial Position referred to in the report of the Auditors together with the notes thereon identified on pages 10-38 of this report have been prepared from records, information and representations made by us, the Directors of Dumpong Rural Bank Limited.

So far as we are aware, there is no relevant audit information (i.e. information needed by the company's auditors in connection with their work and report) of which the company's auditors are unaware and each director has taken reasonable steps that ought to be taken by a director in order to make him/her self-aware of any relevant audit information and to establish that the company's auditors are aware of that information.

We confirm that to the best of our knowledge and belief the Financial Statements contain all transactions and that they are complete and accurate in all material respects. We approve the Statement of Comprehensive Income for the year ended December 31, 2020 and the Statement of Financial Position at that date together with the notes thereon this ..... day of ..... **2021.**

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**DIRECTORS****Kwahu Asakraka**

....., **2021**

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DUMPONG RURAL BANK LIMITED**

### **Opinion**

We have audited the Financial Statements of **Dumpong Rural Bank Limited** which comprise the statement of financial position as at 31<sup>st</sup> December 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, together with the notes to the Financial Statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 10 to 38.

*Subject to the comments made in the last paragraph under the section of our report termed “Basis for Opinion”, in our opinion, these Financial Statements give a true and fair view of the financial position of Dumpong Rural Bank Limited at 31<sup>st</sup> December 2020, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit – Taking Institutions Act, 2016 (Act 930).*

Our report is made solely to the company’s members, as a body, in accordance with section 137(1) of the Companies Act 2019, (Act 992). The purpose of our audit is to enable us to make a statement to the members of the company on those matters specifically required by law to be mentioned in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its members as a body for our audit work, our report, or the opinions we have expressed herein above.

### **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 section of our report dealing with the Auditors’ Responsibilities for the Audit of the Financial Statements. In form and substance, we are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

A number of financial placements described as certificates of deposits amounting to GH¢2,532,890 (30.72% of total investment portfolio) have gone past their maturity dates and the issuers have been unable to honour their repayment obligations under the terms and tenor of those financial instruments. The Directors have taken appropriate legal steps to recover the amounts involved, including a scheme to monetise any related security. In the unlikely event the bank is unsuccessful in the recovery process, the presumption of the bank as a going concern will be greatly undermined and may lead to the restructuring of the bank’s balance sheet as follows:

- 1) Reclassify long term liabilities as short term;
- 2) Restate assets at their break up values; and
- 3) Recognize any costs consequential or associated with the disposal of assets.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

**REPORT OF THE INDEPENDENT AUDITORS  
TO THE MEMBERS OF DUMPONG RURAL BANK LIMITED (CONTINUED)**

**1.0 Revenue recognition  
(GH¢4,186,813)**

Refer to Note 3 to the Financial Statements.

Revenue is recognized and recorded in the Financial Statements on the accrual basis, and to the extent that it is probable that economic benefits will flow to the Bank and the related revenue can be reliably measured. Majority of the Bank's revenues were derived from rate sensitive assets and the reliability and accuracy of such revenues relate in a large measure to the underlying financial asset.

***How the matter was addressed in our audit***

We evaluated loan agreements and investment certificates issued at either side of the reporting date and assessed whether the related revenues were recognized in the correct reporting period. We recomputed interest income earned on investment during the year to ascertain reasonableness and accuracy. We also developed an expectation of the current year revenue balance based on trend analysis, particularly trends in the historical interest rates and monthly movements in rate sensitive assets. We then compared the expectation to actual results and ascertained reasons for any significant departures or differences. We also considered the adequacy of the Company's disclosures in respect of revenue.

**2.0 Existence and Valuation of Loans and Advances  
(GH¢9,023,808)**

Refer to Note 12 to the Financial Statements.

Loans and Advances are non-derivative financial assets having a fixed or determinable cash flow patterns and are not quoted on any active market. Loans and Advances are initially recognized at fair value equivalent to the cash consideration or outflow required to originate or generate the loan (transaction costs excerpted), and measured subsequently at amortised cost using the effective interest method. Where any impairment arises the estimated impairment loss is fully provided for and recognized in the profit or loss as charge for credit losses.

***How the matter was addressed in our audit***

We tested controls over loans and advances and reconciled sampled balances to relevant records. We also reviewed the classification of loans and advances as basis to assess the adequacy of the provision for bad and doubtful debts and general impairment at the reporting date.

We also considered the adequacy of the Company's disclosures in respect of those loans and advances.

**3.0 Existence and Valuation of Investments  
(GH¢8,244,340)**

Refer to Note 10 to the Financial Statements.

The Bank keeps quite a large number of investments with significant values in respect of Treasury Bills, and Fixed Deposits. Valuation of these investments is related in a large measure to the proper accrual of related revenues at the reporting date.

