



CENTRAL  
SECURITIES  
DEPOSITORY  
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2016 ANNUAL  
REPORT



CENTRAL  
SECURITIES  
DEPOSITORY  
*You invest, we protect*

ANNUAL REPORT  
& FINANCIAL  
STATEMENTS

2016

Prepared and Edited  
By  
The Editorial Committee  
Central Securities Depository (GH) Ltd.  
Also Available on CSD's Website:  
[www.csd.com.gh](http://www.csd.com.gh)

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# VISION & STRATEGIC OBJECTIVES

## VISION

To be a leading global provider of efficient and reliable post trade services playing a pivotal role in the financial market in Ghana.

## STRATEGIC OBJECTIVES

1. To provide secure and efficient post trading services operating under international best practice to all participants and customers.
2. To drive forward development in the market through collaborative and open dialogue with financial market participants and stakeholders.
3. To be a well-run, professional and profitable organisation.
4. To be a thought-leader in the securities market

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 5th Annual General Meeting of shareholders of Central Securities Depository (Gh) Ltd (CSD) will be held at the Conference Room of CSD, 5th Floor, Cedi House, Liberia Road on **Thursday, June 15, 2017** at **10.00 a.m.** for the ordinary business of the company as follows:

### Ordinary Business

1. To receive the Chairman's Statement and the Chief Executive Officer's Statement
2. To consider and adopt the financial statements of the Company for the year ended 31st December, 2016, together with the Auditor's Report thereon
3. To approve 2016 dividend
4. To appoint new Directors
5. To adopt resolution of the reconstituted Board
6. To adopt the resolution to incorporate the new Board members into the Company Regulations
7. To approve directors' remuneration
8. To appoint new Auditors
9. To authorise the directors to fix the remuneration of the Auditors

**Dated this 9th Day of June, 2017**

**By Order of the Board**

## 1.0 CORPORATE INFORMATION

### Board of Directors

Dr. Henry A.K. Wampah	Chairman (Resigned March, 2016)
Mr. Millison K. Narh	Chairman (Appointed October 2016)
Dr. David O. Andah	Member
Mr. Franklin Asafo-Adjei	Member
Mrs. Caroline Otoo	Member
Mr. Kofi S. Yamoah	Member
Mr. Ekow Afedzie	Member
Mr. Kwame Adutua-Amakye	Member
Mrs. Kokui Adzo Adu	Member
Mr. Daniel Kobla Glymin	Member
Mr. Stephen Tetteh	Member (Chief Executive Officer)
Mrs. Melvina Amofo	Member (Deputy Chief Executive Officer)

### Secretary

Ms. Faustina Coleman-Forson

### Registered Office

Central Securities Depository (GH) Ltd.  
4th Floor, Cedi House, Liberia Road  
PMB CT 465, Cantonments  
Accra, Ghana

### Auditor

Ernst & Young  
Chartered Accountants  
P.O. Box KA 16009, Airport  
G15, White Avenue, Airport Residential Area, Accra, Ghana

### Bankers

Bank of Ghana  
Ecobank Ghana Limited

### Legal Adviser

Legal Department, Bank of Ghana



## 2.0 PROFILE OF THE BOARD OF DIRECTORS

**Mr. Millison K. Narh** is the First Deputy Governor of Bank of Ghana. He is a Chartered Accountant by profession and a member of the Institute of Chartered Accountants (ICA), Ghana. He holds a Master's Degree in Banking and Finance (Finafrica Foundation, Milan, Italy) and a B.com (Hons), University of Cape Coast. He has considerable experience in Central Banking with more than 37 years with the Bank of Ghana.

**Dr. David O. Andah** holds a Ph.D. in Agriculture and is an experienced banker with an agricultural background. For 25 years, he worked with banks, handling for the most part, rural and microfinance schedules and also credit guarantee schemes. His membership of Boards includes; Bank of Ghana (2010 to date), Central Securities Depository (2010 to date), Commissioner, National Development Planning Commission (2010 to date), and Executive Committee member of the Ghana Microfinance Institutions Network (2012 to date).

**Mr. Kwame Adutua-Amakye** is a professional engineer with over 28 years' experience encompassing engineering Management, installation and maintenance, communication network planning, design and implementation, lecturing, ICT Training and consultancy. He holds a BSc. in Electrical/Electronic Engineering and a Master of Engineering in Signal and Information Processing.

**Mrs. Caroline Otoo** holds an LLB (Hons), BL and Advanced Diploma in Legislative Drafting. She is currently an Assistant Director and Secretary to the Bank of Ghana. Prior to her current appointment at Bank of Ghana, she served

as the Head of the Legal Department of the Central Bank.

**Daniel Kobla Glymin** is a private legal practitioner. He has over twenty years' experience in company secretarial, commercial and corporate practice. He currently manages Glymin & Company, a law firm in Accra. Mr. Glymin previously worked as an associate at Fugar & Company, a law firm in Accra. He later joined Pannell Kerr Forster as legal advisor and head of the Company Secretarial Department. He is a member of the Honourable Society of the Middle Temple, London, as well as a member of the Institute of Directors, Ghana. He previously served on the Board of directors of Databank Epack Investment Fund, and is currently the chairman of the Advisory Board of Kinderparadise, a children's home based in Prampram.

**Mrs. Kokui Adzo Adu** is successful Data Analyst and Financial Management Professional with over twenty years' experience in planning and financial Management in the public sector. She holds a Master of Business Administration (MBA) in Finance (Double Concentration in Corporate Financial Management and Investments and Financial Services Management).

**Mr. Franklin Asafo-Adjei** is the former Deputy Managing Director (Finance and Admin) of SIC Insurance Company Ltd., is a Chartered Accountant (FCCA, CA, Ghana) and holds a B.Sc. Admin. (Accounting) and an MBA (Finance) degrees from the University of Ghana Business School. His professional exposure includes Public Accountancy Practice and in Industry,

spanning a period of over twenty years in the United Kingdom and Ghana. He previously served on the Board of Directors of SIC Insurance Co. Ltd., HFC Bank Ltd., Merchant Bank (Ghana) Ltd. and SIC Financial Insurance Company Ltd. He is currently a Board Member of Bedrock Venture Capital Finance Company Ltd. and a Member of the Audit Report Implementation Committee, Ghana Police Service. Mr. Asafo-Adjei is also a part-time lecturer at the University of Ghana and GIMPA Business Schools. He is currently the Chief Executive Officer of Imperial General Assurance Ltd., a company recently licensed by National Insurance Commission (NIC) to operate as a Non-Life Insurer.

**Mr. Kofi S. Yamoah** is the Managing Director of the Ghana Stock Exchange and holds a B.Sc. Administration (Accounting Option) degree from the University of Ghana, an executive MBA degree from the China Europe International Business School and the ICA (Ghana) professional certificate. He is a chartered accountant and an investment banker by profession. His career with the Exchange which dates back to December 1990 has seen him serve as the Presiding Officer on the Trading Floor, Financial Controller, Head of Listings and General Manager. He was appointed the Managing Director of the Exchange in April 2003.

**Mr. Ekow Afedzie** is currently the Deputy Managing Director of the Ghana Stock Exchange. He was educated at the University of Ghana, Legon, Ghana where he obtained a

Master's Degree in Business Administration, (MBA) and a Master of Arts degree (MA) in Economic Policy Management. He is also a member of the Chartered Institute of Marketing, Ghana. He joined the Ghana Stock Exchange in 1990 when it was established and has served as the Head of Marketing, Research and Systems, later the General Manager before becoming the Deputy Managing Director of the Exchange and member of its Council.

**Mr. Stephen Tetteh** has been the Chief Executive Officer of the Depository since its commencement in 2004. He holds a M.A. Degree in Economics Policy Management from McGill University, Canada. He had extensive work experience with Bank of Ghana where he rose to the rank of a Director

**Mrs. Melvina Amofo** is the Deputy Chief Executive Officer of the Depository. She holds an Executive MBA from the Ghana Institute of Management and Public Administration (GIMPA) and a B.A. (Hons) in Economics and Geography, University of Ghana, Legon. She joined the Ghana Stock Exchange at its inception and held various managerial positions in various Departments including Listings, Marketing and Administration. She also held the position as Company Secretary before her appointment as the pioneer Executive Director of the GSE Securities Depository Company Ltd which was set up in 2008 until it was eventually merged with the Central Securities Depository (GH) Ltd. in 2014. She is a member of the Institute of Directors.

## BOARD OF DIRECTORS



**Mr. Millison K. Narh**  
*Chairman*



**Dr. David O. Andah**  
*Member*



**Mr. Kwame Adutua-Amakye**  
*Member*



**Mrs. Caroline Otoo**  
*Member*



**Daniel Kobla Glymin**  
*Member*



**Mrs. Kokui Adzo Adu**  
*Member*



**Mr. Franklin Asafo-Adjei**  
*Member*



**Mr. Kofi S. Yamoah**  
*Member*



**Mr. Ekow Afedzie**  
*Member*



**Mr. Stephen Tetteh**  
*Chief Executive Officer*



**Mrs. Melvina Amofo**  
*Deputy Chief Executive Officer*

## 3.0 2016 MANAGEMENT

### Chief Executive Officer



**Mr. Stephen Tetteh** has been the Chief Executive Officer of the Depository since its commencement in 2004. He holds an M.A. Degree in Economics Policy Management from McGill University, Canada. He had extensive work experience with Bank of Ghana where he rose to the rank of a Director.

### Head of Finance and Administration Department



**Mr. Dornu D. Narnor** is a member of Association of Chartered Certified Accountants (ACCA). He holds an MBA in Finance and has vast experience in finance. He is responsible for handling the Finance and Accounting functions, Human Resource Management and the General Administration of the Depository.

### Deputy Chief Executive Officer



**Mrs. Melvina Amofo** is the Deputy Chief Executive Officer of the Depository. She holds an Executive MBA from the Ghana Institute of Management and Public Administration (GIMPA) and a B.A. (Hons) in Economics and Geography, University of Ghana, Legon. She joined the Ghana Stock Exchange since its inception and held various managerial positions in various Departments i.e. Listings, Marketing and Administration. She also held the position as Company Secretary before her appointment as the pioneer Executive Director of the GSE Securities Depository Company Ltd which was set up in 2008 until it was eventually merged with the Central Securities Depository (GH) Ltd. She is a member of the Institute of Directors, Ghana.

### Head of Operations & Surveillance Department



**Ms. Faustina Coleman-Forsen** holds an MBA in Finance from The Johns Hopkins University, USA. She is a FINRA registered Financial Advisor Representative. She worked with BB&T Corporation as a Wealth Management Relationship Manager and has tremendous experience in Financial Advisory, and Estate and Trust Administration. Her role is to ensure that the ultimate priorities of the Depository are achieved through delivery of efficient services in the area of clearing, settlement, and registry services. She is also responsible for the surveillance activities of the Depository as well as statistics and website content management.

**Head of Information Technology Department**

**Mr. Ambrose K. Karikari** holds an MBA degree with Finance option, BSc. Information and Communication Technology and IT Professional Certifications. He has gained immense professional experience

in Business Intelligence Systems & Networks, Information Security & Business Continuity Management systems and IT Service Delivery Management over the years. He worked with Ghana Telecom Ltd, Vodafone Ghana Ltd, and Electronic Data Communication Systems. He is in charge of managing the systems and networks, business continuity management system and IT Service Delivery of the Depository.

**Internal Auditor**

**John Dametey Tanihu** is a Chartered Accountant (ACCA and ICA Ghana) and has membership of Institute of Internal Auditors (IIA) Global and Ghana. He holds B.Sc. Applied Accounting from Oxford Brookes

University, UK and an MBA in Financial Services from University of East London, UK. He has over fifteen years working experience in Ghana and United Kingdom. He is responsible for providing among others an independent and objective assurance on whether the Depository's risk management, control and governance processes, as designed and promulgated by the Board and Management are adequate and functioning effectively.



## 4.0 CORPORATE GOVERNANCE

### Introduction

Central Securities Depository Gh. Ltd. (CSD) is a Financial Market Infrastructure (FMI) established to provide safe, secure, dependable clearing, settlement, and depository services in Ghana's securities market. The activities of CSD are enshrined in the CSD Act 2007 (Act 733), the Securities Industry Law (PNDC Law 333), the Securities Industry Act 2016 (Act 929), and the Securities and Exchange Commission Regulations, 2007 (LI 1728). The CSD is licensed and regulated by the Securities and Exchange Commission (SEC) of Ghana.

The operations of CSD are also guided by the Principles of Financial Market Infrastructures (PFMIs) developed by International Organisation of Securities Commissions (IOSCO) and Bank for International Settlements (BIS). The goal of the PFMIs is to promote efficiency, transparency, soundness, and fairness in all undertakings involving FMIs globally.

The CSD is the only institution operating securities depository services in Ghana's capital market. This follows the merger of the two Depositories; CSD and GSE Securities Depository (GSD) Company Ltd. which previously operated in the country until December, 2013. Prior to the merger, CSD was responsible for the management of debt securities issued by Government of Ghana, Cocobod and Bank of Ghana while GSD handled equities. As at the end of December 2016, CSD was 70% and 30% owned by the Bank of Ghana and the Ghana Stock Exchange respectively. The objective of the merger was to reduce transactional costs and to exploit the advantages of economies of scale.

Considering the fundamental role of the Depository as a key strategic FMI established to heighten investors' confidence in the capital

market of Ghana, the Depository is ardent to operate on the ethics of good corporate governance as specified in SEC'S code of conduct on corporate governance and that of the Companies Code, 1963 (Act 179).

In pursuing the agenda of good corporate governance, the Board of Directors of the Depository provide policy guidelines for implementation by the Management. The Board of Directors consistently evaluates the operations of the Depository and continuously carries out an impartial appraisal of the performance of the Management.

In line with good corporate governance objectives of CSD, the two shareholders of the Depository; the Bank of Ghana and the Ghana Stock Exchange are adequately and reliably informed vis-à-vis the operations of the Depository.

### Board of Directors

The Board comprised two Executive Directors and nine Non-Executive Directors. The Chairman of the Board is a Non-Executive Director. The Board comprises of the following eleven Directors:

### Board Membership

Mr. Millison K. Narh	Chairman
Dr. David O. Andah	Member
Mr. Franklin Asafo-Adjei	Member
Mrs. Caroline Otoo	Member
Mr. Daniel Kobla Glymin	Member
Mr. Kwame Adutua-Amakye	Member
Mrs. Kokui Adzo Adu	Member
Mr. Kofi S. Yamoah	Member
Mr. Ekow Afedzie	Member
Mr. Stephen Tetteh	Member
Mrs. Melvina Amofo	Member

## Board Meetings

Four board meetings were held in 2016, out of which one was an extraordinary meeting. Board meetings are held once every quarter. In addition to the quarterly Board meetings, there may be an extraordinary Board meeting to address exigent and fundamental subjects that are critical to the smooth functioning of the Depository. Below is information on participation of Board members to board meetings in 2016.

Name of Board Member	Number of Meetings Attended in 2016
Mr. Millison K. Narh*	2/2
Dr. Henry A. K. Wampah*	1/1
Dr. David O. Andah	4/4
Mr. Franklin Asafo-Adjei	4/4
Mrs. Caroline Otoo	3/4
Mr. Daniel Kobla Glymin	4/4
Mr. Kwame Adutua-Amakye	3/4
Mrs. Kokui Adzo Adu	3/4
Mr. Kofi S. Yamoah	4/4
Mr. Ekow Afedzie	4/4
Mr. Stephen Tetteh	4/4
Mrs. Melvina Amofo	4/4

\* Dr. Henry A. K. Wampah resigned as Chairman of the Board in March, 2016 and Mr. Millison K. Narh was appointed as the new Board Chairman of CSD.

