



LA COMMUNITY BANK LIMITED

**REPORT & FINANCIAL
STATEMENTS**

2013



LA COMMUNITY BANK LTD.

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OTHER PRODUCTS AND SERVICES WE OFFER ARE:

- Current Account
- Savings Account
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- Issue of payment order
- Standing Order Services
- Safe Custody Items
- Apex Link Domestic Transfers
- Western Union Money Transfers
- Efie ne Fie
- Payment of Electricity Company of Ghana Bills.
- Financial support for Small / Medium Scale Enterprises.
- Support for Cottage Industries and all income generating activities towards the reduction of poverty.
- Innovative Lending Schemes through groups, Associations.
- Women and Development Projects for poverty reduction, and other social and Development funds for vulnerable groups.
- No time wasting Current/ Savings Account Services.
- Loans to Workers to:
Purchase Domestic Appliances
Pay for School fees, medical bills
Undertake house renovations,
Purchase furniture etc.

Tel: 0302-772298/ 0302-760081/0302-760082/0302-763921

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LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

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NOTICE OF MEETING

Notice is hereby given that the **Twenty-Sixth** Annual General Meeting of **LA COMMUNITY BANK LIMITED** will be held at the **PRESBYTERIAN CHURCH HALL, OSU** on **FRIDAY 27TH JUNE, 2014** at **10:30 a.m.** for the following purposes.

AGENDA

1. To receive and consider the Financial Statements for the year ended 31st December, 2013 together with the Report of the Directors and Auditors thereon.
2. To declare dividend for the year ended 31st December, 2013.
3. To re-elect retiring Directors.
4. To appoint three new Directors.
5. To authorize the Directors to determine the remuneration of the Auditors.

Dated this 29th Day of April, 2014.

L. S. N. AKUETTEH
SECRETARY

NOTE : 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.



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

CORPORATE INFORMATION

Board Members	Dr. K. B. Asante	(Chairman)
	Mrs. Helen Koshie Lokko	(Vice Chairperson)
	Mr. A. N. N. Pappoe	(Member/General Manager)
	Mr. Peter T. Kpobi	(Member) - Retired (June 2013)
	Mr. Amarkai Amarteifio	(Member)
	Dr. Nii Kwaku Sowa	(Member)
	Miss. Mabel Kissiedu	(Member) - Deceased (December 2013)
	Mr. Benjamin Obodai	(Member)
	Mrs. Florence Sai	(Member) - Retired (June 2013)
	Mr. B. A. Gogo	(Member)
	Mr. L. S. N. Akuetteh	(Secretary)

Secretary Mr. L. S. N. Akuetteh

Registered Office No. G224/1 Lami Jwahe
Post Office Box LA 499
La - Accra

Auditors AT - Ernest Dawlah
Chartered Accountants & Management Consultants
Third Floor Diamond House, Kinbu Road, Accra.
Post Office Box 3934, Accra - Ghana

Registrars Merchant Bank (Ghana) Limited
57 Examination Loop, North Ridge
P. O Box 401, Accra.

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



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

FINANCIAL HIGHLIGHTS

	2013	2012	PERCENTAGE
	GHe	GHe	CHANGE (%)
At 31st December			
Investments In Securities	16,640,651	13,433,204	24
Loans and Advances	2,368,175	3,629,041	(35)
Total Assets	24,559,021	21,651,913	13
Customers' Deposits	19,475,765	17,400,846	12
Shareholders' Funds	4,227,729	3,032,633	39
La Township Development Fund	40,000	35,000	14
La Educational Fund	40,000	35,000	14
For the year ended 31st December			
Profit before Tax	1,130,406	936,549	21
Profit after Tax	1,041,566	858,679	21
Earnings per Share	0.0573	0.0542	6
Proposed Dividend per Share	0.035	0.030	17



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

CHAIRMAN'S STATEMENT

Introduction

Distinguished Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to warmly welcome you to the 26th Annual General Meeting of La Community Bank Limited and to report on the performance of your Bank for the year ended 31st December, 2013.

Ladies and gentlemen,

2013 was a year of uncertainties. For over half of the year, the country was dragged through an arduous electoral litigation which kept everyone on tenterhooks. Fortunately, Ghanaians demonstrated how democratically mature the country was by peacefully accepting the judgement of the courts. The economic uncertainties which had been carried over from 2012 were however not that easily resolved.

The macroeconomy in 2013 was under severe stress emanating from weaknesses in the Government's fiscal position. A proposed consolidation of the national budget, to contain the double digit deficit inherited from 2012, failed to achieve the objective. The fiscal strain put pressure on other sectors of the economy, in particular, the external sector. This caused a depreciation of the cedi against the currencies of most of Ghana's major trading partners. This prompted the authorities to reintroduce some exchange control measures which had long been forgotten since the liberalization of the foreign exchange market in the 1980s. The depreciating cedi also led to increases in the prices of most imported products. Consequently, the rate of inflation crept up from 10.10 percent in year-on-year terms at the beginning of the year to 13.5 percent at the close of the year. Meanwhile, Government borrowed more from both domestic and external sources to finance the huge deficit, thus increasing the level of national debt.