***How the matter was addressed in our audit***

For fixed deposit investments, we inspected investment certificates issued by the investee entities and recomputed earned interest up to the reporting date. We generally confirmed additions and redemptions to supporting documentation for all investment types. We reviewed independent statements issued by custodial and depository entities and reconciled to the ledgers of the company and tested the valuation of quoted investments to the market.

**REPORT OF THE INDEPENDENT AUDITORS  
TO THE MEMBERS OF DUMPONG RURAL BANK LIMITED (CONTINUED)**

We also considered the adequacy of the Company's disclosures in respect of those investments.

**Other Information**

Other information in this context comprises the information included in the Annual Report and the Directors' Report as required by the Companies Act, 2019 (Act 992). The other information does not include the financial statements and our auditors' report thereon.

The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do 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 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, 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 Directors for the Financial Statements**

The Directors are responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit – Taking Institutions Act 2016, (Act 930).

The Directors are also responsible for such internal control as they determine 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 Directors are responsible for assessing the Company'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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

**Responsibilities of the Auditors 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 audit 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 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control.

**REPORT OF THE INDEPENDENT AUDITORS  
TO THE MEMBERS OF DUMPONG RURAL BANK LIMITED (CONTINUED)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the 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 audit 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 audit report. However, future events or conditions which are beyond the scope of this report 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.
- Communicate 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 identify during our audit.
- 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 considered to bear on our independence, and where applicable, related safeguards.
- Determine, from the matters communicated with the Directors, those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Emphasis of Matter**

Without forming the basis of any qualification in our audit report, we highlight the following two issues

- (i) The provisions made by the Bank for corporate taxes are subject to the agreement of the Ghana Revenue Authority.
- (ii) The Going Concern presumption of the bank is dependent upon its ability to generate sufficient Operational revenues to underwrite its operational expenditures.

**Report on Other Legal and Regulatory Requirements**

- (a) Under Schedule Seven (7) of the Companies Act 2019 (Act 992) we are required, when carrying out our audit, to consider and report on certain specific matters. We accordingly report that:
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii) In our opinion proper books of account have been kept by the Bank, as far as appears from our examination of those books; and
  - iii) In all material respect, the Bank's statement of financial position and statement of comprehensive income and cash flows are in agreement with the books of account.
- (b) Section 85(2) of the Banks and Specialised Deposit – Taking Institutions Act, 2016 (Act 930) also requires that we state certain matters in our report. We accordingly state that:
  - i) We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors;
  - ii) The bank's transactions were within its powers;

**REPORT OF THE INDEPENDENT AUDITORS  
TO THE MEMBERS OF DUMPONG RURAL BANK LIMITED (CONTINUED)**

- iii) The bank has complied in all material respect with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), and the Anti-Terrorism Act, 2008 (Act 762); and
- iv) Except for Section 29 dealing with Capital Adequacy, the bank has complied in all material respects with the provisions of the Banks and Specialised Deposit – Taking Institutions Act 2016 (Act 930).

The Engagement Partner on the audit resulting in this independent audit report is **Romeo Siaw-Mensah (ICAG/P/1265)**.

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**For and on behalf of:**  
**Jacob Arthur Accounting Services**  
**(ICAG/F/266) Chartered Accountants**  
**BCB Legacy House**  
**#1 Nii Amugi Avenue**  
**East Adabraka, Accra**  
**P. O. Box CT 1552**  
**Cantonments -Accra**  
**Ghana.**

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**STATEMENT OF FINANCIAL POSITION**  
**AT 31<sup>ST</sup> DECEMBER 2020**

	NOTES	2020 GH¢	2019 GH¢
<b>ASSETS</b>			
Cash and Bank Balances	9	4,022,333	2,966,116
Short Term Investments	10	8,244,340	4,671,270
Apex Bank Deposit Reserve	11	982,435	669,171
Loans and Advances to Customers	12	9,023,808	6,561,266
Equity Investments	13	141,673	141,673
Taxation	16(iii)	83,750	68,750
Deferred Tax Assets	16(ii)	177,582	296,535
Other Assets	14	378,073	367,945
Right Of Use Assets	24	112,307	-
Property and Equipment	19	1,070,061	1,509,322
<b>TOTAL ASSETS</b>		<b>24,236,362</b>	<b>17,252,048</b>
<b>LIABILITIES &amp; SHAREHOLDERS' FUNDS</b>			
<b>Liabilities</b>			
Customer Deposits	15	21,401,113	14,815,735
Managed Funds	18	1,192,080	13,204
Term Borrowings	20	440,983	1,326,144
Creditors and Accruals	17	799,664	859,332
<b>Total Liabilities</b>		<b>23,833,840</b>	<b>17,014,415</b>
<b>Shareholders' Funds</b>			
Stated Capital	23	1,050,908	1,047,323
Capital Surplus	22	17,608	17,608
Statutory Reserve Fund	21	525,112	484,786
Income Surplus Account	25	(1,615,600)	(1,661,198)
Credit Risk Reserve	28	424,494	349,114
<b>Total Shareholders' Funds</b>		<b>402,522</b>	<b>237,633</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' FUNDS</b>		<b>24,236,362</b>	<b>17,252,048</b>
<b>Net Asset per Share (GH¢ per Share)</b>		<b>0.030</b>	<b>0.018</b>