## Board Committees

Four committees have been set up by the Board. The formation of the committees is aimed among other factors to support the Board in the performance of its mandate. The committees report directory to the overall Board.

### Tender / Procurement Committee

Its responsibilities include procurement of goods and services, and to ensure that budgetary expenses are done in the corporate interests of the Depository. The committee also certify award of contracts for the acquisition of goods, works and services, and to ensure that

these contracts are embarked upon on the principles of transparency, competitiveness, and corporate decision making and in line with the Public Procurement Act 2003 (Act 663). The members of the tender and procurement committee are:

Mr. Stephen Tetteh	Chairman
Mr. Daniel Kobla Glymin	Member
Mr. Kwame Adutua-Amakye	Member
Dr. David O. Andah	Member
Mr. Ekow Afedzie	Member

One meeting was held in 2016 by the Tender and Procurement Committee and all members were present.

### Business Conduct Committee (BCC)

The role of the BCC is to handle complaints relating to violation of applicable rules and procedures of the Depository, and to exercise powers dispensed to it by the Board of Directors in relation with disciplinary actions. Moreover, it is the responsibility of the BCC to develop and implement the Settlement Guarantee Fund for the Clearing and Settlement activities of the Depository.

The members of the Business Conduct Committee are:

Mrs. Kokui Adzo Adu	Chairman
Mr. Kofi Adu-Labi	Member
Ms. Nkechi Akunyili	Member (Banks Representative)
Mr. David Tetteh	Member (Non-Banks Representative)
Ms. Carol Annang	Representative of Bank of Ghana

Two meetings were held by the Business Conduct Committee in 2016 and all members were present.

Name of Committee Member	Meetings Attended in 2016
Mrs. Kokui Adzo Adu	2/2
Mr. Kofi Adu-Labi	2/2
Ms. Nkechi Akunyili	2/2
Mr. David Tetteh	2/2
Ms. Carol Annang	2/2

## Finance, Risk and Audit Committee (FRAC)

The role of the FRAC include identifying and reviewing the risk profile of the Depository and recommending policies necessary to reduce the risk profile of the company to an acceptable limit. The committee ensures the existence of quality, transparency and integrity in the financial statements of the company. The committee also ensures that the company's financial reporting standard complies with applicable tax laws and other financial regulations. The external and internal auditing of the company's financials is overseen by the FRAC.

The members of the Finance, Risk and Audit Committee are:

Mr. Franklin Asafo-Adjei	Chairman
Dr. David Obu Andah	Member
Mr. Kofi Yamoah	Member
Mr. Daniel Glymin	Member
Mrs. Kokui Adzo Adu	Member

Four meetings were held by the FRAC in 2016. The meeting attendance of the members of the FRAC in 2016 is indicated below.

Name of Committee Member	Meetings Attended in 2016
Mr. Franklin Asafo-Adjei	4/4
Dr. David O. Andah	4/4
Mr. Kofi S. Yamoah	4/4
Mr. Daniel Kobla Glymin	4/4
Mrs. Kokui Adzo Adu	3/4

## Human Resource and Legal Committee (HRLC)

The Human Resource and Legal Committee reviews, monitors, evaluate and proffer recommendation to the Board on matters relating to staff remuneration, recruitment and retirement. It is the duty of the committee to develop and maintain highly skilled workforce and also provide legal advice on issues that borders on the Depository's activities. The committee also provides oversight responsibility on the relevant laws binding on the operations of the depository such as Securities Industry Law (PNDC Law 333), Securities and Exchange Commission Regulations (LI 1728), the CSD Act 2007 (Act 733), Securities Industry Act, 2016 (Act 929), CSD Operational Rules and Procedures.

The members of the Human Resource and Legal Committee are:

Mrs. Caroline Otoo	Chairperson
Mrs. Kokui Adzo Adu	Member
Mr. Franklin Asafo-Adjei	Member
Mr. Kwame Adutua-Amakye	Member
Mr. Kofi Yamoah	Member

One meeting was held by the HRLC in 2016. The meeting attendance of the members of the HRLC in 2016 is as follows.

Name of Committee Member	Meetings Attended in 2016
Mr. Franklin Asafo-Adjei	1/1
Dr. David O. Andah	1/1
Mr. Kofi S. Yamoah	1/1
Mr. Daniel Kobla Glymin	1/1
Mrs. Kokui Adzo Adu	1/1



## 5.0 CHAIRMAN'S STATEMENT



### Introduction

I officially welcome all of you to this year's Annual General Meeting (AGM) of the Depository. The meeting will be used to discuss the performance of the company in 2016 and seek your approval on specific policies earmarked for the company in the coming year. I am happy to inform you that compared with 2015, the performance of the company in 2016 has been remarkable. I therefore, wish to thank the Shareholders, Board of Directors, Management, Staff and all stakeholders that have contributed to the success story of the company over the years.

### Appointment of Board Chairman

In October, 2016, I was appointed as Board Chairman of the Depository, to replace Dr. Henry A. K. Wampah, former Governor of the Bank of Ghana, following his retirement from the Bank in the earlier part of that year. Dr. Wampah and the Board of Directors provided direction and worked tirelessly with the depository to chalk a lot of successes. Under his leadership, the operational and financial performances of the Depository witnessed noticeable growth, creating the conditions necessary for the company to wean itself from depending financially on the Bank. His work needs to be acknowledged, and I take this opportunity to commend Dr. Wampah and express the Board's heartfelt gratitude to him for the excellent foundation he has laid for the Depository. I also wish to reiterate to all shareholders my commitment to continue to build on the work of my predecessor to make the Depository a beacon of excellence within the Sub-Region.

### Overview of the Economy in 2016

The country experienced significant economic challenges in 2016, amidst a tight fiscal and

monetary policy stance. The estimated growth rate of 3.6 percent recorded in 2016 is the lowest in over two decades. The overall fiscal balance of the country recorded a deficit equivalent to 7.8 percent of the country's GDP in 2016 compared to a fiscal deficit of 6.3 percent of the GDP in 2015. The Cedi depreciated by 9.6 percent and 5.3 percent against the US Dollar and Euro respectively in the interbank market but appreciated by 10.0 percent against the Pound Sterling. The rate of inflation declined to 15.4 percent in December, 2016 from a figure of 19.0 percent in January, 2016. The year also ended with a monetary policy rate of 25.5 percent in December, 2016.

Despite the macroeconomic challenges in 2016, the country made gains in its Balance of Payment (BoP) position by recording a surplus amount equivalent to 0.6 percent of the GDP. Similar to 2015, the gross foreign assets of the country in 2016 was equivalent to 3.5 months import cover.

It is projected that the policies outlined in the 2017 budget statement will improve the macroeconomic environment of the country compared to 2016.

## Overview of the Ghana Securities Market in 2016

For the first time in the history of the Depository, debt and equity stocks were migrated successfully onto a single depository system in March, 2016. The development was aimed at introducing more efficiency in Ghana's securities market and also reduce transaction costs for depository related services. The year under review witnessed a downturn of trading activities in the equity market. The volume of equity trades cleared and settled declined from 247,428, 362 in 2015 to 242,114,791 in 2016, representing a moderate decline of 1.75%. During the same period, the value of shares cleared and settled dropped by 2.23% from GH 247.6 million in 2015 to GH 242.1 million in 2016. About 48.92% of the value of shares cleared and settled was made up of stocks in the financial sector and was followed by stocks in the insurance sector forming close to 14.47% of the total value of shares cleared and settled in 2016. The poor performance of the equity market in 2016 requires that CSD collaborates with key market players in the country's securities market to fine-tune the prevailing policies to attract more issuers and investors to the Ghana market so as to increase market activity on the Accra Bourse. This is important because available data indicates that for the past four (4) years the country's equity market has been operating under a bearish market, a development which is not good for a middle income country like Ghana.

Compared to the equity market, there was a boom in secondary market activities involving fixed income securities. The nominal value of fixed income instruments cleared and settled increased by 61.74% to GH 15.7 billion in 2016 from GH 9.6 billion in 2015. The remarkable performance of secondary market activities in the fixed income market was as a result of market reforms that were introduced in 2016. Thus, key policy measures were introduced to revamp the secondary market activities in the debt market. One such policy was the introduction

of the wholesale auction model for government securities which led to the abolishment of the retail auction system in government securities market. This development positively improved secondary market trading on the fixed income market. The CSD will continue to collaborate with the relevant stakeholders to pursue policies that are necessary for the development of the country's securities market.

## Reconstitution of the Board

The eleven member transitional board established in 2014 to consolidate the activities of the merged depository and to facilitate the migration of both debt and equity stocks onto a single depository platform completed its work after three years of its formation. I therefore, want to use this opportunity to thank all the members of the transitional board for their tireless contributions towards the depository.

In view of this, the transitional board was dissolved effective May, 2017. In addition, the number of board members has been reduced from eleven to seven. Mr. Yao A. Abalo has been appointed as the Acting Chief Executive Officer of CSD to replace Mr. Stephen Tetteh who has retired from the services of the depository. Mr. Abalo's appointment took effect from June 01, 2017.

The members of the newly constituted Board are:

Mr. Millison K. Narh	Chairman
Mr. Yao A. Abalo	Ag. Chief Executive Officer
Mrs. Caroline Otoo	Member
Mr. Kofi S. Yamoah	Member
Mr. Ekow Afedzie	Member
Mr. Kwasi Debrah	Member
Mr. Maxwell Ribeiro	Member

## Key Policy Decisions of the Board in 2016

The Board of Directors awarded a contract to Millennium IT of Sri Lanka, a member of the

London Stock Exchange Group to develop a Registrar System to enhance the services of the Registrar Unit of the Depository. As part of the development, the new Registrar system is projected to facilitate electronic handling of Initial Public Offerings (IPOs) in the country and grant investors online access to their securities accounts through an investor portal, and email/SMS alerts. Under the direction of the Board of Directors, an Internal Auditor was engaged in February, 2016 to be auditing the Financial, and Operational activities of the company. This is part of the many measures designed by the Board to safeguard value for money and also monitor the risk profile of the company.

## Financial Performance

The company recorded an impressive outcome in its financial performance. The net profit of the company increased by 188% from GH¢5.6 million in 2015 to GH¢16.3 million in 2016. As a result of the outstanding financial performance of the company in 2016, the company will pay a cooperate income tax amounting to GH¢5.6 million compared to GH¢1.98 million corporate tax paid in 2015. And the value of the company's assets recorded an increase of over 100% from a value of GH¢19.8 million in 2015 to GH¢39.8 million during 2016.

## Declaration of Dividend

Considering, the financial performance of the company in 2016, the Board has approved a dividend pay-out of GH¢1.5 per share to the shareholders. The total dividend to be paid out is GH¢5.25 million. This marks the second year rolling that the company is declaring dividends for its shareholders. The company paid its first dividend at the end of the 2015 financial year period. The company will continue to reward the shareholders as it continues to make gains in its financial performance.

## Ownership

The Bank of Ghana and Ghana Stock Exchange continue to be the only shareholders of the

Depository. Bank of Ghana has 70% ownership whilst GSE has 30%.

## Corporate Governance

On behalf of the entire Board of Directors, I want to assure the shareholders of the Board's commitment to pursue corporate governance policies that are in the best interest of the company. The Board will constantly review and update its corporate governance policies to ensure that standard practices are adopted at all times for the effective administration of the company. The Board will always pursue policies that are transparent and consistent with the Companies Act, 1963 (Act 179).

## Outlook for 2017

The Board will continue to facilitate the process leading to the implementation of the company's five year strategic plan and the new Registrar system. The Board will monitor, identify, and recommend policies significant for reducing the risk profile of the company. The Board will also work with market stakeholders to drive the development of the country's securities market.

## Acknowledgement

I want to thank the Shareholders for their unflinching support towards the depository's activities. I also thank the past Board of Directors for their professional input towards the activities of the Depository. Management and Staff of the depository deserve an acknowledgement for the handwork exhibited in 2016 and I wish to urge them not to rest on their oars as we aim to develop the Depository to become a beacon of excellence within the Sub-Region. Finally, I want to appreciate the effort of the regulator, the Securities and Exchange Commission, and market participants for their co-operation towards the Depository.



**Mr. Millison K. Narh**  
Board Chairman

## 6.0 STATEMENT BY THE CHIEF EXECUTIVE OFFICER

AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF THE CENTRAL SECURITIES DEPOSITORY (GH) LTD. HELD ON JUNE 15, 2017 AT THE CSD CONFERENCE ROOM



### Introduction

The First Deputy Governor of the Bank of Ghana and Chairman of the Board of Directors of the Central Securities Depository (GH) Ltd., the Managing Director of the Ghana Stock Exchange, Distinguished shareholders, I would like to begin my statement by thanking you, Mr. Chairman and through you to the Governor of the Bank of Ghana, for appointing me as the Acting Chief Executive Officer of the CSD. I also thank the other shareholder, the Ghana Stock Exchange, for readily endorsing my appointment. I hope that I live up to the confidence reposed in me, and pledge to work tirelessly towards meeting the objectives of the CSD as well as your expectations. I would also like to express my appreciation to my immediate predecessor, Mr. Stephen Tetteh, for all he has done to lift the depository to its current pedestal.

This is the third Annual General Meeting of the Depository after the merger of the two depositories in the country in January, 2014. I am happy to inform shareholders that the depository continues to improve on its performance, posting very impressive financial results in 2016 compared to 2015. This result was attained in spite of the rather challenging macroeconomic environment that prevailed in the year.

### 2016 Financial Performance

A strong financial performance was delivered by the depository in 2016, consistent with the Depository's performance over the past two years. The company recorded a remarkable increase of about 186% in gross profit, from GH¢7.6 million in 2015 to GH¢21.8 million for the 2016 financial year. Total revenue increased by 116% from GH¢15.9 million in 2015 to GH¢34.4 million in 2016, while operating expenses of the Depository increased by 52% from GH¢8.3 million to GH¢12.6 million.

Total assets of the company grew by 100% during the year, from GH¢19.8 million in 2015 to GH¢39.8 million in 2016. Shareholders' equity similarly grew by 100% from GH¢14.3 million in 2015 to GH¢28.6 in the year 2016.

### 2016 Operational Performance

The Depository admitted four new Depository Participants to bring the total number of DPs to seventy three at the end of 2016. The total number of investor accounts registered into the Depository system increased by 13% to 851,535 in 2016, from 756,528 in 2015. The nominal value of new securities issued by Government of Ghana, Cocobod and Bank of Ghana and admitted into the depository system increased by 165% from GH¢70.6 billion in 2015 to GH¢187 billion in 2016. In addition, a nominal value of about GH¢3 billion of existing government securities was tapped into by Bank of Ghana in partial settlement of its obligations in respect of foreign exchange swap transactions. Seven corporates also issued



securities with a total nominal value of over GH¢251.5 million. The depository admitted the maiden US dollar denominated bond issued locally by government with a nominal value of US\$94.6 million. This transaction affirmed the multi-currency capabilities of the depository system.

Out of the total volume of shares listed on the GSE about 89.04% have so far been converted from paper share certificates into electronic book entry through the Depository compared to 87.64% in 2015.

The Depository currently clears and settles both equity and fixed income transactions using central bank money. This is as a result of the Depository taking over in March 2016 the functions of the clearing house established by the GSE to clear and settle equity transactions. The depository cleared and settled over GH¢15.6 billion fixed income securities traded in 2016, and over GH¢242 million was cleared and settled in respect of trades on the equity market.

The use of securities in the Depository system for collateralization of financial facilities extended to investors by lending institutions such as banks is gradually gaining momentum. In 2016 a total nominal value of GH¢8.9 billion of debt securities was used by investors to collateralize facilities obtained from lending institutions as against an amount of GH¢5.9 billion used in 2015. On the repo market the value of transactions was GH¢157.3 billion and the collateral value was GH¢159.6 billion.