Aside from the macroeconomic weaknesses there were other factors which affected the real sector of the economy. Supply of gas from Nigeria for electricity generation was disrupted over a long period of time. This resulted in power rationing, which affected productive activities in the country. The growth in national output for 2013 has been estimated to have been about 7.4 percent.

Ladies and gentlemen,

In sum, the economy of Ghana in 2013 was in a very unhealthy position. This impacted adversely on the performance of the financial services industry in terms of both mobilization and use of resources. It is against this backdrop that we present to you the performance of your bank for the year 2013.

Operating Performance

Dear Shareholders,

I would at this juncture wish to report on the great strides chalked by the Bank in the past year. In spite of the shocks which hit the economy alluded to earlier; we increased all our revenue lines and generally managed to contain our costs. We were also able to intensify our deposit mobilisation, which was channelled into prudent credits and investments leading to operating profit before tax of GH¢1,130,406, as against GH¢936,549.00 in 2012 reflecting an increase of 21%.



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

Conclusion

Distinguished Ladies and gentlemen,

Our Bank celebrated its 25th Silver Jubilee Anniversary in 2013. I thank you all for being part of the anniversary celebration. It is our expectation that the Bank will reach greater heights and increase its fortunes in the next 25 years. Let us therefore give thanks to the Almighty God who made the celebration possible.

And to my colleagues on the Board, I say a big thank you for making it possible to mark the achievements of the Bank with so much pleasure. Their uncommon devotion to duty and sincere commitment to the vision and objectives of the Bank have yielded enviable dividends.

Their strong support to me and the guidance they gave to Management greatly enhanced the image and achievements of the Bank.

My sincere thanks are also extended to Management and Staff for their dedicated service and devotion to duty during the year.

To our Shareholders, we say thank you for the opportunity you gave us to serve the Bank. Finally, I wish to thank our valued and cherished customers for their confidence in the Bank and their contribution to the growth and progress of La Community Bank.

It is with a heavy heart that I inform you that this will be my last statement to you as Chairman of the Board.

I intend if re-elected to resign my Directorship of the Board by 31st December, 2014.

Frankly, I am sorry to leave. But one has to respect the laws of nature. The body is old and weak and the intellect must give way to younger, better-endowed talent. I have been glad for the opportunity to assist nurture La Community Bank to its present high status. I thank my colleagues on the Board for their selfless sacrifice and commitment to serve the Bank not for profit or remuneration but for the higher purpose of enlarging true freedom for their less-privileged compatriots. And I am grateful to you Shareholders also, for without your support and encouragement, the Bank would not have achieved so much.

I expect the continued support of you all to my successor as well as the Directors, Management, and Staff of La Community Bank.

Finally, let us give thanks to the Almighty God who has carried the Bank thus far. May his grace continue to abound on us in 2014, and in the years ahead.

Thank you all for the courtesy of your attention.

CHAIRMAN



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

DIRECTORS' REPORT

TO THE MEMBERS OF LA COMMUNITY BANK LIMITED

Report on the Financial Statements

The Directors have the pleasure in presenting their report together with the Financial Statements of the Bank for the year ended 31st December, 2013.

Statement of Directors' Responsibilities

The Bank's Directors are responsible for the preparation and fair presentation of these Financial Statements in accordance with the Ghana National Accounting Standards and in a manner required by the Company's Code 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738) and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether through fraud or error.

The Directors have made assessment of the ability of the Bank to continue as a going concern and have no reason to believe that the Bank will not be a going concern in the year ahead.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time, the Financial Position of the Bank. The Directors are also responsible for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal Activities

There was no change in the principal business of the Bank as at the year end.

Shareholding Structure

The Bank has met the Central Bank's minimum capital requirement for Rural and Community Banks as at 31st December 2013.

Statutory Reserve

In accordance with section 29 (c) of the banking Act, 2004 (Act 673) as amended, an amount of GH¢259,892 (2012: GH214,670) was transferred to the statutory reserve fund from retained earnings bringing the cumulative balance on the statutory reserve fund at the year end to GH1,732,738 (2012: GH¢1,472,846)

Auditors

The Auditors, Messrs. At- Ernest Dawlah, Chartered Accountants and Management Consultants, continue in office pursuant to Section 134 (5) of the Companies Code, 1963 (Act 179).



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

Financial Statements and Dividend

The Bank's results for the year are set out in the attached Financial Statements, highlights of which are as follows:

	2013 GH¢	2012 GH¢
Balance brought forward on the Income Surplus Account at 1 st January was	34,907	253,460
To which was added profit for the year due shareholder after Charging all expenses and depreciation	1,041,566	858,679
Out of which was transferred to the statutory reserve fund in accordance with Section 29 of the Banking Act an amount of	(259,892)	(214,670)
and Proposed Dividend of	-	(475,192)
Other Movements:		
Prior Year Adjustments	-	(317,370)
Transfer to La Township Development Fund	(40,000)	(35,000)
Transfer to La Educational Fund	(40,000)	(35,000)
Leaving a balance carried forward on the Income Surplus Account as at 31 st December of	<u>736,581</u>	<u>34,907</u>

Provision for Dividend

The Directors recommend the payment of a dividend of GH¢0.035 (2012: GH¢0.030) per share amounting to GH¢636,126 (2012: GH¢475,192).

