

GHANA



GAZETTE

*Published by Authority*

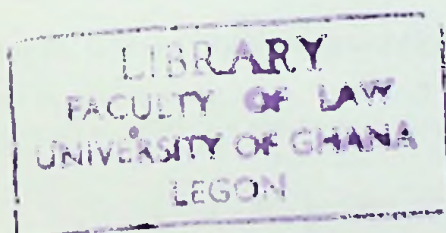
No. 6

FRIDAY, 6TH FEBRUARY

2004

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CHANGE OF NAMES—*contd.*

143. Miss Emily Ofeibea Gyampo, a Teacher with Reg. No. 4485/97 of Presby Junior Secondary School, P.O. Box 541, Winneba, wishes to be known and called **Mrs. Emily Ofeibea Bekoe** with effect from 16th August, 2003. All documents bearing her former name are still valid.
144. Miss Christiana Oluwarotimi Muritala, a Teacher with Reg. No. LS/86/0413 of Tsito Secondary Technical School, P.O. Box 5, Awudome Tsito, wishes to be known and called **Mrs. Christiana Oluwarotimi Hussein** with effect from 1st March, 2003. All documents bearing her former name are still valid.
145. Miss Patience Ama Hebidji, a Student Nurse of Word Alive School of Nursing, Esiama and of St. Joseph Catholic Church, P.O. Box MC 2183, wishes to be known and called **Mrs. Patience Ama Peidu Ocran** with effect from 30th August, 2003. All documents bearing her former name are still valid.
146. Miss Rita Yaa Ackom, a Private Secretary of The Church of Pentecost Headquarters, P.O. Box 2194, La-Accra, wishes to be known and called **Mrs. Rita Yaa Solomon** with effect from 4th January, 2004. All documents bearing her former name are still valid.
147. Mr. Felix Carl Asiedu, a Clerk of P.O. Box C772, Cantonments, Accra, wishes to be known and called **Mr. Felix Carl Donkor** with effect from 27th January, 2004. All documents bearing his former name are still valid.
148. Mr. Seth Kofi Attuah, a Mechanic of American Dry Cleaners, P.O. Box 10682, Accra-North and of P.O. Box GP 14578, Accra, wishes to be known and called **Mr. Bismark Kofi Attuah** with effect from 20th January, 2004. All documents bearing his former name are still valid.
149. Miss Amelia Dzifa Amegbe, a Teacher with Reg. No. 4192/99 of Nkwantanang 2 Primary School and of P.O. Box MD 150, Madina-Accra, wishes to be known and called **Mrs. Amelia Dzifa Atiegar** with effect from 29th December, 2000. All documents bearing her former name are still valid.
150. Miss Lydia Birago Marfo, a Revenue Officer of Value Added Tax Services (VAT), Kumasi, wishes to be known and called **Mrs. Lydia Owusu Banahene** with effect from 4th April, 2001. All documents bearing her former name are still valid.
151. Miss Katherine Esinam Tordzro, a Banker of ADB, P.O. Box 31, Juapong, wishes to be known and called **Mrs. Katherine Esinam Wie-Addo** with effect from 18th September, 2003. All documents bearing her former name are still valid.
152. Miss Alice Adongo-Anaya, a Secretary of Ghana Institute of Management & Public Administration (GIMPA), P.O. Box AH 50, Achimota, Accra, wishes to be known and called **Mrs. Alice Lariba Anaya Sands** with effect from 11th April, 2003. All documents bearing her former name are still valid.
153. Miss Danku Sylvia Adzo, a Teacher with Reg. No. 2692/98 of Afifekofe L.A. Primary School, P.O. Box 741, Ho, wishes to be known and called **Miss Adom Sylvia Adzo** with effect from 18th May, 2000. All documents bearing her former name are still valid.
154. Miss Gladys Akuorkor Klokai Quaye, a Nurse with Reg. No. 7571 of Korle-Bu Teaching Hospital, Dept. of Medicine, Korle-Bu and of P.O. Box 3166, Accra, wishes to be known and called **Mrs. Gladys Akuorkor Klokai Can-Tamakloe** with effect from 4th January, 2003. All documents bearing her former name are still valid.
155. Miss Mercy Abigail Ampratwum, a Nurse with Reg. No. SRN 4268 of Ghana Aluminium Products Ltd., P.O. Box 124, Tema, c/o P.O. Box 7735, Accra-North, wishes to be known and called **Mrs. Mercy Aye Kusi** with effect from 28th May, 1973. All documents bearing her former name are still valid.
156. Miss Alberta Dede-Maneh Kraku, a Teacher with Reg. No. 3428/94 of Manhia Junior Secondary School, Tema New-Town, P.O. Box CO 86, Tema, wishes to be known and called **Mrs. Alberta Dede-Maneh Nartey-Tokoli** with effect from 13th December, 1997. All documents bearing her former name are still valid.

## CHANGE OF DATE OF BIRTHS

157. Miss Agnes Victoria Enyan, a Nurse with Reg. No. 6632 of P.O. Box GP 1414, Accra, wishes all to know that her date of birth is **6th March, 1948** and *not* **23rd November, 1943** with effect from 20th January, 2004. All documents bearing her former date of birth are still valid.
158. Miss Azara Zignah Abukari, a Nurse with Reg. No. 9010, c/o 6025 Springhill Drive # 102, Greenbelt MD 20770 and of P.O. Box 12286, Accra-North, wishes all to know that her date of birth is **28th July, 1962** and *not* **28th July, 1964** with effect from 19th January, 2004. All documents bearing her former date of birth are still valid.
159. Miss Olivia Ane Abagye, a Nurse with Reg. No. 13802 of Regional Hospital, P.O. Box 26, Bolgatanga, wishes all to know that her date of birth is **8th March, 1972** and *not* **8th March, 1969** with effect from 30th December, 2003. All documents bearing her former date of birth are still valid.
160. Mrs. Felicia Ofori-Boakye, a Nurse with Reg. Nos. 6823, 1152 and 7683 of Pantang Hospital, Accra and of P.O. Box LG 516, Legon-Accra, wishes all to know that her date of birth is **18th October, 1955** and *not* **18th October, 1956** with effect from 27th January, 2004. All documents bearing her former date of birth are still valid.