### Depository Services Globally

Overtime, securities depositories globally are widening the frontiers of their operations to sectors other than the securities market. Sectors such as insurance industry, educational

system, and tax administration are some of the key areas to which depository services are being extended. India is one of the economies that has managed to diversify the concept of securities depository to other sectors. In India there exists a National Academic Depository (NAD) responsible for storage and issuance of academic certificates to students through an online deposit system. In addition, CDSL Insurance Repository limited a subsidiary of Central Depository Service Limited of India (CDSL) keeps insurance policies in electronic form for policyholders.

In Ghana, the Depository is well positioned to also expand the frontiers of its operations. For instance, the Depository can provide services to replace paper certificates which are prone to forgery and counterfeiting. Diversification is in the long term interest of the Depository as a means of expanding its revenue sources. We would be exploring opportunities over the medium term, and solicit your continuing support, Mr. Chairman, and the support of Directors, Shareholders, and indeed all stakeholders in these endeavors

### Outlook for 2017

2017 marks third year of the implementation of the company's five year strategic plan adopted for the period 2015 to 2019. The depository will continue to pursue the objectives and timelines outlined in the strategic plan with specific focus on enhancing risk management. In 2017, the Company would devote resources to facilitate implementation of, particularly, the following services outlined in the company's strategic plan in the future.

- Securities Lending and Borrowing
- Collateral Management Services

The introduction of these services enhances the efficiency of service delivery and is

advantageous in reducing settlement risks for trades performed on the market.

The Depository will collaborate with market participants to work towards the introduction of ISO (International Organisation for Standardisation) Standards in the securities market. The ISO Standards Initiative will enable the Ghana market to adopt internationally recognized communication messaging standards to facilitate market access to all stakeholders.

The Depository will conduct a self-assessment of its compliance with the Principles for the Financial Market Infrastructures (PFMI). The PFMI is the standards set by Committee on Payments and Settlement Systems (CPSS) and International Organisation of Securities Commissions (IOSCO) for Financial Market Infrastructures such as payment systems, central counterparties, central securities depositories, trade repositories etc.

The Depository will also work with Ghana Fixed Income Market (GFIM) to complete the interface process between the Bloomberg Trading Platform with that of the CSD system. The completion of the interface will deepen secondary trading activities of fixed income securities and also aid price discovery.

### Appreciation

I am extremely grateful to the Shareholders, Management and Staff and all Stakeholders for their support and contributions, in various ways, towards the success of the depository over the past years. I also want to thank the regulator and market participants for their inputs and collaboration with the Depository.



**Mr. Yao A. Abalo**  
**Ag. Chief Executive Officer**

## 7.0 2016 ACTIVITIES

### 7.1 Staff Matters

The staff of the depository increased to twenty three (23) during 2016 from twenty two (22) in 2015. There was no resignation in 2016.

### Staff Development

As part of the staff development agenda of CSD, staff were trained in relevant courses in 2016. The purpose of the company's staff development programme is to enhance the knowledge base and professional skills of staff. CSD also organised an annual retreat from Friday, December 16, 2016 to Sunday, December 18, 2016 for all the staff of the company. Staff members were taken through topics such as excellence in customer service, personal finance, cyber security, healthy living.

### 7.2 User Group Meetings

The Depository had a number of user group meetings with market participants to deliberate on key market issues. Some of the issues discussed included preparation towards the Go-Live of the new Millennium Clearing, Settlement and Depository (MCSD) system in March, 2016 and issues emanating from the post Go-Live of the MCSD system. Other matters discussed included the administration of the CSD Operational Rules, CSD Operational Procedures, Clearing and Settlement Rules, the Guidelines on Settlement Guarantee Fund, as well as the Fees and Penalty schedule approved by the regulator, Securities and Exchange Commission of Ghana in February, 2016.

Also discussed was the issue of securities lending and borrowing, which was then not permitted by the securities industry laws of Ghana.

### 7.3 Public Education and Awareness

As part of its goal to increase public awareness and to broaden public knowledge about the activities of the Depository in Ghana's financial market, the CSD organised a day's seminar at the University of Cape Coast, Cape Coast and the Takoradi Technical University, Takoradi.

The CSD published articles in some of the leading newspapers in Ghana. Among the articles published in 2016 included the following topics.

- Who benefits from share certificate dematerialisation?
- Central Securities Depository: enabling growth through the capital market.
- CSD migrates IPOs onto electronic platform.

### 7.4 Go-Live of the new MCSD System

The exercise which began in 2015 to migrate both the debt and equity securities onto a single depository platform and to interface the Depository system with GSE trading system was completed successfully for Go-Live in March, 2016. Following the Go-Live of the new MCSD system equity trades, which hitherto settled using Commercial Bank money, are now settled using Central Bank cash in parallel to settlement for fixed income transactions.

### 7.5 Review of Existing Rules

The CSD Rules and Procedures were reviewed to harmonise the activities of the surviving CSD after the merger of the two depositories effective January 01, 2014. In addition, a new Guideline on Settlement Guarantee Fund, and Clearing and Settlement Rules were developed by CSD and approved by Securities and Exchange Commission for implementation.

## 7.6 Establishment of Settlement Guarantee Fund (SG Fund)

In line with international best practices, the CSD established its maiden Settlement Guarantee Fund (SG Fund) to facilitate settlement finality or otherwise reduce the occurrence of systemic risk in the settlement process. The initial amount of the SG Fund was GH¢1 million. CSD contributed 50% of the initial amount whilst market participants contributed the additional 50%. There are plans to increase the value of the Settlement Guarantee Fund in 2017.

## 7.7 Membership of International Organisations

The depository continued to maintain its membership of International Securities Services Association (ISSA), and Africa and Middle East Depositories Associations (AMEDA). CSD participated at the 18<sup>th</sup> ISSA Symposium organised at Ermatingen, Switzerland, and also the 23<sup>rd</sup> and 24<sup>th</sup> Meetings of AMEDA held at Tangier, Morocco and Sharm Elsheikh, Egypt respectively.

## 7.8 Acquisition of New Registrar System and Investor Portal

Millennium IT of Sri Lanka, a member of London Stock Exchange Group was engaged in 2016 to deploy a Registrar system for the efficient operations of the Registrar unit of the Depository. The Registrar system when rolled out will facilitate electronic issuance of IPOs and enable electronic voting by shareholders at Annual General Meetings (AGMs) regardless of one's location. The Registrar system will reduce the pecuniary costs and manual processes of conducting IPOs and AGMs in Ghana. The Registrar system has a module for online access to securities' accounts by investors in the depository system. Under the investor portal, investors can also subscribe to receive

real time SMS and e-mail alerts on transactions performed by market participants on their accounts. The investor portal would increase market transparency and investors' confidence in the securities market of Ghana.

## 7.9 Ongoing Projects

### 7.9.1 Interface between the Depository System and the Bloomberg Trading Platform

The Ghana Fixed Income Market (GFIM) and CSD began a project in 2016 to interface the Bloomberg Trading Platform and the Depository system to facilitate straight-through-processing (STP) of fixed income trades. This is part of the market reforms to promote price discovery and deepen the market-making concept of the primary dealers appointed by Bank of Ghana to participate in the primary auction of government securities. When completed, all market participants will be required to conduct fixed income trades through the Bloomberg Trading Platform for onwards clearing and settlement at the CSD.

### 7.9.2 Implementation of a new Registrar and Investor Portal Systems

The process leading to the implementation of the new Registrar System and Investor Portal which began in 2016 is envisaged to be completed in 2017. As at the end of 2016, preliminary user acceptance testing had been performed by staff of CSD and some market participants. Outcome of the user acceptance testing were communicated to the vendor, Millennium IT of Sri Lanka, a member of the London Stock Exchange Group to contextualise them into the system to satisfy specific fundamental market requirements prevailing in the Ghana market.



## 7.10 Projections for 2017

### 7.10.1 Enable Clearing and Settlement for Trading Unsettled Positions

The Depository will perform simulation exercises on its system to assess its readiness to allow market participants to trade securities in unsettled positions. The exercise is intended to increase market liquidity and promote the concept of price discovery. The trading of unsettled position is expected to be permitted under the new Securities Industry Law which is in the offing.

### 7.10.2 Implementation of ISO Standards Initiative with SWIFT

This is a medium to long term project, which the CSD intends to pursue with market operators in the country's securities market. The project will aim among others to adopt internationally recognised best communication practices and standards for the securities market in Ghana. The prime objective of this project is to facilitate market access to investors, active through regional and global brokers and custodians. In the short term period, the project will focus on knowledge building and community engagement to deepen markets understanding of the benefits of adopting global best practices and standards. Specifically, this will involve knowledge sharing of ISO standards, business areas, processes, flows and messages. In addition, a National Market Practices Group (NMPG) will be set up. The NMPG will be responsible for defining a concrete and common way to implement the ISO messages in line with local needs and requirements, especially the regulatory and legal rules.

### 7.10.3 IOSCO - Self-Assessment and Disclosure Framework

The Depository will perform the self-assessment and disclosure framework in line with International Organisation of Securities Commissions (IOSCO) Principles developed for all Financial Market Infrastructures (PFMI) including depositories. The exercise will enable CSD to assess its activities in line with international best practices and also identify gaps in the business operations of the Depository that need urgent remedies to avert any anticipated risks in the future. The time frame for the completion of this exercise is end of December 2017.

### 7.10.4 Introduction of New Products

CSD as part of its strategic objectives of being a thought-leader in the country's securities market will collaborate with the market stakeholders for the introduction of securities lending and borrowing as well as collateral management services in the country's securities market. In addition, the existing repo market will be enhanced in parallel to repo markets in other jurisdictions. These products will be developed along with the new Securities Industry Law which is in the offing for market implementation. In 2017 CSD will equip staff with the relevant knowledge and skills on the proposed new products and also develop rules and procedures in advance for the implementation of the proposed products.

## 8.0 MARKET PERFORMANCE

### 8.1 Depository Participants (DPs)

Four new institutions were admitted by the Depository in 2016 as DPs bringing the total number of DPs at the end of the year to seventy three. These were Omnibank Ghana Ltd, Premium Bank Ghana Ltd, UMB-Investment Holdings Ltd and IFS Capital Management Ltd. The DPs are made up of 33 Banks, 14 Custodian Banks, 21 Brokerage Firms, 3 Investment Advisory Firms, the Social Security and National Insurance Trust (SSNIT), and the Central Bank of Ghana. None of the DPs was suspended in 2016.

### 8.2 Number of Registered Investors' Accounts

The number of investors' accounts registered with the Depository increased by 12.56% to 851,535 in 2016 from 756,528 accounts during 2015. A total of 95,007 new securities accounts were opened by various investors during 2016 as against 109,316 new securities accounts opened in 2015.

**Table 1: Yearly Distribution of Securities Accounts Opened (2011-2016)**

Year	No. of New Accounts Registered	Total Investors' Accounts
2011	40,536	396,682
2012	70,463	467,145
2013	89,692	556,837
2014	90,375	647,212
2015	109,316	756,528
2016	95,007	851,535

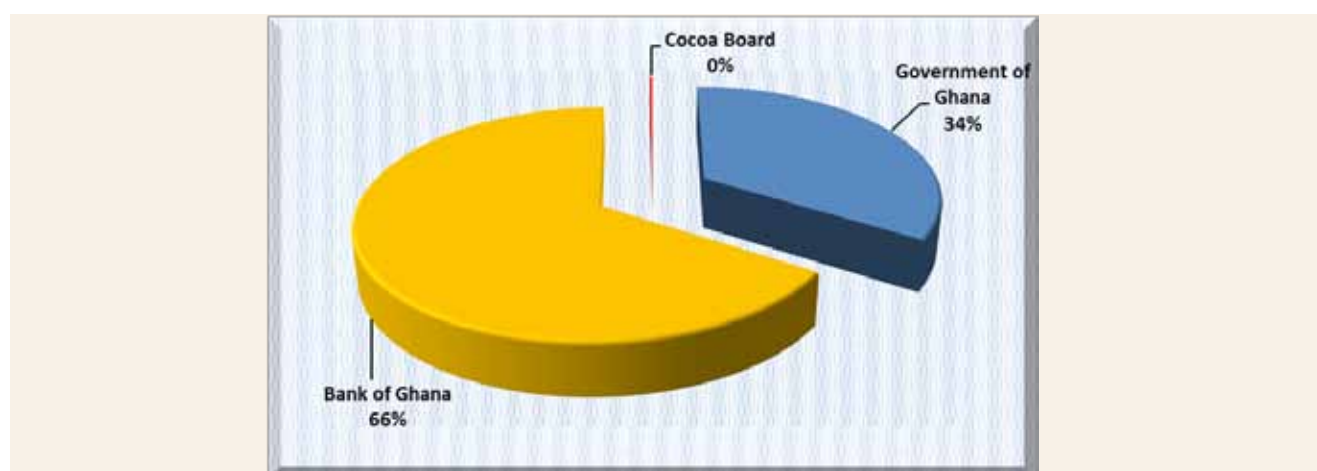
### 8.3 Primary Market Activities

#### 8.3.1 Issued Debt Securities in 2016

There was a considerable increase in the nominal value of securities issued by the various issuers in 2016 compared to 2015. A total amount of about GH¢187 billion securities was issued by Government of Ghana (GoG), Cocobod and Bank of Ghana (BoG) in 2016. Compared to 2015, the nominal value of debt securities issued by GoG, Cocobod and BoG increased considerably by 164.77% from a nominal value of GH¢70.6 billion in 2015 to GH¢187 billion at the end of 2016. The increase is largely attributable to the sharp increase in the nominal value of securities issued by BoG for its monetary policy objectives from GH¢13.4 billion in 2015 to GH¢123.1 billion in 2016. The value of securities issued by GoG increased by 16.35% from GH¢54.6 billion during 2015 to GH¢63.6 billion at the end of 2016. On the other hand, the value of securities issued by Cocobod fell by 87.07% from a nominal value of GH¢2.6 billion in 2016 to GH¢332.5 million during 2016.

**Table 2 : Distribution of Debt Securities Issued by Issuers (2015-2016)**

Issuer	2015			2016		
	Targeted Amount (GH¢)	Submitted Bids (GH¢)	Value Issued (GH¢)	Targeted Amount (GH¢)	Submitted Bids (GH¢)	Value Issued (GH¢)
Government of Ghana	55,999,002,979	60,750,322,947	54,620,918,768	64,214,097,777	69,903,626,307	63,554,112,576
Bank of Ghana	18,848,591,201	13,463,806,422	13,443,097,516	123,637,450,380	123,136,231,914	123,136,231,914
Cocobod	2,634,907,000	3,611,483,111	2,572,837,846	333,000,000	408,912,299	332,545,432
Total	77,482,501,180	77,825,612,480	70,636,854,130	188,184,548,157	193,448,770,520	187,022,889,922

**Chart 1 : Distribution of Issued Debt Securities by Issuers in 2016**

### 8.3.2 Number of Issued Debt Securities

The number of securities issued by GoG, BoG and Cocobod dropped from two hundred and seventy six in 2015 to one hundred and ninety nine during 2016. In 2016, GoG, BoG and Cocobod issued one hundred and forty six, fifty six and one respectively. The decline in the number of issued debt securities is attributable

to the changes to the government issuance calendar by Ministry of Finance in July, 2015. Currently, the auction for 91 Day and 182 Day treasury bills are conducted weekly, the 1 Year Note fortnightly and the 2 Year Note at the end of every month.