Approval of Financial Statements

The Financial Statements and accompanying notes were approved by the Board of Directors on the 29th April, 2014 and signed on their behalf by:

Director:

Director:



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LA COMMUNITY BANK LIMITED**

Report on the Financial Statements

We have audited the accompanying Financial Statements of La Community Bank Limited, which comprise the Statement of Financial Position as at 31st December 2013, the Income Statement, Income Surplus Account and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 18 to 30.

Directors' Responsibility for the Financial Statements

Directors are responsible for the preparation and fair presentation of these Financial Statements in accordance with Ghana National Accounting Standards and Companies Code, 1963 (Act 179). This responsibility includes; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of La Community Bank Limited as at 31st December 2013, and of its financial performance and its cash flows for the year then ended in accordance with the Ghana National Accounting Standards and Ghana Companies Code, 1963 (Act 179).



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

Report on Other Legal and Regulatory Requirements

Section 133 of the Ghana Companies Code, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters.

We confirm that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books; and
- iii. The Balance Sheet (Statement of Financial Position) and Profit and Loss Account (Income Statement) of the company are in agreement with the books of account.

The Banking Act 2004 (Act 673) section 78 (2) requires that we state certain matters in our report. We hereby state that:

- i. The accounts give a true and fair view of the state of affairs of the Bank and its results for the period under review;
- ii. We were able to obtain all information and explanations required for the efficient performance of our duties as auditors;
- iii. The Bank's transactions are within its powers; and
- iv. The bank has generally complied with the provisions in the Banking Act 2004 (Act 673) and the Banking (Amendment) Act 2007 (Act 738).

Signed by: D.D. Dawlah (ICAG/P/1016)

For and on behalf of

At – Ernest Dawlah (ICAG/F/2013/095)

Chartered Accountants & Management Consultants

Third Floor, Diamond House,

Accra.

Date: 29th April, 2014



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2013

		2013 GH¢	2012 GH¢
	Note		
Interest Income	3 a	4,465,634	3,332,748
Interest Expense	3 b	<u>(402,901)</u>	<u>(321,025)</u>
Net Interest Income		4,062,733	3,011,723
Fees and Commission Income	4	523,268	361,435
Other Operating Income	5	<u>51,024</u>	<u>67,212</u>
Total Operating Income		4,637,025	3,440,370
Personnel Expenses	6	(1,547,793)	(1,353,918)
Operating Expenses	7	(1,039,875)	(804,712)
Depreciation and Amortization	8	(100,187)	(139,086)
Impairment Loss on Loans and Advances	9	<u>(825,764)</u>	<u>(206,740)</u>
Operating Profit		1,123,406	935,914
Other Income	10	<u>7,000</u>	<u>635</u>
Profit Before Taxation		1,130,406	936,549
Provision for Taxation	11	<u>(88,840)</u>	<u>(77,870)</u>
Profit after Taxation		<u>1,041,566</u>	<u>858,679</u>

Notes 1 - 29 form an integral part of these financial statements and should therefore be read in conjunction therewith.



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

INCOME SURPLUS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2013

		2013 GH¢	2012 GH¢
	Note		
Balance at 1st January		34,907	253,460
Prior Year Adjustments	12	-	(317,370)
Profit after Taxation		<u>1,041,566</u>	<u>858,679</u>
		1,076,473	794,769
Transfer to Statutory Reserve		<u>(259,892)</u>	<u>(214,670)</u>
Distributable Profit		816,581	580,099
Proposed Dividend		-	(475,192)
Transfer to La Township Development Fund		(40,000)	(35,000)
Transfer to La Educational Fund		<u>(40,000)</u>	<u>(35,000)</u>
Balance at 31st December		<u>736,581</u>	<u>34,907</u>

Notes 1 - 29 form an integral part of these financial statements and should therefore be read in conjunction therewith.



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2013

	Note	2013 GH¢	2012 GH¢
ASSETS			
Cash and Bank Balance with ARB Apex Bank	13	3,150,441	1,812,810
Due from Banking and Other Financial Institutions	14	421,111	994,936
Investments in Securities	15	16,640,651	13,433,204
Loans and Advances	16	2,368,175	3,629,041
Investments in Equity	17	41,404	41,404
Other Assets	18	308,897	481,508
Property, Plant & Equipment	19	1,628,342	1,259,010
Total Assets		24,559,021	21,651,913
LIABILITIES			
Due to Other Banks and Financial Institutions	20	3,865	-
Customers' Deposits	21	19,475,765	17,400,846
Other Liabilities	22	614,758	1,058,716
La Township Development Fund	23	136,076	95,533
La Educational Fund	24	54,599	36,776
Income Tax Liabilities	11	46,229	27,409
Total Liabilities		20,331,292	18,619,280
CAPITAL RESOURCES			
Share Capital	25	1,527,905	1,294,375
Capital Surplus	26	230,505	230,505
Income Surplus Account		736,581	34,907
Statutory Reserve	27	1,732,738	1,472,846
Shareholders' Funds		4,227,729	3,032,633
Total Liabilities and Shareholders' Funds		24,559,021	21,651,913

These Financial Statements were approved by the Board of Directors on 29th April, 2014 and signed on its behalf by:

Director

Director

Notes 1 - 29 form an integral part of these financial statements and should therefore be read in conjunction therewith.