**BANK OF GHANA****BOARD OF DIRECTORS, OFFICIALS AND REGISTERED OFFICE****BOARD OF DIRECTORS**

Dr. Paul A. Acquah (*Chairman/Governor*)  
Mr. Emmanuel Asiedu-Mante (*1st Deputy Governor*)  
Mr. Lionel Van Lare Dosso (*2nd Deputy Governor*)  
Prof. K. Asenso-Okyere  
Mr. Nik Amarteifio  
Mr. T. E. Anin  
Mrs. Grace Coleman  
Rev. Kwabena Darko  
Mrs. Gloria Nikoi  
Mr. Sam Okudzeto  
Prof. F.T. Sai  
Prof. S. N. Woode

**SECRETARY**

James A. Odei

**AUDITORS**

KPMG  
Chartered Accountants  
2nd Floor, Mobil House  
Liberia Road  
P.O. Box GP 242  
Accra, Ghana.

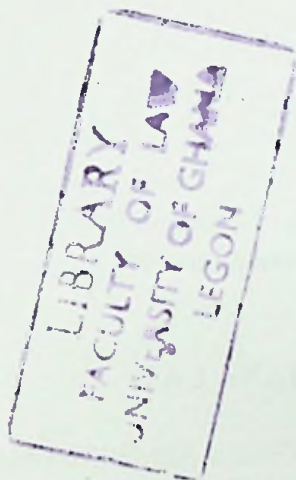
**SOLICITORS**

Agyemang & Associates  
P. O. Box GP 2959  
Accra, Ghana.

Kuenyehia & Co  
P. O. Box AN 6564  
Accra, Ghana.

**REGISTERED OFFICE**

Bank of Ghana  
Head Office, Thorpe Road  
P. O. Box GP 2674  
Accra, Ghana.



**NOTICE OF PUBLICATION OF AN ACT**

The following Act is published today:

Trade Marks Act, 2004 (Act 664)

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**NOTICE OF PUBLICATION OF CONSTITUTIONAL INSTRUMENTS**

The following Constitutional Instruments are published today:

Civil Proceedings (Fees and Allowances) (Amendment) Rules, 2004 (C.I. 45)

Representation of the People (Parliamentary Constituencies) Instrument, 2004 (C.I. 46)

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**NOTICE OF PUBLICATION OF OFFICIAL BULLETINS**

COMMERCIAL AND INDUSTRIAL No. 5

is published today

**SUMMARY OF CONTENTS****Companies****Page**

Notice of Incorporation of a Company—City Environmental Foundation .. ..	37
Companies Entitled to Commence Business under the Companies Code, 1963 .. ..	37
Notice of Dissolution of a Company—Equator Financial Services Limited .. ..	40

LOCAL GOVERNMENT No. 3

is published today

**SUMMARY OF CONTENTS**

Imposition of Rates and Fee-Fixing Resolution 2004—Ga District Assembly .. .. .	39
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**THE NATIONAL MID-WEEKLY LOTTO RESULTS**

It is hereby certified that a National Mid-Week Lotto Draw was held on Wednesday, 28th January, 2004 in accordance with the provisions of the National Weekly Lotto Act, 1961 and the Regulations published thereunder and that the following numbers were drawn in successive order:

39 – 56 – 18 – 10 – 2

SIGNED

*Director of National Lotteries*

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**THE NATIONAL WEEKLY LOTTO RESULTS**

It is hereby certified that a National Weekly Lotto Draw was held on Saturday, 31st January 2004 in accordance with the provisions of the National Weekly Lotto Act, 1961 and the Regulations published thereunder and that the following numbers were drawn in successive order:

74 – 76 – 13 – 18 – 8

SIGNED

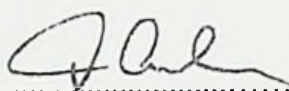
*Director of National Lotteries*



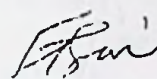
As there was a net loss on the Revaluation Account at the end of the year under review, the surplus of ₵6,577 million has been credited to the Revaluation Account in accordance with Section 7 of the Bank of Ghana Act 2002 (Act 612). Consequently, no transfers were made to the General Reserve and the Consolidated Fund Accounts.

#### NATURE OF BUSINESS

There has been no change in the nature of the business of the Bank during the year.



CHAIRMAN (GOVERNOR)

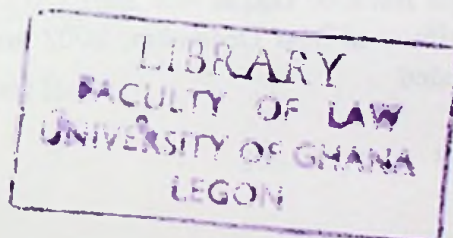


DIRECTOR

ACCRA,

March 31,

2003



**BANK OF GHANA****REPORT OF THE DIRECTORS**

The Directors have pleasure in presenting the audited financial statements of the Bank for the year ended 31st December, 2002.

**RESPONSIBILITIES OF THE BOARD FOR THE PREPARATION OF THE FINANCIAL STATEMENTS**

The Directors are responsible for preparing financial statements for each accounting period which give a true and fair view of the state of affairs of the Bank as at the end of the accounting period, and of the profit or loss of the Bank for the period.