**Table 3 : Distribution of Issued Debt Securities by Issuer, Frequency and Tenor (2015 -2016)**

Issuer	Tenor	Frequency of Issue		Issued Amount			
				2015		2016	
		2014	2016	(GH¢)	%	(GH¢)	%
Government of Ghana	91 Day	53	51	36,532,328,892	51.72	37,276,588,819	19.93
	182 Day	53	51	12,793,526,971	18.11	15,838,996,525	8.47
	1 Year	44	23	859,568,803	1.22	2,432,363,845	1.30
	2 Year	39	12	1,646,713,028	2.33	2,580,304,359	1.38
	3 Year	4	4	2,070,417,682	2.93	2,114,333,199	1.13
	5 Year	2	4	718,363,392	1.02	2,873,485,829	1.54
	10 Year	-	1	-	-	438,040,000	0.23
<b>Total (A)</b>		<b>195</b>	<b>146</b>	<b>54,620,918,768</b>	<b>77</b>	<b>63,554,112,576</b>	<b>33.98</b>
Cocoa Board	182 Day	8	1	2,572,837,846	3.64	332,545,432	0.18
<b>Total (B)</b>		<b>8</b>	<b>1</b>	<b>2,572,837,846</b>	<b>3.64</b>	<b>332,545,432</b>	<b>0.18</b>
Bank of Ghana	2 Week	60	52	12,383,451,741	17.53	123,136,231,914	65.84
	1 Month	6	-	858,976,017	1.22	-	-
	56 Day	1	-	33,220,619	0.05	-	-
	2 Month	6	-	167,449,139	0.24	-	-
<b>Total (C)</b>		<b>73</b>	<b>52</b>	<b>13443097516</b>	<b>19.04</b>	<b>123,136,231,914</b>	<b>65.84</b>
<b>Total</b>		<b>276</b>	<b>199</b>	<b>70,636,854,130</b>	<b>100.00</b>	<b>187,022,889,922</b>	<b>100.00</b>

### 8.3.3 Additional Debt Securities Issued by Government of Ghana

In 2016, the government re-opened four of the already issued bonds to raise an additional amount of GH¢225.6 million to supplement the total nominal value of GH¢63.6 million new securities auctioned and issued by government

in 2016. The government also tapped into existing debt securities amounting to about GH¢3 billion to some institutional investors in settlement of foreign exchange swap transactions. In effect the total nominal value of securities issued by government for 2016 was GH¢66.7 billion.

**Table 4 : Distribution of Eligible Securities Re-opened for Auction in 2016**

Issuer	Tender No.	Tenor of Security	Issued Nominal Value (GH¢)
Government of Ghana	1378	3 YR FXR BOND	47,000,000
	1383	3 YR FXR BOND	55,009,700
	1430	3 YR FXR BOND	55,000,000
	1434	3 YR FXR BOND	68,602,333
<b>Total</b>			<b>225,612,033</b>

**Table 5 : Distribution of Existing Securities Tapped into for foreign Exchange SWAP in 2016**

Issuer	Tender No	Tenor of Security	ISIN	Value (GH¢)
Government of Ghana	1511	10 YR FXR BOND	GHGGOGO43563	161,000,000
	5005	5 YR FXR BOND	GHGGOGO28333	559,298,430
	1378	3 YR FXR BOND	GHGGOGO34984	547,041,789
	5003	5 YR FXR BOND	GHGGOGO25438	594,367,478
	1495	5 YR FXR BOND	GHGGOGO42813	721,195,997
	1392	3 YR FXR BOND	GHGGOGO35924	421,508,000
Total				3,004,411,694

#### 8.3.4 Issuance of Maiden Government Domestic Dollar Bond

The year 2016 witnessed the maiden issuance of a 2 Year US dollar denominated instrument settling on the domestic debt market by the Government of Ghana. The Government issued a nominal value of US\$ 94.6 million 2 Year Dollar bond in the country's debt market. According to the Ministry of Finance, the proceeds from the dollar bond will form part of the sinking fund (established by Government to repurchase

or redeem specified debt) to buy back some of the high coupon instruments on the local and international capital markets as part of its liability management strategy. The maiden 2 Year US dollar bond was successfully admitted into the Depository system for secondary market transactions. Settlements are done in US dollars using Central Bank money. The nominal value of the maiden domestic dollar bond that was issued was subscribed entirely by domestic investors.

**Table 6: Results of Issued Domestic US Dollar Bond (USD), 2016**

Issuer	Short Name	Target (USD \$)	Submitted (USD \$)	Issued (USD \$)	Rate (% P.A.)
Government of Ghana	2YR FXR FCA*	65,000,000	64,939,000	64,939,000	6
	2YR FXR FEA**	35,000,000	34,703,000	29,703,000	6
Total		100,000,000	99,642,000	94,642,000	N/A

\* Foreign Currency Account      \*\* Foreign Exchange Account

#### 8.3.5 Debt Securities Issued by Corporate Organisations

The nominal value of debt securities issued by corporations increased by 10.77% from GH¢227 million in 2015 to GH¢251.5 million in 2016. During the same period, the number of

securities issued by corporations declined from forty-four to thirteen. One of the new entrants into Ghana's debt market in 2016 was the issuance of a 5 Year bond by Ghana Home Loans to finance its home financing activities.

**Table 7 : Distribution of Issued Corporate Debt Securities by Issuers (2015-2016)**

Corporate Issuer	Amount (GH¢)		Weighted Avg. Rate (% P.A.)		Frequency Issued	
	2015	2016	2015	2016	2015	2016
afb Plc	53984630	18,000,000	29.45	28.44	11	3
Barclays Bank Of Ghana*	42,400,750	-	26.07	-	25	-
Bayport Financial Services	78546920	50,127,220	28.48	27.37	2	3
Edendale Properties	16774700	9,377,000	27.74	25.81	2	2
Ghana Home Loans	-	9,564,000	-	9.00		2
Izwe Loans	35,314,760	10,000,000	29.24	28.5	4	1
Produce Buying Company	-	154,413,375	-	26.00		2
<b>Total</b>	<b>227,021,760</b>	<b>251,481,595</b>	<b>N/A</b>	<b>N/A</b>	<b>44</b>	<b>13</b>

### 8.3.6 Distribution of Outstanding Debt Stocks by Issuers

The nominal value of outstanding debt stocks held by the Depository at the end of December, 2016 stood at about GH¢48.2 billion. The outstanding debt stock comprises of securities issued by Government of Ghana, Bank of Ghana, Cocobod, and other corporate organisations.

Government of Ghana being the main issuer in the country's debt market recorded a market share of 82.42% of the GH¢48.2 billion outstanding debt stocks held by CSD at the end of December, 2016. This was followed by BoG with a market share of about GH 8 billion forming close to 16.66% of the total debt stock position at the end of December, 2016.

**Table 8 : Distribution of Outstanding Debt Stocks by Issuers (2015-2016)**

Issuer	December, 2015		December, 2016	
	Face Value (GH¢)	Market Share (%)	Face Value (GH¢)	Market Share (%)
AFB Loans Ltd	57,580,001	0.17	66,700,271	0.14
Bank of Ghana	2,256,763,551	6.86	8,030,911,617	16.66
Barclays Bank of Ghana	1,100,000	0	-	-
Bayport Financial Services	78,546,920	0.24	128,674,140	0.27
Edendale Properties Plc.	16,774,700	0.05	25,274,700	0.05
Ezwe Loans Ltd	49,889,760	0.15	59,889,760	0.12
Ghana Home Loans	-	-	9,564,000	0.02
Government of Ghana	29,080,903,257	88.38	39,729,543,864	82.42
Cocobod	1,362,350,323	4.14	-	-
Produce Buying Company	-	-	154,413,375	0.32
<b>Total</b>	<b>32,903,908,512</b>	<b>100</b>	<b>48,204,971,727</b>	<b>100.00</b>



### 8.3.7 Composition of Outstanding Debt Stocks

The total outstanding debt stock of GH¢48.2 billion held by the depository at the end of

2016 comprises GH¢24.7 billion of bills (51.28%), GH¢6.9 billion of notes (14.36%) and GH¢16.6 billion in bonds (34.36%).

**Chart 2 : Composition of Outstanding Debt Stocks (GH¢ M) December, 2016**



### 8.3.8 Holdings of Investors in Outstanding Debt Stocks

The total outstanding debt stock with the Depository increased by 46.5% from GH¢32.9 billion in December, 2015 to GH¢48.2 billion at the close of December, 2016. The percentage of foreign holdings in outstanding debt stocks

increased significantly by 92% from GH¢6.9 billion at the end of December, 2015 to GH¢13.2 billion at the end of December, 2016. The value of outstanding debt stock held by domestic investors increased by 34.45% from GH¢26 billion in December, 2015 to GH¢35 billion in December, 2016.

**Table 9 : Distribution of Outstanding Debt Stocks by Tenor and Investor Type at the end of December, 2016**

Tenor of Security	Investor Type				Total (GH)
	Foreign		Domestic		
	(GH¢)	%	(GH)	%	
Bills	-	-	24,720,874,902	100	24,720,874,902
1 Year Note	-	-	2,669,669,272	100.00	2,669,669,272
2 Year	1,259,148,335	29.62	2,991,575,502	70.00	4,250,723,837
Bonds	11,959,247,649	72.20	4,604,456,067	27.80	16,563,703,716
Total	13,218,395,984	27.42	34,986,575,743	72.58	48,204,971,727

**Note:** Foreign investors are allowed to invest in securities with tenors of two (2) years and beyond

Chart 3 : Holders of Outstanding Debt Stocks (GH¢ M), Dec. 2015 &amp; Dec. 2016

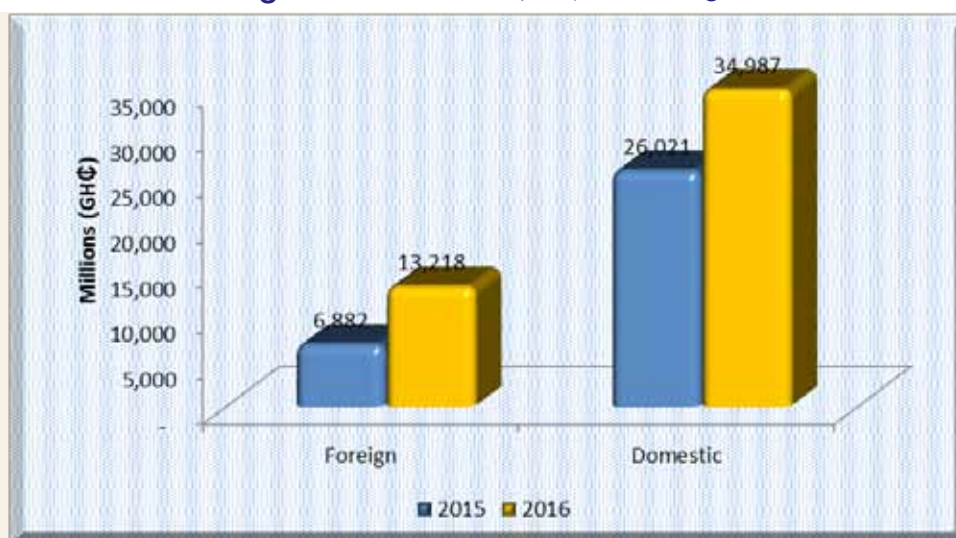
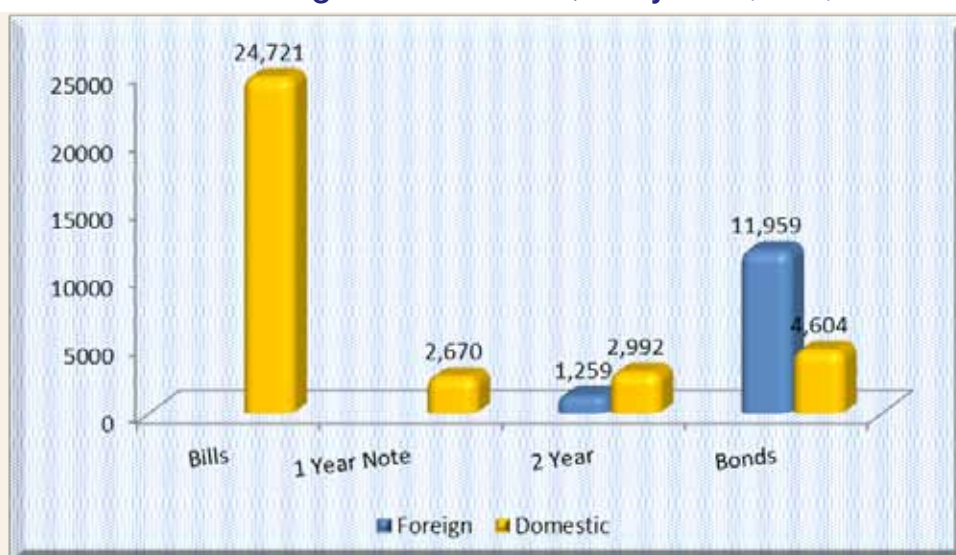


Chart 4 : Distribution of Outstanding Debt Stocks (GH¢ M) by Tenor, Dec., 2016



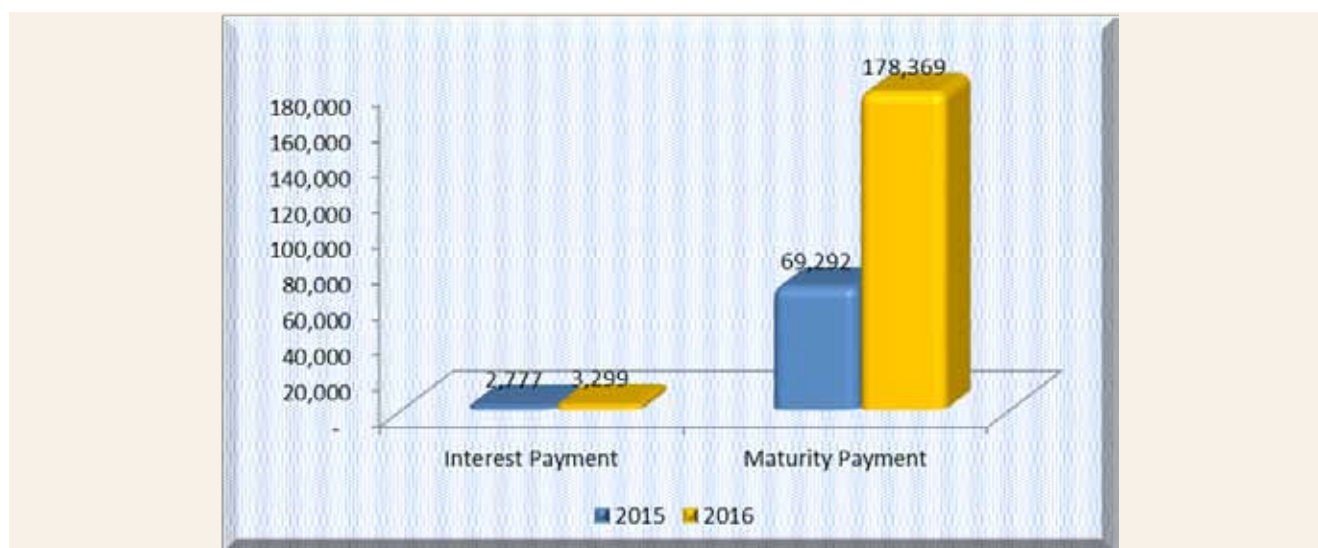
## 8.5 Secondary Market Activities

### 8.5.1 Value of Interest and Maturity Payments Processed by CSD

In 2016 an amount of GH¢181.7 billion worth of debt securities were processed and paid to 1,468,322 beneficiaries. Out of the total amount, 1.82% and 98.18% were processed as interest and maturity proceeds respectively. During 2016, maturity proceeds paid by Bank of Ghana constituted about 65.08% (GH¢118.2 billion) of

the total proceeds processed by CSD for the year whilst Government of Ghana paid about 33.98% (GH¢64.7 billion). The security with tenor of two (2) weeks which is issued for open market operations by BoG forms the largest share of the maturity proceeds processed by CSD for payment in 2016. Out of the total proceeds of 181.7 billion paid to investors as interest and maturity proceeds, the two week bills alone formed 65.08% (GH¢118.2 billion).