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**DIRECTORS**

**Kwahu Asakraka**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

	Notes	2020 GH¢	2019 GH¢
Interest Income	3	4,186,813	3,036,771
Interest Expenses	4	(744,598)	(653,625)
<b>Net Interest Income</b>		<b>3,442,215</b>	<b>2,383,146</b>
Commissions and Fees	5	639,030	542,698
Other Operating Income	6	152,745	219,665
<b>Total Operating Income</b>		<b>4,233,990</b>	<b>3,145,509</b>
Charge for Credit Losses	12d	(174,638)	(193,166)
Other Operating Costs	7	(3,779,094)	(3,605,108)
<b>Profit/(Loss) before Taxation</b>		<b>280,258</b>	<b>(652,765)</b>
Taxation	16(i)	(118,954)	316,893
<b>Comprehensive Income for the year</b>		<b>161,304</b>	<b>(335,872)</b>
<b>Other Comprehensive Income</b>			
Recycled from Reserves		-	-
Dormant Accounts reclassified		-	-
<b>Total Comprehensive Loss for the year</b>		<b>161,304</b>	<b>(335,872)</b>
<b>Transferred as follows;</b>			
Income Surplus		-	(335,872)
Reserves		-	-
		<b>161,304</b>	<b>(335,872)</b>
<b><u>Earnings per Share (EPS)</u></b>			
Basic and Diluted Earnings per Share (GH¢ per share)		<b>0.012</b>	<b>(0.03)</b>

Also referred to in the context of the Companies Act of Ghana 2019 (Act 992) as the Profit and Loss Account.

## DUMPONG RURAL BANK LIMITED

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

	GH¢	2020 GH¢	2019 GH¢
<b>Operating Activities</b>			
Loss before Tax		280,258	(652,765)
<b>Add/(Less)</b>			
Depreciation	293,466		268,519
Amortization	16,044		-
Provision for Credit Losses	174,638		193,166
Profit on Disposal	(3,100)		(19,914)
Recycled to Profit or Loss	-		(18,552)
Loss on Disposal	63,350		-
	-----	544,398	-
		-----	-----
<b>Cash Inflow before Changes in Operating Assets and Liabilities</b>		<b>824,656</b>	<b>(229,546)</b>
(Increase) in Loans and Advances	(2,640,464)		(1,173,606)
Decrease/(Increase) in Other Assets	(10,128)		201,600
Increase /(Decrease) in Creditors and Accruals	(59,668)		(114,769)
Decrease/(Increase) in Customer Deposits	6,585,378		2,363,883
	-----	3,875,118	-
		-----	-----
<b>Cash flow from Operating Activities</b>		<b>4,699,774</b>	<b>1,047,562</b>
Tax Paid	(15,000)	(15,000)	(90,384)
	-----	-----	-----
		<b>4,684,774</b>	<b>957,178</b>
<b>Investing Activities</b>			
Purchase of Property and Equipment	(71,555)		(532,713)
Repayment for T.24 License	(41,001)		-
Proceeds from the sale of Asset	157,100		31,200
	-----	-----	-----
		<b>44,544</b>	<b>(501,513)</b>
<b>Financing:</b>			
Proceeds from Issue of Shares	3,585		3,340
Addition to Borrowed Funds	1,818,325		1,499,675
Repayment of Borrowed Funds	(1,482,452)		(647,714)
Repayment of Managed Funds	(126,225)		(3,000)
	-----	-----	-----
		<b>213,233</b>	<b>852,301</b>
		-----	-----
Net Increase / (Decrease) in Cash and Cash Equivalents		4,942,551	1,307,966
Cash and Cash Equivalents at January 1		8,306,557	6,998,591
		-----	-----
<b>Cash and Cash Equivalents at December 31</b>		<b>13,249,108</b>	<b>8,306,557</b>
		=====	=====
<b>Analysis of Cash and Cash Equivalents as shown in the Balance Sheet</b>			
Cash and Bank Balances		4,022,333	2,966,116
Short Term Investments		8,244,340	4,671,270
ARB Apex Deposit Reserve		982,435	669,171
		-----	-----
		<b>13,249,108</b>	<b>8,306,557</b>
		=====	=====