



# INDEPENDENT AUDITORS REPORT

## To the members of UT Financial Services Limited

We have audited the accompanying financial statements of UT Bank Limited on pages 24 to 52 which comprise the statement of financial position as at 31 December 2011, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, together with the summary of significant accounting policies and other explanatory notes, and have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

## Directors' responsibility for the financial statement

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Code, 1963 (Act 179). 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.

## Auditors' responsibilities

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 as to 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 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 Bank 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 Code, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended. The financial statements give a true and fair view of the financial position of the Bank as at 31 December 2011, 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).

## Report on other legal and regulatory requirements

The Ghana Companies Code, 1963 (Act 179) requires that in carrying out our audit work 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 purposes of our audit;
- (ii) In our opinion proper books of accounts have been kept by the Bank, so far as appears from our examination of those books; and
- (iii) The statement of financial position and statement of comprehensive income of the Bank are in agreement with the books of accounts.

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 year under review;
- (ii) We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors;
- (iii) The Bank's transactions were within its powers; and
- (iv) The Bank has complied with the provisions in the Banking Act 2004 (Act 673) and the Banking (Amendment) Act 2007 (Act 738) except as noted in note 42.

Chartered Accountants  
Accra, Ghana  
1st March, 2012



## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Note	Dec 2011 GH¢'000	Dec 2010 GH¢'000
Interest Income	7	99,901	74,706
Interest Expense	8	(50,232)	(40,429)
Net Interest Income		49,669	34,277
Net Fees and Commissions Income	9	18,607	4,561
Other Operating Income	10	10,681	6,855
<b>Operating Income</b>		<b>78,957</b>	<b>45,693</b>
Operating Expenses	11	(47,413)	(26,530)
Impairment loss and bad debt	13	(14,244)	(7,003)
<b>Profit before taxation</b>		<b>17,300</b>	<b>12,160</b>
Taxation	15(i)	(3,380)	(2,255)
National Stabilization Levy	15(ii)	(855)	(605)
<b>Profit for the Year</b>		<b>13,065</b>	<b>9,300</b>
Basic earnings per share	30(ii)	GH¢0.04	GH¢0.03
Diluted earnings per share	30(ii)	GH¢0.04	GH¢0.03

## STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 December 2011

	Dec 2011 GH¢'000	Dec 2010 GH¢'000
Income and expense recognised directly in equity:		
Net change in fair value of available for sale financial		
Gains recognised directly through equity	-	-
<b>Profit for the Year</b>	<b>13,065</b>	<b>9,300</b>
<b>Total recognised income and expense for the Year</b>	<b>13,065</b>	<b>9,300</b>

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Note	Dec 2011 GH¢'000	Dec 2010 GH¢'000		Dec 2011 GH¢'000	Dec 2010 GH¢'000
<b>Assets</b>				<b>Long Term Liabilities</b>		
Cash and balances with Bank of Ghana	17	62,183	39,739	Deferred Tax	16	176
Due from other Banks and financial institutions	18	31,288	43,325	Term debt	19	11,339
Loans and advances (Net)	19	475,232	315,297	<b>Total Long Term Liabilities</b>		<b>8,832</b>
Other assets	22	77,424	47,553			
Tax assets	15(iii)	938	1,134	<b>Total Liabilities</b>		<b>651,635</b>
Investment securities	23	31,480	35,980			
Goodwill	28	10,397	11,388	<b>Shareholders' Funds</b>		
Property, plant and equipment	20	18,109	18,043	Stated capital		36,000
Lease property		2,060	2,864	Income surplus		8,539
Intangible assets	21	3,753	1,309	Statutory reserve fund		14,996
<b>Total Assets</b>		<b>712,864</b>	<b>516,632</b>	Credit risk reserves		1,694
				<b>Total Shareholders' Fund</b>		<b>61,229</b>
<b>Current Liabilities</b>				<b>Total Liabilities and Shareholders' Fund</b>		<b>712,864</b>
Customer deposit and current account	25	545,808	377,286			
Interest Payable and other Liabilities	24	48,416	56,096	<b>Net Assets Value per Share</b>		<b>0.20</b>
Due to other Banks and financial institutions	26	44,970	22,213			
Defined benefit obligation		289	289			
Deferred income	27	637	830			
<b>Total Current Liabilities</b>		<b>640,120</b>	<b>456,714</b>			

These financial statements were approved by the Board of Directors and signed on its behalf by:



