



# **LA COMMUNITY BANK LIMITED**

## **ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**31 DECEMBER, 2021**

## La Community Bank Limited

### Financial statements for the year ended 31 December, 2021

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## NOTICE OF MEETING

Notice is hereby given that the Thirty Fourth Annual General Meeting of the LA COMMUNITY BANK LIMITED will be held VIRTUALLY and streamed live by video link from the Head Office of the Bank, La, Accra on SATURDAY, 2nd JULY, 2022 at 10:00a.m. for the following purposes.

### AGENDA

1. To receive and consider the Financial Statements for the year ended 31st December, 2021, together with the Report of the Directors and Auditors thereon.
2. To elect Mr. Isaac Nsiah Odoi as a Director of the Bank subject to the approval of the Bank of Ghana.
3. To authorize the Directors to fix the remuneration of the Auditors.

Dated this 26th April, 2022



L. S. N. AKUETTEH  
SECRETARY

### NOTE:

1. A copy of the Financial Statements for the year ended 31st December, 2021 together with the Reports of the Directors and Auditors will be circulated electronically and published on the Bank's Website [www.lacommunitybank.com](http://www.lacommunitybank.com)  
All shareholders are encouraged to visit the website and print copies for their study and necessary action.
2. Text messages/emails will be sent to shareholders with the link/access code to join the Meeting.
3. A member of the Company entitled to attend and vote is entitled to appoint a proxy. A proxy need not be a member of the Company.
4. Shareholders may pick up their refreshment at the Head Office, La from 12 noon to 2:00p.m at La Community Bank Limited, Head office.

**La Community Bank Limited**  
**Corporate information for the year ended 31 December, 2021**

**Board of Directors**

Mr. Nicholas Okoe Sai  
Mr. Seth Nii Sodjah Quao  
Dr. (Mrs.) Matilda Pappoe  
Mr. David E.A. Oddoye  
Mrs. Rosalyn Darkwa  
Dr. Nii Kwaku Sowa  
Mr. Benjamin Obodai  
Mrs. Helen Lokko

**Capacity**

Chairman  
Vice Chairman  
Member  
Member  
Member  
Member (Retired, October 23, 2021)  
Member (Retired, October 23, 2021)  
Member (Retired, October 23, 2021)

**Secretary**

Mr. L. S. N. Akuetteh

**Solicitor**

Nsiah Akuetteh & Co  
21 Samora Machel Road  
Asylum Down, Accra  
P. O. Box A 329  
La - Accra  
Ghana

**Registered Office and  
Principal Place of Business**

No. G224/1 Lami Jwahe  
Post Office Box LA 499  
La - Accra  
Tel: 0303-969393  
E-mail: [info@lacommunitybank.com](mailto:info@lacommunitybank.com)  
Website: [www.lacommunitybank.com](http://www.lacommunitybank.com)

**Independent Auditors**

UHY Voscon Chartered Accountants  
2<sup>nd</sup> Floor, Cocoshe House,  
Opposite Silver Star Tower  
Agostinho Neto Close  
Airport Residential Area  
Accra- Ghana  
Phone +233 30 2683 430/4  
Email: [Info@uhyvoscon-gh.com](mailto:Info@uhyvoscon-gh.com)  
Web: [www.uhyvoscon-gh.com](http://www.uhyvoscon-gh.com)  
GA: -057-1475

**Bankers**

ARB Apex Bank PLC  
ABSA Bank Ghana PLC  
Zenith Bank Ghana PLC

**Company Registration Number**

CS023832018

**Tax Identification Number (TIN)**

C000518536X

**La Community Bank Limited**  
**Five-year financial summary and financial highlights**  
*(All amounts are stated in Ghana cedi unless otherwise stated)*

<b>Five-year financial summary</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Interest income	11,401,844	10,208,944	7,191,152	8,617,683	9,132,699
Interest expense	(3,233,060)	(2,881,824)	(1,022,142)	(1,443,971)	(1,965,005)
Net interest income	8,168,784	7,327,120	6,169,010	7,173,712	7,167,694
Net fees and commission income	596,536	565,835	633,781	590,694	565,602
Other operating income	129,094	80,836	220,725	229,037	135,679
Profit/(loss) before tax	(2,760,396)	579,050	(2,436,287)	1,075,600	659,698
Tax expenses	800,618	(42,254)	646,293	589,605	(108,550)
Profit/(loss) after tax	(1,959,778)	536,796	(1,789,994)	1,665,205	551,148
Total assets	74,394,494	83,063,060	53,927,125	52,414,044	50,816,163
Equity	2,889,695	4,846,973	4,270,394	6,314,950	7,788,745
Total equity and liabilities	74,394,494	83,063,060	53,927,125	52,414,044	50,816,163

<b>Financial highlights</b>	<b>2021</b>	<b>2020</b>	<b>Percentage change (%)</b>
Interest income	11,401,844	10,208,944	11.68
Interest expense	(3,233,060)	(2,881,824)	12.19
Net Interest Income	8,168,784	7,327,120	11.49
Net Commission and fees	596,536	565,835	5.43
Other operating income	129,094	80,836	59.70
Profit/(loss) before taxation	(2,760,396)	579,050	(576.71)
Profit/(loss) after tax	(1,959,778)	536,796	(465.09)
Total assets	74,394,494	83,063,060	(10.44)
Equity	2,889,695	4,846,973	(40.38)
Loans and Advances	3,334,589	3,260,700	2.27
Customers' Deposits	69,280,204	75,753,076	(8.61)
Total equity and liabilities	74,394,494	83,063,060	(10.44)

## CHAIRMAN'S STATEMENT

### INTRODUCTION

Good morning distinguished Shareholders, Ladies and Gentlemen. I am delighted to welcome you to the 34th Annual General Meeting of your Bank. Year 2021 was positive as the country continued to grow and return to normalcy post covid. More vaccines were made available, resulting in more people being vaccinated. The Government made efforts towards vaccinating a greater part of the population and more stringent adherence to the safety protocols. That notwithstanding it was a challenging year as your Bank still experienced the aftershocks of the banking sector clean up exercise.



### ECONOMIC OUTLOOK

The global economy continued to recover in 2021 but on the domestic front, the recovery in the real sector progressed at a steady pace. High frequency economic indicators reflected increased momentum in the pace of economic activity, close to pre-pandemic levels.

The banking industry recorded sustained growth in total assets, investments and deposits. Profitability in the industry declined slightly and key financial soundness indicators such as liquidity and solvency, remained healthy. The outlook was positive, although sluggish credit growth remained a risk to real sector recovery. Headline inflation rose consistently from the low of 7.5 percent in May 2021 to 11.0 percent in October driven by both food and non-food price increases. Although budget implementation for 2021 remained fairly in line with expectations, fiscal and debt sustainability concerns regarding the budget for 2022 and implications for sustained fiscal consolidation efforts have triggered an unfavorable credit rating decision by Fitch Ratings which has spilled over to the external sector and have further exacerbated the already elevated inflationary expectations.

### OPERATING PERFORMANCE

Ladies and Gentlemen, despite the uncertain global recovery from the pandemic, the Bank's total revenue from operations increased by 11.7% from GHS11.1million in 2020 to GHS12.4million in 2021 due to an increase in Investment Income and Interest on Loans during the year. The Bank also saw increases in Fees and Commission Income and Other Income during the year by 6.2% and 59.7% respectively. Whereas Fees and Commission increased from GHS803,938 in 2020 to GHS853,535 in 2021, Other Income increased from GHS80,836 in 2020 to GHS129,094 in 2021 mainly due to increases in service charges.

As you are already aware, the Bank has had some of its investments amounting to about GHS17million locked up after the 2018 financial sector clean up. As a result, the Bank of Ghana had advised the Bank to make full provisions towards these locked up investments. In view of this, the Bank made provisions for impaired investments of GHS3,761,875 for the period under review compared to that of 2020 amounting to GHS275,646. The impact of these provisions increased total Operating Expenses by 44.0% from GHS10.5million in 2020 to GHS15.1million in 2021. With an overall higher percentage increase in expenditure over income, the Bank incurred a loss before tax of GHS2.8million in the year under review i.e. 2021 compared to the profit before tax of GHS579,050 in 2020.

After consideration of taxes, the Loss after tax stood at GHS1.96million compared to the profit after tax of GHS536,796 in 2020.

It is important to state Ladies and Gentlemen that, when these locked up investments are recovered, they will be recognized as income in the Profit or Loss Account of the Bank accordingly.

## STATEMENT OF FINANCIAL POSITION

During the year under review, Loans and Advances to Customers increased marginally by 2.3% from GHS3.26million in 2020 to GHS3.33million in 2021 due to increases in disbursements. Total deposits and Total Assets declined by 8.5% and 10.4 respectively. Equity also decreased significantly by 40.4% from GHS4.85million in 2020 to GHS2.89million mainly due to the loss recorded as a result of the provisions impaired investment as stated above.

Distinguished Shareholders, at this point I would like to take the opportunity to encourage all shareholders to increase their stake in the Bank in order to increase its financing capacity going into the future.

## APPROPRIATION / DIVIDEND

As indicated last year, based on the directions of the Bank of Ghana in their Notice no. BG/GOV/SEC/2021/01 to all Banks and Specialized Deposit Taking Institutions, No Dividends are to be paid without the prior approval of the Bank of Ghana.

However, for the Year 2021, the Board of Directors is unable to recommend any Dividends due to the financial position of the Bank.

## CORPORATE SOCIAL RESPONSIBILITY

Distinguished Shareholders, Ladies and Gentlemen, our contribution to the Corporate Social Responsibility (CSR) has not been much during the year under review due to some peculiar challenges in the Bank's financial position.

However the Bank has continued to meet its obligations to continuing students on the Bank's Scholarship Scheme by making the agreed payments to support the remaining 18 students who are expected to complete the various courses of study this Year-2022. So far the Bank has supported a total number of 184 students since the inception of the scheme in the 2002/2003 academic year.

## OUTLOOK FOR THE YEAR 2022

We remain optimistic about the prospects of the economy and therefore expect a robust rate of growth in 2022. We will ensure this new strategy taps into the opportunities in the market and creates sustainable growth.

We will continue to deepen our relationships with our customers and offer them superior customer service through the right technology and innovative products and services while maintaining our focus on minimizing and diversifying risk, as well as improving productivity and efficiency. The Bank is well placed to meet all the regulatory requirements to ensure we remain a strong institution operating in a strengthened industry.

## CONCLUSION

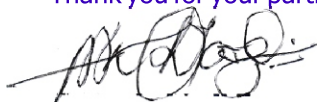
Distinguished Shareholders, Ladies and Gentlemen, in conclusion, I would like to introduce to you the new Chief Executive Officer of the Bank, Mr. Peter Vanderpuije who has been appointed to lead the Management of the Bank pending the approval of Bank of Ghana.

I also wish to inform you that, I will be retiring from the Board at the end of this meeting after eight years of service to the Bank.

Finally I wish to thank God and my colleague Directors, Management and Staff for their support and cooperation during my tenure as Chairman of the Board.

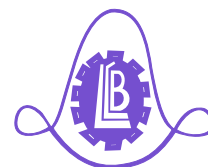
It is my Prayer that God will bless all the members of the Bank and keep you all safe and protected by His Grace and Mercies.

Thank you for your participation in this meeting.



Nicholas O. Sai  
Board Chairman





## La Community Bank Limited

### Directors' responsibilities in respect of the financial statements Statement of Directors' responsibilities

The Directors are required to ensure that adequate accounting records are maintained so as to disclose at reasonable adequacy, the financial position of the Bank. In preparing these financial statements, they are required to:

- Select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgement.
- State whether or not the Companies Act, 2019 (Act 992), the Bank and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) and in accordance with International Financial Reporting Standards ("IFRS") have been adhered to and explain material departures thereto.
- Use the going concern basis unless it is inappropriate.

They are also responsible for steps to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities. They must present financial statements for each financial year, which give a true and fair view of the affairs of the Bank, and the results for that year.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with IFRS and the responsibility of external auditors to report on these financial statements. The Board is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the year under review, which could have a material impact on the business.