**Chart 5 : Value of Interest and Maturity Payments (GH¢ M) Processed by CSD**

**Table 10 : Distribution of IP and MP by Issuer Type and Tenor (2015 – 2016)**

Issuer	Corporate Action Type	Tenor of Security	Number of Beneficiaries		Amount Paid (GH )			
			2015	2016	2015	%	2016	%
Bank of Ghana	MP	14 Day	517	1,350	10,103,757,455	14.02	118,236,083,848	65.08
Government of Ghana	MP	28 Day	9	-	191,852,433	0.27	-	-
Bank of Ghana	MP	56 Day	1	-	33,220,619	0.05	-	-
Government of Ghana	MP	56 Day	1	-	217,575	0	-	-
Bank of Ghana	MP	1 Month	60	-	1,225,883,330	1.7	-	-
Bank of Ghana	MP	2 Month	35	-	512,550,348	0.71	-	-
Bank of Ghana	MP	9 Month	5	-	34,113,497	0.05	-	-
Government of Ghana	MP	91 Day	1,220,220	1,332,078	36,081,984,811	50.07	37,338,669,649	20.55
Barclays Bank of Ghana	MP	91 Day	15	-	20,405,522	0.03	-	-
Barclays Bank of Ghana	MP	182 Day	124	4	52,285,009	0.07	1,000,000	0.00
Government of Ghana	MP	182 Day	74,941	87,474	11,636,299,937	16.15	17,050,578,257	9.39
Cocoa Board of Ghana	MP	182 Day	316	359	2,366,691,006	3.28	1,694,895,755	0.93
Barclays Bank of Ghana	MP	1 Year	1	1	200,000	0.00	100,000	0.00
Government of Ghana	MP	1 Year	13,397	12,244	1,261,109,815	1.75	778,625,592	0.43
Government of Ghana	MP	2 Year	2,949	1,644	2,355,310,342	3.27	449,669,307	0.25
Government of Ghana	MP	3 Year	348	351	3,213,185,733	4.46	1,723,464,727	0.95
Government of Ghana	MP	3 Year	7	79	202,531,646	0.28	1,096,399,478	0.60
<b>Sub-Total</b>			<b>1,312,946</b>	<b>1,435,584</b>	<b>69,291,599,078</b>	<b>96.15</b>	<b>178,369,486,613</b>	<b>98.18</b>
Barclays Bank of Ghana	IP	91 Day	15	-	1,323,189	0	-	-
Barclays Bank of Ghana	IP	182 Day	124	4	6,952,712	0.01	126,795	0.00
Barclays Bank of Ghana	IP	1 Year	2	2	47,000	0	23,000	0.00
Government of Ghana	IP	1 Year	26,739	22,386	280,420,663	0.39	187,998,394	0.10
Government of Ghana	IP	2 Year	8,717	6,387	549,734,588	0.76	556,068,627	0.31
Government of Ghana	IP	3 Year	1,582	2,391	1,266,275,656	1.76	1,455,235,089	0.80
Government of Ghana	IP	5 Year	634	1,536	601,290,210	0.83	1,063,592,102	0.59
Government of Ghana	IP	7 Year	32	32	35,801,775	0.05	35,801,775	0.02
Government of Ghana	IP	3 Year	8	-	34,804,150	0.05	-	-
<b>Sub-Total</b>			<b>37,853</b>	<b>32,738</b>	<b>2,776,649,943</b>	<b>3.85</b>	<b>3,298,845,783</b>	<b>1.82</b>
<b>Grand Total</b>			<b>1,350,799</b>	<b>1,468,322</b>	<b>72,068,249,021</b>	<b>100</b>	<b>181,668,332,396</b>	<b>100.00</b>

#### 8.4.2 Over-the-Counter (OTC) Trades/ Pre-Negotiated Trades for Debt Securities

The number of OTC transactions cleared and settled by CSD increased by 49.6% from 45,622 in 2015 to 68,250 during 2016. In nominal terms, the value of debt securities traded in 2016 also increased by 61.74% to GH¢15.7 billion from a nominal value of GH¢9.6 billion in 2015. The increase may be partly attributed to the reforms introduced in the primary market by Bank of Ghana in 2015 which repealed the retail auction

system so that retail investors could purchase the securities through the secondary market. The five year bonds issued by the Government were the most liquid security for 2016 with a nominal traded value of GH¢6.6 billion. The five year government bonds constituted 42.55% of the total nominal value of GH¢15.6 billion debt securities traded in 2016. This was followed by the 3 year bonds issued by government with a total traded value of GH¢3.8 billion.

**Table 11 : Distribution of OTC Trades Cleared and Settled by Issuers and Tenor (2015 – 2016)**

Issuer	Tenor of Security	Number of OTC Trades		Nominal Value Traded			
				2015		2016	
		2015	2016	GH¢	%	GH¢	%
Bank of Ghana	2 Week	66	86	43,524,226	0.45	104,254,936	0.67
Bank of Ghana	1 Month	1	-	7,000	0.00	-	-
Bank of Ghana	2 Month	1	-	21,165,290	0.22	-	-
Government of Ghana	91 Day	36,142	48,710	625,048,164	6.48	1,086,923,552	6.97
Barclays Bank Ghana	91 Day	13	-	15,619,795	0.16	-	-
Government of Ghana	182 Day	4,970	11,627	756,147,733	7.84	1,576,148,775	10.10
Cocoa Board	182 Day	650	280	955,835,769	9.91	318,228,875	2.04
Government of Ghana	1 Year	1,091	1,024	14,385,943	0.15	62,698,385	0.40
Produce Buying Company	1 Year	2	1	200,000	0.00	40,000	0.00
Government of Ghana	2 Year	266	510	681,227,161	7.06	1,421,542,967	9.11
Ezwe Loans Ltd	2 Year	-	3	-	-	890,000	0.01
Government of Ghana	3 Year	1,817	3,315	5,206,227,884	53.98	3,789,956,369	24.30
Ezwe Loans Ltd.	3 Year	-	4	-	-	665,000	0.00
Bayport Financial Services	3 Year	-	1	-	-	5,000	0.00
Edendale Properties Plc	3 Year	-	3	-	-	1,041,487	0.01
Government of Ghana	5 Year	603	2,572	1,325,191,728	13.74	6,637,382,711	42.55
AfB Loans Ltd.	5 Year	-	1	-	-	23,000	0.00
Ezwe Loans Ltd	5 Year	-	1	-	-	180,000	0.00
Government of Ghana	7 Year	-	3	-	-	360,000	0.00
Government of Ghana	10 Year	-	109	-	-	598,798,976	3.84
Total		45,622	68,250	9,644,580,693	100.00	15,599,140,033	100.00

**Table 12 : Value of Dollar Bond Traded in 2016**

Type of Security	Number of Trades	Nominal Value (US \$)
2 Year FXR Domestic Dollar Bond	20	2,260,847
<b>Total</b>	<b>20</b>	<b>2,260,847</b>

#### 8.4.3 Distribution of Debt Trades Settled by Domestic and Foreign Investors

Out of the total nominal value of GH¢15.6 billion debt securities cleared and settled by the depository in 2016, foreign investors purchased about GH¢8.4 billion forming about 53.85% of total securities purchased in 2016. The nominal value of debt securities purchased by foreign investors increased from GH¢4.5 billion in

2015 to GH¢8.4 billion in 2016 whilst domestic investors' purchases also increased from GH¢5.2 billion to GH¢7.2 billion for the same period. The nominal value of debt securities sold by both domestic and foreign investors in 2016 were GH 9.1 billion and GH¢6.5 billion respectively out of the GH¢15.6 billion securities cleared and settled in 2016.

**Table 13 : Distribution of Debt Trades Settled by Domestic and Foreign Investors (2015-2016)**

Investor Type	Nominal Value Purchased				Nominal Value Sold			
	2015		2016		2015		2016	
	(GH¢)	%	(GH¢)	%	(GH¢)	%	(GH¢)	%
Foreign Investors	4,463,045,376	46.28	8,399,573,760	53.85	4,903,440,539	50.84	6,518,774,726	41.79
Domestic Investors	5,181,535,317	53.72	7,199,566,273	46.15	4,741,140,154	49.16	9,080,365,307	58.21
<b>Total</b>	<b>9,644,580,693</b>	<b>100.00</b>	<b>15,599,140,033</b>	<b>100.00</b>	<b>9,644,580,693</b>	<b>100.00</b>	<b>15,599,140,033</b>	<b>100.00</b>

#### 8.4.4 Settlement of Repurchase Agreement (Repo) Transactions

The number of transactions in the repo market declined by 13.92% from 8,928 in 2015 to 7,837 during 2016. The total face value of all repo transactions performed in 2016 was GH¢157.3 billion million with a collateral value of GH¢159.6 billion. Compared with 2015, the nominal value

of repo transactions declined by 21.97% from a nominal value of GH¢201.6 billion during 2015 to GH¢157.3 billion for the year ended 2016. During the same period, the nominal value of securities used to collateralise or secure the repo amounts also declined by 22.3% from a face value of GH¢205.3 billion in 2015 to GH¢159.6 billion in 2016.

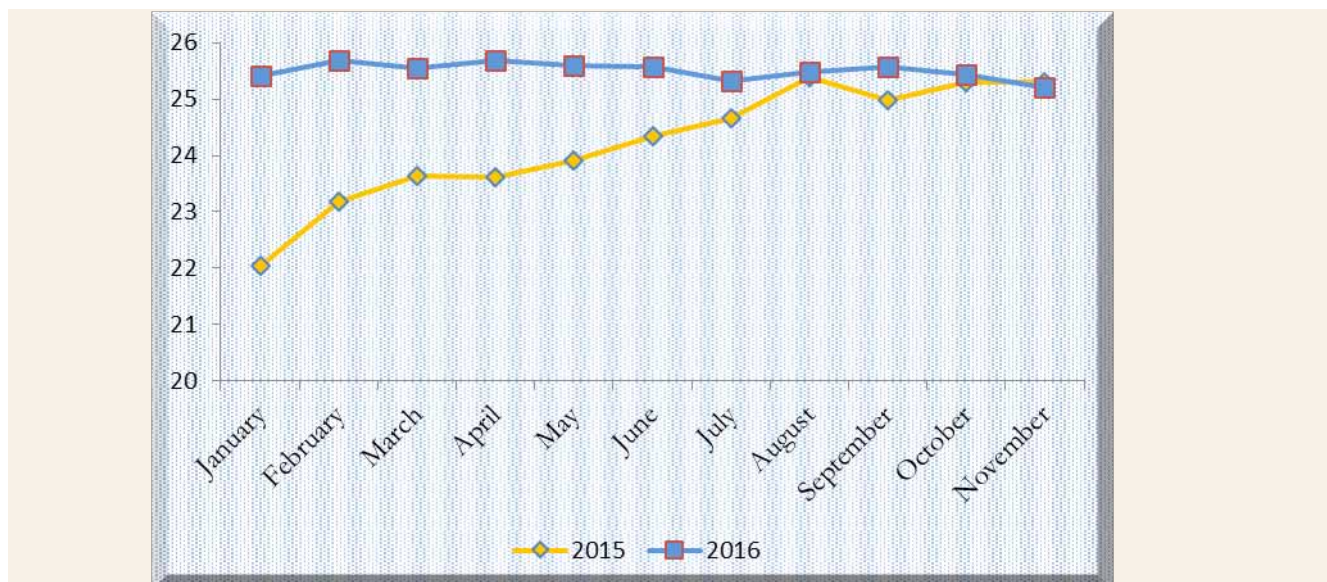


**Chart 6 : Value (GH¢M) of Settled Repo Transactions, (2015-2016)**

#### 8.4.5 Repo Rates

The year on year average repo rates increased to 25.17% in 2016 from 24.31% in 2015. The

year began with a monthly average repo rate of 25.42% in January and ended with a rate of 25.48% for the Month of December, 2016.

**Chart 7 : Monthly Average Repo Rates (% P.A.)**

#### 8.5.6 Pledging of Debt Securities

The value of debt securities pledged by securities holders in the CSD, increased by 50.83% from a nominal value of GH 5.9 billion in

2015 to GH 8.9 billion during 2016. The number of pledged transactions also increased from 735 in 2015 to 1,087 transactions in 2016.

**Table 14 : Monthly Distribution of Pledged Securities, January – December, 2016**

Month	Face Value of Pledged Securities (GH¢)		No. of Pledged Transactions	
	2015	2016	2015	2016
January	181,229,251	765,132,555	51	92
February	251,134,500	750,114,010	66	62
March	429,383,551	577,200,524	64	52
April	37,265,623	464,899,675	37	52
May	312,745,393	421,640,555	45	50
June	588,931,786	674,236,268	70	59
July	688,790,735	878,161,516	57	69
August	706,123,481	882,669,516	58	71
September	499,180,969	1,113,284,224	45	102
October	751,198,413	734,265,331	76	131
November	720,126,802	879,253,230	81	144
December	737,855,019	763,964,388	85	203
<b>Total</b>	<b>5,903,965,523</b>	<b>8,904,821,792</b>	<b>735</b>	<b>1,087</b>

## 8.5 EQUITY

### 8.5.1 Volume of Shares in the Depository

Out of the total volume of 10,690,690,623 shares issued and listed on the GSE, a volume of 9.5 million forming about 89.04% of the overall shares listed on the GSE had been converted electronically into the depository system. And out of this dematerialised shares, domestic investors and foreign investors held 79.81% and 20.19% respectively. Compared to 2015, the volume of dematerialised shares in the CSD increased by 6% to 9.5 million for year-end, 2016.

### 8.5.2 Market Turnover

The volume of traded shares cleared and settled in the equity market increased marginally by 2.60% to 252,833,427 in 2016 from 246,428,362 in 2015. However, the value of traded shares cleared and settled within the same period

experienced a downturn of about 2.23% from GH¢247.6 million in 2014 to GH¢242.1 million during 2016.

In terms of sectoral distribution of shares cleared and settled in 2016, the manufacturing sector was the sector with the most traded volume of shares similar to 2015. The manufacturing sector formed 50.17% the total volume of shares traded in 2016. This was followed by shares in the financial sector forming about 25.60% of the total volume of shares cleared and settled in 2016. The value of shares cleared and settled was dominated by the Financial Sector during 2016 similar to 2015. Out of a total value of shares cleared and settled in 2016, traded financial sector shares constituted close to 49% and was followed by shares in the insurance sector constituting about 16.59% of the total value of shares cleared and settled for the year.

