

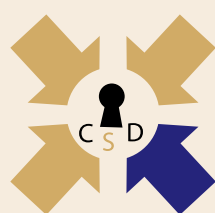


CENTRAL  
SECURITIES  
DEPOSITORY

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2017  
ANNUAL  
REPORT &  
FINANCIAL  
STATEMENTS



CENTRAL  
SECURITIES  
DEPOSITORY  
*You invest, we protect*

2017

ANNUAL & FINANCIAL  
REPORT & STATEMENTS

Prepared and Edited  
By  
The Editorial Committee  
Central Securities Depository (GH) Ltd.  
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

## 1.0 CORPORATE INFORMATION

### DIRECTORS

Dr. Maxwell Opoku-Afari	Chairman	Appointed 1 August 2017
Mr. Maxwell Ribeiro	Member	Appointed 1 June 2017
Mr. Kwasi A. Debrah	Member	Appointed 1 June 2017
Mr. Yao A. Abalo	C E O - Member	Appointed 1 June 2017
Mrs. Caroline Otoo	Member	Re-appointed 1 June 2017
Mr. Kofi S. Yamoah	Member	Re-appointed 1 June 2017
Mr. Ekow Afedzie	Member	Re-appointed 1 June 2017
Mr. Millison Narh	Chairman	Retired 31 July 2017
Mr. Stephen Tetteh	Chief Executive	Retired 31 May 2017
Mrs. Melvina Amofo	Deputy C E O	Resigned 31 May 2017
Dr. David Obu Andah	Member	Resigned 31 May 2017
Mr. Daniel Kobla Glymin	Member	Resigned 31 May 2017
Mr. Kwame Adutua-Amakye	Member	Resigned 31 May 2017
Mrs. Kokui Adzo Adu	Member	Resigned 31 May 2017
Mr. Franklin Asafo-Adjei	Member	Resigned 31 May 2017

### 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

PricewaterhouseCoopers (Ghana) Limited  
Chartered Accountants  
No. 12 Airport City  
Una Home, 3rd Floor  
PMB CT 42, Cantonments  
Accra

### BANKERS

Bank of Ghana  
Ecobank Ghana Limited

## 2.0 PROFILE OF THE BOARD OF DIRECTORS

**Dr. Maxwell Opoku-Afari** is the First Deputy Governor of the Bank of Ghana. He holds a doctorate from the University of Nottingham. Until his appointment as first deputy governor of the Bank of Ghana, he was a mission chief, and also a deputy division chief at the IMF, working with the strategy, policy and review, and African departments. He has been with the IMF for over 8 years. Before joining the IMF, he served as the special assistant to the Governor of the Bank of Ghana from 2006 to 2009. He also worked in several capacities at the Bank including, Head of Special Studies from 2005 to May 2006 and Senior Economist from 1996 to 2000.

**Mrs. Caroline Otoo** is a lawyer by profession and holds an LLB (Hons) from the University of Ghana, BL from the Ghana School of Law and Advanced Diploma in Legislative Drafting from the University of the West Indies, Cave Hill Campus, Barbados. She is currently a Director and Secretary to the Board of 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.

**Mr. Kwasi A. Debrah** has a teaching career in Information Technology spanning over 20 years at both undergraduate and postgraduate levels in most major public and private universities in Ghana. His main research interest is in software development and implementation.

He was employed as an IT Manager in the Computerization and Systems Department, Bank of Ghana in 1992 and rose to become the Head and Director of the IT Department in March, 2011. He had been a major pillar in the Bank of Ghana's computerization effort. He led the implementation of the Bank's core banking application (Bank Master), the in-house

deployed internet and intranet websites, and recently, the upgrade of banking application software (Temenos 24). He was the project manager for the Central Securities Depository, which was implemented in 2004.

He is an alumnus of the KNUST, where he graduated with Bsc (Hons) Mathematics and obtained a post graduate degree, MSc (Information Technology) from Teesside University, UK. He has a professional qualification in Project Management and is an Information Security (ISO 27001) Lead Auditor.

**Mr. Maxwell David Ekow Ribeiro** is the Managing Director of Kenamarc Ltd. (a Banking Risk Management Firm). He holds a BSc. (Hons) degree (in Physics) and Diploma in Education, from the University of Cape Coast, Ghana, and Executive MBA degree (Finance) from the University of Ghana. He worked with the Bank of Ghana from 1987 to 2016 at the Banking Supervision Department (BSD). He was head of banks examinations office from 2013 to 2016, with oversight responsibility of examining banks and non-bank financial institutions. Prior to this he was head of the Supervisory Support Unit (which later became the Policy and Regulation Office) from 2010 to 2013 and spearheaded the Bank's risk-based supervisory and Basel II implementation processes.

**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 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 and also a member of the Council (Board) of the Exchange. Mr. Afedzie is also the Coordinator of the Secretariat for Integration of West Africa Capital Markets and serves on the Board of a number of institutions and committees. 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 also holds a Bachelor's degree in Law (LLB) from Mountcrest University College.

He joined the Ghana Stock Exchange in 1990 when it was established and has served as the Head of Marketing, Research and Systems, then the General Manager before becoming the Deputy Managing Director of the Exchange and a member of its Council or Board in 2009.

**Mr. Yao A. Abalo** is the Chief Executive Officer of the Central Securities Depository (GH) Ltd, a position he has held since June 2017. He previously worked with the Bank of Ghana, rising to become an Advisor to the Governor of the Bank, with oversight on treasury operations. He was also a member of the Top Executive Committee. Among other positions held in the Bank, he was Director and Head of the Treasury Department of the Risk Management Department and Director of the External Financial Relations Department. Mr. Abalo holds an M.A. in Economic Policy Management from McGill University, Canada, a Graduate Diploma in Population Studies and a B.A. (Hons) in Economics and Statistics from the University of Ghana.

## BOARD OF DIRECTORS



**Dr. Maxwell Opoku-Afari**  
*Chairman*



**Mrs. Caroline Otoo**  
*Member*



**Mr. Kwasi A. Debrah**  
*Member*



**Mr. Maxwell David  
Ekow Ribeiro**  
*Member*



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



**Mr. Ekow Afedzie**  
*Member*



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



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### 3.0 MANAGEMENT



#### Deputy Chief Executive Officer

**Mrs. Melvina Amofo** joined the CSD in 2014 as Deputy Chief Executive Officer. 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 Finance and Administration Department

**Mr. Dornu D. Narnor** joined the CSD in 2013 as Head of Finance and Administration. He is a fellow of Association of Chartered Certified Accountants (FCCA) and a member of Institute of Chartered Accountants Ghana (ICAG). 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.



#### Head of Operations Department

**Ms. Faustina Coleman-Forson** joined the CSD in 2013 as Head of Operations. She holds an MBA in Finance from The John 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 depository, clearing, settlement, and registry services. She is also responsible for the statistics and website content management.



### Head of Information Technology Department

**Mr. Ambrose K. Karikari** joined the CSD in April, 2011. He holds an MBA degree with Finance option, BSc. Information and Communication Technology and IT Professional Certifications. He has 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 Damezey Tanihu** joined the CSD in 2016 as an Internal Auditor. He 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 approved by the Board and Management are adequate and functioning effectively.



### Acting Head, Economic and Risk Analysis Department

**Moses K. Abakah** joined the CSD in April 2011 and worked with the Operations Department before taking on his current role in September, 2017. Moses holds B.A (Hons) in Economics, University of Cape Coast and MPhil. Economics, University of Ghana.

## 4.0 CHAIRMAN'S STATEMENT

### Introduction

On behalf of the Board of Directors and on my own behalf, I welcome Shareholders to the Annual General Meeting (AGM) of the Central Securities Depository (GH) Ltd. This year's AGM is the fourth after the merger of the two Depositories in 2014, and I am happy to observe that the Depository continues to grow from strength to strength. To set the tone for our deliberations, I would give an overview of macroeconomic developments during the year, touch on the main policy decisions, highlight the Depository's performance in 2017, and provide some indication of the way forward.



### Appointment as Board Chairman

In August 2017, I was appointed to the Board of Directors of the Depository as Chairman, to take over from my immediate predecessor, Mr. Millison Narh, following his retirement from the services of the Bank of Ghana at the end of July 2017. Mr. Narh, and indeed all the previous members of the Board of Directors, deserve our gratitude and commendation for their able leadership and for the direction they provided the CSD during their tenure. I thank them all and wish them success in their future endeavours.

### Brief Overview of the Economy in 2017

In 2017 the country made gains in macroeconomic performance. Gross domestic product grew by 8.5 percent in real terms, boosted by the oil sector. The fiscal position improved with the fiscal deficit falling from 9.3% of GDP to 5.6% between 2016 and 2017. Inflation pressures eased considerably, and the year-on-year inflation rate declined from 15.4% in December 2016 to 11.8% in December, 2017, on the back of stability in the exchange rate and gains from fiscal consolidation. The fall in inflation allowed for a generally more accommodative monetary policy, the monetary policy rate of the Bank of Ghana was reduced by 550 basis points during the year, from 25.5% to 20%.

Provisional estimates of the balance of payments showed improvements in the trade and current account balances in 2017 compared to 2016. The trade balance improved

sharply from a deficit of US\$1.7 billion in 2016 to a surplus of US\$1.1 billion in 2017, driven largely by higher export receipts and a marginal fall in imports. The gross foreign assets in 2017 was US\$7,555 million, up from US\$6,162 million in the preceding year. The cedi was relatively stable, with a depreciation of 4.9% against the US dollar in 2017, compared with a depreciation of 9.7% in 2016.

### Policy Decisions of the Board in 2017

The membership of the Board of Directors was rationalized during the year, and the number of Directors was reduced from eleven to seven.

In line with best accounting practice of rotation of auditors, the CSD's External Auditors were changed during the year. I welcome PricewaterhouseCoopers (PwC), who took over the function from Ernst and Young. I also thank sincerely EY who audited the CSD for the period 2011 to 2016.

The Board of Directors directed Management to perform a self-assessment of the CSD to benchmark its operations to the Principles for Financial Market Infrastructures as developed by IOSCO. The Board provided support, in terms of financial resources and training. The self-assessment exercise is in progress and is envisaged for completion in 2018. The outcome would be thoroughly reviewed by the Board.

Risk management has become an important part of organisations globally. Considering the



strategic nature of the CSD in the country's overall financial set up, it is critical that attention is focused on risk management within its operations. In 2017 the Board, in recognition of the need for enhanced risk management in the Depository, welcomed the setting-up of a new Department, the Economic and Risk Analysis Department (ERA), to spearhead the needed focus on risk management.