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2013

	Stated Capital GH¢	Capital Surplus GH¢	Income Surplus GH¢	Statutory Reserve GH¢	Total GH¢
2013					
Balance at 1st January	1,294,375	230,505	34,907	1,472,846	3,032,633
Issue of Shares	233,530	-	-	-	233,530
Profit after Taxation	-	-	1,041,566	-	1,041,566
Transfer to Statutory Reserve	-	-	(259,892)	259,892	-
Transfer to La Township Dev. Fund	-	-	(40,000)	-	(40,000)
Transfer to La Education Fund	-	-	(40,000)	-	(40,000)
Balance at 31st December	<u>1,527,905</u>	<u>230,505</u>	<u>736,581</u>	<u>1,732,738</u>	<u>4,227,729</u>

	Stated Capital GH¢	Capital Surplus GH¢	Income Surplus GH¢	Statutory Reserve GH¢	Total GH¢
2012					
Balance at 1st January	1,258,137	230,505	253,460	1,258,176	3,000,278
Issue of Shares	36,238	-	-	-	36,238
Prior Year Adjustments	-	-	(317,370)	-	(317,370)
Profit after Taxation	-	-	858,679	-	858,679
Transfer to Statutory Reserve	-	-	(214,670)	214,670	-
Dividend Proposed	-	-	(475,192)	-	(475,192)
Transfer to La Township Dev. Fund	-	-	(35,000)	-	(35,000)
Transfer to La Education Fund	-	-	(35,000)	-	(35,000)
Balance at 31st December	<u>1,294,375</u>	<u>230,505</u>	<u>34,907</u>	<u>1,472,846</u>	<u>3,032,633</u>



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013 GH¢	2012 GH¢
	Note	
Operating Activities		
Net Profit Before Taxation	1,130,406	936,549
Adjustments For:		
Prior Year Adjustments	-	(317,370)
Dividend from Investments	(7,482)	-
Depreciation and Amortization	<u>100,187</u>	<u>139,086</u>
Operating Profit Before Working Capital Changes	1,223,111	758,265
Changes in Loans and Advances	1,260,866	(573,657)
Changes in Other Assets	172,611	1,465,033
Changes in Customer Deposits	2,074,919	3,222,945
Changes in Other Liabilities	(66,476)	(105,211)
Changes in La Development & Educational Funds	<u>58,366</u>	<u>43,138</u>
Net Cash Flow from Operations	4,723,397	4,810,513
Tax Paid	<u>(70,020)</u>	<u>(40,000)</u>
Net Cashflow from Operating Activities	<u>4,653,377</u>	<u>4,770,513</u>
Investing Activity		
Acquisition of Property, Plant & Equipment	(469,519)	(42,324)
Dividend Received	7,482	-
Additional Investments in Securities	<u>(3,207,447)</u>	<u>(3,836,545)</u>
Net Cash (Used In) Investing Activities	<u>(3,669,484)</u>	<u>(3,878,869)</u>
Financing Activity		
Borrowings	-	(735,388)
Dividend Paid	(377,482)	(341,137)
Proceeds from Issue of Ordinary Shares	<u>233,530</u>	<u>36,238</u>
Net Cash (Used In) Financing Activities	<u>(143,952)</u>	<u>(1,040,287)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>839,941</u>	<u>(148,643)</u>
Cash & Cash Equivalents at Beginning of year	<u>2,807,746</u>	<u>2,956,389</u>
Cash & Cash Equivalents at End of year	28 <u>3,567,687</u>	<u>2,807,746</u>

Notes 1 - 29 form an integral part of these financial statements and should therefore be read in conjunction therewith.



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

1. Reporting Entity

La Community Bank Limited is a limited liability company incorporated and domiciled in Ghana. The address of the Bank's registered office is No. G224/1 Lami Jwahe, P.O.Box LA 499, La - Accra. The Bank operates with a Bank of Ghana Rural banking license. The Bank is primarily involved in corporate and retail banking, and Microfinance. The Financial Statements as at and for the year ended 31st December 2013 comprise the bank's activities.

The Financial Statements were authorised for issue by the board of Directors on 29th April, 2014.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are as set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of Preparation

The bank's Financial Statements have been prepared in accordance with Ghana National Accounting Standards. Additional information required by the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738) have been included, where appropriate. The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of Land and Building in year 2005, except for

- assets and liabilities held for trading measured at fair value;
- investments in government instruments measured at cost;

In line with regulations to migrate to International Financial Reporting Standards (IFRS), the Board of Directors have set the year 2015 for full compliance. Consequently, the Financial Statements for the year has not been prepared in accordance with the IFRS.