**Table 15 : Monthly Distribution of Traded Shares Cleared and Settled, 2015 -2016**

Month	2015		2016	
	Volume	Value (GH¢)	Volume	Value (GH¢)
January	1 0,255,338	15,232,797	21,647,385	29,495,856
February	2 1,289,042	30,192,038	10,836,182	14,039,650
March	5 7,131,804	22,387,047	4,440,804	7,767,848
April	1 1,739,939	21,674,854	8,399,916	35,159,146
May	1 5,614,883	20,200,564	8,941,016	14,204,787
June	8,307,895	13,068,533	8,784,632	36,040,880
July	1 0,682,978	11,233,179	9,931,686	19,385,940
August	5,465,103	5,367,096	5,074,727	19,770,773
September	2 0,510,193	30,416,431	31,345,950	41,202,893
October	1 0,276,377	15,852,426	5,843,810	2,438,760
November	1 9,121,174	24,162,043	8,530,830	13,779,065
December	56,033,636	37,849,614	129,056,489	8,829,193
<b>Total</b>	<b>246,428,362</b>	<b>247,636,623</b>	<b>252,833,427</b>	<b>242,114,791</b>

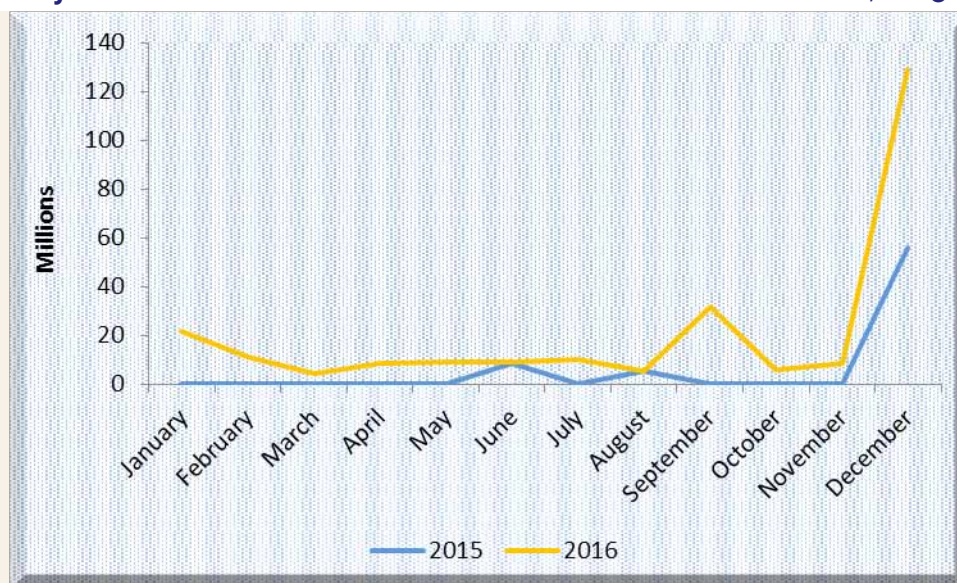
**Chart 8 : Monthly Distribution of the Volume of Shares Cleared and Settled, 2015-2016**



Chart 9 : Monthly Distribution of Value (GH¢ M) of Shares Cleared and Settled, 2015-2016





## 9.0 APPENDIX

### 9.1 Lists of Depository Participants (DPs)

#### A. Universal Banks

1	ADB Bank Ltd.	18	GN Bank Ghana Ltd
2	ARB Apex Bank Ltd	19	HFC Bank Ltd
3	Access Bank Ghana Ltd.	20	National Investment Bank Ltd
4	Bank of Africa	21	Omnibank Ghana Ltd
5	Bank of Baroda (Ghana) Ltd	22	Prudential Bank Ltd
6	Barclays Bank of Ghana	23	Premium Bank Ghana
7	BSIC Ghana Ltd	24	Societe Generale Ghana
8	Energy Bank (Ghana) Ltd	25	Sovereign Bank Ghana Ltd.
9	First Atlantic Bank Ltd	26	Stanbic Bank Ghana Ltd
10	First National Bank	27	Standard Chartered Bank Gh. Ltd
11	FBN Bank (Ghana) Ltd	28	The Royal Bank Ltd
12	Capital Bank Ltd	29	Unibank Ghana Ltd
13	Cal Bank Ltd.	30	UT Bank Ltd
14	Ecobank Ghana Ltd.	31	United Bank for Africa (Ghana) Ltd
15	Guaranty Trust Bank (Ghana) Ltd	32	Universal Merchant Bank
16	Fidelity Bank Ghana Ltd	33	Zenith Bank (Ghana). Ltd
17	GCB Bank Ltd		

#### B. Custodians Banks

1	Access Bank Custody Services	8	Securities Services –Standard Chartered Bank
2	Cal Bank Custody Service	9	Societe General Ghana Ltd Custody Services
3	Ecobank Custody Services	10	Stanbic Bank Custody Services
4	Fidelity Custody Services	11	UT Bank Custody Service
5	Guaranty Trust Bank Custody Service	12	Unibank Custody Services
6	HFC Custody Services	13	Universal Merchant Bank Custody
7	Prudential Bank Custody Services	14	Zenith Bank Custody Services

## C. Brokerage Firms

1	African Alliance Securities Gh. Ltd.	12	IC Securities Gh. Ltd.
2	Bullion Securities Ltd.	13	Liberty Capital Gh. Ltd.
3	CAL Brokers Ltd.	14	Merban Stockbrokers Ltd.
4	CDH Securities Ltd.	15	New World Securities Ltd.
5	Chapel Hill Denham Securities Gh. Ltd	16	NTHC Securities Ltd.
6	Databank Brokerage Ltd.	17	Prudential Securities Ltd.
7	EDC Stockbrokers Ltd.	18	SBG Securities Gh. Ltd.
8	First Atlantic Brokers Ltd	19	SIC-Financial Services Ltd.
9	FirstBanc Brokerage Services Ltd.	20	Strategic African Securities.
10	Gold Coast Securities	21	Worldwide Securities Ltd.
11	HFC Brokerage Services Ltd.		

## D. Investment Advisers

1	QFS Securities Ltd.
2	UMB-Investment Holdings Ltd.
3	IFS Capital Management Ltd.

## F. Others

1	Bank of Ghana
2	Social Security and National Insurance Trust (SSNIT)

## 9.2 Lists of Issuers in the Depository System

### 1. Debt Securities

1	Afb Plc.	6	Cocobod
2	Bayport Financial Services Ltd.	7	Government of Ghana
3	Bank of Ghana	8	Ghana Home Loans Ltd.
4	Barclays Bank of Ghana	9	Produce Buying Company
5	Edendale Properties Plc.	10	IZwe Loans Ltd.

## 2. Equity Securities

### Listed Equities on the Ghana Stock Exchange (GSE)

1	ADB Bank	16	Fan Milk Ltd	31	Sam Woode Ltd
2	Access Bank	17	GCB Bank Ltd.	32	SIC Insurance Company Ltd
3	African Champion Industries Ltd	18	Ghana Oil Company Ltd	33	Societe General Gh. Ltd
4	AngloGold Ashanti Ltd	19	Golden Star Resources Ltd	34	Samba Food
5	AngloGold Ashanti Depository Shares	20	Golden Web Ltd	35	Standard Chartered Bank Gh. Ltd
6	Aluworks Ltd	21	Guinness Ghana Breweries Ltd	36	Starwin Products Ltd
7	Ayrton Drug Manufacturing Ltd.	22	HFC Bank Ltd	37	Total Petroleum Gh. Ltd
8	Benso Oil Palm Plantation	23	Hords Ltd.	38	Transactions Solutions Gh. Ltd
9	CAL Bank Ltd	24	Mechanical Llyod Company Ltd	39	Trust Bank Ltd ( The Gambia)
10	Camelot Gh. Ltd	25	Mega African Capital Ltd.	40	Tullow Oil PLC
11	Clydestone Gh. Ltd	26	Meridian Marshall	41	Unilever Ghana Ltd
12	Cocoa Processing Company Ltd	27	NewGold Issuer Ltd	42	UT Financial Services Ltd
13	Ecobank Gh. Ltd	28	Pioneer Kitchenware Ltd	43	Intravenous Infusions Ltd
14	Ecobank Transnational Inc.	29	Produce Buying Company Ltd		
15	Enterprise Group Ltd	30	PZ Cussons Gh. Ltd		

### Unlisted Equities

1	Accra Brewery Ltd
2	Accra Hearts of Oak Ltd
3	CFAO Ghana Ltd

9.3: Distribution of Outstanding Debt Stocks by Security Tenor, Issuer and Client Type, December, 2016.

Security Tenor	Issuer Code	Client Type										Total	
		Bank of Ghana (GH¢)	Commercial Banks (GH¢)	Firms & Insts. (GH¢)	Insurance Firms (GH¢)	Foreign Investors (GH¢)	Rural Banks (GH¢)	SSNIT (GH¢)	Others (GH¢)	(GH¢)	%		
2 WEEK	BoG	630,015,300	6,446,284,240	-	-	-	10,098,077	19,124,000	25,390,000	7,130,911,617	14.79		
91 DAY	GoG	567,279,169	1,555,779,473	3,551,026,483	16,108,005	-	293,883,084	17,554,077	4,475,958,560	10,477,588,851	21.74		
182 DAY	GoG	226,614,987	3,335,361,818	2,238,590,481	178,072,316	-	86,908,561	125,303,078	921,523,193	7,112,374,434	14.75		
1 YEAR	GoG	101,395,912	1,393,339,403	836,730,792	16,835,422	-	33,571,293	60,639,324	72,743,751	2,515,255,897	5.22		
1 YEAR	PBC	-	47,000	129,926,098	18,714,900	-	-	-	5,725,377	154,413,375	0.32		
2 YEAR	ILL	-	-	7,849,000	2,024,000	-	-	-	127,000	10,000,000	0.02		
2 YEAR	AFB	-	-	13,706,450	-	-	-	-	-	13,706,450	0.03		
2 YEAR	GoG	77,882,687	1,589,425,778	1,203,240,629	17,948,148	1,259,148,335	29,167,574	14,248,976	35,955,260	4,227,017,387	8.77		
3 YEAR	AFB	-	-	28,627,571	-	4,000,000	-	-	94,800	32,722,371	0.07		
3 YEAR	AFB	-	-	3,271,450	-	3,000,000	-	-	-	6,271,450	0.01		
3 YEAR	GoG	416,078,594	613,025,071	604,549,187	28,486,783	5,077,419,789	300,000	23,828,000	45,536,039	6,809,223,463	14.13		
3 YEAR	ILL	-	-	9,977,000	-	-	-	-	23,000	10,000,000	0.02		
3 YEAR	ILL	-	-	21,342,760	1,359,000	-	-	-	188,000	22,889,760	0.05		
3 YEAR	EPL	-	-	7,600,000	-	-	-	-	-	7,600,000	0.02		
3 YEAR	EPL	-	-	17,674,700	-	-	-	-	-	17,674,700	0.04		
3 YEAR	BFS	-	-	20,386,460	-	-	-	-	100,000	20,486,460	0.04		
3 YEAR	BFS	-	-	71,363,880	2,000,000	8,000,000	-	-	450,000	81,813,880	0.17		
4 YEAR	AFB	-	-	5,000,000	-	-	-	-	-	5,000,000	0.01		
5 YEAR	AFB	-	-	8,517,000	-	-	-	-	483,000	9,000,000	0.02		
5 YEAR	BFS	-	-	18,373,800	-	8,000,000	-	-	-	26,373,800	0.05		
5 YEAR	ILL	-	-	6,500,000	500,000	-	-	-	-	7,000,000	0.01		
5 YEAR	GHL	-	-	9,564,000	-	-	-	-	-	9,564,000	0.02		
5 YEAR	BoG	-	-	900,000,000	-	-	-	-	-	900,000,000	187		
5 YEAR	GoG	84,000,000	780,695,242	342,380,925	21,637,780	6,514,397,860	5,000,000	13,400,000	25,812,025	7,787,323,832	16.15		
6 YEAR	ILL	-	-	10,000,000	-	-	-	-	-	10,000,000	0.02		
7 YEAR	GoG	178,000,000	17,000,000	1,590,000	-	130,000	-	5,000,000	-	201,720,000	0.42		
10 YEAR	GoG	5,000,000	233,970,512	4,240,000	5,000,000	344,300,000	-	-	6,529,488	599,040,000	1.24		
TOTAL	(GH)	2,286,266,649	15,964,928,537	10,072,028,666	308,686,354	13,218,395,984	458,928,589	279,097,455	5,616,639,493	48,204,971,727	100.00		
	%	4.74	33.12	20.89	0.64	27.42	0.95	0.58	11.65	100.00	N/A		

## 9.4 Distribution of Debt Trades Settled by Security Tenor and Issuer Type, (2015-2016)

Security Tenor	Issuer Name	Number of OTC Trades		Nominal Value Traded			
		2015	2016	2015		2016	
				GH¢	%	GH¢	%
2 Week	Bank of Ghana	66	86	43,524,226	0.45	104,254,936	0.67
1 Month	Bank of Ghana	1	-	7,000	0.00	-	-
2 Month	Bank of Ghana	1	-	21,165,290	0.22	-	-
91 Day	Government of Ghana	36,142	48,710	625,048,164	6.48	1,086,923,552	6.97
91 Day	Barclays Bank Ghana	13		15,619,795	0.16		-
182 Day	Bank of Ghana	4,970	11,627	756,147,733	7.84	1,576,148,775	10.10
182 Day	Cocoa Board	650	280	955,835,769	9.91	318,228,875	2.04
1 Year	Government of Ghana	1,091	1,024	14,385,943	0.15	62,698,385	0.40
1 Year	Produce Buying Company	2	1	200,000	0.00	40,000	0.00
2 Year	Government of Ghana	266	510	681,227,161	7.06	1,421,542,967	9.11
2 Year	Ezwe Loans	-	3	-	-	890,000	0.01
3 Year	Government of Ghana	1,817	3,315	5,206,227,884	53.98	3,789,956,369	24.30
3 Year	Ezwe Loans	-	4	-	-	665,000	0.00
3 Year	Bayport Financial Services	-	1	-	-	5,000	0.00
3 Year	Edendale Properties Ltd.	-	3	-	-	1,041,487	0.01
5 Year	Government of Ghana	603	2,572	1,325,191,728	13.74	6,637,382,711	42.55
5 Year	AFB Loans Ltd	-	1	-	-	23,000	0.00
5 Year	Ezwe Loans Ltd.	-	1	-	-	180,000	0.00
7 Year	Government of Ghana	-	3	-	-	360,000	0.00
10 Year	Government of Ghana	-	109	-	-	598,798,976	3.84
<b>Total</b>		<b>45,622</b>	<b>68,250</b>	<b>9,644,580,693</b>	<b>100.00</b>	<b>15,599,140,033</b>	<b>100.00</b>