The financial statements are prepared from the accounting records on the basis of consistent use of appropriate records supported by reasonable and prudent judgements and estimates that fairly present the state of affairs of the Bank. The financial statements have been prepared on a going concern basis and there is no reason to believe that the Bank will not continue as a going concern in the next financial year. The Directors confirm that in preparing the financial statements, they have:

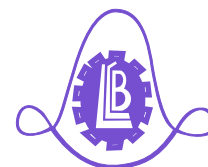
- selected suitable accounting policies and applied them consistently.
- made judgements and estimates that are reasonable and prudent.
- followed the International Financial Reporting Standards.
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them ensure that the financial statements comply with the Companies Act, 2019 (Act 992), the Bank and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) and in accordance with International Financial Reporting Standards ("IFRS"). They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### By the order of the Board:

Name of Director NICHOLAS O. SAI  
Signature [Handwritten Signature]  
Date 26<sup>TH</sup> APRIL, 2022

Name of Director SETH MI SODJAH Q440  
Signature [Handwritten Signature]  
Date 26<sup>TH</sup> APRIL, 2022



**Report of the Directors  
to the members of  
La Community Bank Limited**

The Directors are pleased to present their report together with the audited financial statements for the year ended 31 December 2021, which disclose the statement of the affairs of La Community Bank Limited (the “Bank”).

**Financial results**

Detailed financial results for the year are set out in the attached audited financial statements with an extract as below.

	<b>2021</b>	<b>2020</b>
Profit/(loss) before tax for the year	(2,760,396)	579,050
from which is deducted income tax expense of	800,618	(42,254)
giving profit after tax of	(1,959,778)	536,796
to which is added balance on retained earnings account brought forward	(138,806)	(579,374)
Leaving a balance before statutory and other transfers of	(2,098,585)	536,796
From which the following transfers were made:		
Transfer to statutory reserve	-	(67,099)
Transfer to stated capital	-	-
Transfer to dividend account	-	-
Other movement of:		
Regulatory credit risk reserve	(30,148)	(29,129)
	<b>(2,128,732)</b>	<b>(138,806)</b>

**Dividend**

The Directors do not recommend the payment of dividend (2020: Nil)

**Auditors**

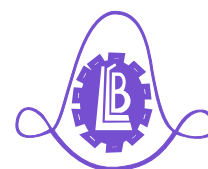
In accordance with Section 139 (5) of the Companies Act, 2019 (Act 992), the Auditors, Messrs. UHY Voscon Chartered Accountants, will continue in office as the Bank’s Auditors.

**Prior year audited financial statements**

The financial statements of the Bank for the year ended 31 December 2020 were audited by Messrs. KPMG who expressed an unmodified opinion on those financial statements in their report dated 17<sup>th</sup> September, 2021.

**Auditor’s remuneration**

The audit fee payable for the year under review is GHS 35,775, inclusive of taxes.



**Report of the Directors  
to the members of  
La Community Bank Limited (continued)**

**Stated Capital and Capital Adequacy Ratio (CAR)**

The Stated Capital of the Bank at the end of the reporting was GHS 2,075,305 and deposit for shares of GHS 26,620. The Bank met the minimum capital requirement, but did not meet the 10% minimum capital adequacy ratio. The Capital Adequacy Ratio was **8.33%**.

**Principal activities**

The principal business of the Bank is to provide banking services.

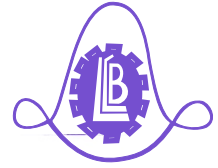
**Appointment, retirement and re-election of Board Members**

**The Directors in office at the end of the reporting year are as follows:**

<b>Board of Directors</b>	<b>Position</b>	<b>Qualification/Profession</b>	<b>Date appointed</b>
Mr. Nicholas Okoe Sai	Chairman	Chartered Accountant	05/06/2014
Mr. Seth Nii Sodjah Quao	Vice-Chairman	Chartered Accountant	20/11/2020
Dr. Mrs. Matilda E. Pappoe	Member	Retired Lecturer/ Consultant	05/06/2014
Mr. David E. A. Oddoye	Member	Chartered Accountant	26/09/2017
Mrs. Rosalyn Darkwa	Member	Corporate Executive	20/11/2020
Mr. Kennedy Wiafe Effah	Member	Banker/ Lawyer	23/10/2021

**Training and Continuous Professional Development (CPD)**

During the year, various training to management were undertaken. Some of the Board of Directors availed themselves for various trainings to help the bank in achieving its objectives. This will help them to continually update their skills, their knowledge and familiarity with the Bank's businesses, their awareness of the banking sector, risk, regulatory, legal, financial and other developments to enable them to fulfil effectively their role on the board and to the sub committees.



**Report of the Directors  
to the members of  
La Community Bank Limited (continued)**

**Code of Conduct**

La Community Bank Limited has a Code of Conduct policy approved by the Board of Directors of the Bank. This addresses areas like complying with local laws and regulations, the Bank not offering, giving, or accepting inappropriate gifts or benefit to or from third parties, prevention of money laundering and fraud, avoidance of conflict of interest, openness and honesty with regulators, confidentiality amongst others.

**Conflict of interest and compliance**

The Bank's Code of Conduct addresses conflicts of interest i.e. actual and potential conflict of interest. Further, personal conflict of interest and business conflict of interest are addressed by the Code.

**Events after reporting year**

The Directors are not aware of any adjusting events after the reporting year.

**Corporate social responsibilities**

The Educational and Development Support by the Bank amounted to GHS 27,500 in the reporting year under review. Twenty-two continuing students in the Tertiary Institution under the Bank's Scholarship Scheme benefited from the above.

**Related party transactions**

Related party transactions are transactions that each counter party has the ability to influence the outcome of the transaction for economic benefits. Related party transactions and balances are also disclosed in notes to the financial statements. All the Directors except two and some key management personnel have interest in shares but no debt interest was issued by the Bank during the year under review of the Bank. Other than service contracts, no Director has a material interest in any contract to which the Bank was a party during the year. Note 31 has disclosures on related party transactions.

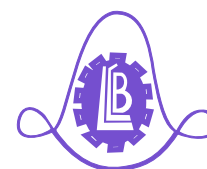
**Approval of financial statements**

The financial statements for the year set out on pages 23 to 66, which have been prepared on a going concern basis, were approved by the Board of Directors and signed on their behalf by:

**By the order of the Board:**

Name of Director NICHOLAS O. SAH  
Signature [Handwritten Signature]  
Date 26<sup>TH</sup> APRIL, 2022

Name of Director SETH MU SODJAH QUAO  
Signature [Handwritten Signature]  
Date 26<sup>TH</sup> APRIL, 2022



## La Community Bank Limited Corporate Governance (CG) report

### Overview

La Community Bank Limited is committed to strong corporate governance practices that allocate rights and responsibilities among the Bank's Shareholders, the Board and Executive Management to provide an effective oversight and management of the Bank in a manner that enhances shareholders' value and promotes investors' confidence.

The Bank's corporate governance principles are contained in a number of corporate documents. The Board oversees the conduct of the Bank's business and is primarily responsible for providing effective governance over the Bank's key affairs, including the appointment of Executive Management, approval of business strategies, evaluation of performance and assessment of major risks facing the Bank.

In discharging its obligations, the Board exercises professional judgement in the best interest of the Bank and relies on the Bank's Executive Management to implement approved business strategies, resolve day-to-day operational issues, keep the Board informed, and maintain and promote high ethical standards. The Board delegates authority in management matters to the Bank's Executive Management subject to clear instructions in relation to such delegation of authority and the circumstances in which Executive Management shall be required to obtain Board approval prior to taking a decision on behalf of the Bank.

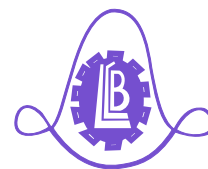
The Board is the ultimate decision-making body for all material matters within the Bank. It is responsible for providing leadership, setting the strategic direction of the Bank and monitoring management to ensure effective execution of such strategy. The Board is responsible for a sound system of internal controls and risk management. La Community Bank Limited's commitment to ensuring international best practice in terms of corporate governance remains strong and unwavering.

### Board composition

The Board at all times, shall be regulated by the Companies Act, 2019 (Act 992), and the Banks and Specialized Deposit Taking Institutions Act, 2016 (Act 930), notices of Bank of Ghana and ARB Apex Bank Limited.

The Board for the 2021 reporting year was diverse, with a good mix of experience and skills with a Board size of nine (9) members. The areas of expertise of the directors are as follows:

Board of Directors	Position	Qualification/Profession	Date appointed
Mr. Nicholas Okoe Sai	Chairman	Chartered Accountant	05/06/2014
Mr. Seth Nii Sodjah Quao	Vice-Chairman	Chartered Accountant	20/11/2020
Dr. Mrs. Matilda E. Pappoe	Member	Lecturer/ Consultant	05/06/2014
Mr. David E. A. Oddoye	Member	Chartered Accountant	26/09/2017
Mrs. Rosalyn Darkwa	Member	Corporate Executive	20/11/2020
Mr. Kennedy Wiafe Effah	Member	Banker/ Lawyer	23/10/2021
Dr. Nii Kwaku Sowa*	Member	Economic Consultant	01/11/1989
Mr. Benjamin Obodai*	Member	Accountant	01/11/1989
Mrs. Helen Lokko*	Member	Banker	01/11/1989



## La Community Bank Limited Corporate Governance (CG) report

The following Directors retired during the reporting year.

<b>Directors</b>	<b>Date of Retirement</b>
Dr. Nii Kwaku Sowa*	October 23, 2021
Mr. Benjamin Obodai*	October 23, 2021
Mrs. Helen Lokko*	October 23, 2021

### **Role of the Chairman/Chairperson and the Chief Executive Officer**

The role of the Board Chair and the Chief Executive Officer are kept distinct. Except for direction and guidance on general policy, the Board has delegated the conduct of the day-to-day business to the Chief Executive Officer.

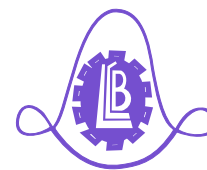
### **Professional development and training activities**

The Bank has a very comprehensive and tailored induction process for new Directors. The induction process covers the Bank's business operations, the risk and compliance functions as well as the legal, regulatory and other personal obligations and duties of a Director of a Bank. Aside the induction programme, the Bank ensures a continuous development programme which is needs-based and is designed for individual Directors, committees or for the Board. The Directors are kept updated on all regulations and laws that are enacted which may affect the operations of the Bank and are also advised of the legal, regulatory and other obligations of a Director on an ongoing basis. The Directors have access to independent professional advice to enable them to discharge their duties. The Board and its committees are periodically trained in various programmes to enhance their role to the strategic direction of the Bank.

### **Frequency of Board meetings and attendance**

There is a process in place to ensure that Directors receive reports in a timely manner to enable them ask appropriate questions and make informed decisions.

Aside formal meetings, the Directors are engaged informally throughout the year. This creates an environment that encourages challenge, consultation, information sharing, innovative thinking and openness in communication. The Directors are encouraged to interact with the staff and to broaden their understanding of the Bank's operations. The following table shows the number of Board meetings held during the year and the attendance by the Directors.



**La Community Bank Limited**  
**Corporate Governance (CG) report-cont**

**Meeting attendance**

<b>Members</b>	<b>Board meetings (11)</b>	<b>Percentage of attendance (%)</b>	<b>Ad hoc meetings</b>
Mr. Nicholas Okoe Sai	11	100%	5
Mr. Seth Nii Sodjah Quao	11	100%	5
Dr. Mrs. Matilda E. Pappoe	10	91%	5
Mr. David E. A. Oddoye	11	100%	3
Mrs. Rosalyn Darkwa	8	73%	4
Mr. Kennedy Wiafe Effah**	2	18%	1
Dr. Nii Kwaku Sowa*	9	82%	2
Mr. Benjamin Obodai*	8	73%	3
Mrs. Helen Lokko*	6	55%	1

\*Board member retired during the year

\*\*Board member joined during the year

**Board Sub-Committees**

From the Board Charter, the Board established four (4) Committees to help in the performance of its mandate. The Board shall appoint the Chairpersons of the Committee and shall approve appropriate terms of reference for the Committee. These sub committees are:

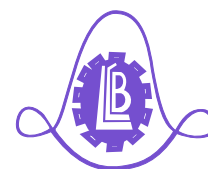
- Executive Committee
- Risk & Compliance Committee
- Audit & Credit Committee
- Human Resource Committee

**Overview of Board sub-committees**

**Executive Committee (EC)**

**Membership**

The committee shall comprise the Board Chair, the Board Vice-Chair and the General Manager/Chief Executive Officer and may include at least one other voting Board Director. The members during the year under review were Dr. Nii Kwaku Sowa (Chairman), Mr. Nicholas Okoe Sai (Vice-Board Chair) and Mr. David Emmanuel Annan Oddoye. (Member). Dr. Nii kwaku Sowa retired and Mr. Nicholas Okoe Sai took over as chairman, while Mr. Seth Nii Sodjah Quao was appointed as a new member.



### **Duties**

The duties of the above committee are as follows:

- To the extent permitted by law, the Committee shall exercise the powers of the Board during the interval periods between Board meetings when the Board is unavailable or unable to meet.
- The Committee shall not have the authority to amend or repeal any Board approved decision or take any other action which has been reserved for the full Board or which the Committee is otherwise prohibited by law to take.