The Board also charged management to set-up an Emergency Operating Centre (EOC) for the company. This is intended to improve the resilience of the Depository for unforeseen events. The EOC would serve as an alternative office for the staff in the event that the current production site becomes temporarily inaccessible. Work on the Emergency Operating Centre is far advanced and expected to be completed by the end of the first half of 2018.

### Corporate Governance

The Board is determined at all times to ensure that the company adheres to good corporate governance standards, which promote transparency, fairness, probity and accountability. Review of the Board Charter was started with a view to updating it. In the course of 2017, the Board established a Risk Committee. The Board would equip Directors with the required knowledge and skills to enable them perform effectively and efficiently as Board of Directors of the company.

### Financial Performance

The company's financial performance continues to be impressive. Total revenue increased by almost 59% to GH¢54.7 million in 2017, while operating expenses increased by 50% to GH¢18.9 million. Profit before tax was GH¢35.8 million, tax paid was GH¢9.3 million and net profit of the company increased by 63% from GH¢16.3 million in 2016 to GH¢26.5 million in 2017. Consequently, the value of the company's assets increased by over 50% from a value of GH¢39.8 million in 2016 to GH¢59.8 million in 2017.

### Declaration of Dividend

On the basis of the financial performance of the Depository, the Board recommends for shareholder approval a dividend pay-out of GH¢1.18 per share. This implies a total dividend payment of GH¢4.13 million. The Board reaffirms its commitment to ensure that its recommendations on dividends take cognizance of the need to boost the reserves of the CSD, to build a robust CSD that is financially sound and able to withstand any temporary adverse developments in its revenues and income.

### Outlook for 2018

The Board will offer policy directions to Management aimed at achieving the medium to long term vision of the CSD. The Board has noted the Depository's high dependence on issuer fees as its main source of revenue. The Board would work together with Management to exploit alternative sources of revenue mobilization. As well, the fees of the Depository would be rationalized, and any efficiency gains would be reflected in an adjustment in fees. The focus on developing a comprehensive enterprise-wide risk management framework for the company would be maintained.

### Acknowledgement

I want to begin my acknowledgment by again expressing my appreciation to the immediate past Chairman of the Board of Directors, Mr. Millison Narh for his exemplary leadership and also colleague Board of Directors for your relentless support for the business of the CSD. I want to thank the Shareholders for your commitment to see the growth of the CSD and, finally, the hardworking Staff and Management of the Depository.



**Dr. Maxwell Opoku-Afari**  
Board Chairman

## 5.0 STATEMENT BY THE CHIEF EXECUTIVE OFFICER

**AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF THE CENTRAL SECURITIES DEPOSITORY (GH) LTD. HELD ON MAY 22, 2018 AT THE CSD CONFERENCE ROOM**



### Introduction

The Chairman and Members of the Board of Directors of the Central Securities Depository (GH) Ltd (CSD), Distinguished Shareholders, I join the Chairman in welcoming you to this year's AGM of the CSD. It is recalled that I assumed office as the Acting Chief Executive Officer in June 2017 to succeed Mr. Stephen Tetteh, who retired from the company. I want to thank him for his services to the CSD. And also thank the immediate past Chairman of the Board Mr. Millison Narh for his contributions to the Depository.

Distinguished shareholders, permit me to briefly outline the financial and operational performances of the Depository in 2017, and provide some insight into the outlook for the company in 2018.

### 2017 Financial Performance

The financials of the Depository are very good. All revenues sources increased sharply in 2017 compared to 2016. Issuer fees increased from GH¢28.3 million to GH¢42.9 million between the two years, while transaction fees increased from GH¢2.5 million to GH¢4.6 million in the same period. Other income almost doubled, from GH¢3.5 million in 2016 to GH¢6.8 million in 2017. Operating expenses also increased, but remained moderate relative to total revenue. Expenditure in 2017 was GH¢18.9 million, up from GH¢12.6 million in 2016.

After payment of tax of GH¢9.2 million, net profit was GH¢26.5 million. Accounting for dividend payments, the Depository's income surplus increased by GH¢21.2 million to GH¢45.8 million at the end of 2017. One can confidently say that

the Depository's reserves are enough to cover two year's operating expenses.

### 2017 Operational Performance

In 2017, four new banks were admitted as Depository Participants into the CSD system. These were Beige Bank, GHL Bank, Heritage Bank and The Construction Bank. During the same year, membership of Capital Bank and UT Bank were withdrawn from the Depository following the revocation of their banking licenses by the Bank of Ghana in August 2017. In line with the revocation, UT Bank shares were also suspended from the Ghana Stock Exchange and the Depository system. The number of Depository Participants in the CSD at the end of the year was therefore seventy five.

The number of new securities accounts registered for the year was 47,208, half the number registered in 2016. The total number of security accounts stood at just over 898,000 at the end of 2017.

There was a significant increase in the value of new securities issued during the year. The

Bank of Ghana, in pursuit of its monetary policy objectives, remained the main issuer of new debt instruments in 2017. It accounted for GH¢ 207.1 billion or over 74% of new debt securities issued while the Government of Ghana issued GH¢66.2 billion or 23%. ESLA and Ghana Cocoa Board were also significant issuers of new securities.

The value of Over-The-Counter (OTC) transactions in debt instruments cleared and settled through the CSD in 2017 was GH¢30.7 billion. In the repo market, the number of transactions settled declined by over 23% compared to 2016, but the value remained comparatively stable at GH¢ 158.8 billion. The value of debt securities pledged in 2017 stood at GH¢ 16.3 billion compared to GH¢ 8.9 billion in 2016.

On the equity market, the performance was better in 2017 than in the previous year. The volume of shares cleared and settled by CSD in 2017 was 321 million shares with a corresponding settlement value of GH¢ 513.9 million. The volume of shares converted into electronic book entry as at year end stood at 9.2 billion representing 87.06% of the 10.3 billion volumes of shares listed on the GSE.

### Brief Overview of World CSDs

With the worldwide migration to the digital economy, the focus of financial institutions and market intermediaries is on issues surrounding big data, artificial intelligence and block chain, and how to leverage on these developments. As a result, players in the securities market in some countries have begun to take advantage of these technological advancements to enhance their service deliveries which are all, of course, mainly IT dependent. Australia, for instance is reported to be pioneering the use of block chain technology in the post-trade securities area. Though the high dependence

on IT exposes financial market intermediaries (FMI) to cybersecurity risks with attendant concerns, there is equal concern about risk management in general, and the ideal is to situate cybersecurity measures in an enterprise-wide risk management framework. To enhance the risk management objectives of FMIs, the Principles for FMIs (PFMI) was developed by IOSCO-CPSS purposely to serve as a guide for improving the risk management functions of the FMIs. A global list published by Thomas Murray, a global rating agency in the securities market suggests that a greater number of CSDs have already undertaken the self-assessment exercise in line with the recommendation of IOSCO-CPSS for FMIs. The list includes some of our sister CSDs in Africa.

At the CSD, we would invest in the best technologies and, with the support of the Board of Directors, implement policies relevant to addressing the cyber risks that may be detrimental to the smooth operation of the company. In 2017, we started the assessment process to benchmark our activities to the PFMI. This exercise is earmarked for completion in the first half of 2018. The CSD would identify potential gaps and critical risk areas requiring improvement at the end of this assessment exercise and address them to ensure that its activities conform to international best standards.

The Depository is committed to achieving a robust clearing and settlement environment in the securities market and would continue to research into adopting international best practice and methodologies that assure a resilient settlement process.

The CSD would seize the opportunity to partner with key stakeholders with the aim to exploring the advantages of economies of scale that may arise from linking its operations with that of other international CSDs. The Depository is



already in discussions with its counterpart in Morocco on the signing of a memorandum of understanding, parallel to one being signed between the Ghana Stock Exchange and the exchange in Morocco

## Outlook for 2018

The year 2018 promises to be a very interesting and demanding year, particularly as the country strives to introduce reforms and new products into the securities market. Key among them is the introduction of classic repo. The classic repo is expected to introduce greater liquidity into the country's securities market. The Depository is working closely with the major stakeholders in this endeavour and has positioned itself to provide the required supporting services for a successful launch of the product in 2018. Other products envisaged are securities lending and borrowing, and trading of unsettled positions. The CSD would play a cardinal role towards the introduction of these other products too.

The CSD is part of the stakeholder group in discussions with external depositories to explore the introduction of Global Depository Notes to cater for, particularly, foreign investors interested in the domestic market. The Depository is working towards ensuring that free-of-payment transactions are facilitated and done timely. The project on the introduction of internationally recognized communication messaging standards is on-going. This would enhance the settlement process and facilitate market access to all stakeholders.

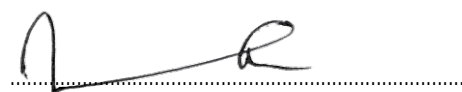
The project for the launching of a new registrar system and client portal is earmarked for completion in 2018. Some technical challenges encountered during the migration from the old system onto the new system have largely been resolved.

The CSD public education programme would continue, and collaboration with the Ghana Stock Exchange would be enhanced. The CSD would offer a number of free training on the Millennium Clearing, Settlement and Depository System (MCSD) for existing users of the system, with the objective of deepening their familiarity with the system and enhancing their efficiency.

Staff development would be given the needed focus, with particular attention on improving managerial skills and the area of risk management.

## Appreciation

Mr. Chairman, Shareholders, Members of the Board of Directors, I would like to end by thanking you, and all stakeholders, for your support, directions and contributions to the CSD. No doubt your advice has been most beneficial to the Depository. I also seize this opportunity to thank the Management and Staff for their relentless commitment to work for the Depository.



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

## 6.0 CORPORATE GOVERNANCE

### Introduction

Central Securities Depository Gh. Ltd. (CSD) is a Financial Market Infrastructure (FMI) established to provide safe, secured, 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 Act 2016 (Act 929), the Securities and Exchange Commission Regulations, 2007 (LI 1728) and the Data Protection Act 2012, (Act 843). 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 providing securities depository and settlement services in Ghana's securities market. This follows the merger of the two Depositories; CSD and GSE Securities Depository Company Ltd (GSD), 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 2017, CSD was 70% and 30% owned by the Bank of Ghana and the Ghana Stock Exchange respectively. Among the objectives of the merger was to improve market efficiency, reduce transactional costs in the market and to realize economies of scale.