## 9.5: Distribution of Listed Shares Held in the Depository by Investors as at December, 2016

NAME OF ISSUER	SHARES IN THE DEPOSITORY SYSTEM			ISSUED SHARES LISTED	% IN CSD
	DOMESTIC INVESTORS	FOREIGN INVESTORS	TOTAL		
ADB BANK	122,860,028		122,860,028	230,923,222	53.20
ACCESS BANK	419,220		419,220	118,093,134	0.35
ALUWORKS LTD	224,155,497	5,696,709	229,852,206	236,685,180	97.11
ANGLOGOLD ASHANTI DEPOSITORY SHARES	1,674,277	50	1,674,327	16,164,735	10.36
ANGLOGOLD ASHANTI LIMITED*	6,439,785		6,439,785	6,603,682	97.52
AYRTON LTD	211,146,179	4,583	211,150,762	215,000,000	98.21
BENSO OIL PALM PLANTATION	31,929,654	2,260	31,931,914	34,800,000	91.76
CAL BANK LTD	287,310,840	230,428,682	517,739,522	548,261,549	94.43
CAMELOT GHANA LTD	5,156,432	9,571	5,166,003	6,829,276	75.64
CLYDESTONE (GHANA) LTD	8,124,641		8,124,641	34,000,000	23.90
COCOA PROCESSING COMPANY LTD	1,964,891,891	150,000	1,965,041,891	2,028,074,176	96.89
ECOBANK GHANA LTD	274,435,314	13,586,032	288,021,346	293,228,372	98.22
ECOBANK TRANSNATIONAL INC-ETI.*	1,068,301,239	1,262,466,037	2,330,767,276	2,572,308,103	90.61
ENTERPRISE GROUP LTD	94,785,751	29,877,810	124,663,561	133,100,825	93.66
FAN MILK LTD	83,116,776	25,025,861	108,142,637	116,207,288	93.06
GHANA COMMERCIAL BANK LTD	172,831,773	50,372,049	223,203,822	265,000,000	84.23
GHANA OIL COMPANY LTD	374,351,313	15,908	374,367,221	391,863,128	95.54
GOLDEN STAR RESOURCES LTD*	63,771	100	63,871	155,470	41.08
GOLDEN WEB LTD	17,317,402	1,000	17,318,402	35,000,000	49.48
GUINNESS GHANA BREWERIES LTD	276,843,832	24,315,818	301,159,650	307,594,827	97.91
HFC BANK LTD	285,437,720	9,242,237	294,679,957	297,420,000	99.08
MECHANICAL LLYOD COMPANY LTD	40,059,960	11,361	40,071,321	50,095,925	79.99
MEGA AFRICAN CAPITAL LTD	9,358,639	0	9,358,639	9,948,576	94.07
NEWGOLD ISSUER LTD	50,000	0	50,000	200,000	25.00
PIONEER KITCHENWARE LTD	26,585,369		26,585,369	33,341,167	79.74
PRODUCE BUYING COMPANY LTD	426,167,445	13,713,557	439,881,002	480,000,000	91.64
PZ CUSONS GHANA LTD	8,425,830	750,000	9,175,830	168,000,000	5.46
SAM WOODE LTD	18,000,732	0	18,000,732	21,828,035	82.47
SIC INSURANCE COMPANY LTD	155,017,550	28,892,024	183,909,574	195,645,000	94.00
SOCIETE GENERALE GHANA LTD	390,119,640	20,297,526	410,417,166	428,850,344	95.70
STANDARD CHARTERED BANK GH. LTD	104,400,020	5,237,534	109,637,554	115,507,284	94.92
STARWIN PRODUCTS LTD	209,234,054	0	209,234,054	259,810,000	80.53
SUPER PAPER PRODUCTS CO. LTD	14,720,837	0	14,720,837	259,810,000	5.67
TOTAL PETROLEUM GHANA LTD	19,279,225	376,624	19,655,849	111,874,072	17.57
TRANSACTION SOLUTIONS (GHANA) LTD	16,154,064	7,094,075	23,248,139	80,000,000	29.06
TRUST BANK LTD (THE GAMBIA)	5,780,627	0	5,780,627	7,030,293	82.22
TULLOW OIL PLC*	2,043,048	22	2,043,070	2,043,163	100.00
UNILEVER GHANA LTD	5,354,387	10,455,043	15,809,430	62,500,000	25.30
UT FINANCIAL SERVICES LTD	255,948,485	183,397,453	439,345,938	456,310,181	96.28
<b>TOTAL (A)</b>	<b>7,218,293,247</b>	<b>1,921,419,926</b>	<b>9,139,713,173</b>	<b>10,229,582,197</b>	<b>89.35</b>
PREFERENCE SHARE					
STANDARD CHARTERED BANK GH. LTD (SCB PREF)	1,276,693	29,366	1,306,059	17,480,000	7.47
<b>TOTAL (B)</b>	<b>1,276,693</b>	<b>29,366</b>	<b>1,306,059</b>	<b>17,480,000</b>	<b>7.47</b>
COMPANIES LISTED UNDER GAX					
HORDS LTD	114,937,561	10,000	114,947,561	114,947,561	100.00
MERIDIAN-MARSHALLS HOLDING COMPANY LTD	96,074,166	10,000	96,084,166	96,084,166	100.00
SAMBA PROCESSED FOODS AND SPICES LTD	5,974,453	600	5,975,053	5,975,453	99.99
INTRAVENOUS INFUSIONS LTD	167,550,666	13,000	160,769,066	226,621,246	70.94
<b>TOTAL (C)</b>	<b>377,742,246</b>	<b>33,600</b>	<b>377,775,846</b>	<b>443,628,426</b>	<b>85.16</b>
<b>Overall (A+B+C) % Of Equity in the CCSD System</b>	<b>7,597,312,186</b>	<b>1,921,482,892</b>	<b>9,518,795,078</b>	<b>10,690,690,623</b>	<b>89.04</b>



## GLOSSARY

### Corporate Action:

any activity undertaken by the issuer of securities that affects the securities and the holder of the securities.

### Coupon Rate:

interest rate stated on notes and bonds.

### Depository Participants:

financial institutions, corporations and agencies which act as intermediaries between the CSD and the general investing public.

### Dematerialisation:

is the process of converting paper share certificates into an electronic book entry system.

### Financial Market Infrastructure:

are the channels through which securities and financial transactions are cleared, settled and recorded.

### Issuer:

signifies government, corporation, or an agency that sells initial securities to the general public.

### Primary Market:

is a market that deals with the issuance of new securities. Here securities are purchased directly from the issuer.

### Primary Dealers:

are financial institutions approved by Bank of Ghana to participate in the auction of Government of Ghana, Cocoa Board and Bank of Ghana securities at the primary market .

### Secondary Market:

refers to post primary market transactions in the instruments.

### Securities:

are financial instruments that represent ownership of one's investment such as equities, debts etc.

### Settlement:

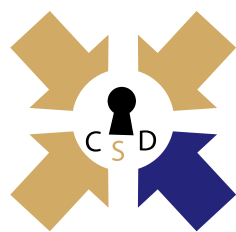
is the delivery or movement of securities in exchange of fund.

### Settlement Guarantee Fund:

is the value of funds and securities set aside to serve as a warranty in the fulfilment of transactions during securities trade.

### Straight through Processing (STP):

is an electronic clearing and settlement processing arrangement which allows delivery of securities and payments of funds from one party to another without manual interventions.



CENTRAL  
SECURITIES  
DEPOSITORY  
*You invest, we protect*

**FINANCIAL STATEMENTS**  
**31 DECEMBER 2016**

## REPORT OF THE DIRECTORS TO THE MEMBERS

The directors present their report together with the financial statements of Central Securities Depository (GH) Limited as of 31 December 2016.

### Mission/Vision of the company

To be a leading global provider of efficient and reliable post trade services; playing a pivotal role in the financial market in Ghana.

### Statement of directors' responsibility

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

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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1963 (Act 179) and for such internal controls as the directors determine

is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Nature of business

The company is registered and incorporated in Ghana as a private limited liability company under the Companies Act, 1963 (Act 179). CSD has obtained a license from the Securities and Exchange Commission (SEC). The SEC licence enables the company to undertake the business of:

- Providing a central depository for keeping records of beneficiary owners of financial instrument including government securities and in electronic form;
- Undertaking clearing and settlement by book entry of financial instruments including government securities and equity;
- Providing for immobilization and dematerialization of securities;
- Facilitating buying, selling and otherwise dealing in securities;
- Operating and managing central securities depository clearing and settlement services;
- Registration services

### Results of operations

The profit after tax of GH¢16,281,222 is shown in the statements of comprehensive income.

## Auditors

The auditors, Ernst & Young, Chartered Accountants, having indicated their willingness, continue in office pursuant to Section 134(5) of the Ghana Companies Act, 1963 (Act 179).

## Holding company

The Central Securities Depository (GH) Limited is 70% owned by Bank of Ghana and 30% owned by Ghana Stock Exchange

## Dividend


The directors have proposed a dividend of GHS1.5 per share amounting to GHS5,250,000 for the 2016 financial year.

Signed on behalf of the Board:



Chairman

Date: 27th March, 2017



Director

Date: 27th March, 2017

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CENTRAL SECURITIES DEPOSITORY (GH) LIMITED

## Report on the financial statements

### Opinion

We have audited the financial statements of Central Securities Depository (GH) Limited set out on pages 7 to 27, which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Central Securities Depository (GH) Limited as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 1963 (Act 179).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Federation of Accountants' *Code of Ethics for Professional Accountants* (IFAC code) and other independence requirements applicable to performing audits of Central Securities Depository (GH) Limited. We have fulfilled our other ethical responsibilities in accordance with the IFAC Code and in accordance with other ethical requirements applicable to performing the audits of [company name] in Ghana. We

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

### Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act, 1963 (Act 179). The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 1963 (Act 179), and for such internal controls as the directors determine is necessary to enable the preparation of

financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



## Report on other legal and regulatory requirements

The Companies Act, 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 purposes 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 the profit and loss account (profit or loss section of the statement of comprehensive income) of the company are in agreement with the underlying books of account.

Signed by Pamela Des Bordes (ICAG/P/1329)  
For and on behalf of Ernst & Young  
(ICAG/F/2017/126)  
Chartered Accountants  
Accra, Ghana

Date: 27th March, 2017

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

ASSETS	Notes	2016 GH¢	2015 GH¢
<b>Non- current assets</b>			
Property, plant and equipment	3	512,367	839,463
Intangible assets	4	10,038,608	4,508,060
Deferred tax assets	10(i)	17,915	16,539
		<u>10,568,890</u>	<u>5,364,062</u>
<b>Current assets</b>			
Accounts receivable and prepayments	5	5,665,721	4,434,453
Held to maturity investments	6a	21,581,472	7,492,744
Investment in fund	6b	534,110	
Cash and bank	7a	1,441,543	2,557,643
		<u>29,222,846</u>	<u>14,484,840</u>
<b>TOTAL ASSETS</b>		<u>39,791,736</u>	<u>19,848,902</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	8	3,500,000	3,500,000
Other reserve	9	600,000	600,000
Retained earnings		24,545,736	10,188,138
		<u>28,645,736</u>	<u>14,288,138</u>
<b>Noncurrent Liabilities</b>			
		-	-
		-	-
<b>Current Liabilities</b>			
		-	-
Accounts payable and accruals	11(i)	8,441,514	3,673,342
Taxation	10(ii)	2,704,486	1,887,422
		<u>11,146,000</u>	<u>5,560,764</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>39,791,736</u>	<u>19,848,902</u>

Signed on behalf of the Board:



Director

Date: 27th March, 2017



Director

Date: 27th March, 2017

The attached notes 1 to 19 form an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
		GH¢	GH¢
Revenue	12	<b>30,950,011</b>	12,876,225
Other income	13	<b><u>3,476,063</u></b>	3,050,185
		<b>34,426,074</b>	15,926,410
Operating Expenses		<b><u>(12,639,625)</u></b>	<u>(8,303,433)</u>
Profit for the year	18	<b>21,786,449</b>	7,622,977
Income tax expense	10(iii)	<b><u>(5,505,228)</u></b>	<u>(1,985,744)</u>
Total comprehensive income for the year	18	<b><u>16,281,222</u></b>	<u>5,637,233</u>

## STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2016

	Issued and fully paid shares	Other reserves	Retained Earning	Total Equity
	GH¢	GH¢	GH¢	GH¢
<b>2016</b>				
Balance at 1 January	3,500,000	600,000	10,188,138	14,288,138
Dividend Payment			(1,923,624)	(1,923,624)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>16,281,222</u>	<u>16,281,222</u>
Balance as of 31 December 2016	<b><u>3,500,000</u></b>	<b><u>600,000</u></b>	<b><u>24,545,736</u></b>	<b><u>28,645,736</u></b>

	Issued and fully paid shares	Other reserves	Retained Earning	Total Equity
	GH¢	GH¢	GH¢	GH¢
<b>2015</b>				
Balance at 1 January	3,500,000	600,000	4,550,905	8,650,905
Total comprehensive income For the year	<u>-</u>	<u>-</u>	<u>5,637,233</u>	<u>5,637,233</u>
Balance as of 31 December 2015	<b><u>3,500,000</u></b>	<b><u>600,000</u></b>	<b><u>10,188,138</u></b>	<b><u>14,288,138</u></b>

The attached notes 1 to 19 form an integral part of these financial statements.

## STATEMENT OF CASHFLOWS

### 31 DECEMBER 2016

	Notes	2016 GH¢	2015 GH¢
<b>OPERATING ACTIVITIES</b>			
Profit for the year before tax		<b>21,786,449</b>	7,622,977
<b>Adjustment for:</b>			
Depreciation	3	<b>338,912</b>	423,734
Amortisation	4	<b>1,512,401</b>	590,676
Movement in grant		-	(872,365)
Interest accrued on short term investments		<b>(332,686)</b>	(186,143)
Non cash value received for asset traded in		-	96,927
Gains on disposal		-	(77,675)
<b>Operating cash flow before working capital changes</b>		<b>23,305,076</b>	7,598,131
Increase in accounts receivable		<b>(1,231,268)</b>	(2,381,820)
Increase in payables and accruals		<b>4,768,172</b>	2,667,516
Cash from operations		<b>26,841,980</b>	7,883,827
Tax paid	10(ii)	<b>(4,689,539)</b>	(1,109,050)
<b>Net cash in/ outflow from operating activities</b>		<b>22,152,441</b>	6,774,777
<b>INVESTING ACTIVITIES</b>			
Purchase of PPE	3	<b>(11,816)</b>	(777,129)
Purchases of intangible assets	4	<b>(7,042,949)</b>	(4,512,657)
Proceeds on disposal of PPE		-	136,565
Investment in managed fund		<b>(534,110)</b>	-
Short term investments (purchased)/redeemed		<b>(3,095,500)</b>	(1,111,443)
<b>Net cash outflow in investing activities</b>		<b>(10,684,375)</b>	(4,041,778)
<b>FINANCING ACTIVITIES</b>			
Dividend paid		<b>(1,923,624)</b>	-
<b>Net cash outflow from financing activities</b>		<b>(1,923,624)</b>	-
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>9,544,442</b>	2,732,999
Cash and Cash equivalents as of 1 January		<b>5,782,423</b>	3,049,424
<b>CASH AND CASH EQUIVALENTS AS OF 31 DECEMBER</b>	7b	<b>15,326,865</b>	5,782,423

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 1. CORPORATE INFORMATION

#### 1.1 ACTIVITIES

The Central Securities Depository (Gh) Limited is a subsidiary of Bank of Ghana registered and incorporated in Ghana as a private limited liability company under the Companies Act, 1963 (Act 179) to provide services including the following:

- Providing a central depository for keeping record of beneficiary owners of financial instruments including government securities and in electronic form;
- Providing facilities to the public for the registration or transfer of ownership of shares, bonds and other securities.
- Undertaking clearing and settlement by book entry of financial instruments including government securities and equity;
- Providing for immobilisation and dematerialisation of securities;
- Facilitating buying, selling and other wise dealing in securities;
- Operation and management of a central securities depository clearing and settlement services.

#### 1.2 Compliance with IFRS

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

#### 1.3 a. Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt these standards when they become effective. The Company expects that adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the Company's financial position or performance in the period of initial application. In cases where it will have an impact, the Company is still assessing the possible impact.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28
- IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28
- IFRS 11 Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11
- IAS 1 Disclosure Initiative – Amendments to IAS 1
- IFRS 14 Regulatory Deferral Accounts
- IAS 27 Equity Method in Separate Financial Statements – Amendments to IAS 27



- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Amendments)- Clarification of Acceptable Methods of Depreciation and Amortization
- IAS 16 Property, Plant and Equipment and IAS 41 Agriculture (Amendments) - Accounting for bearer plants

Amendments to International Financial Reporting Standards 2012-2014 cycle (issued in September 2014)

## 2.1 Basis of preparation

The financial statements are prepared under the historical cost convention.

## 2.2 Functional and reporting currency

The financial statements are presented in Ghana cedis, which is the functional and reporting currency of the company.

## 2.3 Significant accounting judgements, estimates and assumption

The preparation of the financial statement is in conformity with generally accepted accounting standards which require management to make estimates and assumptions that influence the valuation of asset and liabilities and the disclosure of contingent asset and liabilities at the date of the financial statement and the reported amounts of revenue and expenses during the reported period.

However, uncertainty about these assumptions and the estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities in the future.

## 2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably

measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The company has concluded that it is acting as a principal in all of its revenue arrangements.

## Rendering of services

Income is recognized when services are rendered.

## 2.5 Financial assets

### Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace (regular way purchases) are recognized on the trade date, i.e., the date that the company commits to purchase or sale of the asset.

The company's financial assets include cash, short term-term deposits, trade and other receivables and loan and other receivables.

### Impairment of financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated..

### Initial recognition

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as change in arrears or economic conditions that correlate with defaults.

### Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the company has transferred substantially all risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially

all the risks and rewards of the asset but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under the "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognized to the extent of the Company's continuing involvement in the asset.