### **Risk & Compliance committee (RAC)**

#### **Membership**

The members, including the Chairman of the Committee, shall be appointed by the Board. The Committee shall comprise at least three independent non-executive directors of the Bank. The members were Mr. David E.A. Oddoye (Chairman), Mr. Seth Nii Sodjah Quao (member) and Mrs. Rosalyn Darkwa (member).

#### **Duties**

The duties of the above committee are as follows:

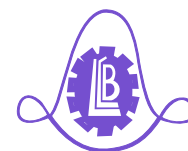
- Develop strategic goals which set the context for risk management and control activities throughout the Bank.
- Review the design, completeness and effectiveness of the risk management framework relative to the Bank's activities.
- Monitor the management of significant risks to the Bank's business objectives and satisfying itself that less significant risks are also being actively managed.
- Review significant breaches, or potential breaches of regulations and the steps taken to ensure that the underlying root causes of any regulatory control failures are being addressed.
- Ensuring that the Bank has in place a designated Compliance function which is adequately staffed by appropriately trained and competent persons with sufficient authority to perform their role.
- Establish and maintain a culture of compliance awareness and promote the adoption of appropriate ethical and compliance standards.
- Ensure that both Directors and Staffs are duly trained at least twice per year as required by Section 41(1a) of the Anti-Money Laundering (Amendment) Act 2014 (Act 874).

#### **Frequency of meetings**

Meetings shall be held not less than four times each year and at such other times as required.

<b>Members</b>	<b>Meetings (5)</b>	<b>Percentage of attendance (%)</b>	<b>Ad hoc meetings</b>
Mr. David E.A. Oddoye	5/5	100	N/A
Mr. Seth Nii Sodjah Quao**	4/5	80	N/A
Mrs. Rosalyn Darkwa**	2/5	40	N/A
Mr. Nicholas Okoe Sai*	1/5	20	N/A
Mr. Benjamin Obodai*	1/5	20	N/A





**La Community Bank Limited**  
**Corporate Governance (CG) report-cont**

*\*Both directors ceased to be members after a restructuring process on 24<sup>th</sup> February, 2021*

*\*\* Became members after the restructuring process.*

**Human Resource committee (HRC)**  
**Membership**

The Committee shall be composed of a minimum of three directors as the Board may appoint. The members were Dr. (Mrs.) Matilda Pappoe (Chairperson), Mr. Benjamin Obodai (Member) and Mr. Rosalyn Darkwa (Member).

**Duties**

The duties of the above Committee are as follows:

- The Committee shall review and recommend for Board approval the Human Resource Strategy including key HR objectives, Plans and workforce requirement and monitor its implementation.
- Formulate and recommend the succession plan and contingency planning for the General Manager (GM)/Chief Executive Officer (CEO).
- Recommend which of the top positions below the GM/CEO are critical with respect to the succession planning for the senior officers.
- In consultation with the GM/CEO, review and recommend for the Board's approval the annual compensation and benefit for staff.
- Verify on a regular basis, that La Community Bank's compensation policies, programs and plans, promote the achievement of the Bank's objectives and mandate.
- In consultation with the Joint Negotiating Committee, review and recommend to the Board the annual compensation and benefits of staff.
- Regularly review, recommend and monitor La Community Bank policies which provide a sound management of the Bank's personnel, in compliance with applicable legislation.
- Assess the 'tone at the top' established by the GM/CEO and Senior Management in terms of the example that is set with respect to integrity and ethics.
- The Committee shall review and, if appropriate, recommend to the Board for approval all appointments.

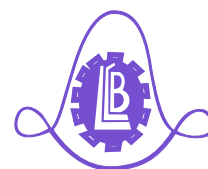
**Frequency of meetings**

The Committee shall meet every quarter in a year.

<b>Members</b>	<b>Meetings (5)</b>	<b>Percentage of attendance (%)</b>	<b>Ad hoc meetings</b>
Dr. (Mrs.) Matilda Pappoe	5	100%	5
Mr. Benjamin Obodai**	4	80%	3
Mr. David E.A. Oddoye	1	20%	3
Mrs. Rosalyn Darkwa*	2	40%	4

\*Board member joined during the year

\*\*Board member retired during the year



**La Community Bank Limited**  
*Corporate Governance (CG) report-cont*

**Audit & Credit Committee**

**Membership**

The Committee will consist of at least three and not more than six members of the Board of Directors. The membership was Mr. Nicholas Okoe Sai (Chairman), Mr. Seth Nii Sodjah Quao (member), Mrs. Helen Koshie Lokko (member) and Mrs. Rosalyn Darkwa (member).

**Duties**

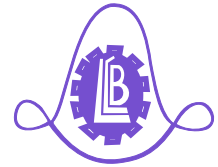
The duties of the above Committee are as follows:

- Review significant accounting and reporting issues, including complex or unusual transactions, and understand their impact on the financial statement.
- Consider the effectiveness of the Bank's internal control systems, including information technology security and control.
- Review with Management and the Head of Internal Audit the internal audit charter, activities, staffing, and organizational structure of the internal audit function.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up.
- Regularly report to the Board of Directors about the Committee's activities, issues, and related recommendations.
- Oversee the Credit Risk Management of the Bank by reviewing the Credit Policy and approving the policies within the Credit Policy that are identified as "critical."
- Review the strategies to develop and achieve the credit and lending goals of the Bank, and make recommendations to the Board.
- Shall determine the lending authority levels for the Chief Executive Officer, the Deputy Chief Executive Officer, and the Loan Committee and approve the delegation of authority by each of the foregoing.

**Frequency of meetings**

The Committee shall meet once in a month and as and when necessary without unduly exceeding meeting targets as set by the Board for the year.

<b>Members</b>	<b>Meetings (11)</b>	<b>Percentage of attendance (%)</b>	<b>Ad hoc meetings</b>
Mr. Nicholas Okoe Sai	9	82%	5
Mr. Seth Nii Sodjah Quao	10	91%	5
Mrs. Helen Koshie Lokko**	5	45%	1
Mrs. Rosalyn Darkwa	7	64%	4
Mr. Kennedy Wiafe Effah*	2	18%	1



**La Community Bank Limited**  
**Corporate Governance (CG) report-cont**

\*Board member joined during year  
\*\*Board member retired during the year

**Officers of the Bank**

In line with the Companies Act, 2019 (Act 992), the Bank at the date of this report expressly or impliedly authorized officers to act in various capacities as below:

<b>Officers</b>	<b>Capacity (31<sup>st</sup> December, 2021)</b>
Peter Tehova	Chief Executive Officer (Retired)
Peter Vanderpuije	Deputy Chief Executive Officer
Kenneth Owusu-Twumasi	Human Resource Manager
Prince Annobil	Finance Manager
Reindorf-Elijah Akakpo	Internal Auditor
Emmanuel Plange	Ag. Risk and Compliance Manager
Jacobina Lydia Vanderpuye	Ag. Branch Manager, La
Benjamin Tamatey	Branch Manager, Teshie
Gifty Winful	Branch Manager, Madina

**By order of the Board of Directors**

Name of Director.....NICHOLAS O. SAI  
Signature.....[Handwritten Signature]  
Date.....26<sup>TH</sup> APRIL, 2022



**Independent Auditor's report  
to the members of  
La Community Bank Limited**

**Report on the audited financial statements**

**Opinion**

In our opinion, La Community Bank Limited has kept proper accounting records and the financial statements are in agreement with the records in all material respects and report in the prescribed manner, information required by the Companies Act, 2019 (Act 992), and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930). The financial statements give a true and fair view of the financial position of the Bank as at 31 December, 2021, and of its financial performance and statement of cash flow for the year then ended and are drawn up in accordance with the International Financial Reporting Standards, issued by the International Accounting Standards Board (IASB).

**What we have audited**

We have audited the accompanying financial statements of the La Community Bank Limited for the year ended 31 December, 2021.

The financial statements comprise:

- statement of comprehensive income for the year then ended;
- statement of financial position as at 31 December, 2021;
- statement of changes in equity for the year ended;
- statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Bank within the meaning International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants Ghana (ICAG). We have fulfilled our other ethical responsibilities with IESBA Code.

**Independent Auditor's report  
to the members of  
La Community Bank Limited (continued)**

**Report on the audited financial statements(continued)**

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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.

Key Audit Matters	How our audit addressed the key audit matter
<p><b>Loan loss provision</b></p> <p>The Bank has adopted IFRS 9 – Financial Instruments, which requires the measurement of expected credit loss allowance for financial assets at amortised cost and fair value through other comprehensive income.</p> <p>The Bank reviews its loans and advances for impairment at the end of each reporting period. There are significant judgements made in the following areas in applying IFRS 9 – Financial Instruments. These include;</p> <ul style="list-style-type: none"> <li>-Determining the staging of financial assets of the Bank which includes establishing groups of similar financial assets.</li> <li>-Determining criteria for significant increase in credit risk</li> <li>-Determination of the probability of default (PD) and Loss Given Default (LGD), which includes establishing the relative weightings of forward-looking scenarios for each type of loan and the associated Expected Credit Loss (ECL).</li> </ul> <p>Due to the significant judgements that are applied by management in determining whether an impairment loss has occurred we considered this to be a key audit matter.</p> <p>The Bank is also required to compute loan provision in accordance with the Bank of Ghana (BOG) prudential guidelines. There is the risk of inappropriate classification of loans and advances in accordance with BOG's guidelines that results in inaccurate loan impairment computations.</p> <p>The Bank is also required to make transfers from income surplus to regulatory credit risk reserve based on the</p>	<p><b>Our procedures included:</b></p> <p>We evaluated the design and tested the implementation and operating effectiveness of the key controls over the computation of impairment loss.</p> <p>In evaluating the design of controls, we considered the appropriateness of the control, the nature and significance of the risk, competence and authority of person(s) performing the control, frequency and consistency with which the control is performed.</p> <p>In performing operating effectiveness of controls, we selected a sample of transactions based on the control frequency to determine whether the control operated during the year.</p> <p>We performed an evaluation of management's key assumptions over the expected credit loss model (ECL), including the probability of default and the Loss Given Default.</p> <p>We assessed management's staging of its financial assets in the ECL module and tested facilities to ensure they have been included in the correct stage.</p> <p>We tested the underlying calibration data behind the determination of the probability of default by agreeing same to underlying supporting documentation.</p> <p>We further assessed as appropriate the Classifications of the Bank's loans and advances in accordance with Bank of Ghana, prudential guidelines and the transfer of any excess provision over the IFRS computed provisions to the regulatory credit Risk Reserve.</p>

excesses of IFRS impairment and Bank of Ghana provision.

The disclosures relating to impairment of loans and advances to customers, which are included in notes to the financial statements, are considered important to the users of the financial statements given the level of judgement and estimation involved.

We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable.

### Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, including the Board Chairman's statement which we obtained prior to the date of this auditor's report. The other information does not include the financial statements, and our auditor's report thereon. 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. Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if 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.

### Going concern

The financial statements of the Bank have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Bank's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern, and accordingly none is disclosed in the financial statements of the Bank. Based on our audit of the financial statements of the Bank, we also have not identified such a material uncertainty.

However, neither management nor the auditor can guarantee the Bank's ability to continue as going concern.

### Responsibilities of Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930). These responsibilities include designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The Directors are responsible for overseeing the Bank's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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

**Independent Auditor's report  
to the members of  
La Community Bank Limited (continued)**

**Report on the audited financial statements(continued)**

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 judgement and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatements 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 the 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the evidence obtained, whether a material uncertainty exists relating 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 Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the Audit Committee 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 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. From the matters communicated with the Audit

**Independent Auditor's report  
to the members of  
La Community Bank Limited (continued)**

**Report on the audited financial statements(continued)**

Committee and the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year 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 interests' benefits of such communication.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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.

**Other matter paragraph**

We have nothing to report on other matters on which we are required to report except by below.

The Companies Act, 2019 (Act 992), requires that in carrying out our audit work we consider and report on the following matters. We confirm that:

1. 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;
2. In our opinion proper books of account have been kept by the Bank, so far as appears from our examination of those books; and
3. The statement of financial position and statement of comprehensive income of the Bank are in agreement with the books of account.

In accordance with Section 85 (2) of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930), we hereby confirm that:

1. The accounts give a true and fair view of the state of affairs of the Bank and its results of operations for the year under review;
2. We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors;
3. The Bank's transactions were within its powers;
4. In our opinion, the Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), the Anti-Terrorism Act, 2008 (Act 762) and the regulations enactments; and
5. The Bank has generally complied with the provisions in the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930).