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

A seven member Board of Directors was set up in June, 2017 to replace the eleven-member transitional Board which had been working since the merger of the two Depositories in January 2014. Membership of the new Board comprised one Executive Director and six Non-Executive Directors. The Chairman of the Board is a Non-Executive Director.

### Board Meetings

Five board meetings were held in 2017, two under the former transitional Board of Directors and three by the current Board of Directors.

Board meetings are held at least every quarter. In addition to its quarterly meetings, the Board may also hold an extraordinary meeting. Below is information on the participation of both the current and previous Board of Directors at board meetings held in 2017.

Name of Board Member	Meetings Attended in 2017	Status
Dr. Maxwell Opoku-Afari	2/5	Appointed 1 August 2017
Mr. Yao A. Abalo	3/5	Appointed 1 June 2017
Mr. Kwasi A. Debrah	3/5	Appointed 1 August 2017
Mr. Maxwell David Ekow Ribeiro	3/5	Appointed 1 June 2017
Mr. Kofi S. Yamoah	5/5	Re-appointed 1 June 2017
Mr. Ekow Afedzie	5/5	Re-appointed 1 June 2017
Mrs. Caroline Otoo	5/5	Re-appointed 1 June 2017
Mrs. Melvina Amofo	2/5	Resigned 31 May 2017
Dr. David O. Andah	1/5	Resigned 31 May 2017
Mr. Franklin Asafo-Adjei	2/5	Resigned 31 May 2017
Mr. Daniel Kobla Glymin	2/5	Resigned 31 May 2017
Mr. Kwame Adutua-Amakye	2/5	Resigned 31 May 2017
Mrs. Kokui Adzo Adu	2/5	Resigned 31 May 2017
Mr. Millison K. Narh	2/5	Retired 31 July 2017
Mr. Stephen Tetteh	2/5	Retired 31 May 2017

## Board Committees

Four committees have been set up by the Board of Directors. The formation of the committees is aimed, among other factors, to support the Board in the performance of its mandate. The committees report directly to the overall Board. The responsibilities for each of the committees are defined in the Board Charter.

## 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 to disciplinary actions. Additionally, 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 current members of the Business Conduct Committee are:

- Mr. Ekow Afedzie  
*Chairman*
- Dr. Adu Anane-Antwi  
*Member*
- Mr. Winston Nelson  
*Member (DPs Representative)*
- Ms. Carol Annang  
*Representative of Bank of Ghana*

One meeting was held by the Business Conduct Committee in 2017

## Finance and Audit Committee

The role of the Finance and Audit Committee is to ensure 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 Finance and Audit Committee. The Finance and Audit Committee of the Board was reconstituted in June 2017 after the dissolution of the former Board of Directors.

Four meetings were held by the Finance and Audit Committee in 2017. The meeting

attendance of the members in 2017 is indicated below.

Name of Committee Member	Meetings Attended in 2017	Status
Mr. Franklin Asafo-Adjei	2/4	Resigned 31 May 2017
Dr. David O. Andah	2/4	Resigned 31 May 2017
Mr. Daniel Kobla Glymin	2/4	Resigned 31 May 2017
Mrs. Kokui Adzo Adu	2/4	Resigned 31 May 2017
Mr. Kwasi A. Debrah	2/4	Appointed 1 June 2017
Mr. Maxwell Ribeiro	2/4	Appointed 1 June 2017
Mrs. Caroline Otoo	3/4	Re-appointed 1 June 2017
Mr. Kofi S. Yamoah	3/4	Re-appointed 1 June 2017

## Risk Committee

The Risk Committee oversees the enterprise wide risk management practices of the Depository. Membership of the Risk Committee was revised in 2017 by the current Board of Directors.

Three meetings were held by the Risk Committee in 2017.

Name of Committee Member	Meetings Attended in 2017	Status
Mr. Ekow Afedzie	3/3	Reappointed 1 June 2017
Mrs. Caroline Otoo	1/3	Reappointed 1 June 2017
Mr. Franklin Asafo-Adjei	1/3	Resigned 31 May 2017
Mr. Maxwell Ribeiro	2/3	Appointed 1 June 2017
Mr. Kofi S. Yamoah	1/3	Reappointed 1 June 2017

## Human Resource and Legal Committee (HRLC)

The Human Resource and Legal Committee reviews, monitors, evaluates and proffers 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 border on the Depository's activities.

The committee also provides oversight responsibility on the relevant laws binding on the operations of the Depository such as the Data Protection Act 2012, (Act 843), Securities and Exchange Commission Regulations (LI 1728), the CSD Act 2007, (Act 733), Securities Industry Act 2016, (Act 929), CSD Operational Rules CSD Operational Procedures etc.

A new committee was formed after the new board was sworn in 2017. Two meetings were held by the HRLC in 2017. The meeting attendance of the members of the HRLC is as follows.

Name of Committee Member	Meetings Attended in 2017	Status
Mrs. Caroline Otoo	1/2	Re-appointed 1 June, 2017
Mr. Franklin Asafo-Adjei	1/2	Resigned 31 May 2017
Dr. David Andah	1/2	Resigned 31 May 2017
Mr. Kofi S. Yamoah	1/2	Re-appointed 1 June, 2017
Mr. Daniel Kobla Glymin	1/2	Resigned 31 May 2017
Mrs. Kokui Adzo Adu	1/2	Resigned 31 May 2017
Mr. Kwasi A. Debrah	1/2	Appointed 1 June 2017

## 7.0 2016 ACTIVITIES

### 7.1 Staff Matters

Six new staff were engaged in 2017 bringing the number of staff to twenty nine.

### Staff Capacity Building

Capacity building of staff is an integral component of the strategic plan of the CSD. Staff benefitted from in-house as well as external training programmes, seminars and conferences to equip them with the relevant tools and knowledge required for efficient and effective work output. A two-day annual residential retreat was organised for all staff of the depository from September 16-17, 2017 at Aqua Safari Beach Resort, Ada. Topics covered during the two-day residential retreat included Team Building, Corporate Values & Ethics, as well as Enterprise Risk Management.

### 7.2 Review of CSD Rules and Procedures

CSD commenced a process within the 4Q of 2017 to comprehensively review the various rules and procedures of the depository. The objective of the review exercise is to enable the CSD to enhance its rules and processes to align with best international practices. The documents being reviewed includes:

- CSD Operational Rules
- CSD Operational Procedures
- Guidelines on Settlement Guarantee Fund and
- Clearing and Settlement Rules of the CSD.

The review would be followed by consultations with stakeholders in the securities market. Subsequently, CSD would apply for regulatory approval from Securities and Exchange Commission for implementation and enforcement.

### 7.3 IOSCO Assessment

The self-assessment exercise of the CSD as a Financial Market Infrastructure (FMI) in line with the IOSCO PFMI started in 2017 and is earmarked for completion in 2018. On completion the report would be disclosed to the public on [www.csd.com.gh](http://www.csd.com.gh).

### 7.4 User Group Meeting

A joint user group meeting was organized by CSD and GSE in December, 2017 for all the Depository Participants. The meeting was used to discuss CSD and GSE matters, and other issues pertinent to the efficient and effective development of the securities market in Ghana. Issues discussed during the meeting included the introduction of a classic repo, securities lending and borrowing services and the introduction of a client portal by the CSD to enable online access to investors' securities accounts. Other issues discussed included the scope of increasing the size of the settlement guarantee fund, the introduction of refresher training programs for Depository Participants, and also the review of the CSD Operational Rules and Procedures among others.

### 7.5 Public Education and Awareness Programmes

In 2017 three public universities were visited by the CSD as part of its public education and awareness programme for the year. University of Ghana, University for Professional Studies and the Kwame Nkrumah University of Science and Technology were the Institutions visited for the year. The rationale for the public education and awareness programme of CSD is to sensitise the general public and students about investment opportunities in the securities market and CSD services available to investors.



## 7.6 Affiliation with International Bodies

CSD retained its membership with International Securities Services Association (ISSA), Switzerland, and Africa and Middle East Depositories Associations (AMEDA), Egypt. CSD participated in the 2017 information gathering project by Global Depositories Association. Thomas Murray performed its usual annual depository assessment rating in respect of the business operations of the CSD and rated the CSD "A-".

## 7.7 Introduction of a New Registrar System and Investor Portal

The CSD is at the final stages of the process to introduce a new registrar system for its operations. The project was delayed to ensure that all issues encountered during the user acceptance testing conducted by both the CSD and the Depository participants were resolved by the vendor before the Go-Live of the system.

## 7.8 Training of Depository Participants

CSD offered several training programmes for some of the Depository Participants (DPs) in 2017. Nine training programmes were organised at the premises of the CSD for sixty-six staff of twenty seven different DPs. In addition, five training programmes were organised for one hundred and seventy staff at the premises of two of the Depository Participants. The objective of the training programme is to equip the DP officers with the knowledge and skills required for operating efficiently and effectively on the depository system. It is mandatory for every user to participate in the training programmes of the CSD before access to the CSD system is granted.

## 7.9 Projections for 2018

### 7.9.1 Implementation of ISO Standard Initiative with SWIFT

The CSD in collaboration with other market stakeholders is pursuing the agenda of introducing SWIFT messaging standards for the securities market as pertains in other securities markets. This process was initiated in 2017 and would be pursued in 2018.

### 7.9.2 Classic Repo

In 2017 the Bank of Ghana in collaboration with the CSD, Ghana Fixed Income Market (GFIM) and relevant stakeholders commenced a process to introduce a classic repo market into the securities market of Ghana. The introduction of the classic repo is expected to improve market liquidity and increase turnaround transactions within the Ghana market similar to other markets globally.

## 8.0 MARKET PERFORMANCE

### 8.1 Depository Participants (DPs)

Four additional institutions were admitted as DPs in 2017. The newly admitted DPs are Beige Bank, GHL Bank, Heritage Bank and The Construction Bank Ltd. Membership of UT Bank and Capital Bank were withdrawn from the Depository in August, 2017. This brings the number of eligible DPs at the end of 2017 to seventy five.

The eligible DPs comprises 35 Universal Banks, 15 Custodian Banks, 21 Brokerage Firms, 2 Investment Advisory Firms, the Social Security and National Insurance Trust (SSNIT), and the Bank of Ghana.

### 8.2 Number of Registered Securities' Accounts

A total of 47,208 new securities accounts were opened in 2017 bringing the number of securities accounts to 898,743 at the end of 2017. The number of new securities accounts opened annually dropped by 50.32% compared to the 2016 figure of 95,007.