In preparing those financial statements, the Directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

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 to ensure that the financial statements comply with the relevant legislations and accounting standards. 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.

**REGULATORY ENVIRONMENT - BANK OF GHANA LAW**

A new law to guide the operations of the Bank, Bank of Ghana Act, 2002 (Act 612) was enacted in January 2002 and repealed the Bank of Ghana Law, 1992 (PNDCL 291).

The financial statements as prepared are in accordance with the Bank of Ghana Act, 2002 (Act 612).

**FINANCIAL STATEMENTS**

The results for the year are summarised below:

	¢'m
Surplus for the year	6,577
Transfer to Revaluation Account	(6,577)
Balance as at 31st December	----- - =====



## BANK OF GHANA

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 2002

	Note	2002 ¢'m	2001 ¢'m
<b>INCOME</b>	5	673,800	436,726
		-----	-----
<b>EXPENSES</b>			
Administration	6	(240,681)	(193,323)
Currency and Issue	7	(139,831)	(117,693)
Premises and Equipment	8	(41,754)	(31,187)
Interest Expense	9	(61,532)	(46,961)
		-----	-----
		(483,798)	(389,164)
		-----	-----
<b>Surplus for the year before Provisions and Exceptional Item</b>		190,002	47,562
Provision for overdue advances and diminution in value of investments	10	10,880	(10,946)
Provisions for currency printing, restructuring, etc.	11	(86,900)	(32,500)
		-----	-----
<b>Surplus for the year before Exceptional Item</b>		113,982	4,116
<b>Exceptional Item</b>	29	(107,405)	-
		-----	-----
<b>Surplus for the year transferred to Appropriation Account</b>		6,577	4,116
		=====	=====

## APPROPRIATION ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 2002

	2002 ¢'m	2001 ¢'m
Balance at 1st January	-	-
Surplus for the year	6,577	4,116
Transfer to Revaluation Account	(6,577)	(4,116)
	-----	-----
Balance at 31st December	-	-
	=====	=====

**BANK OF GHANA****REPORT OF THE AUDITORS**

We have audited the financial statements on pages 6 to 26 which have been prepared in accordance with International Accounting Standards. We have obtained all the information and explanations we required.

**Respective Responsibility of Directors and Auditors**

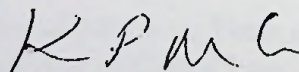
These financial statements are the responsibility of the Bank's Directors. Our responsibility is to express an independent opinion on these financial statements based on our audit.

**Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion, proper books have been kept and financial statements, which are in agreement therewith, comply with the Bank of Ghana Act 2002 (Act 612) and give a true and fair view of the state of the Bank's affairs at 31st December, 2002 and of the results of its operations and cash flows for the year ended.



.....  
**CHARTERED ACCOUNTANTS**  
**MOBIL HOUSE, LIBERIA ROAD**  
**P. O. BOX 242.**  
**ACCRA.**

ACCRA,

31 March, 2003



## BANK OF GHANA

## CASH FLOW STATEMENT

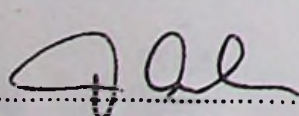
FOR THE YEAR ENDED 31ST DECEMBER, 2002

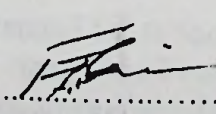
	2002	2001
¢'m	¢'m	¢'m
<b>Net Cash Outflow from Operating Activities</b>	(2,799,062)	(453,690)
<b>Investing Activities</b>		
Development Loans and Investments	561	68
Fixed Assets Purchased	(62,595)	(40,301)
Proceeds from Sale of Fixed Assets	220	7
Increase in Gold Holdings	(248,635)	(19,937)
Increase in Holdings of SDRs	(58,038)	(32,914)
	-----	-----
<b>Net Cash Outflow from Investing Activities</b>	(368,487)	(93,077)
	-----	-----
<b>Net Cash Outflow before Financing</b>	(3,167,549)	(546,767)
<b>Financing</b>		
Decrease in Finsap Bonds	(932)	(4,085)
Increase in Bank of Ghana Investments	493,297	105,197
Increase in Currency in Circulation	1,653,796	532,175
Increase in Allocation of SDRs	143,413	18,517
Increase/(Decrease) in Short Term Credits	101,780	(159,609)
(Decrease)/Increase in Structural Adjustment Facility	(18,720)	601
Increase in Enhanced Structural Adjustment Facility	1,064,281	76,063
Decrease in Poverty Reduction and Growth Facility	-	(8,703)
Deferred Income	10,957	-
	-----	-----
<b>Net Cash Inflow from Financing Activities</b>	3,447,872	560,156
	-----	-----
<b>Increase in Cash and Cash Equivalents</b>	280,323	13,389
	=====	=====
<b>Analysis of Changes in Cash and Cash Equivalents during the Year</b>		
Balance at 1st January	808,280	794,891
Net Cash Inflow	280,323	13,389
	-----	-----
<b>Balance at 31st December</b>	1,088,603	808,280
	=====	=====