**Independent Auditor's report  
to the members of  
La Community Bank Limited (continued)**

The engagement partner on the audit resulting in this independent auditor's report is **Emmanuel K.D. Abbey** (ICAG/P/1167)

Signed by: *UHY Voscon*

For and on behalf of:

**UHY Voscon (ICAG/F/2022/086)**

**Chartered Accountants**

**P. O. Box LA 476, La, Accra**

**2nd Floor, Cocoshe House**

**Opposite Silver Star Tower**

**Agostinho Neto Close Airport**

**Residential Area Accra - Ghana.**

**Phone +233 30 2683 430 / 4**

**Email: [info@uhyvoscon-gh.com](mailto:info@uhyvoscon-gh.com)**

**Web: [www.uhyvoscon-gh.com](http://www.uhyvoscon-gh.com)**

GA:-057-1475

Date ..... *20th April 2022*



## PROFILE OF NEW DIRECTOR STANDING FOR ELECTION

Isaac Nsiah Odoi Esq holds an MSc in International Finance and Banking from University of Greenwich Business School (UK) and had worked in the banking industry for well over Fifteen (15) years in different departments. He first worked with City Investment Company Limited for Twelve (12) years and later with Premium Bank Limited for Four (4) years. He worked with the bank in various positions, first as Assistant Head of Credit and later became Head of Recoveries. He was a senior manager and resigned as the Head of Compliance.

He resigned with the Bank in 2016-2017 to pursue a law career and is a now a lawyer working with one of the renowned chambers in Accra - De - Medeiros and Associates. One area of speciality of Isaac Nsiah Odoi Esq is helping to set up Micro Finance Companies of which he is currently a director of one - Star of David Solutions Company Limited .He brings a lot of experience in the area of both law and banking especially legal compliance, credit appraisal and recoveries.

**La Community Bank Limited**  
**Financial statements for the year ended 31 December 2021**  
*(All amounts are stated in Ghana cedis unless otherwise stated)*

Statement of comprehensive income	for the year ended 31 December		
	Note	2021	2020
Interest income	3	11,401,844	10,208,944
Interest expense	4	(3,233,060)	(2,881,824)
<b>Net interest income</b>		<b>8,168,784</b>	<b>7,327,120</b>
Fees and commission income	5	853,535	803,938
Fees and commission expense	6	(256,999)	(238,103)
<b>Net fees and commission income</b>		<b>596,536</b>	<b>565,835</b>
Other Income	7	129,094	80,836
<b>Operating income</b>		<b>8,894,414</b>	<b>7,973,791</b>
<b>Operating expenses</b>			
Impairment loss on financial assets	8	(3,761,875)	(275,646)
Personnel expenses	9	(4,671,873)	(4,234,933)
Depreciation and amortization		(555,922)	(627,469)
Finance cost on lease liability	23.2	(24,789)	(32,515)
Other operating expenses	10	(2,640,351)	(2,224,178)
<b>Total operating expense</b>		<b>(11,654,810)</b>	<b>(7,394,741)</b>
<b>Profit/(loss) before Income Tax</b>		<b>(2,760,396)</b>	<b>579,050</b>
Income tax (expense)/credit	11.1	800,618	(42,254)
<b>Profit/(loss) after tax attributable to equity holders</b>		<b>(1,959,778)</b>	<b>536,796</b>
<b>Other comprehensive income</b>			-
Movement in fair value reserves		-	20,884
Related tax		-	(5,221)
<b>Total comprehensive income</b>		<b>(1,959,778)</b>	<b>552,459</b>
<b>Earnings per share:</b>			
Basic		(10.46)	2.87
Diluted*		(10.46)	2.87

*\*There were no compound financial instruments potentially convertible during the year under review*

The notes on pages 31 to 70 are integral part of these financial statements

**La Community Bank Limited**  
**Financial statements for the year ended 31 December 2021**  
*(All amounts are stated in Ghana cedis unless otherwise stated)*

**Statement of financial position**

**as at 31 December**

		<b>2021</b>	<b>2020</b>
<b>Assets</b>	<b>Notes</b>		
Cash and cash equivalents	12	11,363,264	10,475,339
Investment securities-at amortised cost	13	44,673,535	61,964,017
Investment Securities – FVOCI	14	311,657	311,657
Loans and advances to customers	15	3,334,589	3,260,700
Other assets	16	7,423,991	587,955
Current tax Asset	11.2	221,192	53,580
Deferred Tax Asset	11.3	2,402,048	1,364,687
Property and equipment	17.1	4,236,182	4,447,853
Intangible asset	18.1	428,036	597,272
<b>Total assets</b>		<b>74,394,494</b>	<b>83,063,060</b>
<b>Equity</b>			
Stated capital	19	2,075,305	2,075,305
Deposit for shares		26,620	24,120
Retained earnings		(2,128,732)	(138,806)
Revaluation reserve		263,122	263,122
Credit Risk Reserve		99,232	69,084
Statutory reserve fund		2,554,148	2,554,148
<b>Total equity</b>		<b>2,889,695</b>	<b>4,846,973</b>
<b>Liabilities</b>			
Customer deposits	21	69,280,204	75,753,076
Provisions	22	53,953	53,953
Lease liability	23.2	77,228	176,439
Employee benefit liability	24	-	105,173
Dividend payable	25	946,864	958,554
Other liability	26	1,146,550	1,168,893
<b>Total liabilities</b>		<b>71,504,799</b>	<b>78,216,087</b>
<b>Total equity and liabilities</b>		<b>74,394,494</b>	<b>83,063,060</b>

The notes on pages 31 to 70 are integral part of these financial statements.

These financial statements were approved by the Board and signed on their behalf by:

Name of Director NICHOLAS O. SAI

Signature 

Date 26<sup>TH</sup> APRIL, 2022

Name of Director SETH MI SODJAH QUAO

Signature 

Date 26<sup>TH</sup> APRIL, 2022

**La Community Bank Limited**  
**Financial statements for the year ended 31 December 2021**  
*(All amounts are stated in Ghana cedis unless otherwise stated)*

Statement of changes in equity For the year end 31 December, 2021	Note	Stated capital	Deposit for shares	Retained earnings	Statutory reserve	Revaluation reserve	Credit risk reserve	Total
Balance as at 1 January		2,075,305	24,120	(138,806)	2,554,148	263,122	69,084	4,846,973
Net profit or loss				(1,959,778)				(1,959,778)
Fair value gains on investments								
Deposit for Shares			2,500					2,500
Transfer to credit reserve				(30,148)			30,148	-
Transfer to statutory reserve								
<b>Balance at 31 December</b>		<b>2,075,305</b>	<b>26,620</b>	<b>(2,128,732)</b>	<b>2,554,148</b>	<b>263,122</b>	<b>99,232</b>	<b>2,889,695</b>

Statement of changes in equity For the year end 31 December, 2020	Note	Stated capital	Deposit for shares	Retained earnings	Statutory reserve	Revaluation reserve	Credit Risk reserve	Total
Balance as at 1 January		2,075,305	-	(579,374)	2,487,049	247,459	39,955	4,270,394
Net profit or loss				536,796				536,796
Fair value gains on investments						15,663		15,663
Deposit for Shares			24,120					
Transfer to credit risk reserve				(29,129)			29,129	-
Statutory Reserve				(67,099)	67,099			-
<b>Balance at 31 December</b>		<b>2,075,305</b>	<b>24,120</b>	<b>(138,806)</b>	<b>2,554,148</b>	<b>263,122</b>	<b>69,084</b>	<b>4,846,973</b>

The notes on pages 31 to 70 are an integral part of these financial statements.

**La Community Bank Limited**  
**Financial statements for the year ended 31 December 2021**  
*(All amounts are stated in Ghana cedis unless otherwise stated)*

Statement of cash flows	for the year ended 31 December		
	Notes	2021	2020
<b>Cash generated from/ (used in) operations</b>	27	<b>(5,225,680)</b>	<b>22,582,931</b>
Interest received		-	9,444,867
Interest paid		-	(2,864,063)
Taxes paid	11.2	(404,355)	(260,374)
<b>Net cash generated from operating activities</b>		<b>(5,630,035)</b>	<b>28,825,679</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	17.1	(58,875)	(65,134)
Lease payments	23.2	(244,000)	(60,000)
Investment securities	13, 16	6,877,980	(30,299,376)
Acquisition of intangible assets	18.1	(47,955)	(341,838)
Proceeds from sale of property, plant and equipment		-	-
<b>Net cash used in investing activities</b>		<b>6,527,150</b>	<b>(30,766,348)</b>
<b>Financing activities</b>			
Proceeds from Deposit for shares		2,500	24,120
Dividend paid	25	(11,690)	(77,682)
<b>Net Cash flow from financing activities</b>		<b>(9,190)</b>	<b>(53,562)</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<b>887,925</b>	<b>(1,916,549)</b>
Balance at beginning		10,475,339	12,391,888
<b>Cash and cash equivalents at 31 December</b>	11	<b>11,363,264</b>	<b>10,475,339</b>
<b>Analysis of cash and cash equivalents</b>			
Cash on hand		888,977	1,155,319
Bank balances		5,330,942	5,909,623
Short term investment		5,149,745	3,427,578
		<b>11,369,664</b>	<b>10,492,520</b>
Allowance for ECL		(6,400)	(17,181)
<b>At year end</b>		<b>11,363,264</b>	<b>10,475,339</b>

The notes on pages 31 to 70 are integral part of these financial statements.

**La Community Bank Limited**  
**Financial statements for the year ended 31 December 2021**  
*(All amounts are stated in Ghana cedis unless otherwise stated)*

**Notes and significant accounting policies**

**1.0 Reporting entity**

La Community Bank Limited was incorporated on 06<sup>th</sup> November, 1986 under the Companies Act, 1963, (Act 179), repealed by Companies Act, 2019, (Act 992), and issued with certificate to commence business on 17<sup>th</sup> June, 1987.

La Community Bank Limited is domiciled in Ghana with its registered address at G224/1 Lami Jwahe, La, Accra in the Greater Accra Region of Ghana. La Community Bank Limited is regulated under the Banks and Specialized Deposit- Taking Institutions Act, 2016 (Act 930).

**1.1 Principal activity**

The nature of business which the bank is authorized to carry out is banking services.

**2.1 Basis of preparation**

**2.1.1 Statement of compliance**

The financial statements of La Community Bank Limited have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and in the manner required by the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930).

**2.1.2 Approval of the audited financial statements**

The financial statements were approved by the Board of Directors on the date signed under the financial position.

**2.1.3 Basis of presentation of the financial statements**

The Bank presents its statement of financial position broadly in order of liquidity. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a current legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the bank.

**2.1.4 Basis of measurement**

The financial statements have been prepared under the historical cost convention as modified to include the fair valuation of certain financial instruments to the extent required or permitted under the Bank's accounting policies.

**2.1.5 Functional and presentation currency**

These financial statements are presented in Ghana Cedis (GH¢), which is the Bank's functional currency.

**Notes and significant accounting policies (continued)**

**2.1.6 Use of estimates and judgements**

In the process of applying the Bank's accounting policies, management has exercised judgement and estimates in determining the amounts recognized in the financial statements. The most significant uses of judgement and estimates are as follows:

**2.1.6.1 Going concern**

The Bank's management has made an assessment of the Bank's ability to continue as going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

**2.1.6.2 Impairment losses on loans and advances**

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in profit or loss. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors described in the next paragraph and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether the provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilization, loan-to-collateral ratios, etc.), and judgements on the effect of concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

**2.1.6.3 Deferred tax assets**

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Tax losses can be used indefinitely.

**2.1.6.4 Property, plant and equipment**

Critical estimates are made by Directors in determining depreciation rates for property, plant and equipment.

**2.2 Summary of significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Bank.



**Notes and significant accounting policies (continued)**

**2.3 Foreign currency transactions**

Assets and liabilities expressed in foreign currencies are translated into Ghana cedi at the rates of exchange ruling at the reporting date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains or losses on exchange if any are recognized in the statement of profit or loss.

Transactions in foreign currencies are initially recorded by the Bank at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**2.4 Revenue, interest income, fees and commission income and dividend income**

**2.4.1 Revenue recognition**

The Bank recognizes revenue in the financial statements on the accrual basis when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Bank's activities. The Bank bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**2.4.1.1 Interest income**

Interest income, including income arising from loans and advances and other financial instruments are recognized in the statement of profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter year to the net carrying amount of the financial asset. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The recognition of interest income ceases when the payment of interest or principal is in doubt. Interest is included in income thereafter only when it is received. Loans are re-evaluated on the accrual basis only when doubts about their collectability are removed and when the outstanding arrears of interest and principal are received.

**Notes and significant accounting policies (continued)**

**2.4.1.2 Fees and commission income**

Fees and commissions are generally recognized on an accrual basis when the service is provided. Commission and fees arising from negotiation or participation in the negotiation of a transaction such as the arrangement for a loan are recognized upon completion of the underlying transaction. The Bank earns commissions and fees from a range of services provided to its customers. Income earned on customer's current account (commission on turnover) is recognized when the services are provided.

