

## LOWER PRA RURAL BANK LIMITED

### REPORT OF DIRECTORS

The Directors have pleasure in presenting their Report together with audited financial statements for the year ended 31st December 2010.

#### ACCOUNTS AND DIVIDEND

GH¢

The profit for the year after tax and transfer to Statutory Reserve amounted to

561,174

Which when added to the balance brought forward on the Income Surplus Account of

556,313

Prior Year Adjustment

(91,537)

The Directors recommend the payment of Dividend of GH¢ 0.07 per share.

(265,440)

Makes a balance to be carried forward on the Retained Earnings of

760,510

#### NATURE OF BUSINESS

The principal activities carried out by the Bank during the period under review were within the limits permitted by its regulations.

There has been no change during the period in the nature of the authorized business of the Company.

#### AUDITORS

The Auditors, Messrs Opoku, Andoh & Co, will continue in office in accordance with Sec. 134(5) of the Companies Code, 1963 (Act 179).

.....  
DIRECTOR

.....  
DIRECTOR

## LOWER PRA RURAL BANK LIMITED

### INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2010

	NOTE	2010 GH¢	2009 GH¢
INTEREST INCOME	2	4,049,317	3,264,810
INTEREST EXPENSES	3	<u>(352,226)</u>	<u>(273,095)</u>
<b>NET INTEREST INCOME</b>		3,697,091	2,991,715
COMMISSIONS AND FEES		<u>999,527</u>	<u>787,852</u>
<b>TOTAL INCOME</b>		4,696,618	3,779,567
CHARGE FOR BAD & DOUBTFUL DEBTS	7	(100,000)	(50,344)
OPERATING EXPENSES	16	<u>(3,956,809)</u>	<u>(3,234,162)</u>
NET OPERATING PROFIT	4	639,809	495,061
OTHER INCOME		<u>188,423</u>	<u>39,393</u>
<b>NET PROFIT BEFORE TAXATION</b>		828,232	534,454
TAXATION	16	<u>(80,000)</u>	<u>(60,000)</u>
NET PROFIT AFTER TAXATION		748,232	474,454
TRANSFER TO STATUTORY RESERVE FUND		<u>(187,058)</u>	<u>(237,227)</u>
<b>RETAINED PROFIT</b>		<u><u>561,174</u></u>	<u><u>237,227</u></u>

## LOWER PRA RURAL BANK LIMITED

### BALANCE SHEET AS AT 31ST DECEMBER 2010

	NOTE	2010 GH¢	2009 GH¢
CASH AND SHORT TERM FUNDS	5	2,321,360	1,802,893
INVESTMENTS	6	6,907,062	5,238,449
ADVANCES	7	9,598,789	6,759,489
OTHER ASSETS ACCOUNT		633,282	458,485
		<u>19,460,493</u>	<u>14,259,316</u>
INVESTMENT IN SUBSIDIARY	8	50,150	50,150
OTHER INVESTMENTS	9	108,859	108,859
FIXED ASSETS	10	1,822,250	1,677,115
<b>TOTAL ASSETS</b>		<u><u>21,441,752</u></u>	<u><u>16,095,440</u></u>
<b><u>LIABILITIES AND SHAREHOLDERS FUNDS</u></b>			
DEPOSITS AND CURRENT ACCOUNTS	11	18,039,588	12,951,243
CREDITORS AND ACCRUALS	12	255,531	409,509
TAXATION	15	-	(22,726)
PROPOSED DIVIDEND		265,440	263,830
TOTAL LIABILITIES		<u>18,560,559</u>	<u>13,601,856</u>
STATED CAPITAL	13	1,269,251	1,248,307
CAPITAL RESERVE		-	24,590
INCOME SURPLUS AND STATUTORY RESERVE	14	1,611,942	1,220,687
SHAREHOLDERS FUND		<u>2,881,193</u>	<u>2,493,584</u>
TOTAL LIABILITIES AND SHAREHOLDERS FUNDS		<u><u>21,441,752</u></u>	<u><u>16,095,440</u></u>