The Financial Statements comprise the Financial Position, Income Statement, Income Surplus Account, Statement of Changes in Equity and Statement of Cash Flows and notes to the Financial Statements.

2.2 Functional Currency

The Financial Statements are presented in Ghana cedis, which is the Bank's functional and presentation currency. Except otherwise indicated, financial information presented in Ghana cedis has been rounded to the nearest cedi.

2.3 Comparative Figures

The comparative figures covered the year ended 31st December 2012. However, where considered necessary, comparative figures have been reclassified to achieve consistency with presentation of current year figures.



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

2.4 Property, Plant and Equipment

2.4.1 Initial Recognition and Measurement

Property and equipment owned by the bank are stated at cost less accumulated depreciation and accumulated impairment in value. Depreciation is computed using the straight-line method so as to write off the cost over the estimated useful lives. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimate.

2.4.2 Subsequent Expenditure

Additions and subsequent expenditures are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the asset. Maintenance and repairs are charged to the income statement when incurred.

2.4.3 Depreciation

Depreciation is recognised in the Income Statement on a straight-line basis over the estimated useful lives of Property and Equipment.

The estimated depreciation rates and years for the current and comparative periods are as follows:

Office Building	32 years	Over the remaining life of the lease
Motor vehicle	4 years	25%
Office Equipment	2-3 years	35%
Other Equipment	4 years	25%
Furniture & Fittings	5 years	20%
Computers	3 years	33.33%
Air-Condition Equipment	8 years	12.5%
Plant and Machinery	10 years	10%

A full year's depreciation is charged in the year of purchase but none in the year of disposal.

2.5 Securities

Investment in securities redeemable at fixed dates are stated in the accounts at cost.

2.6 Advances

Advances are stated in the Financial Position at the amount of the principal and interest outstanding less provision for bad and doubtful debts and amounts held in Interest in Suspense.

2.7 Interest Income

The recognition of interest ceases when payment of interest or principal is in doubt and this is determined by the Bank. Interest income is taken into profit when the outstanding arrears of interest and principal are received.



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

2.8 Impairment Charges on Credit Facilities

Impairment charges on credit facilities relate to those loans that have been individually reviewed and specifically identified as bad or doubtful.

Provisions made during the year are charged as a separate amount in the Income Statement. These provisions are made in accordance with Bank of Ghana guidelines.

2.9 Cash and Cash Equivalent

For the purpose of the statement of cash flows, cash and cash equivalent include short term liquid investments which are readily convertible into known amount of cash and which were within three months of maturity when acquired, less advances from the bank, repayable within three months from the dates of the advances.

2.10 Dividends Paid

Dividends are charged to equity in the period in which they are declared. Proposed dividends are not accrued until they have been approved at the Annual General Meeting.

2.11 Earnings Per Share

Profit after Tax	1,041,566	858,679
Number of Ordinary Shares (Number)	18,175,033	15,839,733
Basic and Diluted Earnings per Share (GH¢)	0.0573	0.0542

There are no share options, potential rights issue or bonus shares, hence diluted earnings per share are the same as basic earnings per share

2.12 MiDA Grant

During the year under review, the Bank received Capital Grant from the Millennium Development Authority (MiDA). The grants received in relation to assets are recorded as deferred income, and recognised evenly in profit or loss over the respective assets' useful lives.

2.13 Dividends from Investments

Revenue is recognized when the Bank's right to receive the dividend is established and payment is received and is treated as Dividend Received.



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013 GH¢	2012 GH¢
3a. Interest Income	<u>4,465,634</u>	<u>3,332,748</u>
Loans and Advances	545,912	641,251
Investment in Government Securities	3,569,684	2,000,854
Overdrafts	350,038	690,643
3b. Interest Expense	<u>402,901</u>	<u>321,025</u>
Savings Accounts	402,901	321,025
4. Fees and Commission Income	<u>523,268</u>	<u>361,435</u>
Commission on Turnover	177,764	152,401
Money Transfers	96,271	40,122
Brokerage and Other Charges	104,201	93,520
Drafts and Transfers	80,962	33,933
Commitment and Handling Charges	54,740	19,447
Clearing Fees	18,465	22,012
	<u>532,403</u>	<u>361,435</u>
Charges for Services	(9,135)	-
Net Fees and Commission Income	<u>523,268</u>	<u>361,435</u>
5. Other Operating Income	<u>51,024</u>	<u>67,212</u>
Bad Debts Recovered	20,206	67,212
Interest on Nostro Accounts	23,336	-
Dividend Received	7,482	-
6. Personnel Expenses	<u>1,547,793</u>	<u>1,353,918</u>
Salaries and Allowances	914,949	851,148
Overtime Claims	130,764	127,863
Medical Expenses	28,589	25,656
Defined Contribution Scheme	97,677	77,292
Staff Training	7,132	13,723
Others	368,682	258,236