Commissions and facility fees are credited to income when earned with reasonable certainty and in the case of facility fees, in the year in which the related loan is granted.

**2.4.1.3 Dividend income**

Dividend income on shares held by the Bank are recognized in the statement of profit or loss in 'dividend income' when the Bank's right to receive payment is established. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

**2.5 Interest expense**

Interest expense is recognized in the profit or loss for all interest-bearing financial instruments measured at amortized cost, this include savings and fixed term deposit using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating the interest expenses. The effective interest rate is the rate that exactly discounts the estimated future cash payments over the expected life of the instrument or where appropriate, a shorter year to the net carrying amount of the financial liability

The effective interest rate is calculated on initial recognition of the financial liability, estimating the future cash flows after considering all the contractual terms of the instrument.

**2.6 Administration, general and other operating expenses**

These expenses are recognized when incurred not when paid.

**2.7 Cash and cash equivalents**

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with ARB Apex Bank Limited and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost or fair values in the statement of financial position depending on the business model for managing the asset or the cash flow characteristics of the asset.

**2.8 Financial assets and liabilities**

**2.8.1 Date of recognition**

The Bank initially recognizes financial assets and financial liabilities on the trade date. i.e., the date that the Bank becomes a party to the contractual provisions of the instrument.

**Notes and significant accounting policies (continued)**

**2.8.2 Initial measurement of financial instruments**

The classification of financial instruments at the initial recognition depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

**2.8.2.1 Financial assets or financial liabilities held for trading**

Financial assets or financial liabilities held for trading are recorded in the statement of financial position at fair value. Changes in fair value are recognized in net interest income.

The Bank has not designated any financial instrument as held for trading.

**2.8.2.2 Financial assets or financial liabilities designated at fair value through profit or loss**

Financial assets and financial liabilities classified in this category are those that have been designated by management on initial recognition. Management may only designate an instrument at fair through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument basis.

The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis.

The assets and liabilities are part of the bank's financial assets, financial liabilities, or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. The Bank has not designated any financial instrument as fair value through profit or loss.

**2.8.2.3 Held to maturity financial instruments**

Held to maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Bank has the intention and ability to hold to maturity.

After initial measurement, held to maturity financial investments are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in interest and similar income in profit or loss. If the Bank were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would be reclassified as available for

**Notes and significant accounting policies (continued)**

sale.

Furthermore, the Bank would be prohibited from classifying any financial asset as held to maturity during the following two years.

**2.8.2.4 Loans and advances**

Loans and advances to customers includes loans and advances to customers originated by the Bank which are not classified as held for trading or designated at fair value. Loans and advances are recognized when cash is advanced to the borrower. They are derecognized either when the borrower repays their obligations or are written off.

They are initially recognized at fair value plus and any directly attributable transaction cost and are subsequently measured at amortized cost using the effective interest rate method less impairment loss.

**2.9 Framework for impairment of financial assets**

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

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

**2.9.1 Impairment of financial assets**

The Bank makes an allowance for unrecoverable loans and receivables, held to maturity investments and available for sale financial assets when there is an objective evidence that the carrying amount may not be recoverable. Significant management judgement is required to determine when objective evidence of impairment exists, and also in estimating future cash flows from the assets.

**2.9.2 Impairment of financial assets carried at amortized cost**

For financial assets carried at amortized cost, the Bank first assesses individually whether objective evidence of impairment exists 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, 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 assets carrying amount and the present value of 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 recognized in the profit or loss.

Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

**Notes and significant accounting policies (continued)**

The interest income is recorded as part of 'Interest and similar income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'Credit loss expense'

**2.9.3 Impairment of available for sale investments**

If there is objective evidence that the cost may not be recovered, an available-for-sale equity security is considered to be impaired.

Objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below cost

If an available-for-sale equity security is impaired based upon the Bank's qualitative or quantitative impairment criteria, any further declines in the fair value at subsequent reporting dates are recognized as impairments. Therefore, at each reporting period, for an equity security that is determined to be impaired based upon the Bank's impairment criteria, an impairment is recognized for the difference between the fair value and the original cost basis, less any previously recognized impairments.

**2.10 De-recognition of financial assets**

**2.10.1 Financial assets**

A financial asset (or, where applicable a part of a financial asset or part of similar financial assets) is derecognized when:

The rights to receive cash flows from the asset have expired.

The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under 'pass through' arrangement; and either the Bank has transferred substantially all the risks and rewards of the assets, or the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its right to receive cash flows from an asset or has entered into a 'pass through' arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

**Notes and significant accounting policies (continued)**

**2.10.2 Financial liabilities**

Financial liabilities include customer deposits, other liabilities and interest payable. They are derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability.

The difference between the carrying value of the original financial liability and the consideration paid is recognized in the statement of comprehensive income.

The Bank enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

**2.11 Offsetting**

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

**2.12 Renegotiated loans**

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

**2.13 Fair value measurement**

The Bank measures financial instruments, such as, available for sale financial assets at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Bank. The fair value of an asset or a

**Notes and significant accounting policies (continued)**

liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

**2.14 Income tax expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

**2.14.1 Current tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

**2.14.2 Deferred tax expense**

Deferred tax is provided using temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**2.15 Provisions**

Provisions are recognized when the Bank has:

- a present obligation (legal or constructive) as a result of a past event,
- and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation,
- And a reliable estimate can be made of the amount of the obligation.

The amount of a provision is the present value of the expenditure to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that the reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for

**Notes and significant accounting policies (continued)**

the reimbursement shall not exceed the amount of the provision.

Provisions are not recognized for future operating losses. If an entity has a contract that is onerous, the present obligation under the contract shall be recognized and measured as a provision. Contingent assets and contingent liabilities are not recognized in the financial statements. Contingencies are disclosed in the notes to these financial statements if the probability of the required cash inflow to be received or cash outflow to discharge the obligation is possible.

**2.15.1 Provision for restructuring/reorganization**

A restructuring or reorganization is a programme that is planned and controlled by management which will materially change the scope and manner in which the business is conducted e.g. the termination or sale of business. A provision for restructuring can only be recognized if there is a constructive obligation which is established if the following conditions are met:

- There is a detailed formal plan that identifies the part of the business, location and employees who will be affected by the restructuring
- A valid expectation has been created to those who will be affected by the restructuring. Provision for restructuring is made if a constructive obligation exists before the end of the financial year. However, if the constructive obligation arises after year end, and the provision is material, the material effect is disclosed in the financial statements in accordance with IAS 10.

Restructuring provision cost include direct expenditures that will be incurred because of the restructuring and excludes any cost associated with ongoing activity of the entity. E.g. training of staff, relocation of staff, marketing and investment in new machinery

**2.16 Employee benefits**

**2.16.1 Short term employment benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) are recognized in the year in which the service is rendered and are not discounted.

**2.16.2 Leave benefits**

Annual leave is provided in the period that the leave accrued and outstanding leave is not converted to cash and no provision is made and recognized in the statement of profit or loss.

The expected cost of profit sharing and bonus payments is recognized as an expense when there is a legal or constructive obligation to make such payments as result of past performance.

**2.16.3 Social security contributions**

A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank contributes to the defined contribution schemes (the Social Security Fund) on behalf of employees. This is a national pension scheme under which the Bank pays 13% of qualifying employees' basic monthly salaries to a state managed Social Security Fund for the benefit of the employees.



**Notes and significant accounting policies (continued)**

The Bank has no legal or constructive obligations to pay further contributions if the fund does hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years. Payments to defined contribution retirement benefits plans are charged as an expense as they fall due.

**2.16.4 Other employee benefits- Provident fund**

The Bank has a provident fund scheme for all permanent employees with the Bank. Bank contributes 2% of the basic salary. Obligations under the scheme are limited to the relevant contributions made and any related investment income generated.

**2.16.5 Retirement benefits**

Retirement benefits shall be determined by the Board or as provided under the Banks Conditions of Service and also the rule governing the operation of the provident fund scheme.

**2.17 Inventories**

Inventories are initially measured at cost. Cost of inventories are measured using the weighted average method. Subsequently inventories are measured at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The inventories are stationeries and other consumables of the Bank.

**2.18 Share capital and equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as part of equity.

**2.19 Borrowing cost**

Borrowing cost deals with the capitalization of interest cost and funds used in the construction, production and acquisition of a qualifying asset. IAS 23 allows borrowing cost to be capitalized if it relates to the production of a qualifying asset. Qualifying asset that takes a substantial year of time to get the asset ready for its intended use or eventual sale. A qualifying asset can be tangible or intangible asset. Borrowing costs are interest and other costs (finance lease charges, exchange differences) that an entity incurs in connection with the borrowing of funds. The following conditions must be met before the capitalization of borrowing Cost;

- The borrowing cost capitalized should relate to the cost incurred on the project.
- The borrowing cost capitalized cannot exceed the total cost for the year
- Borrowing cost capitalized should commence when the expenditure on the project is being incurred and undertakes activity necessary to prepare the asset for its use or eventual sale which is not necessary from the date the funds are borrowed. The activities necessary to prepare the asset for its intended use or sale encompass more than the physical construction of the asset.
- They include technical and administrative work prior to the commencement of physical construction, such

**Notes and significant accounting policies (continued)**

- as the activities associated with obtaining permits prior to the commencement of the physical construction
- Borrowing cost capitalized should cease when the asset is ready for its intended use or eventual sale.
- Borrowing cost capitalized should be suspended in the year of inactivity or no active development of the qualifying asset.

Borrowing cost does not apply to inventories manufactured on large quantities on a repetitive basis. Borrowing costs that do not meet the capitalization criteria must be expensed into the income statement. Borrowing costs cannot be capitalized for assets measured at fair value. The interest rate for the borrowing cost is the effective rate which incorporates amortization for discounts, premium and other expenses like issue costs. Any investment income from the temporal investment of the funds for the construction or purchase of the qualifying assets during the construction year should be net against the borrowing cost eligible to be capitalized.

Any investment income during year of inactivity in the construction year will be credited to the income statement separately. Any investment income outside the construction year will be credited to the income statement separately.

**2.20 Related parties**

Related parties are individuals and companies, where the individual and the Bank have the ability directly or indirectly, to control the other party or exercise significant influence on the other party in making financial and operating decisions. Related party transactions and balances are disclosed in the notes to the financial statements.

**2.21 Property, plant and equipment**

The Bank recognizes an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it, the amount meets the materiality threshold set by the Bank, and can be reliably measured. All property, plant and equipment are initially stated at cost. Cost includes amount incurred initially to acquire or construct an item of property, plant and equipment and expenditure that is directly attributable to the acquisition or construction of the asset.

Subsequent expenditures are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are charged to profit or loss during the financial year in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

<b>Class of asset</b>	<b>Estimated Useful life</b>
Computers and accessories	3-4years
Motor vehicles	4 years
Furniture, fittings and equipment	3-10 years
Building	25-50 years
Leasehold improvement	5 years

**Notes and significant accounting policies (continued)**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property and equipment were impaired as at 31 December 2021 (2020: nil).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

**2.22 Intangible assets**

**Software**

Software acquired by the Bank is stated at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization is recognised in the statement of comprehensive income on a straight-line over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is between 3 to 5 years.

**2.23 Lease**

The Bank considers a contract as a lease when it (contract) conveys the right to use an asset (the underlying assets) for a period of time in exchange for consideration. This policy covers all arrangement that meet the definition of lease, effective from 1 January, 2019.

**2.23.1 Initial Recognition**

At the inception date, the Bank recognises a Right-of-Use Assets and a corresponding Lease Liability unless the lessee makes use of optional exemptions for short-term leases (12 months or less) and leases for which the underlying assets is of low value.

The Right-of-use assets is initially recognised at cost comprising the amount of lease liability recognised adjusted with any lease payment made at or before the commencement date less any lease incentives, plus initial direct cost incurred and an estimate of cost to be incurred to dismantle or remove an asset and restore the branch and office premises based on the terms of the Lease.

The Bank recognises the lease liability for the unpaid portion of payment discounted at the rate implicit in the lease or, if this is not readily determinable, the incremental rate of borrowing.

**2.23.2 Subsequent Measurement**

The Right-of-use asset is subsequently measured at cost less accumulated depreciation on a straight-line basis from the commencement date to the end of the lease term unless the initial recognition considers the exercise of a purchase option or the lessor transfers the ownership of the underlying asset to the Bank by the end of the lease term.