**Table 1: Yearly Distribution of New Securities Accounts Opened**

Year	No. of New Accounts Registered	Total Investors' Accounts
2017	47,208	898,743
2016	95,007	851,535
2015	109,316	756,528
2014	90,375	647,212
2013	89,692	556,837
2012	70,563	467,145
2011	40,536	396,682

### 8.3 Primary Market Activities

#### 8.3.1 Debt Securities Issued in 2017

The primary issuers in the debt market for 2017 were Bank of Ghana (BoG), Government of Ghana (GoG), and Cocobod. The amount of new securities issued by GoG, BoG and Cocobod and admitted into the depository system increased by 47.81% between 2016 to 2017.

Of the three, Bank of Ghana was the main issuer for the year, issuing GH¢ 207.1 billion worth of securities, equivalent to 74.91% of the value of new debt securities issued in 2017 by the three Issuers. The value of securities issued by GoG in 2017 increased by 4.19% over the 2016 figure, GH¢ 63.6 billion to GH¢ 66.2 billion. Also the value of securities issued by Cocobod increased from GH¢ 332.5 million in 2016 to GH¢ 3.1 billion in 2017.

In addition to the cedi denominated securities, the Government of Ghana issued a three year dollar-denominated instrument totalling US\$ 221.4 million in 2017 compared to the value of the maiden dollar bond of US \$ 94.6 million issued in 2016.

**Table 2: Distribution of Debt Securities Issued by GoG, BoG and Cocobod (2016-2017)**

Issuer	2016			2017			% Change in Value Issued
	Targeted Amount (GH¢)	Submitted Bids (GH¢)	Value Issued (GH¢)	Targeted Amount (GH¢)	Submitted Bids (GH¢)	Value Issued (GH¢)	
GoG	64,214,097,777	69,903,626,307	63,554,112,576	72,879,082,164	80,074,630,200	66,218,359,173	4.19
BoG	123,637,450,380	123,136,231,914	123,136,231,914	207,464,154,145	207,074,438,900	207,074,239,545	68.17
Cocobod	333,000,000	408,912,299	332,545,432	3,147,287,761	3,849,914,133	3,145,725,477	845.95
<b>Total</b>	<b>188,184,548,157</b>	<b>193,448,770,520</b>	<b>187,022,889,922</b>	<b>283,490,524,070</b>	<b>290,998,983,233</b>	<b>276,438,324,195</b>	<b>47.81</b>

**8.3.2 Frequency of Issued Debt Securities**

The frequency of new cedi denominated securities issued by GoG, BoG and Cocobod increased by 28.6% in 2016 to two hundred and

fifty six (256) in 2017. GoG issued one hundred and fifty four securities (154) in 2017. Bank of Ghana and Cocobod issued ninety-eight (98) and four (4) securities respectively in 2017.

**Table3: Tenor and Frequency of New Debt Securities Issued by GoG, BoG and Cocobod**

Issuer	Tenor	Frequency of Issue		Issued Amount			
				2016		2017	
		2016	2017	(GH¢)	%	(GH¢)	%
Government of Ghana	91 Day	51	52	37,276,588,819	19.93	34,427,342,116	12.45
	182 Day	51	52	15,838,996,525	8.47	7,082,496,596	2.56
	1 Year	23	25	2,432,363,845	1.3	4,867,185,045	1.76
	2 Year	12	12	2,580,304,359	1.38	3,721,249,347	1.35
	3 Year	4	4	2,114,333,199	1.13	3,313,738,726	1.20
	5 Year	4	4	2,873,485,829	1.54	3,717,575,286	1.34
	7 Year	-	2	-	-	1,847,528,157	0.67
	10 Year	1	2	438,040,000	0.23	3,819,093,900	1.38
	15 Year	-	1	-	-	3,422,150,000	1.24
<b>Total (A)</b>		<b>146</b>	<b>154</b>	<b>63,554,112,576</b>	<b>33.98</b>	<b>66,218,359,173</b>	<b>23.95</b>
Cocoa Board	182 Day	1		332,545,432	0.18	3,145,725,477	1.14
<b>Total (B)</b>		<b>1</b>	<b>4</b>	<b>332,545,432</b>	<b>0.18</b>	<b>3,145,725,477</b>	<b>1.14</b>
Bank of Ghana	2 Week	52	98	123,136,231,914	65.84	207,074,239,545	74.91
<b>Total (C)</b>		<b>52</b>	<b>98</b>	<b>123,136,231,914</b>	<b>65.84</b>	<b>207,074,239,545</b>	<b>74.91</b>
<b>Overall Total</b>		<b>199</b>	<b>256</b>	<b>187,022,889,922</b>	<b>100</b>	<b>276,438,324,195</b>	<b>100.00</b>



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

The government tapped into existing debt securities amounting to the tune of about GH¢1.3 billion

**Table 4: Existing GoG Securities Re-Opened for Auction in 2017**

Details of Eligible Securities			Face Value (GH ¢)
Security Tenor	Tender No.	ISIN	
182 Day	1519	GHGGOG043936	459,508,000
5 Year	5005	GHGGOG028333	57,687,000
10 Year	1511	GHGGOG043563	106,000,000
5 Year	1495	GHGGOG042813	721,195,997
5 Year	1548	GHGGOG045980	835,997,000
Total			1,344,390,997

### 8.3.4 Debt Securities Issued by Corporate Organisations

There was a positive growth in the number of debt securities issued by corporate organizations

in 2017. The value of debt securities issued by corporate organizations increased from GH¢ 251 million in 2016 to GH¢ 6.1 billion in 2017.

**Table 5: New Debt Securities Issued by Corporate Organisations**

Issuer	Amount (GH¢)		Number of Times Issued	
	2016	2017	2016	2017
afb Plc	18,000,000	64,700,000	3	5
Barclays Bank Of Ghana	-	300,336,163	-	54
Bayport Financial Services	50,127,220	71,325,860	3	3
Bond Savings and Loans	-	40,000,000	-	2
Edendale Properties	9,377,000	-	2	
ESLA	-	5,399,921,464	-	2
Ghana Home Loans	9,564,000	-	2	
IZwe Loans	10,000,000	37,000,000	1	2
Produce Buying Company	154,413,375	207,907,000	2	2
Total	251,481,595	6,121,190,487	13	70

### 8.3.5 Outstanding Debt Stocks

Compared to December 2016, the value of outstanding debt stock held under the custody of the depository increased by 48.92% to GH¢ 68.4 billion at the end of December, 2017.

Majority of the outstanding debt stocks were made up of securities issued by GoG. GoG as an issuer had a market share of GH¢ 51.2 billion forming about 74.77% of the total outstanding debt stock held by the depository at the end

of December, 2017. This was followed by BoG with an amount of GH¢ 8.7 billion constituting 12.66% of the outstanding debt stocks. This is an indication that the debt market in Ghana is deepened primarily by the issuance of government debt securities and that of BoG. Corporate participation in the issuance of debt securities is growing for the Ghana market. Out of the total outstanding stock at end of December, 12.56% were securities issued by corporate organisations.

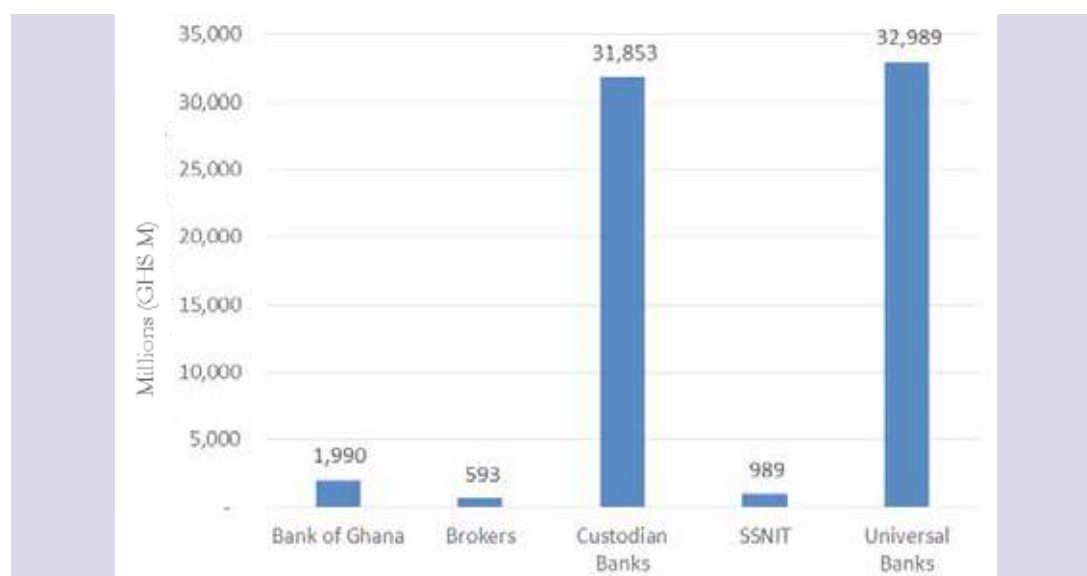
**Table 6: Distribution of Outstanding Debt Stocks by Issuers (2016 - 2017)**

Issuer	December, 2016		December, 2017	
	Face Value (GH¢)	Market Share (%)	Face Value (GH¢)	Market Share (%)
AFB Loans Ltd	66,700,271	0.14	93,262,867	0.14
Bank of Ghana	8,030,911,617	16.66	8,661,745,855	12.66
Barclays Bank of Ghana	-	-	34,798,982	0.05
Bayport Financial Services	128,674,140	0.27	200,000,000	0.29
Bond Savings and Loans			16,447,000	0.02
Edendale Properties Plc.	25,274,700	0.05	24,651,700	0.04
Energy Sector Petroleum Levy Act	-	-	4,783,973,604	6.99
Ezwe Loans Ltd	59,889,760	0.12	71,314,760	0.10
Ghana Home Loans	9,564,000	0.02	9,564,000	0.01
Government of Ghana	39,729,543,864	82.42	51,152,312,379	74.77
Cocobod	-	-	3,157,979,157	4.62
Produce Buying Company	154,413,375	0.32	207,907,000	0.30
<b>Total</b>	<b>48,204,971,727</b>	<b>100</b>	<b>68,413,957,304</b>	<b>100.00</b>

### 8.3.6 Distribution of Outstanding Debt Stock (GH¢ M) By DP Type

Majority of the outstanding debt stock held by the CSD as at the end of December, 2017 were recorded in the books of the Universal Banks and the Custodian Banks. The Universal Banks had a share of 48.1% or GH¢ 33 billion of the GH¢ 68.4 billion outstanding debt stocks.