## BANK OF GHANA

## BALANCE SHEET AT 31ST DECEMBER, 2002

	Note	2002 GHS	2001 GHS
<b>ASSETS</b>			
Gold	12	814,596	565,961
Holdings of Special Drawing Rights		313,716	255,678
Foreign Assets	13	4,249,577	1,939,369
Loans and Advances	14	1,610,800	1,712,970
Domestic Securities	15	6,143,006	4,322,583
Other Assets	16	519,310	406,154
Fixed Assets	17	118,660	90,378
Development Loans and Investments	18	58,898	59,459
		-----	-----
		13,828,563	9,352,552
		=====	=====
<b>LIABILITIES</b>			
Currency in Circulation	19	4,939,030	3,285,234
Allocations of Special Drawing Rights		719,959	576,546
Deposits	20	2,328,924	1,600,547
Foreign Liabilities	21	3,622,226	2,474,885
Other Liabilities	22	1,618,163	1,007,534
Deferred Income	23	10,957	-
		-----	-----
		13,239,259	8,944,746
		=====	=====
<b>NET ASSETS</b>			
		589,304	407,806
		=====	=====
<b>REPRESENTING</b>			
<b>STATED CAPITAL</b>			
	24	100,000	100,000
<b>CAPITAL SURPLUS</b>			
	25	35,962	35,962
<b>STATUTORY RESERVE</b>			
	26	72,548	72,548
<b>OTHER RESERVES</b>			
	27	380,794	199,296
		-----	-----
		589,304	407,806
		=====	=====


  
 CHAIRMAN (GOVERNOR)


  
 DIRECTOR



**BANK OF GHANA**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2002**

**1. STATUTE AND PRINCIPAL ACTIVITIES**

Bank of Ghana (the Bank) is wholly owned by the Government of Ghana, and operates as Ghana's central bank. These operations are governed by the Bank of Ghana Act, 2002 (Act 612) which was assented to by Parliament on 24 January 2002.

Under the Bank of Ghana Act, the principal objectives and functions of the Bank are:

- to maintain stability in the general level of prices;
- without prejudice to the above, to support the general economic policy of the Government and promote economic growth and effective and efficient operation of the banking and credit systems in the country, independent of instructions from the Government or any other authority.

In order to meet the above objectives the Bank shall, in summary:

- formulate and implement monetary policy;
- promote stabilisation of the currency by monetary measures, and institute measures favourable to the balance of payments; state of public finance and general national economic development;
- undertake prudential supervision of the banking sector and ensure smooth operation of the financial sector;
- promote, regulate and supervise the payments system;
- issue and redeem currency notes and coins;
- ensure effective maintenance and management of Ghana's external financial relations;
- license, regulate, promote and supervise non bank financial intermediaries;
- act as banker and financial advisor to the Government; and
- promote and maintain relations with international banking and financial institutions and perform all other functions incidental or conducive to the functions under the Bank of Ghana Act or any other enactment.

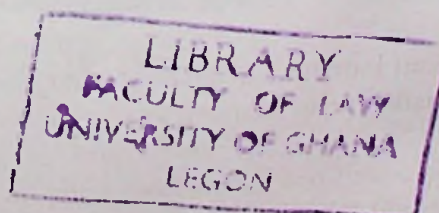
**2. STATEMENT OF COMPLIANCE**

The financial statements have been prepared in accordance with International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), and interpretations issued by the Standing Interpretations Committee of the IASB.

**3. BASIS OF PREPARATION**

The financial statements are presented in Ghana cedis rounded to the nearest million. They have been prepared under the historical cost convention as modified by the revaluation of certain assets and liabilities to fair value.

The Bank's accounting policies have been applied consistently to those used in the previous year.



## BANK OF GHANA

## NOTES TO CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2002

## Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2002		2001	
	¢'m	¢'m	¢'m	¢'m
<b>Operating Profit</b>		6,577		4,116
(Increase)/Decrease in Interest Receivable and Other Assets	(113,156)		467,335	
Decrease in Other Foreign Assets	189,348		98,608	
Increase/(Decrease) in Interest Payable and Other Liabilities - Net of Fixed Assets/Reserve Adjustments	290,398		(8,001)	
Depreciation	33,277		26,421	
(Profit)/Loss on Sale of Fixed Assets	(220)		365	
	-----		-----	
		399,647		584,728
		-----		-----
<b>Net Cash Inflow from Trading Activities</b>		406,224		588,844
Net Increase in Foreign Securities		(2,219,233)		(868,153)
Net Increase in Deposit Accounts		728,377		354,626
Net Decrease/(Increase) in Advances		102,170		(160,224)
Increase in Domestic Securities Held		(1,816,600)		(368,783)
		-----		-----
<b>Net Cash Outflow from Operating Activities</b>		(2,799,062)		(453,690)
		=====		=====



(iii) *Measurement*

Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial recognition all trading instruments and all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market

and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

All non trading financial liabilities, originated loans and receivables and held-to-maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

(iv) *Fair Value Measurement Principles*

The fair value of financial instruments is based on their quoted market price at balance sheet date without any deduction for estimated transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated from the yield curve of like instruments/discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimate and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions.

The fair value of derivative instruments, if any are held, that are not exchange-traded is estimated at the amount that the Bank would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties.

(v) *Gains and Losses on Subsequent Measurement*

Gains and losses arising from a change in the fair value of trading instruments and those available for sale are recognised in the income statement. The resultant net income figure is currently being used to redeem Government securities covering the Revaluation Account established in terms of Article 7 (3) of the Bank of Ghana Act, 2002.

Any such net unrealised gains should not be distributed until the underlying assets are eventually sold.

(vi) *Derecognition*

A financial asset is derecognised on the value date if the Bank loses control over the contractual rights that comprise the asset. This occurs when the rights are realised, expired or are surrendered. A financial liability is derecognised when it is extinguished.

Available-for-sale assets and assets held for trading that are sold are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the bank commits to sell the assets. The Bank uses the specific identification method to determine the gain or loss on derecognition.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been approved by the Board and are to be used consistently in dealing with items which are considered material in relation to the Bank's Financial Statements.

##### a. Income recognition

Interest income and expense is recognised in the income statement on an accruals basis. It includes amortisation of any premium or discount on purchase or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Fees and commission income earned from financial services provided by the Bank is recognised when the corresponding service is provided.