**Notes and significant accounting policies (continued)**

Lease liability is subsequently measured at amortised cost using the effective interest method. The Bank remeasures the lease liability to reflect changes in the lease payments. It is remeasured when there is a change in the original assessment of the lease term, a change in the estimate of residual guarantee or change in rate affecting payments or a change in the fixed lease payment.

**2.24 Impairments of assets and other non-financial assets**

The Bank assesses at each end of the reporting year whether there is any indication that an asset may be impaired. If any such indication exists, that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is possible to estimate the recoverable amount of the individual asset, the recoverable amount of the Cash-Generating Unit (CGU) to which the asset belongs is determined. The recoverable amount of a cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss of assets carried at cost less than any accumulated depreciation or amortization is recognized immediately in profit or loss. Any impairment loss of a revalued asset is treated as a downward revaluation.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortization other than goodwill is recognized immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as an upward revaluation.

**2.25 Earnings per Share**

Basic earnings per share (EPS) is calculated by dividing the profit after tax for the year attributable to equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year.

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**Notes and significant accounting policies (continued)**

<b>3. Interest income</b>	<b>2021</b>	<b>2020</b>
Loans	1,061,212	907,506
Overdraft	57,240	76,757
Interest on investments (Fixed deposit and Gov't securities)	10,283,392	9,224,681
	<b>11,401,844</b>	<b>10,208,944</b>

<b>4. Interest expense</b>	<b>2021</b>	<b>2020</b>
Fixed deposit	2,688,702	2,441,572
Savings Account	544,358	440,252
	<b>3,233,060</b>	<b>2,881,824</b>

<b>5. Fees and commission income</b>	<b>2021</b>	<b>2020</b>
Brokerage fees	446,629	335,215
Clearing fees	14,746	23,826
Commission on turnover	164,099	180,422
Draft and transfers	4,351	4,053
Money transfers	40,619	102,312
Handling charges	80,528	37,067
Other fees and commission	102,563	121,043
	<b>853,535</b>	<b>803,938</b>

<b>6. Fees and commission expense</b>	<b>2021</b>	<b>2020</b>
Susu Collector's Commission	<b>256,999</b>	<b>238,103</b>
	<b>256,999</b>	<b>238,103</b>

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**Notes and significant accounting policies (continued)**

<b>7. Other income</b>	<b>2021</b>	<b>2020</b>
Interest on Clearing Accounts	12,976	15,136
Capital Grant Income	2,730	2,730
Bad Debt Recovery	1,200	62,970
Asset Disposal	500	-
Others	111,688	-
	<b>129,094</b>	<b>80,836</b>

<b>8. Impairment loss on financial assets</b>	<b>2021</b>	<b>2020</b>
Loans and advances to customers	84,734	59,053
Investment security	3,687,922	208,535
Cash and cash equivalents	(10,781)	(12,322)
Other assets	-	20,380
	<b>3,761,875</b>	<b>275,646</b>

Mature investments of which redemption have been long overdue were fully impaired.

<b>9. Personnel expenses</b>	<b>2021</b>	<b>2020</b>
Salaries and Wages	3,585,829	3,309,002
Social Security Fund	302,231	276,445
Provident fund	41,069	-
Medical Cost	131,725	95,192
Other staff Cost	611,019	554,294
	<b>4,671,873</b>	<b>4,234,933</b>

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**Notes and significant accounting policies (continued)**

<b>10. Other Operating expenses</b>	<b>2021</b>	<b>2020</b>
Advertising and marketing expense	65,062	36,026
Directors' remuneration and expenses (non-executive)	628,300	226,900
Professional fees	11,963	2,500
Auditor's remuneration	35,775	70,000
Audit expense	2,901	18,385
Donations	2,400	23,023
Subscriptions/Periodicals	77,450	88,152
Rent and rate	41,240	34,353
Stationery and printing	88,305	102,488
Bank charges	40,459	29,186
Training	52,336	18,337
Insurance	281,462	247,109
Travelling expenses	41,349	23,729
Repair and maintenance	478,513	280,101
Meeting expenses	74,096	79,080
Office expenses	629,210	616,029
Education and development support	27,500	45,000
Miscellaneous expenses	62,030	283,780
	<b>2,640,351</b>	<b>2,224,178</b>

<b>11. Taxation</b>	<b>2021</b>	<b>2020</b>
<b>11.1 Income tax expenses</b>		
Current tax expense	236,743	236,952
Deferred tax charge/ (credit)	(1,037,361)	(194,698)
	<b>(800,618)</b>	<b>42,254</b>

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**Notes and significant accounting policies (continued)**

**11.2 Current tax**

<b>Year of assessment</b>	<b>Balance at 01/01/2021</b>	<b>Payments</b>	<b>Charge for the year</b>	<b>Balance at 31/12/2021</b>
Up to 2019	(205,398)	-	-	(205,398)
2020	151,818	(151,818)		-
2021		(252,537)	236,743	(15,794)
	<b>(53,580)</b>	<b>(404,355)</b>	<b>236,743</b>	<b>(221,192)</b>

The above tax position is subject to the agreement of the Domestic Tax Division of the Ghana Revenue Authority.

<b>11.3 Deferred tax</b>	<b>2021</b>	<b>2020</b>
Balance at year start	(1,364,687)	(1,175,210)
Charge to income statement	(1,037,361)	65,321
Charge to OCI	-	5,221
	<b>(2,402,048)</b>	<b>(1,364,687)</b>

<b>Reconciliation of tax expense to product of accounting profit and applicable rate</b>	<b>2021</b>	<b>2020</b>
<b>Profit/(loss) before taxation</b>	<b>(2,760,396)</b>	<b>579,050</b>
Tax at applicable rate (25%)	(690,099)	144,763
<b>Add (Deduct):</b>		
Tax effect of non-deductible expenses	1,114,761	72,888
Tax effect of deductible income	(26,418)	(175,397)
Tax effect of capital allowances	(161,500)	-
Tax effect of origination and reversal of temporary difference	(1,037,361)	-
<b>Tax expense</b>	<b>(800,618)</b>	<b>42,254</b>
<b>Effective tax rate</b>	<b>29.00%</b>	<b>7.30%</b>



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**Notes and significant accounting policies (continued)**

<b>12. Cash and cash equivalents</b>	<b>2021</b>	<b>2020</b>
Cash on Hand	888,977	1,155,319
Balance with other Local Banks	2,745,356	3,541,140
Balance with ARB Apex Bank	7,735,331	5,796,061
	11,369,664	10,492,520
Allowance for ECL	(6,400)	(17,181)
	<b>11,363,264</b>	<b>10,475,339</b>
<b>13. Investment security at amortised cost</b>	<b>2021</b>	<b>2020</b>
Fixed deposits	10,520,787	16,361,945
Government bonds	44,626,655	52,388,056
	<b>55,147,442</b>	<b>68,750,001</b>
Allowance for ECL	(10,473,907)	(6,785,984)
	<b>44,673,535</b>	<b>61,964,017</b>
<b>14. Investment in securities at FVOCI</b>	<b>2021</b>	<b>2020</b>
Balance at 1 January	311,657	290,773
Fair value gain/(loss)	-	(20,884)
	311,657	311,657
<b>15. Loans and advances to customers</b>	<b>2021</b>	<b>2020</b>
Loans and advances to customers	3,620,721	3,462,097
Less allowance for impairment	(286,132)	(201,397)
	<b>3,334,589</b>	<b>3,260,700</b>

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**Notes and significant accounting policies (continued)**

15.1	Gross carrying amount	2021 ECL allowance	Carrying amount	Gross carrying amount	2020 ECL allowance	Carrying amount
Term loans	2,595,607	(92,659)	2,502,948	1,975,353	(75,519)	1,899,834
Overdrafts	582,406	(149,260)	433,146	363,062	(88,540)	274,522
Staff loans	442,708	(44,213)	398,495	1,123,682	(37,338)	1,086,344
	<b>3,620,721</b>	<b>(286,132)</b>	<b>3,334,589</b>	<b>3,462,097</b>	<b>(201,397)</b>	<b>3,260,700</b>

16. Other assets	2021	2020
Prepayments	169,991	155,260
Office Account	241,807	3,029
Deferred Expense (Prepaid employee benefit)	143,033	175,350
Stationery Stock	117,196	97,468
Deferred CAGD Commission	45,546	25,791
Others	1,840	151,437
*AM Fund(Goldcoast)	6,724,578	-
	7,443,991	608,335
Allowance for Impairment	(20,000)	(20,380)
	<b>7,423,991</b>	<b>587,955</b>

\*This relates to locked up investment which is now under the Amalgamated Mutual Fund Plc programme.

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**Notes and significant accounting policies (continued)**

**17.1. Property and equipment 2021**

<b>Cost/valuation</b>	<b>1 January</b>	<b>Additions</b>	<b>Write-off</b>	<b>Reclassification</b>	<b>31 December</b>
Land & Building	4,730,134	120,000	-		4,850,134
Furniture and Equipment	1,346,246	46,191	(118,005)	(1,747)	1,272,685
Computers	705,134	12,684	(8,428)		709,390
Motor vehicles	505,533	-	-		505,533
Capital work in progress	34,350	-	-		34,350
<b>Total</b>	<b>7,321,397</b>	<b>178,875</b>	<b>(126,432)</b>	<b>(1,748)</b>	<b>7,372,092</b>

<b>Accumulated depreciation</b>	<b>1 January</b>	<b>Charge for the year</b>	<b>Write-off</b>	<b>31 December</b>
Land & Building	693,973	173,571	-	867,544
Furniture and Equipment	1,070,885	136,963	(118,005)	1,089,843
Computers	604,617	76,801	(8,428)	672,990
Motor vehicles	504,069	1,464	-	505,533
Capital work in progress	-	-	-	-
<b>Total</b>	<b>2,873,544</b>	<b>388,799</b>	<b>(126,433)</b>	<b>3,135,910</b>

**Carrying value:**

Land & Building	3,980,590
Furniture and Equipment	182,842
Computers	36,400
Motor vehicles	-
Capital work in progress	34,350
<b>31 December, 2021</b>	<b>4,236,182</b>

\*Included in the land and building is an addition of GHS 120,000, which relate to re-measurement of Right of use asset

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**Notes and significant accounting policies (continued)**

**17.2. Property and equipment 2020**

<b>Cost/valuation</b>	<b>1 January</b>	<b>Additions</b>	<b>Remeasurement</b>	<b>Disposal/write off</b>	<b>31 December</b>
Land & Building	4,510,243	60,000	159,891	-	4,730,134
Furniture fittings	1,323,962	64,434	-	(42,150)	1,346,246
Computers	710,668	-	-	(5,534)	705,134
Motor vehicles	505,533	-	-	-	505,533
Capital work in progress	33,650	700	-	-	34,350
Leasehold improvements	135,543	-	-	-	135,543
<b>Total</b>	<b>7,219,599</b>	<b>125,134</b>	<b>159,891</b>	<b>(47,684)</b>	<b>7,456,940</b>

<b>Accumulated depreciation</b>	<b>1 January</b>	<b>Charge for the year</b>	<b>Disposal/write-off</b>	<b>31 December</b>
Building	548,987	144,986	-	693,973
Furniture and fittings	836,417	251,217	(16,749)	1,070,885
Computers	583,614	26,537	(5,534)	604,617
Motor vehicle	463,554	40,515	-	504,069
Capital work in progress	-	-	-	-
Leasehold improvements	135,543	-	-	135,543
<b>Total</b>	<b>2,568,115</b>	<b>463,255</b>	<b>(22,283)</b>	<b>3,009,087</b>

**Carrying value:**

Building	4,036,161
Furniture and fittings	275,361
Computers	100,517
Motor vehicles	1,464
Capital work in progress	34,350
Leasehold improvements	-
<b>31 December, 2020</b>	<b>4,447,853</b>

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Notes and significant accounting policies (continued)

18.1. Intangible asset

Cost/ valuation 2021	1 January	Additions	Reconciliation/ disposal	31 December
Computer software	923,078	47,955	-	971,033
<b>Accumulated amortization</b>	<b>1 January</b>	<b>Charge</b>	<b>Reconciliation/ disposal</b>	<b>31 December</b>
Computer software	363,006	167,123	12,868	542,997
<b>Carrying value</b>				
<b>31 December 2021</b>				<b>428,036</b>

18.2. Intangible asset

Cost/ valuation 2020	1 January	Additions	31 December
Computer software & license	618,440	304,638	923,078
Work-in-progress	-	37,200	37,200
<b>Total</b>	<b>618,440</b>	<b>341,838</b>	<b>960,278</b>
<b>Accumulated amortization</b>	<b>1 January</b>	<b>Charge</b>	<b>31 December</b>
Computer software	198,792	164,214	363,006
Work-in-progress	-	-	-
<b>Total</b>	<b>198,792</b>	<b>164,214</b>	<b>363,006</b>
<b>Carrying value</b>			
Computer software			560,072
Work-in-progress			37,200

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**Notes and significant accounting policies (continued)**

<b>31 December 2020</b>			<b>597,272</b>	
<b>19. Stated capital</b>	<b>2021</b>		<b>2020</b>	
	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>
Authorised no. of shares of no par value	<b>25,000,000</b>		<b>25,000,000</b>	
Issued and fully paid				
Issued for cash consideration	18,729,813	2,075,305	18,729,813	2,075,305
	<b>18,729,813</b>	<b>2,075,305</b>	<b>18,729,813</b>	<b>2,075,305</b>

There is no unpaid liability on shares. There are no treasury shares and there are no calls or installment unpaid

**20. Dividend paid**

A total amount of GHS 11,690 was paid, out of the outstanding dividend of GHS 958,554.