This was followed by the Custodian Banks having holding GH¢ 31.9 billion and forming approximately 46.6% of the value of debt stocks outstanding. The Brokers had the lowest market share of GH¢ 593 million whilst Bank of Ghana and SSNIT had about GH¢ 2 billion and GH¢ 989 million respectively in their books.

**Chart 1 : Distribution of Outstanding Debt Stock (GH¢M) By DP Types, December, 2017**

### 8.3.7 Composition of Outstanding Debt Stocks by Tenor

In terms of tenor, the outstanding debt stock of GH¢ 68.4 billion held by the depository at the end of 2017 was composed of GH¢ 38.7 billion bonds (3 year or more tenor), GH¢ 11.5 billion notes (1 to 2 year tenor) and GH¢ 18.2 billion bills. Compared to 2016, the value of

outstanding debt stock in bonds increased from GH¢ 16.6 billion to GH¢ 38.7 billion at the end of December, 2017. For the same period the value of bills in outstanding debt stocks dropped from GH¢ 24.7 billion to GH¢ 18.2 billion suggesting a steady shift from short dated securities to long dated securities by the Issuers.

**Table 7 : Distribution of Outstanding Debt Stocks by Tenor (Dec, 2016 & Dec, 2017)**

Tenor	2016		2017	
	Face Value GH¢	%	Face Value GH¢	%
14 Day – 182 Day Bills	24,720,874,902	51.28	18,224,528,884	26.64
1 Yr – 2 Yr Notes	6,920,393,109	14.36	11,477,684,628	16.78
3 Yr and above Bonds	16,563,703,716	34.36	38,711,743,792	56.58
<b>Total</b>	<b>48,204,971,727</b>	<b>100.00</b>	<b>68,413,957,304</b>	<b>100.00</b>

### 8.3.8 Distribution of Outstanding Debt Stocks by Investor Types

The percentage of foreign holdings in outstanding debt stocks almost doubled from GH¢ 13.2 billion at the end of December 2016 to GH¢ 25.7 billion at the end of December, 2017. For the same period, the value of outstanding debt stocks held by domestic investors

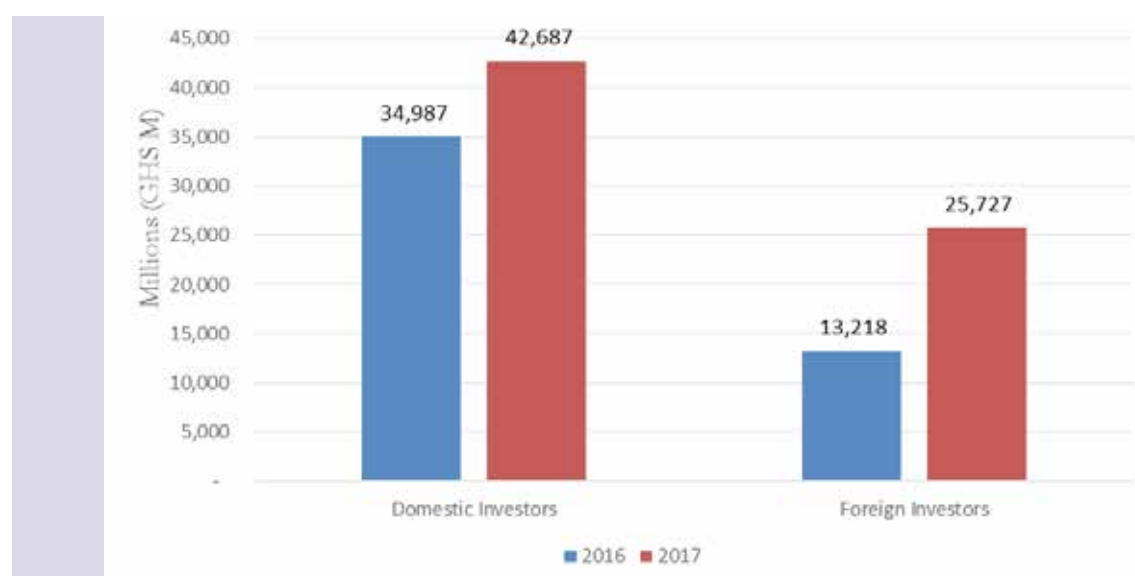
increased by 22% from GH¢ 35 billion to GH¢ 42.7 billion.

Out of the total value of GH¢ 38.7 billion bonds held in the depository as outstanding stock for December, 2017 about 61.63% were owned by foreign investors whilst the other 38.37% was owned by domestic investors.

**Table 8: Distribution of Outstanding Debt Stocks by Tenor and Investor Types**

Tenor	Investor Type					
	Domestic Investors (GH¢)			Foreign Investors (GH¢)		
	2016	2017	%^	2016	2017	%^
14 Day – 182 Day Bills	24,720,874,902	18,224,528,884	-26.27	-	-	-
1 Yr – 2 Yr Notes	5,661,244,774	9,609,766,144	69.74	1,259,148,335	1,867,918,484	48.34
3 Yr and Above Bonds	4,604,456,067	14,852,626,863	222.57	11,959,247,649	23,859,116,929	99.50
<b>Total</b>	<b>34,986,577,759</b>	<b>42,686,923,908</b>	<b>22.00</b>	<b>13,218,395,984</b>	<b>25,727,035,413</b>	<b>94.63</b>

\* Foreign investors are allowed to invest only in securities with tenors of two (2) years and beyond.

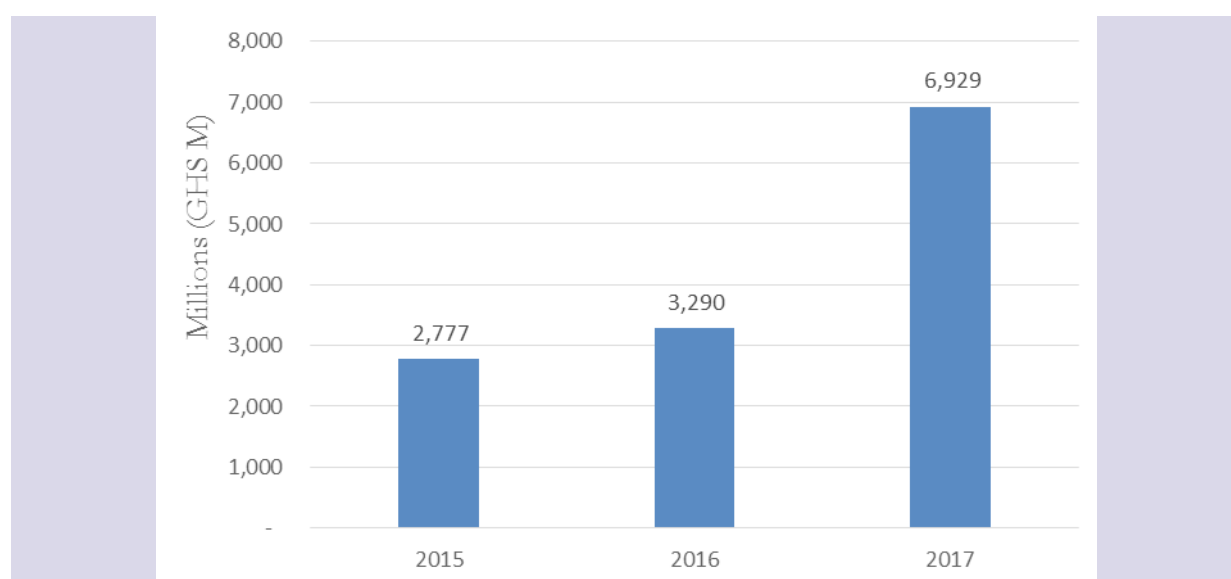
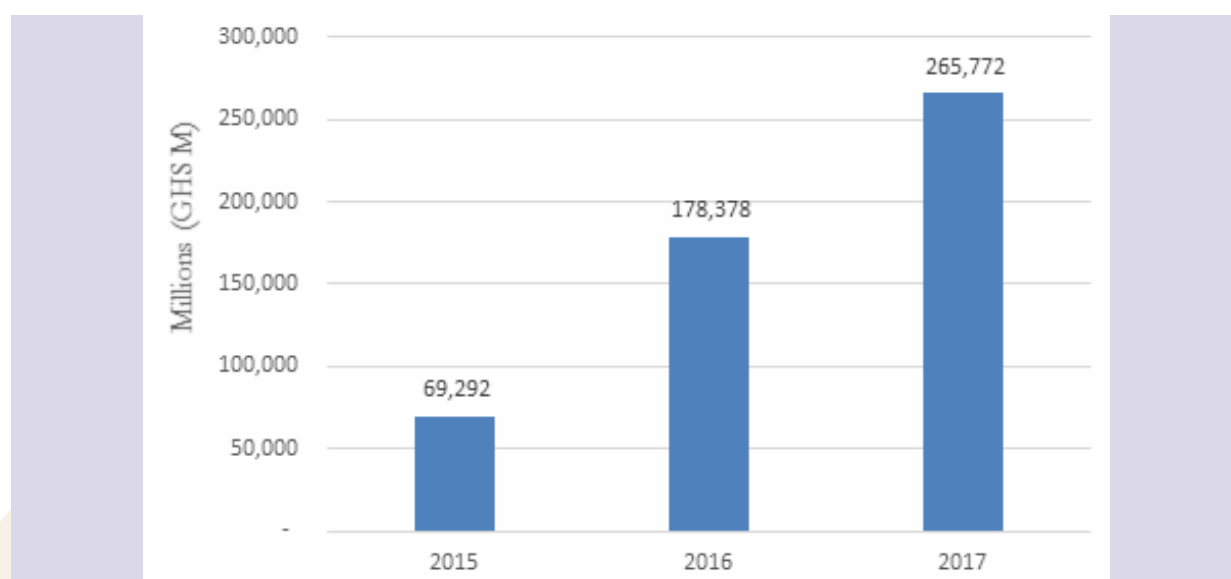
**Chart 2: Holders of Outstanding Debt Stocks (GH¢ M), Dec. 2016 & Dec. 2017**

## 8.4 SECONDARY MARKET ACTIVITIES

### 8.4.1 Interest and Maturity Payments (Corporate Action) Processed by CSD

Debt securities valued at about GH¢ 272.7 billion were processed as interest and maturity proceeds by the CSD in 2017, an increase of about 50.11% compared to a value of GH¢ 181.7 billion processed in 2016. Of the total amount

paid in 2017, GH¢ 6.9 billion represented interest and GH¢ 265.8 billion was principal maturity, mainly in respect of securities redeemed by GoG and BoG. Out of the interest and maturity proceeds processed by CSD, GoG and BoG redeemed a total of GH¢ 206.4 billion (75.68%) and GH¢ 64.9 billion (23.78%) respectively as issuers.