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013 GH¢	2012 GH¢		
7. Operating Expenses	<u>1,039,875</u>	<u>804,712</u>		
Directors' Fees (Note 29)	136,700	127,780		
Audit Fees	13,000	10,000		
General Administrative Expenses (Schedule I)	890,175	666,932		
8. Depreciation and Amortisation	<u>100,187</u>	<u>139,086</u>		
Land and Building	19,211	57,098		
Furniture, Fittings and Equipment	53,169	53,871		
Computer and Data Processing Equipment	15,754	17,242		
Motor Vehicles	12,053	10,875		
9. Impairment Loss on Loans and Advances	<u>825,764</u>	<u>206,740</u>		
Specific Impairment	73,235	37,232		
General Impairment	752,529	169,508		
10. Other Income	<u>7,000</u>	<u>635</u>		
Over's in Tills	2,584	635		
Deferred Income	4,416	-		
11. Taxation				
Year of Assessment	Balance B/Forward GH¢	Charge for the year GH¢	Payments GH¢	Balance C/Forward GH¢
2011	(10,461)	-	-	(10,461)
2012	37,870	-	(37,870)	-
2013	-	88,840	(32,150)	56,690
	<u>27,409</u>	<u>88,840</u>	<u>(70,020)</u>	<u>46,229</u>
			2013 GH¢	2012 GH¢
12. Prior Year Adjustment			<u>-</u>	<u>317,370</u>
This represents excess Interest Income recorded in the previous year as a result of an error which occurred during the migration of the accounts from the Bank's own software to e-Merge software provided by the ARB Apex Bank.			-	317,370



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013	2012
	GH¢	GH¢
13. Cash and Bank Balance with ARB Apex Bank	<u>3,150,441</u>	<u>1,812,810</u>
Cash in Till	663,036	348,214
Mandatory Reserve requirement with ARB Apex Bank	935,261	806,071
Balances with ARB Apex Bank	<u>1,552,144</u>	<u>658,525</u>
Balance at 31st December	<u>3,150,441</u>	<u>1,812,810</u>
Mandatory reserve deposits representing 5% of the bank's total deposit are not available for use in the bank's day to day operations and are non-interest bearing.		
14. Due from Banking and Other Financial Institutions	<u>421,111</u>	<u>994,936</u>
Nostro Account Balances	368,483	994,936
Placement with other Banks	52,628	-
15. Investments in Securities	<u>16,640,651</u>	<u>13,433,204</u>
Treasury Bills	225,735	229,933
Discounted Bills	231,411	53,935
Interest Accrued	833,505	649,336
Fixed Deposits	<u>15,350,000</u>	<u>12,500,000</u>
16 a. Loans and Advances	<u>2,368,175</u>	<u>3,629,041</u>
Analysis by type:		
Term Loans	1,126,232	1,540,761
Overdrafts	5,339,755	4,040,795
Classified Debts	750,869	1,798,753
Staff Loans	<u>491,481</u>	<u>443,146</u>
Gross Loans and Advances	<u>7,708,337</u>	<u>7,823,455</u>
Impairment Allowance (Note 16b)	<u>(5,340,162)</u>	<u>(4,194,414)</u>
Net Loans and Advances	<u>2,368,175</u>	<u>3,629,041</u>
16 b. Movements in Impairment Allowance	<u>5,340,162</u>	<u>4,194,414</u>
Balance at 1st January	4,194,414	3,303,336
Additional Impairment charge during the year	752,529	169,508
Interest on Impairment Charges	<u>319,984</u>	<u>721,570</u>
Balance at 31st December	<u>5,340,162</u>	<u>4,194,414</u>



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013 GH¢	2012 GH¢
17. Investment in Equity	<u>41,404</u>	<u>41,404</u>
ARB Apex Bank Limited	41,404	41,404
This represent non- quoted equity investment in ARB Apex Bank Limited, a company incorporated and domiciled in Ghana. It is stated at cost.		
18. Other Assets	<u>308,897</u>	<u>481,508</u>
Prepayment	35,640	38,516
Stationery Stock	14,604	14,284
Office Account	20,044	113,095
Others	238,609	315,613