<b>21. Customer Deposits</b>	<b>2021</b>	<b>2020</b>
Savings accounts	33,598,068	31,213,498
Susu Deposit Account	8,128,633	7,835,857
Current Account Deposit	13,453,820	12,475,999
Fixed Deposit	14,099,683	24,227,722
	<b>69,280,204</b>	<b>75,753,076</b>

<b>22. Provisions</b>	<b>2021</b>	<b>2020</b>
<i>La Community Development and Educational Fund(LACDF)</i>		
La Township Development Fund	50,316	50,316
La Educational Fund	3,637	3,637
	<b>53,953</b>	<b>53,953</b>

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**Notes and significant accounting policies (continued)**

<b>22.1 Reconciliation of LACDF</b>	<b>2021</b>	<b>2020</b>
Balance as at 1 January	53,953	56,453
Additional provisions during the year	27,500	45,000
Provision utilised during the year	(27,500)	(47,500)
	<b>53,953</b>	<b>53,953</b>

<b>23.1 Right- of- use assets</b>	<b>2021</b>	<b>2020</b>
Balance at 1 January	631,824	36,441
Additions	120,000	60,000
Remeasurement of lease liability	-	143,924
Reclassification	-	438,717
Depreciation	(61,258)	(47,258)
	<b>690,566</b>	<b>631,824</b>

<b>23.2 Lease liability</b>		
Balance at 1 January	176,439	-
Remeasurement of lease liability	120,000	203,924
Finance cost on lease liability	24,789	32,515
Lease payment	(244,000)	(60,000)
	<b>77,228</b>	<b>176,439</b>

<b>24. Employee benefit liability</b>	<b>2021</b>	<b>2020</b>
Liability for long service awards	-	105,173
	<b>-</b>	<b>105,173</b>

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**Notes and significant accounting policies (continued)**

<b>25. Dividend payable</b>	<b>2021</b>	<b>2020</b>
Balance as at 1 <sup>st</sup> January	958,554	1,036,236
Declared during the year	-	-
Payment during the year	(11,690)	(77,682)
<b>Balance at 31<sup>st</sup> December</b>	<b>946,864</b>	<b>958,554</b>

<b>26. Other liabilities</b>	<b>2021</b>	<b>2020</b>
Bills payable	135,206	218,680
Deferred grant	5,231	7,961
Accrued expenses	745,727	252,938
Others	260,386	689,314
	<b>1,146,550</b>	<b>1,168,893</b>



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**Notes and significant accounting policies (continued)**

<b>27. Cash generated from/ (used in) operations</b>	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Profit/(loss)	(2,760,396)	579,050
<b>Adjustment for :</b>		
Depreciation and amortization	555,922	627,469
Net Impairment loss on financial assets	3,761,875	275,646
Net Interest Income		(7,327,120)
Finance Cost on Lease Liability	24,789	32,515
Write off	-	25,401
<b>Cash inflow before changes in assets and liabilities</b>	<b>1,582,190</b>	<b>(5,787,039)</b>
<b>Changes in assets and liabilities</b>		
Loans and advances	(96,404)	(516,692)
Other assets	(111,078)	443,824
Deposits from Customers	(6,472,872)	28,061,247
Employee Benefit Liability	(105,173)	36,152
Provisions	-	(2,500)
Other liabilities	(22,343)	347,939
<b>Cash generated from/ (used in) operations</b>	<b>(5,225,680)</b>	<b>22,582,931</b>

**28. Capital commitments**

There were no outstanding capital commitments at 31 December 2021 (2020: Nil).

**29. Contingencies**

There were no contingent assets or liabilities provided for at 31 December 2021 (2020: Nil).

**30. Legal confirmation**

There were legal confirmations to confirm a number of legal proceedings against the Bank at the reporting date.

As at the date of our report, there was one Suit pending in the Court of Appeal (Suit No.H .3154812020) between one Anyetei Nunoo and the Bank. It involves the attempt by Anyetei Nunoo and Others to withdraw monies from the accounts of La Beach Development Fund contrary to the mandate in the records of the Bank. In the opinion of the Lawyers should the case go against the Bank in the worst-case scenario, the liability of the Bank may be in the form of costs which are awarded at the discretion of the Court.

**Notes and significant accounting policies (continued)**

**31. Related party disclosures**

The objective of IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

A related party is a person or entity that is related to the entity that is preparing its financial statements referred to as the reporting entity.

- a) A person or a close member of that person's family is related to a reporting entity if that person:
- has control or joint control over the reporting entity;
  - has significant influence over the reporting entity; or
  - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity?
- b) An entity is related to a reporting entity if any of the following conditions applies:
- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - Both entities are joint ventures of the same third party.
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity

or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

- The entity is controlled or jointly controlled by a person identified in (a).
- A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the

reporting entity or to the parent of the reporting entity.

The following are deemed not to be related for the reporting purposes of La Community Bank Limited

- two entities simply because they have a director or key manager in common.
- two venturers who share joint control over a joint venture.
- providers of finance, trade unions, public utilities, and departments and agencies of a government that does not control, jointly control or significantly influence the reporting entity, simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process).
- a single customer, supplier, franchiser, distributor, or general agent with whom an entity transacts a significant volume of business merely by virtue of the resulting economic dependence.

**Related party transactions**

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

**Disclosure**

**Notes and significant accounting policies (continued)**

Relationships between parents and subsidiaries. Regardless of whether there have been transactions between a parent and a subsidiary, an entity must disclose the name of its parent and, if different, the ultimate controlling party.

If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so must also be disclosed.

Management compensation. Disclose key management personnel compensation in total and for each of the following categories: short-term employee benefits, post-employment benefits, other long-term benefits, termination benefits and share-based payment benefits.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity.

If an entity obtains key management personnel services from a management entity, the entity is not required to disclose the compensation paid or payable by the management entity to the management entity's employees or directors. Instead the entity discloses the amounts incurred by the entity for the provision of key management personnel services that are provided by the separate management entity.

Related party transactions disclosures cover the nature of the related party relationship as well as information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

These disclosures would be made separately for each category of related parties and would include the amount of the transactions the amount of outstanding balances, including terms and conditions and guarantees provisions for doubtful debts related to the amount of outstanding balances expense recognised during the period in respect of bad or doubtful debts due from related parties.

**31.1 Transactions with Key Management Personnel (KMP)**

The details of transactions between the bank and its key management personnel are as follows:

**Remuneration**

<b>Details</b>	<b>2021</b>	<b>2020</b>
Directors emoluments	628,300	226,900
Salaries and other benefits (KMP*)	1,016,863	866,124
	<b>1,364,963</b>	<b>1,093,024</b>

\*KMP comprised of the CEO, Deputy CEO, Branch Managers, and Departmental Heads.

**Loans and advances**

Loans to Board members and senior management staff are given in line with the policies of the Bank. Below are the details:

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**Notes and significant accounting policies (continued)**

<b>Details (2021)</b>	<b>At start of year</b>	<b>Addition</b>	<b>Payments</b>	<b>Write offs</b>	<b>At year end</b>
Firms in which directors are related	-	-	-	-	-
Directors	-	-	-	-	-
Officers	826,088	236,017	241,024	-	821,081
Other employees	-	-	-	-	-
	<b>826,088</b>	<b>236,017</b>	<b>241,024</b>	<b>-</b>	<b>821,081</b>

<b>Details (2020)</b>	<b>At start of year</b>	<b>Addition</b>	<b>Payments</b>	<b>Write offs</b>	<b>At year end</b>
Firms in which directors are related	52,807	40,000	92,807	-	-
Directors	-	-	-	-	-
Officers	1,310,662	-	186,980	-	1,123,682
Other employees	-	-	-	-	-
	<b>1,363,469</b>	<b>40,000</b>	<b>279,787</b>	<b>-</b>	<b>1,123,682</b>

**32 Shareholding structure**

**32.1 Number of shares outstanding**

Earnings and dividend per share are based on 18,729,813, (2020: 18,729,813) ordinary shares outstanding.

**32.2 Directors shareholding:**

The total number of shares of 376,360 held by the Directors of the Bank at the reporting date represented **2.0068%** of the total number of shares outstanding then. Below are the details:

**Directors' shareholding as at 31 December 2021**

<b>Board of Directors</b>	<b>Position</b>	<b>Holder numbers</b>	<b>Share</b>	<b>Percentage(%) of shareholding</b>
Mr. Seth Nii Sodjah Quao	Vice Chairman	199149	23,940	0.1277
Dr. Mrs. Matilda E. Pappoe	Member	199091	14,680	0.0783
Dr. Nii Kwaku Sowa*	Member	199399	174,340	0.9296
Mr. Benjamin Obodai	Member	26474	143,400	0.7646
Mrs. Helen Lokko*	Member	6296	20,000	0.1066
			<b>376,360</b>	<b>2.0068</b>

\*Retired

\*\*Total shares of 26,620 is yet to be regularized with the Registrar General's Department were presented as deposit for shares in 2021.

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**Notes and significant accounting policies (continued)**

**32.3 Key Management staff**

**Other than the Board of Directors shareholding as at 31/12/2021**

The Bank had 19 staff holding its shares, out of which two (2) were key management personnel as shown below:

<b>Holder Number</b>	<b>Name</b>	<b>Number of shares</b>	<b>Percentage of shareholding</b>
27296	Vanderpuye Jacobina L.*	4,404	0.0237
220146	Plange Emmanuel*	10,000	0.0539
220160	Pobee Edward Magrossis Nii Odoi	5,000	0.0270
220162	Addy Genevieve	5,000	0.0270
220197	Addo Thelma Addoley	5,000	0.0270
220139	Ansah Carol Rebecca	11,000	0.0593
220142	Ewusi Mark Okoe	10,000	0.0539
220149	Abam Moses Nikoi	8,000	0.0431
220161	Tetteh Victoria	15,065	0.0812
220220	Ameyibor Vida Aku	2,000	0.0108
220013	Nortei-Assumeng Rebecca	6,410	0.0346
391860	Bonsu Doreen	500	0.0027
220148	Patterson Frederick Odoi	10,000	0.0539
391789	Vanderpuye Alfred N.A.	1,500	0.0081
391876	Tetteh Kingsley Nyanyo	600	0.0032
220210	Dowuona Nathaniel	2,000	0.0108
391782	Laryea Ransford	1,000	0.0054
Total employee shareholding		97,479	0.5256
Other than employee share holding		18,658,954	99.4744
Total shareholding		<b>**18,756,433</b>	<b>100</b>

*\*Key Management Personnel*

*\*\*Total shares of 26,260 yet to be regularized with the Registrar General's Department were presented as deposit for shares in 2021.*

**Notes and significant accounting policies (continued)**

**Financial risk factors**

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank is exposed to a variety of financial risks which include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Bank's overall risk management programme seeks, to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance. The Bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems. Management regularly reviews the Bank's risk management policies and systems to reflect changes in markets, products and emerging best practice.

The objective of Management is to ensure that the Bank carries out its operations in manner that ensure that risks are balanced with rewards. Management ensures that the Bank complies with all regulatory guidelines in the pursuit of profitable opportunities while avoiding excessive, unnecessary and uncontrollable risk exposures. Financial risk is an inherent feature in the business activities of the Bank, and therefore Management has put in place various mitigating criteria to prevent their occurrence.

The internal audit function plays a key role in providing an objective view and continuous assessment of the effectiveness of the internal control systems in the Bank. The system of internal controls are implemented and monitored by appropriately trained personnel whose duties and reporting lines are clearly defined.

The Bank's primary defense against risks of losses is its approved policies, procedures and systems of internal controls. In addition, internal control mechanisms ensure that appropriate action is taken when identified risk pass acceptable levels, as approved by the Board of Directors. Internal control, from time to time, reviews and assesses the adequacy of procedures and controls.

The Bank uses different methods to measure and manage the various types of risk to which it is exposed. These methods are explained below:

**Notes and significant accounting policies (continued)**

**33.1 Market risk**

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.