**Chart 3 : Interest Payments Processed by CSD (GH¢M)****Chart 4 : Maturity Payments Processed by CSD (GH¢ M)**

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

Compared to 2016, the debt market recorded a significant increase in the number of transactions settled through the CSD by 57.2% from a figure of 68,250 in 2016 to 107,264. This contributed to an increase in the nominal value of securities cleared and settled by the CSD by almost 84.1%. In value terms, OTC trades increased from

GH¢ 15.6 billion in 2016 to GH¢ 28.7 billion at the end of 2017 (Table 2a in appendix).

#### 8.4.3 Debt Trades Settled for Domestic and Foreign Investors

In 2017, the nominal value of debt securities purchased and settled by foreign and domestic investors were GH¢ 15.4 billion (53.66%) and GH¢ 13.3 billion (46.34%) respectively. On the

sell side, the foreign investors sold a nominal value of GH¢ 9.1 billion constituting about 31.71% of the aggregate nominal value of debt securities sold for the year whilst domestic investors accounted for the rest. Compared to

2016 the nominal value of securities purchased by foreign investors increased by 83.4% to GH¢ 15.4 billion whilst that of domestic investors increased by 84.8% to GH¢ 13.3 billion.

**Table 9: Distribution of the Nominal Value of Debt Trades Settled by Domestic and Foreign Investors**

Investor Type	Nominal Value Purchased			Nominal Value Sold		
	2016 (GH¢)	2017 (GH¢)	% Change	2016 (GH¢)	2017 (GH¢)	% Change
Foreign Investors	8,399,573,760	15,408,061,041	83.44	6,518,774,726	9,106,190,264	39.69
Domestic Investors	7,199,566,273	13,305,635,759	84.81	9,080,365,307	19,607,506,536	115.93
<b>Total</b>	<b>15,599,140,033</b>	<b>28,713,696,800</b>	<b>84.07</b>	<b>15,599,140,033</b>	<b>28,713,696,800</b>	<b>84.07</b>

#### 8.4.4 Settled Debt Trades Sold and Purchased under DP Type

On the purchased side, the Custodian Banks remained the member with the most purchased debt securities in 2017. Out of the total amount of GH¢ 30.7 billion of debt trades settled, about GH¢ 19.2 billion were purchased and settled through the Custodian Banks forming about 64.05% of the entire trades for the year. The amount of securities purchased and settled

through the Universal Banks was GH¢ 10.5 billion. On the sale side, the Universal Banks dominated activities for the year which was followed by the Custodian Banks. The amount of securities sold and settled through the Universal Banks and Custodian Banks in 2017 were GH¢ 19.3 billion and GH¢ 11.2 respectively. The Brokers remained the least active participants in terms of settlement in the secondary debt market for the year.

**Table 10 : Distribution of Settled Debt Trades Purchased under Member and Investor Types in 2017**

Member Type	Investor Type	Face Value		Settlement Value		Number of Trades	
		GH¢	%	GH¢	%	Counts	%
Banks	Domestic	9,819,452,428	34.20	10,507,213,398	34.22	98,487	91.82
	Foreign	1,085,112	0.00	1,159,207	0.00	36	0.03
Brokers	Domestic	504,738,036	1.76	528,121,857	1.72	721	0.67
	Foreign	-	-	-	-	-	-
Custodians	Domestic	2,981,445,295	10.38	3,097,891,986	10.09	5,282	4.92
	Foreign	15,406,975,929	53.66	16,569,317,306	53.97	9,110	8.49
<b>Total</b>		<b>28,713,696,800</b>	<b>100.00</b>	<b>30,703,703,753</b>	<b>100.00</b>	<b>107,264</b>	<b>100.00</b>

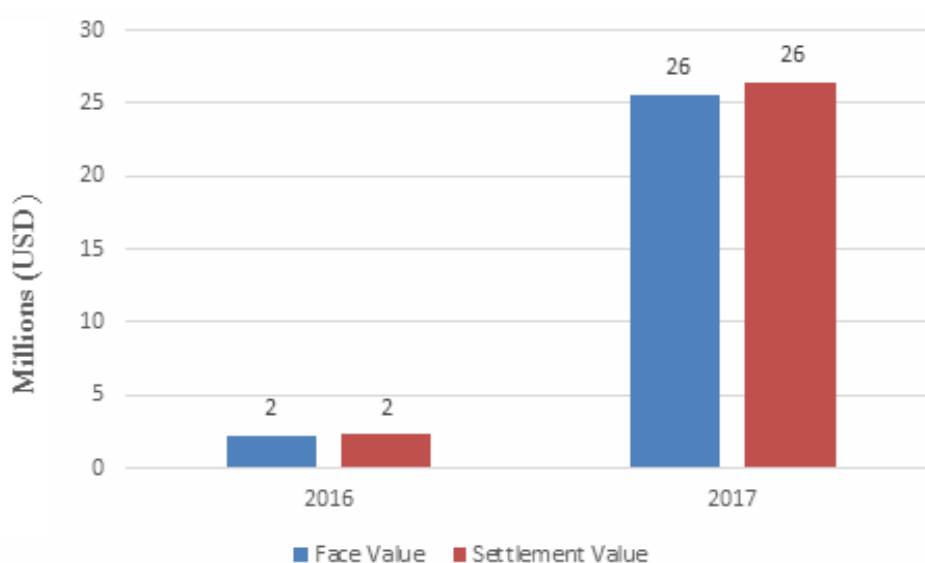
**Table 11 : Distribution of Settled Debt Trades Sold under Member and Investor Type in 2017**

Member Type	Investor Type	Face Value		Settlement Value		Number of Trades	
		GH¢	%	GH¢	%	Counts	%
Banks	Domestic	18,172,440,859	63.29	19,262,125,272	62.74	102,716	95.76
	Foreign	-	-	-	-	-	-
Brokers	Domestic	256,786,622	0.89	271,017,011	0.88	1,127	1.05
	Foreign	-	-	-	-	-	-
Custodians	Domestic	1,178,279,055	4.10	1,216,425,904	3.96	1,077	1.00
	Foreign	9,105,884,000	31.71	9,953,823,797	32.42	2,334	2.18
Total		28,713,696,800	100.00	30,703,703,753	100.00	107,264	100.00

#### 8.4.5 Value of Settlement in Government Dollar Denominated Bonds

The number of transactions involving government dollar bonds in the secondary market increased from 20 in 2016 to 130

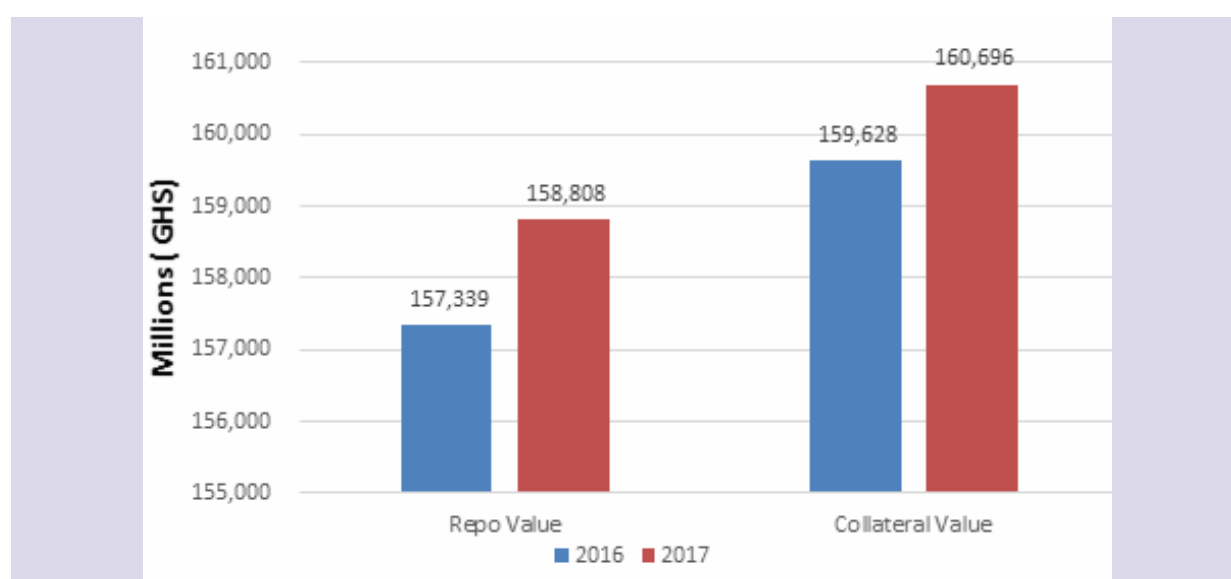
transactions in 2017. In terms of settlement value, the CSD settled an amount of USD 26 million during 2017 compared to a settlement amount of USD 2 million in 2016.

**Chart 5 : Value of Settlement in Government Dollar Bond**

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

The repo market experienced a decline in the number of repo transactions undertaken by market players in 2017. The number of repo transactions reduced by 23.8% from 7,837 in 2016 to 5,972. In terms of the repo value,

there was a marginal increase of 0.93% from GH¢ 157.3 billion in 2016 to 158.7 billion in 2017. During the same period, the nominal value of securities used for the collateralisation of the repo transactions also increased marginally by 0.67% from GH¢ 159.6 billion to GH¢ 160.7 billion.

**Chart 6 : Settled Repo Transactions by the CSD**

#### 8.4.7 Repo Transactions by Depository Participant (DP)

Bank of Ghana, SSNIT and Commercial Banks are the DPs currently allowed to participate in the repo market. The repo market in 2017 was dominated by transactions between Commercial Banks, accounting for about 51.9% of the entire transactions performed for the

year. This was followed by dealings between Commercial banks and the Bank of Ghana. The Bank of Ghana as part of its role as the lender of last resort transacted with the commercial banks in their liquidity management to the tune of GH¢ 50.5 billion forming about 31.8% of the entire repo transaction for the year. SSNIT lent about GH¢ 25.8 billion to the commercial banks in the form of repos in 2017.