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

19. Property, Plant & Equipment

2013	Land & Building GH¢	Furniture & Fittings GH¢	Computer & D.P Equip. GH¢	Motor Vehicle GH¢	Capital WIP GH¢	Total GH¢
Cost						
at 1.1.13	1,133,908	461,365	248,998	89,729	-	1,934,000
Additions	-	59,617	5,609	73,535	330,758	469,519
at 31.12.13	<u>1,133,908</u>	<u>520,982</u>	<u>254,607</u>	<u>163,264</u>	<u>330,758</u>	<u>2,403,519</u>
Depreciation						
at 1.1.13	81,989	275,901	229,242	87,858	-	674,990
Charge	19,211	53,169	15,754	12,053	-	100,187
Balance at 31.12.13	<u>101,200</u>	<u>329,070</u>	<u>244,996</u>	<u>99,911</u>	<u>-</u>	<u>775,177</u>
Carrying Amount						
at 31.12.13	<u>1,032,708</u>	<u>191,912</u>	<u>9,611</u>	<u>63,353</u>	<u>330,758</u>	<u>1,628,342</u>
at 31.12.12	<u>1,051,919</u>	<u>185,464</u>	<u>19,756</u>	<u>1,871</u>	<u>-</u>	<u>1,259,010</u>
2012	Land & Building GH¢	Furniture & Fittings GH¢	Computer & D.P Equip. GH¢	Motor Vehicle GH¢	Capital WIP GH¢	Total GH¢
Cost						
at 1.1.12	150,507	443,969	245,608	89,729	961,863	1,891,676
Transfers	961,863	-	-	-	(961,863)	-
Additions	21,538	17,396	3,390	-	-	42,324
at 31.12.12	<u>1,133,908</u>	<u>461,365</u>	<u>248,998</u>	<u>89,729</u>	<u>-</u>	<u>1,934,000</u>
Depreciation						
at 1.1.12	25,685	221,235	212,001	76,983	-	535,904
Charge	56,304	54,666	17,241	10,875	-	139,086
at 31.12.12	<u>81,989</u>	<u>275,901</u>	<u>229,242</u>	<u>87,858</u>	<u>-</u>	<u>674,990</u>
Carrying Amount						
at 31.12.12	<u>1,051,919</u>	<u>185,464</u>	<u>19,756</u>	<u>1,871</u>	<u>-</u>	<u>1,259,010</u>
at 31.12.11	<u>124,822</u>	<u>222,734</u>	<u>33,607</u>	<u>12,746</u>	<u>961,863</u>	<u>1,355,772</u>



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013	2012
	GHC	GHC
20. Due to Banks and Other Financial Institutions	<u>3,865</u>	<u>-</u>
Vostro Account Balance	3,865	-
21. Customers' Deposits	<u>19,475,765</u>	<u>17,400,846</u>
Savings Accounts	11,947,671	8,011,309
Current Accounts	4,950,880	7,139,030
Susu Saving Accounts	<u>2,577,214</u>	<u>2,250,507</u>
	<u>19,475,765</u>	<u>17,400,846</u>
a. Analysis by type of Depositor:		
Individuals	19,272,681	17,297,370
Private	194,901	74,552
Government Departments & Agencies and Others	<u>8,183</u>	<u>28,924</u>
	<u>19,475,765</u>	<u>17,400,846</u>
22. Other Liabilities	<u>614,758</u>	<u>1,058,716</u>
Office Account	64,208	135,414
Bills Payable	38,695	69,346
Dividend Warrant	464,480	366,770
Audit Fees	13,000	10,000
Proposed Dividend	-	475,192
Accrued Utilities	6,436	1,994
Capital Grant - MiDA	27,939	-
Included in Capital Grant - MiDA is a Non-Current Portion of GHC23,523 (2012: Nil)		
23. La Township Development Fund		
Balance at 1st January	95,533	58,887
Transfer from Income Statement	<u>40,000</u>	<u>35,000</u>
Balance before Appropriation	<u>135,533</u>	<u>93,887</u>
Net Cash Flows	543	1,646
Balance at 31st December	<u>136,076</u>	<u>95,533</u>

This is an amount set aside from Profit after Tax towards the maintenance of a fund to provide development support for the La Township.



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013	2012
	GHe	GHe
24. La Educational Fund		
Balance at 1st January	36,776	36,651
Transfer from Income Statement	40,000	35,000
Balance before Appropriation	76,776	71,651
Net Cash Flows	(22,177)	(34,875)
Balance at 31st December	54,599	36,776

This is an amount set aside from Profit after Tax towards the maintenance of a fund to provide scholarship to needy but brilliant children of citizens of La.

25. Stated Capital

The Bank is registered with authorized shares of 25,000,000 of no par value made up as follows:

	Number	Number
(a) Authorised shares category		
Founder's Shares of no par value	3,750,000	3,750,000
Ordinary Shares of no par value	21,250,000	21,250,000
Total Shares of no par value	25,000,000	25,000,000

(b) Stated Capital is made up as follows:-

	Number of Shares		Proceeds	
	2013	2012	2013	2012
			GHe	GHe
Issued and Fully Paid				
<i>Founder's Shares</i>				
Balance at 1st January	2,352,780	2,332,780	175,145	173,145
Additions during the year	400,000	20,000	40,000	2,000
Balance at 31st December	<u>2,752,780</u>	<u>2,352,780</u>	<u>215,145</u>	<u>175,145</u>
<i>Ordinary Shares</i>				
Balance at 1st January	13,486,953	13,144,569	1,119,230	1,084,992
Additions during the year	1,935,300	342,384	193,530	34,238
Balance at 31st December	<u>15,422,253</u>	<u>13,486,953</u>	<u>1,312,760</u>	<u>1,119,230</u>
Balance at 31st December	18,175,033	15,839,733	1,527,905	1,294,375

(c) There is no unpaid liability on any share and there are no calls or installments unpaid.

(d) There are no Treasury Shares.



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013	2012
	GH¢	GH¢
26. Capital Surplus	<u>230,505</u>	<u>230,505</u>

The Capital Surplus Account arose as a result of an independent revaluation of the Bank's Land and Buildings by Quarnor Consultancy Services, which was performed on 31st December, 2005. The reserve is not available for distribution to the shareholders of the Bank.