**33.2 Interest rate risk**

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flows. The Bank holds fixed interest-bearing securities and debt that expose the Bank to interest rate risk. The Bank manages interest rate risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities.

The tables below summarize the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts categorized by the earlier of contractual re-pricing or maturity dates.

**33.3 Credit risk**

The Bank is exposed to credit risk, which is the risk that counterparty will be unable to pay amounts in full when they fall due. The Bank is exposed to counterparty risk on cash and cash equivalents, amounts due from financial institutions and other receivable balances. It is also exposed to other credit risks arising from investments in debt securities.

The maximum exposure to credit risk before any credit enhancements at 31 December 2021 is the carrying amount of the financial assets as set out below:

	Notes	2021	2020
Balance with other banks		10,480,687	9,337,201
Investment securities at amortised cost		55,147,442	68,750,001
Loans and advances		3,620,721	3,462,097
Other assets		-	151,437
		<b>69,248,850</b>	<b>81,700,736</b>

<b>31 December, 2021</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balance with other banks	10,480,687	-	-	10,480,687
Investment securities at amortised cost	44,673,755	-	10,473,687	55,147,442
Loans and advances	3,293,406	13,689	313,625	3,620,721
	<b>58,447,848</b>	<b>13,689</b>	<b>10,787,312</b>	<b>69,248,850</b>

**Notes and significant accounting policies (continued)**

<b>31 December, 2020</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balance with other banks	9,337,201	-	-	9,337,201
Investment securities at amortised cost	52,388,056	10,313,875	6,048,070	68,750,001
Loans and advances	3,159,814	32,578	269,705	3,462,097
Other assets	130,352	-	21,085	151,437
	<b>65,015,423</b>	<b>10,346,453</b>	<b>6,338,860</b>	<b>81,700,736</b>

**33.4 Liquidity risk**

Liquidity risk is the risk that the Bank may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Bank manages this risk by ensuring that it has access to a variety of funding sources. Particular attention is paid to marketability of assets, whose availability for sale or as collateral for refinance is evaluated under different market scenarios. Consequently, the Bank monitors any factors that may impact negatively on its capability to remain liquid. It is the policy of the Bank to invest in short-term securities that could be readily disposed. Management monitors its liquidity position on daily basis and the Board reviews it at its board meetings.

**Non-derivative financial assets and liabilities held for managing liquidity risk**

The table below analyses the Bank's financial assets and liabilities into relevant maturity groupings based on the remaining year at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

<b>Liquidity 2021</b>	<b>0 -3 months</b>	<b>4 – 6 months</b>	<b>7 – 12 months</b>	<b>Above 1 year</b>	<b>Total</b>	<b>Carrying amount</b>
<b>Assets</b>						
Cash and cash equivalents	11,369,664	-	-	-	11,369,664	11,363,264
Investment at amortised cost	18,896,252	2,706,472	8,224,809	25,319,909	55,147,442	44,673,535
Loans and Advances	3,312,605	10,636	8,166	289,314	3,620,721	3,334,589
Other assets				6,724,578	6,724,578	6,724,578
<b>Total assets</b>	<b>33,578,521</b>	<b>2,717,108</b>	<b>8,232,975</b>	<b>32,333,801</b>	<b>76,862,405</b>	<b>66,095,967</b>



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**Notes and significant accounting policies (continued)**

Liabilities					Total	Carrying amount
Demand and savings	55,180,521	-	-	-	55,180,521	55,180,521
Time deposits	-	14,099,683			14,099,683	14,099,683
Other liabilities (dividend & bill payable)	1,082,070	-	-	-	1,082,070	1,082,070
<b>Total liabilities</b>	<b>56,262,591</b>	<b>14,099,683</b>	<b>-</b>	<b>-</b>	<b>70,362,274</b>	<b>70,362,274</b>
<b>Net Liquidity gap (2021)</b>						<b>(4,266,307)</b>
<b>Net Liquidity gap (2020)</b>						<b>(1,794,783)</b>

### 33.5 Capital risk management

The capital of the Bank is represented by the net assets attributable to Equity Shareholders of the Bank. The amount of net asset attributable to Equity Shareholders can change significantly depending on the quality of its asset's portfolio. The Bank's objective for managing capital is to:

- Comply with the capital requirements set out by the Bank of Ghana;
- Safeguard the Bank's ability to continue as a going concern in order to provide returns for Shareholders;
- Maintain a strong capital base to support the development of its business.

The Board of Directors and Management monitor capital on the basis of the value of net assets attributable to Equity Shareholders of the Bank.

### 34. Fair value estimation

#### Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange).
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observation market data when available. The Bank considers relevant and observable market prices in its valuation when possible. The fair value of the Bank's financial assets and liabilities approximate the respective carrying amounts, due to the generally short years to maturity dates.

**Notes and significant accounting policies (continued)**

**a) Fair value hierarchy**

This hierarchy requires the use of observable market data when available. The Bank considers relevant observable market prices in its valuation where possible. There has been no movement of financial instruments between different levels in the current year.

Financial instruments measured at fair value at 31 December were classified as follows:

	Level 1	Level 2	Level 3	Total
<b>2021</b>				
<b>Financial assets</b>				
Investment securities at FVOCI	-	-	311,567	311,567
<b>2020</b>				
<b>Financial assets</b>				
Investment securities at FVOCI	-	-	311,567	311,567

**35 Stated capital and reserves**

**35.1 Stated capital**

The stated capital of a Bank shall consist of the sum of the following items:

(a) the total proceeds of every issue of shares for cash, including any amounts paid on calls made on shares issued with an unpaid liability, without any deductions for expenses or commissions;

(b) the total value of the consideration, as stated in the agreement, received for every issue of shares otherwise than for cash;

(c) the total amount which the Bank by special resolution shall have resolved to transfer to stated capital from surplus, as defined in section 68 of the Companies Act, (Act 992) including the credit balance on the share deals account referred to in section 63 of the above Act

**35.2 Statutory reserve fund**

The Statutory reserve fund is required under Section 34 of the Banks and Specialized Act, 2016 (Act 930) and is elaborated as follows:

3. (1) A bank or specialized deposit taking Institution shall establish and maintain a Reserve Fund into which shall be transferred to net profit each year.

**Notes and significant accounting policies (continued)**

**Transfer to statutory reserve**

- Where the amount of Reserve Fund is less than fifty per cent of the paid-up capital of the bank or specialized deposit-taking institution, an amount which is not less than fifty per cent of the net profit for the year;
- Where the amount of Reserve Fund is fifty per cent or more but less than one hundred per cent of the paid-up capital of the bank or specialized deposit-taking institution, an amount which is not less than twenty-five per cent of the net profit for the year;
- Where the amount of the Reserve Fund is equal to hundred per cent or more of the paid-up capital of the bank or specialized deposit-taking institution, an amount equal to twelve and half per cent of the net profit for the year.

The transfer required under subsection (1) shall be made:

- before the declaration of interim or final dividends, and
- after making provision for tax

**(b) Reserves**

The reserves of the Bank in accordance with section 70 of the Companies Act, 2019 (Act 992) is the amount of money by which the assets of the Bank, other than unpaid calls and other sums of money payable in respect of the shares of the Bank and not including treasury shares, less the liabilities of the Bank, as shown in the accounts of the Bank prepared and audited in accordance with sections 127 to 142, exceed the stated capital of the Bank.

**(c) Retained earnings**

The retained earnings of a Bank is the reserves as defined above less amounts of money attributable to

- an unrealized appreciation in the value of an asset of the Bank, other than such an appreciation in the value of an asset as would, under normal accounting principles, would be credited to profit or loss , unless the amount of such appreciation has been transferred to stated capital; and
- a balance standing to the credit of the share deals account immediately before the ascertainment of the retained earnings.

**(d) Capital adequacy**

<b>Regulatory capital</b>	<b>2021</b>	<b>2020</b>
Tier 1 capital	2,889,694	2,415,342
Tier 2 capital	263,122	263,122
Total regulatory capital	3,152,816	2,678,464

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**Notes and significant accounting policies (continued)**

Adjusted capital base (a)	2,413,123	4,753,769
Adjusted asset base (b)	28,964,447	32,788,379
Capital adequacy ratio (a/b)	<b>8.33</b>	<b>14.50</b>
Capital surplus (adjusted capital base(a) less 10% of adjusted asset base(b))	<b>(483,321)</b>	<b>1,474,931</b>
	<b>2021</b>	<b>2020</b>
Capital adequacy by BoG	10%	10%
Capital adequacy of the Bank	<b>8.33%</b>	<b>14.50%</b>

**34 Events after reporting date**

The Bank adjusts the amounts recognized in its financial statements to reflect events that provide evidence of conditions that existed at the statement of financial position date.

Where there are material events that are indicative of conditions that arose after the reporting date, (material non adjusting events) the Company discloses, by way of note, the nature of the event and the estimate of its financial effect, or a statement that such an estimate cannot be made.

At the date of this report, the Bank has commenced processes with the Registrar General's Department (RGD) to increase the stated capital by recapitalization. The total amount for the recapitalization is GHS 26, 620

**35 Comparatives**

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Where IAS 8 applies, comparative figures have been adjusted to conform to changes in presentation in the current Year.

**36 Contingencies**

At the end of the reporting year, there were no contingencies per the responses to our legal confirmation.

<b>37. Value added statement</b>	<b>2021</b>	<b>2020</b>
Interest and banking income	12,255,379	<b>11,012,882</b>
Direct cost	(3,490,059)	<b>(3,119,927)</b>
Value added by banking services	8,765,320	<b>7,892,955</b>
Non-banking income	129,094	<b>80,836</b>
Impairment	(3,761,875)	<b>(275,646)</b>
<b>Value added</b>	<b>5,132,539</b>	<b>7,698,145</b>

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**Notes and significant accounting policies (continued)**

Distributed as follows

To employees:

Directors (628,300) **(385,017)**

Other employees (4,671,873) **(4,076,816)**

To Government:

Income tax (800,618) **(42,254)**

Bank's expansion and growth:

Depreciation and amortisation (555,922) **(627,469)**

Other operating cost (2,640,351) **(2,029,793)**

**To retained earnings (1,959,778) 536,796**

**38. Shareholders' information**

**38.1 Shareholding distribution as at 31 December, 2021**

Holding	Number of shareholders	Percentage of shareholders (%)	Number of shares	Percentage of holding (%)
1-1,000	1660	45.57	1,041,190	5.55
1,001-5,000	1455	39.94	3,645,357	19.44
5,001-10,000	299	8.21	2,230,568	11.89
10,001-50,000	195	5.35	3,777,724	20.14
Over 50,000	34	0.93	8,061,594	42.98
	<b>3,643</b>	<b>100</b>	<b>18,756,433*</b>	<b>100</b>

*\*Total shares of 26,620, yet to be regularized with the Registrar General's Department were presented as deposit for shares in 2021.*

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Notes and significant accounting policies (continued)

38.2 Twenty largest Shareholders as at 31 December, 2021

Number	Customer number	Shareholders	Number of shares	Percentage of shareholding
1.	198520	La Mansaamo Kpee (LMK)	2,872,780	15.3183
2.	219916	Panyin Isaac Karikari	660,100	3.5198
3.	378807	Supreme Council of Nmati Abonase	500,000	2.6661
4.	197579	Amarteifio Amarkai	349,100	1.8615
5.	198309	Asante Kweku Bapruai	333,940	1.7806
6.	23365	Gogo Benjamin Akuete	255,000	1.3597
7.	382591	Annang Ted Yemoh Dr	240,000	1.2797
8.	197527	Akuetteh Laud Samuel Nsiah	228,190	1.2168
9.	380576	Pappoe Augustus Mr.	220,000	1.1731
10.	29657	Dr. Anteson Geoffrey A.C.B.	210,000	1.1324
11.	36578	Adjei Seth Adjete Mr	205,129	1.0938
12.	199399	Dr. Sowa Nii Kwaku	174,340	0.9296
13.	26474	Obodai Benjamin	143,400	0.7646
14.	387641	Kissiedu Eva	134,200	0.7156
15.	199354	Sankah Daniel R.K.	110,680	0.5902
16.	198829	Nuhu Vivian Akweley Norley	110,000	0.5865
17.	197495	Adjetey Janet Atswei	106,400	0.5673
18.	214373	Ga Presbytery	100,000	0.5332
19.	219876	Prof Glover Ablade	100,000	0.5332
			<b>7,053,259</b>	<b>37.622</b>
20.		Others	<b>11,703,174</b>	<b>62.378</b>
			<b>18,756,433*</b>	<b>100%</b>

\*Total shares of 26,620 yet to be regularised with the Registrar General's Department were presented as deposit for shares in 2021.