Director  
1st March 2012



Director  
1st March 2012

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

Attributable to equity holders	Stated Capital GH¢'000	Income Surplus GH¢'000	Statutory Reserve GH¢'000	Credit Risk Reserves GH¢'000	Total GH¢'000
Balance at 1 January 2010	4,000	14,083	3,511	1,290	22,884
Total recognised income and expenses	-	9,300	-	-	9,300
Transfer (from)/to reserve	5,000	(10,011)	4,953	58	-
Shares on acquisition	21,000	-	-	-	21,000
Dividend to shareholders	-	(2,098)	-	-	(2,098)
<b>Balance at 31 December 2010</b>	<b>30,000</b>	<b>11,275</b>	<b>8,464</b>	<b>1,348</b>	<b>51,087</b>
Balance at 1 January 2011	30,000	11,275	8,464	1,348	51,087
Total recognised income and expenses	-	13,065	-	-	13,065
Transfer (from)/to reserve	6,000	(12,878)	6,532	346	-
Shares on acquisition	-	-	-	-	-
Dividend to shareholders	-	(2,923)	-	-	(2,923)
<b>Balance at 31 December 2011</b>	<b>36,000</b>	<b>8,539</b>	<b>14,996</b>	<b>1,694</b>	<b>61,229</b>

## STATEMENT OF CASHFLOW

For the year ended 31 December 2011

	Dec 2011 GH¢'000	Dec 2010 GH¢'000		Dec 2011 GH¢'000	Dec 2010 GH¢'000
Profit before tax	17,300	12,160			
<b>Adjustments for:</b>					
Depreciation and amortisation	4,934	2,763			
	22,234	14,923			
Increase in loans and advances	(159,935)	(177,016)			
Increase in other assets	(29,871)	(24,610)			
Increase in customer deposit and current account	168,522	212,011			
Increase /(Decrease) in interest payable & other payables	(7,680)	32,870			
Increase in defined benefit obligation	-	289			
Increase in deferred tax	-	59			
Decrease in deferred income	(193)	(185)			
	(6,923)	58,341			
<b>Tax paid</b>	<b>(3,989)</b>	<b>(3,911)</b>			
<b>Net cash (used in) / generated from operating activities</b>	<b>(10,912)</b>	<b>54,430</b>			
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	(6,452)	(5,077)			
Changes in lease property and equipment	804	922			
Purchase of Investment securities	4,500	(35,919)			
<b>Net cash used in investing activities</b>	<b>(1,148)</b>	<b>(40,074)</b>			
			<b>Cash flows from financing activities</b>		
			Due to other banks and financial institutions	22,757	22,213
			Dividend paid	(2,923)	(2,098)
			Increase in term debt	2,633	8,706
			<b>Net cash generated from financing activities</b>	<b>22,467</b>	<b>28,821</b>
			<b>Increase in cash and cash equivalents</b>	<b>10,407</b>	<b>43,177</b>
			Cash and cash equivalents at 1 January	83,064	39,887
			Increase in cash and cash equivalents	10,407	43,177
			<b>Cash and cash equivalents at 31 December</b>	<b>93,471</b>	<b>83,064</b>
			<b>Analysis of cash and cash equivalents during the year</b>		
			Cash	62,183	39,739
			Cash with other banks and financial institutions	31,288	43,325
				<b>93,471</b>	<b>83,064</b>

# NOTES TO THE FINANCIAL STATEMENTS | For the year ended 31 December 2011

## 1. REPORTING ENTITY

UT Bank Limited is a financial institution incorporated in Ghana. The address and registered office of the Bank can be found on page 53 of the annual report. UT Bank Limited operates under the Banking Act, 2004 (Act 673) as amended.

## 2. BASIS OF PREPARATION

### a. Statement of compliance

The financial statements of UT Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

### b. Basis of measurement

The financial statements are presented in Ghana cedis which is the Bank's functional currency, rounded to the nearest thousand. They are prepared on the historical cost basis except for the following assets and liabilities that are stated at their fair value: financial instruments that are fair valued through profit or loss and financial instruments classified as available-for-sale.

### c. Use of estimates and judgment

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. In particular, information about significant areas of

estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the statements are described in notes to the financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

### a. Revenue recognition

Interest income and expense on financial assets and liabilities held at amortised cost, are recognised in the income statement using the effective interest method.

Gains and losses arising from changes in the fair value of financial assets and liabilities held at fair value through profit or loss, as well as any interest receivable or payable, is included in the income statement in the year in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets, other than foreign exchange gains and losses from monetary items, are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement. Dividends are recognised in the income statement when the Bank's right to receive payment is established.

### b. Interest income and expense

The effective interest rate is the rate that discounts estimated future receipts or payments through the expected life of the financial instruments or, when appropriate, a shorter year, to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset or liability and is not revised subsequently. When calculating the effective interest rate; the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees received or paid between parties to the contract that are an integral part of the effective interest rate, transaction costs and