27. Statutory Reserve Fund

Balance at 1st January	1,472,846	1,258,176
Charge	<u>259,892</u>	<u>214,670</u>
Balance at 31st December	<u>1,732,738</u>	<u>1,472,846</u>

This is the amount set aside from annual profit as a non-distributable reserve in accordance with regulatory requirement. The transfer to statutory Reserve Fund is in compliance with section 29 of the Banking Act, 2004 (Act 673) as amended by the Banking Act, 2007 (Act 738).

28. Analysis of the Balances of Cash and Cash Equivalents

Cash and Bank Balance with ARB Apex Bank	3,150,441	1,812,810
Due from Banking and Other Financial Institutions	421,111	994,936
Due to Banking and Other Financial Institutions	<u>(3,865)</u>	<u>-</u>
	<u>3,567,687</u>	<u>2,807,746</u>

For the purposes of the Statement of Cash flow, Cash and Cash Equivalents comprise Cash on Hand, Cash and Balances with the ARB Apex Bank and amounts due from banks and other financial institutions.

29. Related Party Transactions

Compensation to Board Members

The compensation to Board Members and other key Management Staff during the year were as follows:

Retirement Benefits	32,000	31,900
Sitting Allowances	74,700	79,080
Fees	<u>30,000</u>	<u>16,800</u>
	<u>136,700</u>	<u>127,780</u>

The increases were due to the approval of increase in Directors' Fees at the 2012 Annual General Meeting (AGM).



LA COMMUNITY BANK LIMITED

Financial Statement for the year ended 31st December, 2013

SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

SCHEDULE I	2013	2012
	GH¢	GH¢
General Administrative Expenses		
Advertisements	10,613	1,584
Anniversary expenses	61,450	3,500
Annual General Meeting Expenses	26,738	19,072
Bank Charges	5,042	12,470
Board Meeting Expenses	4,899	3,698
Board Secretarial Expenses	3,105	3,105
Cleaning and Sanitation	32,554	27,389
Commission on Bad Debt Recovery	3,831	6,602
Donation	2,400	7,000
Electricity & Water	170,328	135,311
Entertainment	36,594	22,763
Insurance	34,323	38,301
Internet	2,140	3,140
Lease Charge on Equipment	12,839	9,007
Legal Charges	9,500	6,491
Motor Vehicle Running	34,994	32,347
Newspapers and Publications	15,090	12,186
Office Expenses - Others	5,268	8,668
Police Guard Expenses	53,492	42,646
Professional Fees	9,327	2,842
Registrar's Fees	4,962	7,615
Rent, Rates and Taxes	57,736	40,670
Repairs and Maintenance	95,049	79,934
Shortage in Tills	156	11
Specie Movement	9,678	3,930
Stationery	40,472	35,509
Subscriptions	9,750	7,850
Susu Collectors' Commission	91,211	27,135
Telephone and Postage	17,584	29,860
Travelling and Transport	29,050	36,296
	890,175	666,932



**LA COMMUNITY BANK LIMITED
(INCORPORATED IN GHANA)**

PROXY FORM

Annual General Meeting to be held at **10:30 am** on **27th June 2014** at the Presbyterian Church Hall, Osu, Accra.

I/We (BLOCK CAPITALS)

.....

Being a member/members of LA COMMUNITY BANK LIMITED hereby appoint

.....

or failing him the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held on **Friday 27th June 2014** at the **Presbyterian Church Hall, Osu, Accra.**

Signature

Date this day of2014.

I/We direct that my/our vote(s) be cast on the specified resolutions indicated by "X" appropriate space		
Resolution	For	Against
1. Receiving the Accounts		
2. Declaring a Dividend		
Re-electing Directors:		
3. Dr. K. B. Asante		
4. Mrs. Helen Koshie Lokko		
5. Dr. Nii Kwaku Sowa		
Appointing three New Directors:		
6. Prof. {Mrs.} Irene Korkoi Odotei		
7. Mr. Nicholas Okoe Sai		
8. Mrs. (Dr.) Matilda Pappoe		
9. Authorizing the Directors to fix the Auditors Remuneration		

THIS PROXY FORM SHOULD NOT BE SENT TO THE SECRETARY IF THE MEMBER WILL BE ATTENDING THE MEETING.

NOTE:

1. A member (shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy. The above Proxy Form has been prepared to enable you exercise your vote if you cannot personally attend.
2. Provision has been made on the form for the Chairman of the meeting to act as your Proxy but, if you wish you may insert in the blank space "the name of any person whether a Member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman of the Meeting.
3. In the case of joint holders, each holder should sign.
4. If executed by a corporation, the Proxy Form should bear its Common Seal or be signed on its behalf by a Director.
5. Please sign the above Proxy Form and post it so as to reach the address shown overleaf not later than 48 hours before the appointed time of the Meeting.
6. The Proxy must produce the Admission Card sent with the notice of the Meeting to obtain entrance to the Meeting.





**We are always Available
to help you **Grow****

START
and Continue
Banking
with Us