**Table 12 : Distribution of Repo Transactions Settled by Member Type in 2017**

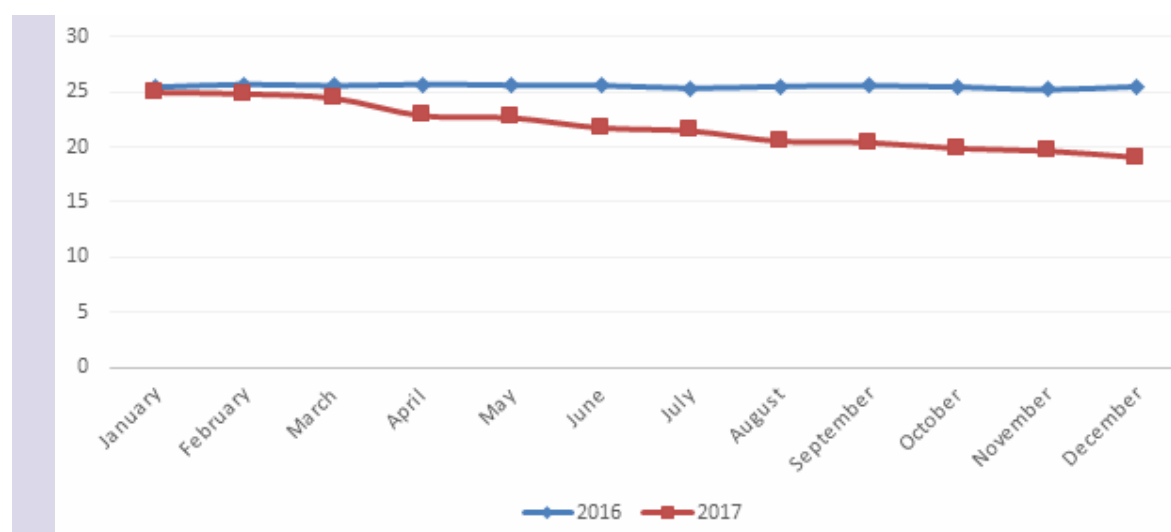
DP Type		Repo Value		Collateral Value		Number of Transactions		Rates (%P.A)
Lender of Cash	Borrower of Cash	GH¢	%	GH¢	%	Count	%	
Bank of Ghana	Commercial Banks	50,536,800,000	31.82	51,089,954,073	31.79	610	10.21	22.91
Commercial Banks	Commercial Banks	82,457,500,000	51.92	83,692,321,895	52.08	4,321	72.35	22.30
SSNIT	Commercial Banks	25,813,200,000	16.25	25,914,079,130	16.13	1,041	17.43	19.89
Total		158,807,500,000	100.00	160,696,355,098	100.00	5,972	100.00	N/A

#### 8.4.8 Repo Rates

The year-on-year average repo rates declined from 25.5% p.a. in 2016 to 22.9% p.a. The year began with a monthly average repo rate of 24.94% in January and declined throughout

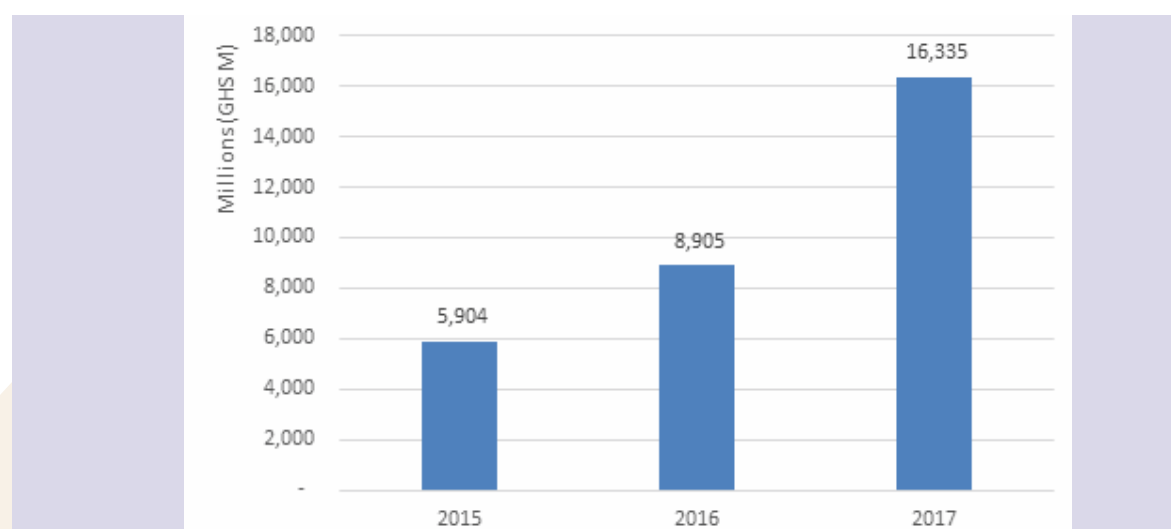
the year to 19.02% p.a. in December, 2017. The persistent decline in the repo rate may be aligned to the consistent reduction in the monetary policy rate from 25.5% p.a. in January, 2017 to 20% p.a. at the end of December, 2017.



**Chart 7 : Monthly Average Repo Rates % p.a.****8.4.9 Pledging of Debt Securities**

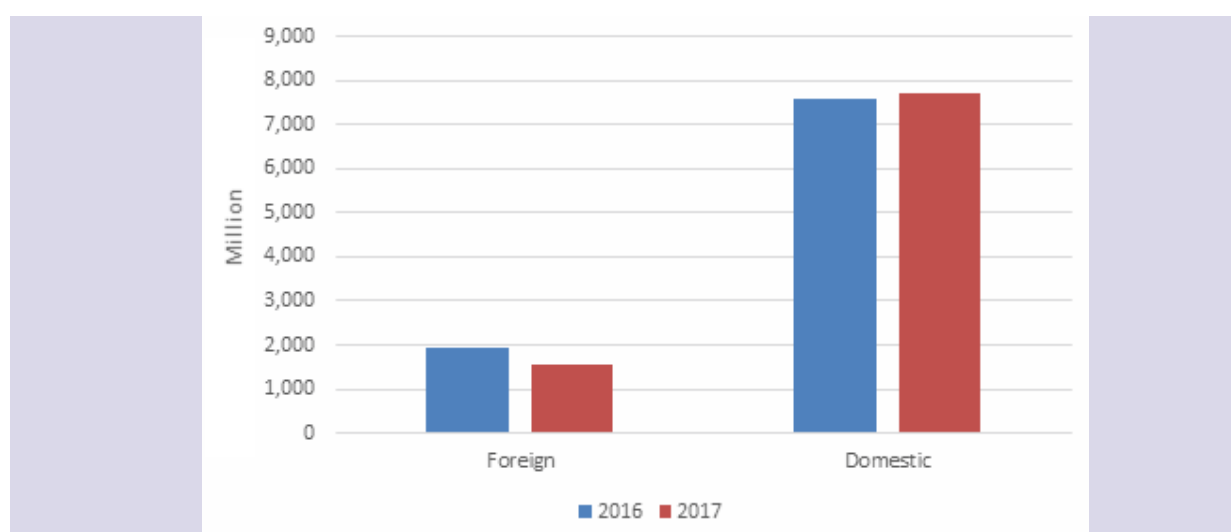
The value of debt securities pledged by security accounts holders at the depository, increased by 83.44% from an amount of GH¢ 8.9 billion in

2016 to GH¢ 16.3 billion in 2017. The number of pledged transactions also increased from 1,083 in 2016 to 1,739 in 2017.

**Chart 8 : Debt Securities Pledged by Investors at the CSD****8.4.10 Volume of Shares in the Depository**

The volume of shares in the depository at the end of December, 2017 was approximately 9.2 billion. This represents 87.06% of the 10.6 billion volumes of shares listed on the GSE. Compared to 2016, the volume of dematerialised shares in the depository dropped marginally by 2.7% from 9.5 billion in 2016 to 9.3 billion at the

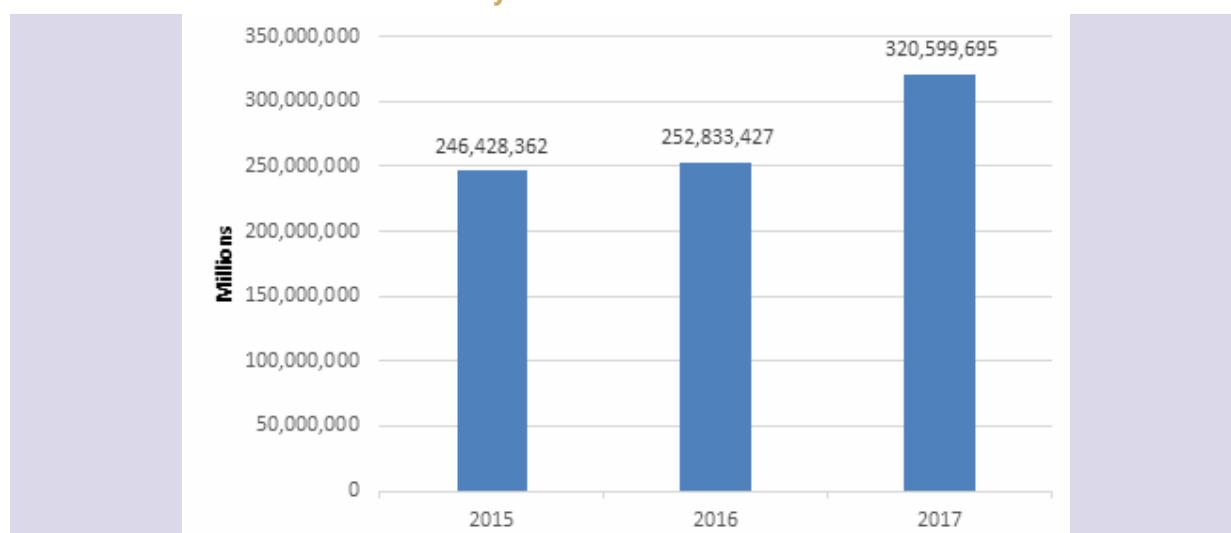
end of 2017, this can be attributable to share withdrawals and the removal of the shares of the defunct UT Bank from the depository. Out of the total volume of 9.2 billion shares held in the depository as at the end of December 2017, domestic and foreign investors owned 7.7 billion and 1.6 billion respectively.