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

When a continuing involvement take the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

The company's financial assets include cash and short-term deposits.

### Receivables

Accounts receivable and other receivables are recorded in the statement of financial position at face value after deduction of provision for expected losses. Provisions for losses are made on the basis of an individual assessment of each receivable item.

### Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at banks and in hand, short-term fixed deposits with an original maturity of three months or less, bank overdrafts which are repayable on demand and which form an integral part of the company's cash management. Cash and cash equivalents are measured subsequently at amortised cost.

### Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity when the company has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. The losses arising from impairment are recognised in the income statement in finance costs.

## 2.6 Financial liabilities

### Initial recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit and loss, loans and

borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable to transaction costs.

### Subsequent measurement

The measurement of financial liabilities depends on their classifications as follows:

#### Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Financial liabilities are classified as held for trading if they are acquired for the purposes of selling in the near term.

Gains and losses on liabilities held for trading are recognized in the income statement.

Central Securities Depository (Gh) Limited has not designated any financial liabilities at fair value through profit or loss.

### Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received whether billed by the supplier or not.

### Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

## 2.7 Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

## 2.8 Property, plants and equipment

The company recognises an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it and the cost can be reliably measured by the company.

Property, plant and equipment are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

When significant parts of property, plant and equipment are required to be replaced in intervals, the company recognises such parts as individual assets with specific useful lives and depreciation respectively. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The current annual depreciation rates for each class of property, plant and equipment are as follows:

Equipment	25%
Furniture & Fittings	20%
Motor Vehicle	25%

## 2.8 Property, plants and equipment (cont'd)

Costs associated with day-to-day servicing and maintenance of assets is expensed as incurred. Subsequent expenditure is capitalized if it is probable that future economic benefits associated with the item will flow to the company.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item)

is included in the statement of comprehensive income in the period the item is derecognized.

Residual values, useful lives and methods of depreciation for property and equipment are reviewed, and adjusted if appropriate, at each financial year end.

### Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired. Intangible assets whose useful lives can be reasonably estimated are amortised over the estimated useful lives of these assets. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets. The current annual amortisation rate for the intangible asset (software) was re-assessed at 5 years from the financial reporting date.

### Impairment of non-financial assets

The carrying values of property, plant and equipment are reviewed for indications of impairment annually, or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets

or cash-generating units to which the asset belongs are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. The company estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

## 2.9 Pensions and other post-retirement benefit

### Social security contributions

This is a National Pension Scheme under which the company pays 13.5% of qualifying employees' basic monthly salaries to a state managed Social Security Fund for the benefit of the employees. All employer contributions are charged to the statement of comprehensive income as incurred and included under staff costs.



Employees contribute 5.5% of their basic salary to the National Pension Scheme. This is a defined contribution scheme.

The company also makes contribution into a Tier 3 Pension scheme registered for its employees.

## 2.10 Taxation

### a) Income tax

Income tax is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly in shareholders' equity or other comprehensive income, in which case it is recognized in shareholders' equity or other comprehensive income.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current tax assets and liabilities are offset when the Company intends to settle on net basis and the legal right to set-off exists.

### b) Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred income tax liability arises from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- when the deferred income tax assets relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and

## 2.10 Taxation (cont'd)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognised deferred income tax assets are reassessed at

each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

### c) Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except: where the value added tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;

The net amount of value added tax recoverable from, or payable to, the Internal revenue service is included as part of receivables or payables in the statement of financial position.

## 2.11 Bank of Ghana grants

Bank of Ghana grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments.

### 3. PROPERTY, PLANT AND EQUIPMENT

2016

	Equipment	Furniture and Fittings	Motor Vehicle	Total
	GH¢	GH¢	GH¢	GH¢
<b>Cost</b>				
Balance as at 1 January 2016	863,411	325,611	1,020,190	2,209,212
Additions	9,476	2,340	-	11,816
Disposals	-	-	-	-
--				
<b>Balance as at 31 December 2016</b>	<b><u>872,887</u></b>	<b><u>327,951</u></b>	<b><u>1,020,190</u></b>	<b><u>2,221,028</u></b>
<b>Accumulated Depreciation</b>				
Balance as at 1 January 2016	715,101	282,158	372,490	1,369,749
Disposal	-	-	-	-
Charge for the year	<u>74,814</u>	<u>18,774</u>	<u>245,324</u>	<u>338,912</u>
<b>Balance as at 31 December 2016</b>	<b><u>789,915</u></b>	<b><u>300,932</u></b>	<b><u>617,814</u></b>	<b><u>1,708,661</u></b>
<b>Net book value</b>				
<b>Balance as at 31 December 2016</b>	<b><u>82,972</u></b>	<b><u>27,019</u></b>	<b><u>402,376</u></b>	<b><u>512,367</u></b>

### 3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

2015

	Equipment	Furniture and Fittings	Motor Vehicle	Total
	GH¢	GH¢	GH¢	GH¢
<b>Cost</b>				
Balance as at 1 January 2015	771,403	307,178	677,388	1,755,969
Additions	92,008	18,433	666,688	777,129
Disposals	-	-	(323,886)	(323,886)
<b>Balance as at 31 December 2015</b>	<b><u>863,411</u></b>	<b><u>325,611</u></b>	<b><u>1,020,190</u></b>	<b><u>2,209,212</u></b>

Accumulated Depreciation				
Balance as at 1 January 2015	604,931	223,642	285,511	1,114,084
Disposals	-	-	(168,069)	(168,069)
Charge for the year	<u>110,170</u>	<u>58,516</u>	<u>255,048</u>	<u>423,734</u>
<b>Balance as at 31 December 2015</b>	<b><u>715,101</u></b>	<b><u>282,158</u></b>	<b><u>372,490</u></b>	<b><u>1,369,749</u></b>
<b>Net book value</b>				
<b>Balance as at 31 December 2015</b>	<b><u>148,310</u></b>	<b><u>43,453</u></b>	<b><u>647,700</u></b>	<b><u>839,463</u></b>

#### 4. Intangible assets -2016

	Software	Capital work in progress	Total
Cost	GH¢	GH¢	GH¢
Balance as at 1 January	2,740,793	4,420,746	7,161,539
Addition during the year	1,510,374	5,532,575	7,042,949
Transfer from Capital work in progress	<u>4,420,746</u>	<u>(4,420,746)</u>	<u>-</u>
	<b><u>8,671,913</u></b>	<b><u>5,532,575</u></b>	<b><u>14,204,488</u></b>
<b>Accumulated amortisation</b>			
Balance as at 1 January	2,653,479	-	2,653,479
Amortisation for the year	<u>1,512,401</u>	<u>-</u>	<u>1,512,401</u>
<b>Balance at 31 December 2016</b>	<b><u>4,165,880</u></b>	<b><u>-</u></b>	<b><u>4,165,880</u></b>
<b>Net book value</b>			
<b>Balance as at 31 December 2016</b>	<b><u>4,506,033</u></b>	<b><u>5,532,575</u></b>	<b><u>10,038,608</u></b>
Balance at 31 December 2015	<u>87,314</u>	<u>4,420,746</u>	<u>4,508,060</u>

## 5. Accounts receivable and prepayments

	2016	2015
	GH¢	GH¢
Trade receivable	4,980,493	3,610,011
Staff loans	573,547	603,733
Prepayments	42,306	220,709
Staff salary advance	69,375	-
	<u>5,665,721</u>	<u>4,434,453</u>

Maximum staff indebtedness for the year was **GH¢642,922** (2015:GHC 603,733)

## 6a. Held to maturity investments

	2016	2015
	GH¢	GH¢
91 day treasury Bills	2,873,764	2,834,317
182 day treasury Bills	7,363,464	4,081,821
Fixed deposits	11,011,558	390,463
Interest receivable	332,686	186,143
	<u>21,581,472</u>	<u>7,492,744</u>

## 6b. Investment in fund

	2016	2015
	GH¢	GH¢
Initial investment	500,000	-
Net income accrued	34,110	-
	<u>534,110</u>	<u>-</u>

## 7a. Cash and bank balances

	2016	2015
	GH¢	GH¢
Cash at bank	1,441,076	2,557,429
Cash in hand	467	214
	<u>1,441,543</u>	<u>2,557,643</u>

## 7b. Cash and cash equivalents

	2016	2015	Change
	GH¢	GH¢	
Cash and bank balances	<b>1,441,543</b>	2,557,643	<b>-1,116,100</b>
91 day treasury Bills	<b>2,873,764</b>	2,834,317	<b>39,447</b>
Fixed deposits	<b>11,011,558</b>	390,463	<b>10,621,095</b>
	<b>15,326,865</b>	<u>5,782,423</u>	<b>9,544,442</b>

## 8. Stated Capital

### a. Authorized shares

The Company is registered with 3,500,000 ordinary shares of no par value.

### b. Issued shares

	2016		2015	
	No. of Shares	Amount (GH¢)	No. of Shares	Amount (GH¢)
Issued for cash	<u>3,500,000</u>	<b>3,500,000</b>	<u>3,500,000</u>	3,500,000
	<u>3,500,000</u>	<b>3,500,000</b>	<u>3,500,000</u>	<u>3,500,000</u>

There is no share in treasury and on call or instalment unpaid on any share.

## 9. Other reserves

This represents the value of reserves of GSD brought into the combined business in 2014. This reserve is currently been held as a discretionary reserve.

## 10 i. Deferred tax assets

	2016	2015
	GH¢	GH¢
At 1 January	<b>(16,539)</b>	(25,443)
Deferred tax assets of GSD	-	-
Charge to income statement	<b>(1,376)</b>	<u>8,904</u>
	<b>(17,915)</b>	<u>(16,539)</u>



## ii) Corporate tax

	Balance at 1 January	Charge for the year/WHT	Payments	Balance at 31 December
	GH¢	GH¢	GH¢	GH¢
<b>Income tax</b>				
UP to 2013	10,582	-	-	10,582
2014	-	-	-	-
2015	1,876,840	-	-	1,876,840
2016	-	5,506,604	(4,689,539)	817,064
	<b><u>1,887,422</u></b>	<b><u>5,506,604</u></b>	<b><u>(4,689,539)</u></b>	<b><u>2,704,486</u></b>

## iii) Income tax expense

	2016	2015
	GH¢	GH¢
Movement in deferred tax (note 11(i))	(1,376)	8,904
Corporate tax charge for the year (note 11(ii))	<b><u>5,506,604</u></b>	<b><u>1,976,810</u></b>
	<b><u>5,505,228</u></b>	<b><u>1,985,744</u></b>

## iv) Tax rate reconciliation

The tax charge in the Income Statement differs from the hypothetical amount that would arise using the statutory income tax rate. This is explained as follows:

	2016	2015
	GH¢	GH¢
Profit before tax	<b><u>21,786,449</u></b>	<b><u>7,622,977</u></b>
Tax at applicable rate of 25% (2015:25%)	<b><u>5,446,612</u></b>	1,905,744
Tax effect on non-deductible expenses	<b><u>469,078</u></b>	291,102
Tax effect on capital allowance	<b><u>(410,462)</u></b>	(191,046)
Items taxed differently	<b><u>-</u></b>	<b><u>(20,056)</u></b>
Tax expense	<b><u>5,505,228</u></b>	<b><u>1,985,744</u></b>
Effective rate	<b><u>25.27%</u></b>	<b><u>26.06%</u></b>

**11(i) Accounts payable and accruals**

	2016	2015
	GH¢	GH¢
Creditors	21,276	75,810
SEC levy	858,598	719,677
GSE levy	445,076	917,998
Unutilized merger grant	104,664	104,664
Withholding Tax	1,428,568	-
Accruals (note 11(iii))	5,260,396	1,613,842
Payable to Bank of Ghana	183,836	183,836
Other payables	139,100	57,515
	<b>8,441,514</b>	<b>3,673,342</b>

**11(ii) Accruals**

	2016	2015
	GH¢	GH¢
Bonus	1,225,000	424,527
Rent	862,000	700,000
Accruals in respect of systems	3,001,640	420,000
Others	171,756	69,315
	<b>5,260,396</b>	<b>1,613,842</b>

**12. Revenue**

	2016	2015
	GHC	GHC
Registration Fees	9,337	29,500
Issuer Fees	28,310,859	11,027,580
Transaction Fees	2,518,815	1,712,145
Renewal fees	111,000	107,000
	<b>30,950,011</b>	<b>12,876,225</b>

### 13. Other income

	2016	2015
	GH¢	GH¢
Capital grant (Note 11a)	-	872,365
Interests earned on investments	3,334,105	1,908,292
Miscellaneous income	95,063	258,128
Net income from investment fund	34,116	
Training on CSD software	12,779	11,400
	<b>3,476,063</b>	<b>3,050,185</b>

### 14. Contingencies

#### Contingent liabilities

There were no contingent liabilities as of 31 December 2016 (31 December 2015; nil).

#### Contingent assets

There were no contingent assets as of 31 December 2016 (31 December 2015; nil).

### 15. Related party disclosures

The company is 70% owned by the Bank of Ghana and 30% owned by the Ghana Stock Exchange. Transactions with the Bank of Ghana and the Ghana Stock Exchange in the year under review include:

	Bank of Ghana	Ghana Stock Exchange
	GH¢	GH¢
Provision of office space and utilities to CSD	862,000	-
Collections on behalf of GSE	-	445,076

The balances on transactions with related parties are included the accounts payable and cash and bank balances as follows:

	2016	2015
	GH¢	GH¢
Bank account balance with Bank of Ghana	952,911	2,271,948
Amounts payable to the Ghana Stock Exchange	445,076	917,998
Amounts payable to Bank of Ghana	183,836	183,836

Compensation to directors for the period under review amounted to GHC519,331 (2015: GHC429,051).

## 16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments. Management has assessed this risk and concluded that the company has no exposure to this risk.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company assessed that it has no significant exposure to the risk of changes in market interest rates.

## 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company currently does not have significant exposure to this risk as it has no significant foreign currency denominated assets and liabilities.

### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. Customer credit risk is managed by the Finance Unit subject to the Company's established policy, procedures and control relating to customer credit risk management.

### Liquidity risk

The Company monitors its risk of a shortage of funds by monitoring the maturity dates of existing trade accounts payables.

### Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio that support its business and maximise shareholder value. Management considers capital to consist only of equity as disclosed in the statement of financial position. In order to ensure an appropriate return for shareholder's capital invested in the company, management thoroughly evaluates all material projects and potential acquisitions before approval.

## 18. PROFIT FOR THE YEAR

This is stated after charging:

	2016	2015
	GH¢	GH¢
Directors' emoluments	<b>519,331</b>	429,051
Depreciation and amortisation	<b>1,851,313</b>	1,014,408
Audit fees	<b>70,500</b>	50,310
Donations	<b>30,500</b>	150,000

## 19. EVENTS AFTER REPORTING DATE

There are no events after financial reporting dates requiring adjustments or disclosure.

	2016	2015
	GH¢	GH¢
Staff cost	<b>4,979,644</b>	3,225,788
Training and capacity building	<b>1,021,319</b>	750,182
Travel and motor running	<b>498,296</b>	402,407
General and administrative expenses	<b>700,153</b>	336,653
Stationary and printing	<b>79,969</b>	36,817
Communication	<b>68,738</b>	32,876
Consultancy	-	3,544
Depreciation and amortisation	<b>1,851,313</b>	1,014,408
Directors' emoluments	<b>519,331</b>	429,051
Information technology expenses	<b>2,381,274</b>	1,081,579
Premises and equipment expense	<b>74,318</b>	81,565
Promotion and public education	<b>84,770</b>	58,563
Rent and utilities	<b>350,000</b>	700,000
Merger expenses	-	-
Donation	<u><b>30,500</b></u>	<u>150,000</u>
	<b>12,639,625</b>	<u>8,303,433</u>



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