Net trading income includes gains and losses arising from disposals and changes in the fair value of financial assets and liabilities held for trading.

The Bank has diverged from IAS 21 in relation to inclusion of net unrealised gains and foreign exchange losses in the income statement. In this regard the Bank has adopted the treatment consistent with Bank of Ghana Act, 2002 (Act 612) –See Note 15.

##### b. Financial Instruments

###### (i) Classification

For purposes of measuring the Bank's financial instruments subsequent to initial recognition, four categories of classification; trading instruments; originated loans and receivable, held-to-maturity assets and available-for-sale assets, have been considered:

The Bank does not hold **trading instruments** for short term profit taking.

**Originated loans and receivables** are loans and receivables created by the Bank providing money to a debtor other than those created with the intention of short-term profit taking.

**Held-to-maturity assets** are fixed or determinable payments and fixed maturity financial instruments that the Bank has the intent and ability to hold to maturity.

**Available-for-sale-assets** are financial assets that are not held for trading purposes, nor do they originate from the Bank, nor are they held to maturity.

###### (ii) Recognition

The Bank recognises any assets held for trading, or on an available for sale basis, on settlement date. From the date it commits to purchase of the assets, any gains and losses arising from changes in fair value of the assets are recognised.



#### h. Domestic Securities

Domestic securities consist of Government of Ghana redeemable negotiable securities of an interest bearing nature. They are stated in the balance sheet at the underlying book value of the bills and notes. It is the Bank's policy to hold such securities to maturity, although from time to time they may be used in Repo and Reverse Repo transactions.

#### g. Equity Shares and Participation Interests

For the purposes of measuring the value of equity investments, subsequent to initial recording, they are classified as available-for-sale financial assets. The fair value of these investments may not be reliably measurable. Equity shares and participating interests are therefore stated in the balance sheet at cost less any provisions for impairment, where deemed appropriate.

#### h. Fixed Assets

Fixed Assets owned by the Bank are stated in the balance sheet at original purchase price as modified by any revaluation, less accumulated depreciation. Depreciation is calculated using the straight-line method so as to write off the gross value of the fixed assets over their estimated useful lives.

Subsequent expenditures incurred to replace a component of buildings, plant and equipment that are accounted for separately are capitalised. Other subsequent expenditure is capitalised only if it increases the future economic benefits embodied in the item of buildings, plant and equipment. All other other items are recorded as current expenditures.

The annual depreciation rates generally in use are as follows:

	%
Buildings	4
Plant and Equipment	33 1/3
Motor Vehicles	33 1/3
Furniture and Fittings	20

Capital work-in-progress is recorded at cost. Land is not depreciated.

#### i. Deferred Income

These represent Government of Ghana grant to the Bank towards the purchase of the Real Time Gross Settlement System Equipment. The Deferred Income is credited to the profit and loss account in instalments over the expected useful economic life of the fixed asset.

#### j. Pension Costs

The Bank operates a pension scheme providing benefits based on final pensionable pay. Management sets annual charges based on actual pensions paid and a provision to cover future periods.

(vii) *Impairment*

Financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated.

c. **Gold**

Gold is held for the purposes of investment. Gold holdings are included in the balance sheet at year end at the prevailing closing spot market price on the London Bullion Market on that date.

Revaluation gains and losses resulting from changes in market prices are unrealised at balance sheet date. They are included in the revaluation account.

d. **Foreign Currencies**

Income and expenditure denominated in foreign currencies is translated into cedis at the official rates of exchange ruling at the transaction date. Assets and liabilities of the Bank denominated in foreign currencies are translated into cedis at exchange rates ruling at the Bank's financial year end.

Gains and losses resulting from such transactions are included in the net income calculation for the year.

Any foreign currency denominated non-monetary assets and liabilities are valued at the historical exchange rate at acquisition.

Any open foreign exchange contracts are valued at market value.

e. **Special Drawing Rights/International Monetary Fund Related Transactions**

The Bank on behalf of Government manages loans and deposits with IMF. Whilst the balances are reflected in the financial statements, the revaluation losses/gains arising from their reinstatement at year-end exchange rate are included as a debt repayable by the Government in accordance with Section 7 of the Bank of Ghana Act.

f. **Loans and Advances**

Loans and advances are stated in the balance sheet at the amount of principal and interest outstanding less any provision for bad and doubtful debts.

g. **Provision for Bad and Doubtful Debts**

Provisions for bad and doubtful debts are made in respect of those advances that have been individually reviewed and specifically identified as bad or doubtful. In determining the level of provisions required, consideration is given to a number of factors including, but not limited to, domestic economic conditions, the composition of the advances portfolio and prior debt experience.

Advances are written off when the extent of any loss has been confirmed.

Provisions made during the year are charged and included as a separate item in the Income Statement.



## 5. INCOME

	2002 ¢'m	2001 ¢'m
Commission on foreign transactions	55,336	34,773
Discount earned on domestic treasury bill operations	249,533	257,253
Interest on overnight investments, Government Securities, loans to banks and other customers and repos	71,435	45,396
Interest on foreign correspondent accounts and foreign investments	55,473	29,900
Dividends received	2,923	8,425
Exchange Difference	217,177	52,862
Other miscellaneous	21,923	8,117
	-----	-----
	673,800	436,726
	=====	=====

Other Miscellaneous revenues include sale  
proceeds of forex bureau application and  
A2 forms, penalty levied on banks and  
recoveries

## 6. ADMINISTRATION EXPENSES

Personal cost	167,976	127,896
Foreign and domestic travel	8,933	10,834
Motor vehicle maintenance/running	22,671	16,327
Communication expenses (stationery, phones, postages cables, publications, adverts and gazettes)	11,130	9,936
Banking Colleges and Monetary Institutes	3,327	8,771
Computer related expenses	1,995	3,696
Banking supervision expenses	797	1,023
Audit fees	415	306
External directors	369	66
Foreign currency importation	940	1,472
Depreciation – motor vehicles	4,813	5,120
Others	17,315	7,876
	-----	-----
	240,681	193,323
	=====	=====

**k. Capital and Reserves**

Paid up capital represents non-distributable capital of the Bank.