APPROVED BY THE BOARD ON.....2011

.....  
DIRECTOR

.....  
DIRECTOR

## LOWER PRA RURAL BANK LIMITED

### CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2010

	2010 GH¢	2009 GH¢
<b><u>OPERATING ACTIVITIES</u></b>		
OPERATING PROFIT	828,232	534,454
<b>ADJUSTMENTS TO RECONCILE OPERATING PROFIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
LOSS/GAIN ON DISPOSAL	-	2,583
DEPRECIATION	320,775	289,823
NET CASH PROVIDED BY OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES	1,149,007	826,860
<b><u>CHANGES IN OPERATING ASSETS AND LIABILITIES NET OF EFFECTS FROM ACQUISITIONS OF COMPANIES</u></b>		
(INCREASE)/DECREASE IN ADVANCES	(2,839,300)	480,811
(INCREASE)/DECREASE IN OTHER ASSETS ACCOUNTS	(174,797)	(153,965)
INCREASE IN DEPOSITS	5,088,345	2,493,056
INCREASE/(DECREASE) IN CREDITORS AND ACCRUALS	(153,978)	(78,977)
NET CHANGES IN OPERATING ASSETS AND LIABILITIES	1,920,270	2,740,925
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,069,277	3,567,785
TAX PAID - PRIOR YEAR	(91,537)	(66,000)
- CURRENT	(80,000)	-
	2,897,740	3,501,785
<b><u>INVESTING ACTIVITIES</u></b>		
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT	(465,910)	(733,494)
(INCREASE)/DECREASE IN SHORT TERM INVESTMENTS	(1,668,613)	(2,089,479)
(INCREASE)/DECREASE LONG-TERM INVESTMENTS	-	(112,269)
NET CASH PROVIDED BY INVESTING ACTIVITIES	(2,134,523)	(2,935,242)
<b><u>FINANCIAL ACTIVITIES</u></b>		
PROCEEDS FROM ISSUANCE OF SHARES	20,944	12,883
PROCEEDS FROM DISPOSALS	-	41,000
DIVIDEND PAID	(263,830)	(225,240)
NET CASH USED IN FINANCING ACTIVITIES	(242,886)	(171,357)
NET INCREASE IN CASH AND CASH EQUIVALENT	518,467	395,186
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	1,802,893	1,407,707
CASH AND CASH EQUIVALENT AT END OF YEAR	2,321,360	1,802,893

# LOWER PRA RURAL BANK LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2010

### 1. ACCOUNTING POLICIES

The significant accounting policies adopted by the Bank and which have been used in preparing these financial statements are stated below.

#### (a) BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

#### (b) ADVANCES

Advances are stated in the Balance Sheet at the amount of principal and interest outstanding less any provision for bad and doubtful debts and amount held in interest suspense.

#### (c) INVESTMENTS

Investments are purchased with the intention of being held to maturity and they are stated at amortised cost. The discount is disclosed separately in interest income.

#### (d) INTEREST INCOME

The recognition of Interest Income ceases when payments of interest or principal is in doubt, and this is determined by the Bank's officials. Interest Income is taken to profit when the outstanding arrears of interest and principal are received.

#### (e) PROVISION FOR BAD AND DOUBTFUL DEBTS

Provision for bad and doubtful debts relate to those loans that have been individually reviewed and specifically identified as bad or doubtful.

#### (f) FIXED ASSETS

Fixed Assets owned by the Bank are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method so as to write off the cost over the estimated useful lives of the assets.

Building	5%
Office Furniture and Fittings	20%
Office Machinery and Equipment	25%
Bungalow Furniture and Fittings	20%
Motor Vehicle	33 1/3%
Computers	25%

## LOWER PRA RURAL BANK LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2010

	2010 GH¢	2009 GH¢
<b>2. <u>INTEREST INCOME</u></b>		
ADVANCES	3,159,677	2,446,693
INVESTMENTS	889,640	818,117
	4,049,317	3,264,810
<b>3. <u>INTEREST EXPENSE</u></b>		
SAVINGS ACCOUNT	265,047	173,070
TIME DEPOSIT	87,179	100,025
	352,226	273,095
<b>4. <u>NET OPERATING PROFIT</u></b>		
THIS IS AFTER CHARGING :		
DIRECTORS FEES	12,960	12,720
AUDIT FEES	5,000	4,500
DEPRECIATION	320,775	289,823
DONATIONS	119,792	83,170
	458,527	470,213
<b>5. <u>CASH AND SHORT TERMS FUNDS</u></b>		
CASH IN HAND	1,035,911	580,077
BALANCE WITH OTHER BANKS	1,285,449	1,222,816
	2,321,360	1,802,893
<b>6. <u>INVESTMENTS</u></b>		
TWO YEAR BOND	700,000	700,000
ONE YEAR BOND	160,000	160,000
TREASURY BILLS	4,272,441	2,927,981
ACOD	1,800,000	1,500,000
LESS UNEARNED INTEREST	(25,379)	(49,532)
	6,907,062	5,238,449

## LOWER PRA RURAL BANK LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2010

	2010 GH¢	2009 GH¢
<b>7. <u>ADVANCES</u></b>		
OVERDRAFT	294,932	146,667
LOANS	9,659,058	6,898,420
OTHER ADVANCES	89,799	59,402
GROSS LOANS & ADVANCES	<u>10,043,789</u>	<u>7,104,489</u>
PROVISION FOR BAD & DOUBTFUL DEBTS	<u>445,000</u>	<u>345,000</u>
	<u><u>9,598,789</u></u>	<u><u>6,759,489</u></u>
<b><u>PROVISION FOR BAD AND DOUBTFUL DEBTS</u></b>		
AT BEGINNING OF YEAR	345,000	294,656
INCREASE IN PROVISION	<u>100,000</u>	<u>50,344</u>
AT END OF YEAR	<u><u>445,000</u></u>	<u><u>345,000</u></u>
<b>8. <u>INVESTMENT IN SUBSIDIARY</u></b>		
SHARES	<u><u>50,150</u></u>	<u><u>50,150</u></u>
<b>9. <u>OTHER INVESTMENTS</u></b>		
ARB APEX BANK	<u><u>108,859</u></u>	<u><u>108,859</u></u>