In accordance with the Bank of Ghana Act, the Bank is required to:

- transfer one half of the net profit to the General Reserve, if that Reserve is less than the paid up capital of the Bank; or
- transfer one quarter of net profit to the General Reserve, if that Reserve is less than twice the amount of paid up capital;
- any residual to be paid to Government (Consolidated Fund).

**EXCEPT:**

- where there is a debit balance (backed by Government securities in terms of Article 7 (4) in the Revaluation Account, All net income shall be applied to redeeming such securities.

As at 31st December 2002 there was still a debit balance in the Revaluation Account (Refer Note 15).

**l. Taxation**

The Bank is not subject to tax in respect of its functions under the Bank of Ghana Act.

**m. Comparative Information**

Where necessary, comparative information has been reclassified to achieve consistency in disclosure of current financial year data.

**n. Post Balance Sheet Events**

Events subsequent to the balance sheet date are reflected only to the extent that they relate to the financial statements and their effect is material.



**11. PROVISIONS**

	2002 ¢'m	2001 ¢'m
Replacement of Currency	-	2,000
Bank Restructuring	70,000	21,000
Computerisation	10,400	2,500
Payment System	-	2,000
Other Provisions	6,500	5,000
	-----	-----
	86,900	32,500
	=====	=====

**12. GOLD**

Bank of England Gold set aside	56,093	38,991
Bank of England Gold Investment	264,489	183,849
Federal Reserve Bank NY Gold	223,977	155,689
UBS Gold Investment	240,380	166,817
Issue Gold	29,657	20,615
	-----	-----
	814,596	565,961
	=====	=====

**13. FOREIGN ASSETS**

Correspondent Bank Balances	1,032,957	734,165
Notes and Coins Holdings	55,646	74,115
Foreign Securities	3,159,726	940,493
*Others	1,248	190,596
	-----	-----
	4,249,577	1,939,369
	=====	=====

- Others – These are mainly made up of account balances in connection with bilateral barter trade agreement between the Government of Ghana and other countries.

Provision of ¢107,405 million referred to in Note 29 have been offset against Correspondent Bank Balances.

**14. LOANS AND ADVANCES**

	2002 ¢'m	2001 ¢'m
Government	516,707	373,179
Financial institutions	1,122,960	1,216,056
*Others	2,014	170,177
	-----	-----
	1,641,681	1,759,412
	30,881	46,442
Less: Provision for overdue advances	-----	-----
	1,610,800	1,712,970
	=====	=====

## 7. CURRENCY AND ISSUE EXPENSES

	2002 c'm	2001 c'm
Agency fees	637	639
Notes printing	137,114	115,638
Other currency expenses	2,080	1,416
	<u>139,831</u>	<u>117,693</u>

## 8. PREMISES AND EQUIPMENT EXPENSES

Rent and rates	1,956	1,151
Electricity, water & conservancy	5,385	3,820
Repairs and renewals	4,149	1,884
Insurance – premises & equipment	579	1,227
Depreciation – premises & equipment	27,389	21,301
Generator running expenses	224	113
Police guard	170	117
Disinfestation	147	183
Other premises and equipment expenses	1,755	1,391
	<u>41,754</u>	<u>31,187</u>

## 9. INTEREST EXPENSE

Interest on IMF & SDR allocations	26,276	22,974
Interest on foreign loans and credits	7,685	23,987
Interest on Swaps and Repos	26,835	-
Interest on forex deposits	54	-
Others	682	-
	<u>61,532</u>	<u>46,961</u>

## 10. PROVISION FOR OVERDUE ADVANCES & DIMINUTION IN VALUE OF INVESTMENTS

Provision for overdue advances called back	(15,561)	(7,452)
Provision for overdue advances	-	607
Provision for other losses	4,121	17,315
	<u>(11,440)</u>	<u>10,470</u>
Provision for diminution in value of investment	560	476
	<u>(10,880)</u>	<u>10,946</u>



## 17. FIXED ASSETS (cont'd)

	Land and Buildings ¢'m	Motor Vehicles ¢'m	Furniture and Fittings ¢'m	Plant and Equipment ¢'m	Work in Progress ¢'m	Total ¢'m
<b>Accumulated Depreciation</b>						
At 1/1/02	15,428	19,240	11,038	46,690	-	92,396
Adjustments	(872)	(209)	(2)	-	-	(1,083)
Charge for the year	3,117	5,022	1,727	23,411	-	33,277
Released on Disposals	-	(111)	-	-	-	(111)
	-----	-----	-----	-----	-----	-----
At 31/12/02	17,673	23,942	12,763	70,101	-	124,479
	=====	=====	=====	=====	=====	=====
<b>Net Book Value</b>						
At 31/12/02	63,034	3,853	4,308	33,625	13,840	118,660
	=====	=====	=====	=====	=====	=====
At 31/12/01	57,698	5,657	2,916	13,383	10,724	90,378
	=====	=====	=====	=====	=====	=====

## 18. DEVELOPMENT LOANS AND INVESTMENTS

	2002 ¢'m	2001 ¢'m
Developmental Loans	23	24
Investments - Banks	61,276	61,276
Investments - Other Institutions	2,348	2,348
	-----	-----
	63,647	63,648
	-----	-----
Less: Provision for Diminution in Value of Investments	4,749	4,189
	-----	-----
	58,898	59,459
	=====	=====

## 19. CURRENCY IN CIRCULATION

Notes and Coins Issued	5,269,734	3,440,322
Less: Cash Account & Agencies	330,704	155,088
	-----	-----
	4,939,030	3,285,234
	=====	=====

## 15. DOMESTIC SECURITIES

	2002 ¢'m	2001 ¢'m
Revaluation Account	3,816,754	3,146,605
Long-term government securities	590,741	590,741
Holding of government securities	1,456,507	585,237
Others	279,004	-
	<u>6,143,006</u>	<u>4,322,583</u>

The Revaluation Accounts represents the net balance on the revaluation of the Bank's assets or liabilities in gold, special drawing rights, foreign exchange or foreign securities as a result of a change in the par value of the cedi which in accordance with Article 7 of the Bank of Ghana Act 2002 are to be covered by redeemable negotiable interest bearing securities issued by the Government of Ghana. Included in the Revaluation account for 2002 is a net loss of ¢676,726 million for the year (2001: ¢273,108 million).

\*Others: These represent investment in cocoa bills.

## 16. OTHER ASSETS

	2002 ¢'m	2001 ¢'m
Cheques Clearing	231,706	206,779
Others	317,946	225,596
	<u>549,652</u>	<u>432,375</u>
Less: Provision for Other Losses	30,342	26,221
	<u>519,310</u>	<u>406,154</u>

## 17. FIXED ASSETS

	Land and Buildings ¢'m	Motor Vehicles ¢'m	Furniture and Fittings ¢'m	Plant and Equipment ¢'m	Work in Progress ¢'m	Total ¢'m
Gross Value						
At 1/1/02	73,126	24,897	13,954	60,073	10,724	182,774
Adjustments	-	(628)	(5)	-	(1,486)	(2,119)
Reclassification	(49)	-	-	49	-	-
Additions	7,630	3,637	3,122	43,604	4,602	62,595
Disposals	-	(111)	-	-	-	(111)
At 31/12/02	<u>80,707</u>	<u>27,795</u>	<u>17,071</u>	<u>103,726</u>	<u>13,840</u>	<u>243,139</u>



**24. STATED CAPITAL**

	Number of Shares		Proceeds	
	2002	2001	2002 c'000	2001 c'000
Authorised Capital	100,000	100,000		
Issued				
For Cash Consideration	100	100	100	100
Other than Cash	99,900	99,900	99,900	99,900
	100,000	100,000	100,000	100,000

**25. CAPITAL SURPLUS**

	2002 c'm	2001 c'm
Balance at 1st January and at 31st December	35,962	35,962

**26. STATUTORY RESERVE**

Balance at 1st January	72,548	214,367
Reclassifications	-	(141,825)
Adjustments	-	6
Balance at 31st December	72,548	72,548

The Statutory Reserve is in accordance with the provisions of Section 6 of the Bank of Ghana Act, 2002 (Act 612).

Reclassification represents other provisions made under Section 6 of the Bank of Ghana Act, 2002 (Act 612) originally included as part of other reserves now transferred to provisions under Other Liabilities.

Adjustments represents the net difference between statutory reserves per the Bank's records and that stated in the prior year financial statements which has been written off.

**27. OTHER RESERVES**

This represents the unrealised gains and losses on revaluation of Gold holdings as a result of the change in the spot market price.

**20. DEPOSITS**

	2002 c'm	2001 c'm
Banks	1,953,039	1,314,594
Others	375,885	285,953
	-----	-----
	2,328,924	1,600,547
	=====	=====

**21. FOREIGN LIABILITIES**Short-term Credits:

International Institutions	510,952	409,172
----------------------------	---------	---------

Medium-term Credits:

Structural Adjustment Facility Loan	-	18,720
Enhanced Structural Adjustment Facility	3,111,274	2,046,993
	-----	-----
	3,622,226	2,474,885
	=====	=====

**22. OTHER LIABILITIES**

Bank of Ghana Instruments	1,262,352	769,055
Finsap Bonds	53,527	54,459
Provisions and Other Liabilities	302,284	184,020
	-----	-----
	1,618,163	1,007,534
	=====	=====

**23. DEFERRED INCOME**

Additions during the year	16,435	-
Amount transferred to profit and loss account	(5,478)	-
	-----	-----
Balance at 31 December	10,957	-
	=====	=====



### 30. RELATED PARTY TRANSACTIONS (cont'd)

Interest on such borrowings is the responsibility of, and payable by the Government. Accordingly no interest revenue is included in these accounts for the receivable nor is interest expense included on the Government's portion of the IMF borrowings.

IMF quota is supported by promissory notes jointly signed by the Bank and the Government.

#### Government Bank Accounts

Government budget organisations and other government organisations have normal customer banking arrangements with the Bank.

### 31. RISK MANAGEMENT DISCLOSURES

The Bank maintains active trading positions in non-derivative financial instruments. To carry out its functions the bank carries an inventory of capital market instruments and maintains access to market liquidity by trading with other market makers. As trading strategies depend on its specific function of a central bank its positions are managed in concert to maximise net trading income by defining acceptable risk levels and endeavouring to maximise income at those levels.

The Bank manages its trading activities by type of risk involved and on the basis of the categories of trading investments held.

The discussion below sets out the various risks to which the Bank is exposed as a result of its trading and non trading activities and the approach taken to manage those risks. Further details of the steps taken to measure and control risk are set out in the Bank's risk management and control procedures overseen by the Risk Management and Control Division.

#### (a) Credit Risk

The Bank is subject to credit risk through its trading, lending and investing activities and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees.