## LOWER PRA RURAL BANK LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2010

	2010 GH¢	2009 GH¢
<b>11. <u>DEPOSITS AND CURRENT ACCOUNT</u></b>		
SAVINGS ACCOUNTS	9,797,399	7,074,145
CURRENT ACCOUNT	4,386,812	3,110,694
TIME DEPOSIT	954,511	782,919
SUSU	2,900,866	1,983,485
	18,039,588	12,951,243
<b>12. <u>CREDITORS AND ACCRUALS</u></b>		
SHORT-TERM BORROWING	-	210,446
ACCRUED INTEREST NOT YET CREDITED	5,240	24,496
OTHER CREDITORS AND ACCRUALS	250,291	174,567
	255,531	409,509
<b>13. <u>STATED CAPITAL</u></b>		
AUTHORISED		
NO. OF ORDINARY SHARES OF NO PAR VALUE	5,000,000	5,000,000
NO. OF PREFERENCE SHARES OF NO PAR VALUE	125,000	125,000

#### ISSUED

	AT 01/01/2010 000	NUMBER INCREASE 000	31/12/10 000	AT 01/01/2010 GH¢	AMOUNT INCREASE GH¢	AT 31/12/2010 GH¢
PREF:- FOR CASH	125	-	125	12.50	-	12.50
ORD :- FOR CASH	2,017	23	2,040	158,084.79	20,944	179,028.79
CAP. ISSUE	1,752	-	1,752	7,008.90	-	7,008.90
BONUS ISSUE	-	-	-	83,200.90	-	83,200.90
TRANSFER	-	-	-	1,000,000.00	-	1,000,000.00
	3,894	23	3,917	1,248,307.09	20,944	1,269,251.09

**LOWER PRA RURAL BANK LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2010**

	RETAINED EARNINGS GH¢	STATUTORY RESERVED FUND GH¢	TOTAL GH¢
<b>14. <u>INCOME SURPLUS</u></b>			
AT BEGINNING OF YEAR	556,313	664,374	1,220,687
RETAINED PROFIT	561,174	187,058	748,232
PROPOSED DIVIDEND	(265,440)	-	(265,440)
PRIOR YEAR ADJUSTMENT - TAXATION	(91,537)	-	(91,537)
AT END OF YEAR	760,510	851,432	1,611,942

**15. TAXATION**

YEAR OF ASSESSMENT	AT 01/01/2010 GH¢	ADJUSTMENT GH¢	PAID DURING YEAR GH¢	CHARGE TO PROFIT AND LOSS GH¢	AT 31/12/10 GH¢
2009	16,726	-	66,000	(60,000)	22,726
2010	22,726	(22,726)	(80,000)	80,000	-

## LOWER PRA RURAL BANK LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2010

	2010	2009
	GH¢	GH¢
16. <b><u>OPERATING EXPENSES</u></b>		
<b><u>STAFF COST</u></b>		
SALARIES AND BONUS	1,468,803	1,137,386
SOCIAL SECURITY FUND CONTRIBUTION	115,764	95,528
PROVIDENT FUND	62,334	57,317
TRAINING EXPENSES	70,059	57,965
OTHER EMPLOYEE COSTS	126,066	138,880
	1,843,026	1,487,076
<b><u>OTHERS</u></b>		
DONATIONS	119,792	83,170
DEPRECIATION	320,775	289,823
DIRECTORS FEES	12,960	12,720
AUDIT FEES	5,000	4,500
RENT AND RATES	58,781	37,529
REPAIRS AND MAINTENANCE	92,473	98,021
LOCAL TRAVELS	70,597	67,864
PRINTING AND STATIONERY	113,025	87,674
POSTAGE AND CABLES	42,528	38,568
MOTOR RUNNING EXPENSES	114,592	127,630
INSURANCE	51,272	49,472
SUBSCRIPTION AND ADVERTISEMENTS	70,269	68,989
ENTERTAINMENT	80,760	90,127
BOARD MEETING EXPENSES	38,717	49,437
MEDICAL EXPENSES	4,646	7,705
LEGAL CHARGES	8,500	22,344
ELECTRICITY AND WATER	134,158	89,898
AGM EXPENSES	77,125	42,885
OTHER EXPENSES	79,970	51,255
INTERNAL AUDIT EXPENSES	11,615	12,526
EXPENSES ON MOBILIZATION OPERATION	284,883	181,365
POLICE GURARD	36,030	25,224
SEMINARS	54,627	48,271
SPECIE MOVEMENT	6,033	2,938
OFFICE EXPENSES	144,851	66,754
COMPUTER LICENSING/REPAIRS AND SUPPORT FEES	58,089	31,700
INTEREST ON BORROWING	21,715	58,697
	3,956,809	3,234,162



























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