Credit risk associated with trading and investing activities is managed through the Bank's market risk management process.

The risk that counter parties to trading instruments might default on their obligations is monitored on an ongoing basis. To manage the level of credit risk, the Bank deals with counterparts of good credit standing.

Concentrations of credit risk (whether on or off balance sheet) that arise from financial instruments exist for banks for counter parties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The risk that counter parties to trading instruments might default on their obligations is monitored on an ongoing basis. In monitoring credit risk exposure, consideration is given to trading instruments with a positive fair value and to the volatility of the fair value of trading instruments. To manage the level of credit risk, the Bank deals with counter parties of good credit standing. The credit risk on debt instruments is evaluated at one of the two highest quotations of two internationally acknowledged credit rating agencies.

## 28. COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Guarantees and Performance Bonds

The Bank enters into various commitments in the normal course of its business which are not reflected in the accompanying balance sheet. The amount of guarantees and performance bonds outstanding, some of which are offset by corresponding obligations of the Government, as at December 31, 2002 is ₵7,060 million (2001: ₵2,633 billion).

### (b) Capital Expenditure

The Bank had capital expenditure commitments of ₵ 112,355 million not provided for in the financial statements as at 31 December 2002 (2001: ₵932 million).

### (c) Pending Legal Claims

There are contingent liabilities in respect of pending legal suits against the Bank amounting to ₵177,213 million (2001: ₵14,516 million).

## 29. EXCEPTIONAL ITEM

This represents a provision for the net effect of a number of long outstanding transactions on the Bank's Nostro accounts.

Due to the limited information currently available, the Bank has not been able to identify and clear the outstanding transactions which was the subject of audit qualification of the 2001 financial statements.

As part of the Bank's exercise to update its Nostro account balances and reconciliations, the Bank has relieved the Nostro accounts and reconciliation statements of the long outstanding items which have been placed into a memorandum account while further efforts are made at investigating them for subsequent clearance.

The long outstanding items are summarised as follows:

	₵'m
Net unidentified Nostro account transactions	127,447
Net difference on missing Nostro bank statements	(1,317)
Net reconciliation items hived-off in 1992 from Nostro account	8,860
Net balance on dormant accounts	(27,585)
	-----
	107,405
	=====

## 30. RELATED PARTY TRANSACTIONS

### Ghana Government

### International Monetary Fund

The Bank and the Government of Ghana have borrowings from the IMF, which have been undertaken through the Bank. The Government's IMF borrowings, as shown on the balance sheet of the Bank, have been matched by a receivable from the Government. In order for the Bank to eliminate foreign exchange risk in this regard, the Government receivable is denominated in SDR's.



The foreign currency exposures are as follows:

### CURRENCY EXPOSURE ANALYSIS

	2002 ¢'m	2001 ¢'m
<b>ASSETS</b>		
Cedi	8,055,458	5,245,832
US Dollar	4,798,470	1,941,567
Pound Sterling	354,497	263,989
Euro	236,867	252,984
Special Drawing Rights	321,499	255,608
Others	52,128	126,997
	-----	-----
<b>Total</b>	<b>13,818,919</b>	<b>8,086,977</b>
	=====	=====

### LIABILITIES & EQUITY

Cedi	7,558,541	3,762,782
US Dollar	1,734,258	1,121,899
Pound Sterling	98,391	71,597
Euro	69,402	41,073
Special Drawing Rights	4,314,215	3,051,433
Others	44,112	38,193
	-----	-----
<b>Total</b>	<b>13,818,919</b>	<b>8,086,977</b>
	=====	=====

### NET POSITION

Cedi	496,917	1,483,050
US Dollar	3,064,212	819,668
Pound Sterling	256,106	192,392
Euro	167,465	211,911
Special Drawing Rights	(3,992,716)	(2,795,825)
Others	8,016	88,804
	=====	=====

(b) **Liquidity Risk**

Liquidity risk arises in the general funding of the Bank's activities and in the management of positions. It includes both the risk of being unable to fund assets to appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Bank usually has access to a diverse funding base. Funds are raised using a range of instruments including deposits, other liabilities regulated by law and other credit facilities. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Bank strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Bank continually assesses liquidity risk by identifying and monitoring changes in funding required to meet its goals and targets set in terms of overall Bank Strategy. In addition, the Bank holds a portfolio of liquid assets as part of its liquidity risk management strategy.

(c) **Market Risk**

All trading instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable or more onerous. The instruments are recognised at fair value, and all changes in market directions directly affect net trading income.

The Bank manages its use of trading instruments in response to changing market conditions. Exposure to market risk is formally managed in accordance with risk limits set by senior management by buying or selling instruments or entering into offsetting positions.

(d) **Interest Rate Risk**

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets (including investments) and interest bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rate assets and liabilities the Bank is also exposed to basis risk, which is the difference between re-pricing characteristics of the various floating rate indices, such as the savings rate and six months LIBOR and different types of interest. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Bank's strategies.

Asset-liability risk management activities are conducted in the context of the Bank's sensitivity to interest rate changes. The actual effect will depend on a number of factors, including the extent to which repayments are made earlier to later than the contracted dates and variations in interest rate sensitivity within re-pricing periods and amongst currencies.

(e) **Currency Risk**

The Bank is exposed to currency risk through transactions in foreign currencies. It does not make investments in foreign operations.

The Bank prepares and presents its financial statements in terms of the Ghana cedi. As a result such statements are impacted on by movement in the exchange rates of the various foreign currencies in which the Bank maintains selected assets and liabilities.

The Bank's transactional exposures give rise to foreign currency gains and losses that are recognised in the income statement. These exposures comprise the monetary assets and monetary liabilities of the Bank that are not denominated in the measurement currency of the Bank.