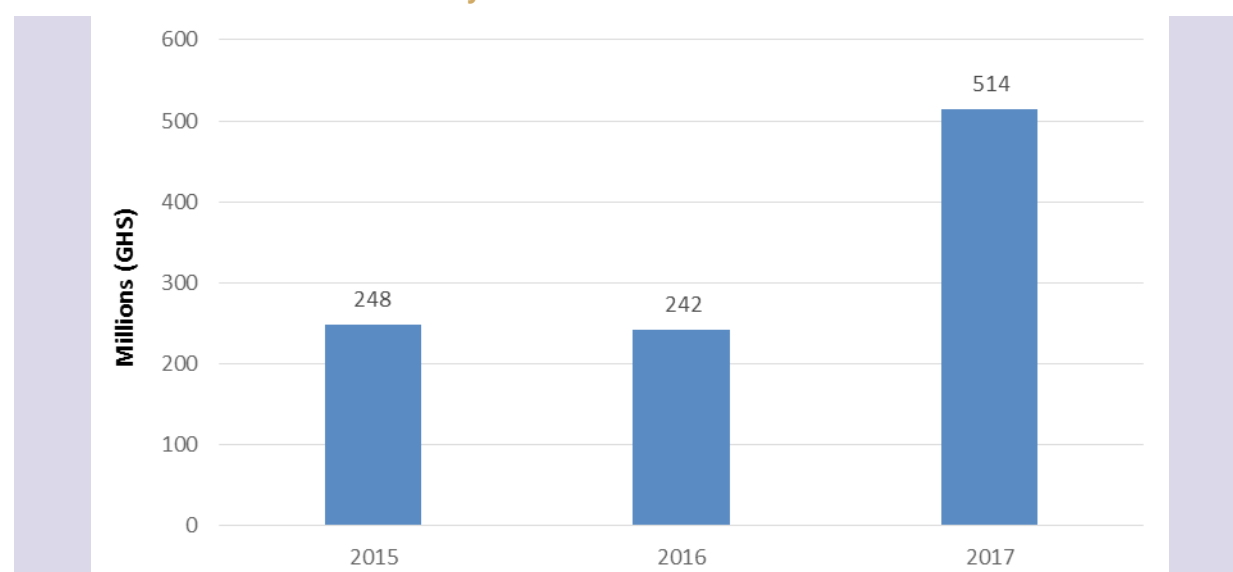
**Chart 9 : Dematerialised Shares Owned by Domestic and Foreign Investors**

### 8.5 Clearing and Settlement of Equity Trades

There was an improvement in the volume and value of traded shares cleared and settled by the CSD in 2017 as compared to 2016. The volume of shares settled by CSD increased by 26.8% from 252.8 million in 2016 to 320.6 million in 2017.

For the same period, the value of traded shares cleared and settled at the CSD more than doubled to GH¢ 513.9 million. A total of 20,492 trades involving equity transactions were cleared and settled by CSD in 2017.

**Chart 10 : Volume of Shares Settled by CSD**

**Chart 11 : Value of Shares Settled by the CSD**

#### 8.5. 1 Settled Equity Trades Purchased and Sold under DP and Investor Types

Foreign investors dominated settlement activities in the equity market on both the sell and buy sides of the market in 2017. On the sell side, the value of equity trades settled in the books of foreign investors totalled GH¢ 411.7 million forming about 80% of the overall settlement value for the year. On the buy side of the market, a value of GH¢ 367.2 million constituting about 71.44% of the entire settlement value for 2017 were settled through the books of foreign investors.

In terms of member participation, Brokers dominated settlement activities in the equity market compared to the Custodian Banks in 2017. On the sell side of the equity market, about 61.43% and 38.57% of the GH¢ 514 billion were settled in the books of Brokers and Custodian Banks respectively. Approximately 51.29% and 48.71% of the entire settlement value for the year were settled respectively in the books of Brokers and Custodian Banks on the purchase side of the market.

**Table 13: Distribution of Equity Trades Purchased under Member and Client Types in 2017**

Member Type	Client Type	Volume		Value		Number of Trades	
		Quantity	%	GHC	%	No.	%
Broker	Domestic	60,208,154	18.78	37,574,150	7.31	16,577	80.89
	Foreign	157,074,397	48.99	226,056,358	43.98	391	1.91
Custodian	Domestic	50,333,220	15.70	109,197,063	21.25	3,007	14.67
	Foreign	52,983,921	16.53	141,141,302	27.46	517	2.52
Total		320,599,692	100.00	513,968,873	100.00	20,492	100.00

**Table 14 : Distribution of Equity Trades Sold by Member and Client Types in 2017**

Member Type	Client Type	Volume		Value		Number of Trades	
		Quantity	%	GHC	%	No.	%
Broker	Domestic	68,184,245	21.27	91,416,028	17.79	17,045	83.18
	Foreign	158,233,200	49.36	224,300,247	43.64	696	3.40
Custodian	Domestic	5,004,643	1.56	10,892,512	2.12	899	4.39
	Foreign	89,177,604	27.82	187,360,085	36.45	1,852	9.04
Total		320,599,692	100.00	513,968,873	100.00	20,492	100.00

## 9.0 APPENDIX

### 9.1 Lists of Depository Participants (DPs )

#### A. Universal Banks

1	Access Bank Ghana Ltd.	19	GHL Bank Ltd
2	ADB Bank Ltd.	20	GN Bank Ghana Ltd
3	ARB Apex Bank Ltd	21	Guarantee Trust Bank Ghana Ltd
4	Bank of Africa	22	National Investment Bank Ltd
5	Bank of Baroda (Ghana) Ltd	23	Omnibank Ghana Ltd
6	Barclays Bank of Ghana	24	Premium Bank Ghana
7	Beige Bank	25	Prudential Bank Ltd
8	BSIC Ghana Ltd	26	Societe Generale Ghana Ltd.
9	Cal Bank Ltd	27	Sovereign Bank Ghana Ltd.
10	Ecobank Ghana Ltd.	28	Stanbic Bank Ghana Ltd
11	Energy Bank (Ghana) Ltd	29	Standard Chartered Bank Gh. Ltd
12	FBN Bank (Ghana) Ltd	30	The Construction
13	Fidelity Bank Ghana Ltd	31	The Royal Bank Ltd
14	First Atlantic Bank Ltd	32	Unibank Ghana Ltd
15	First National Bank	33	United Bank for Africa (Ghana) Ltd
16	Heritage Bank	34	Universal Merchant Bank
17	HFC Bank Ltd	35	Zenith Bank (Ghana). Ltd
18	GCB BankLtd.		

#### B. Custodians Banks

1	Access Bank Custody Services	9	Prudential Bank Custody Services
2	ADB Custody Services	10	Standard Chartered Bank Securities Services
3	Cal Bank Custody Services	11	Societe General Ghana Ltd Custody Services
4	Ecobank Custody Services	12	Stanbic Bank Custody Services
5	First Atlantic Bank Ltd. Custody	13	Unibank Custody Services
6	Fidelity Custody Services	14	Universal Merchant Bank Custody
7	Guaranty Trust Bank Custody Service	15	Zenith Bank Custody Services
8	HFC 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.

### 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

The Depository held debt instruments issued by the following issuers.

1	Afb Plc.
2	Bayport Financial Services Ltd.
3	Bond Savings and Loans Ltd.
4	Bank of Ghana
5	Barclays Bank of Ghana
6	Edendale Properties Plc.
7	Cocobod
8	Energy Sector Petroleum Levy Acts (ESLA)

9	Government of Ghana
10	Ghana Home Loans Ltd.
11	IZwe Loans Ltd.
12	Produce Buying Company

## 2. Equity Securities

The Depository held both listed and unlisted equities issued by the following Institutions.

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

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

### Unlisted Equities

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

Appendix 1: Distribution of Outstanding Debt Stocks by Security Tenor, Issuer and Client Type as at December 2017.

SECURITY TENOR	ISSUER CODE	CLIENT TYPES								TOTAL	
		BANK OF GHANA (GH¢)	COMMERCIAL BANKS (GH¢)	FIRMS & INST (GH¢)	INSURANCE COMPANIES (GH¢)	FOREIGN INVESTORS (GH¢)	RURAL BANKS (GH¢)	SSNIT (GH¢)	OTHERS (GH¢)	GH¢	%
2 Week	BBG	-	-	100,000	-	-	-	-	100,000	200,000	0.00
2 Week	BoG	25,100,000	78,144,531,413	67,454,642	-	-	-	50,159,800	4,500,000	7,961,745,855	11.64
30 Day	BBG	-	-	4,252,605	-	-	-	-	1,000,000	5,252,605	0.01
60 Day	BBG	-	-	-	-	-	-	-	528,647	528,647	0.00
91 Day	GoG	19,221,989	252,146,281	1,313,142,365	21,940,731	-	194,085,499	10,050,987	3,575,572,030	5,386,159,882	7.87
91 Day	BBG	-	400,000	-	-	-	-	-	9,731,000	10,131,000	0.01
182 Day	GoG	268,724,737	698,988,016	972,479,126	100,260,344	-	75,877,846	76,267,113	674,352,826	2,866,950,008	4.19
182 Day	BBG	-	-	15,500,000	-	-	-	-	2,076,730	17,576,730	0.03
182 Day	CMB	-	1,673,883,010	115,265,934	11,938,288	-	-	121,573,500	53,323,425	1,975,984,157	2.89
1 Year FXR	CMB	160,000,000	730,669,591	142,448,019	338,000	-	-	62,632,890	85,906,500	1,181,995,000	1.73
1 Year FXR	BBG	-	-	460,000	-	-	-	-	650,000	1,110,000	0.00
1 Year FXR	GoG	287,656,985	1,815,433,889	1,213,328,322	42,701,550	23,323	21,418,497	143,682,818	160,944,661	3,685,190,045	5.39
1 Year FXR	PBC	-	363,000	162,957,625	20,000,000	-	-	-	24,586,375	207,907,000	0.30
2 Year FXR	GoG	178,041,969	2,400,064,204	1,550,603,316	34,613,055	1,867,895,161	9,270,750	171,466,388	188,650,740	6,400,605,583	9.36
2 Year EPL	EPL	-	-	877,000	-	-	-	-	-	877,000	0.00
3 Year FLR	AFB	-	-	25,127,000	-	4,000,000	-	-	-	29,127,000	0.04
3 Year FXR	AFB	-	-	3,247,600	-	3,000,000	-	-	23,850	6,271,450	0.01
3 Year FXR	GoG	417,921,000	1,156,549,208	1,366,325,307	63,096,034	4,032,470,000	-	66,269,270	152,912,960	7,255,543,779	10.61
3 Year FXR	ILL	-	-	9,977,000	-	-	-	-	23,000	10,000,000	0.01
3 Year FLR	ILL	-	85,000	22,641,760	1,359,000	-	-	-	1,229,000	25,314,760	0.04
3 Year FXR	EPL	-	-	6,100,000	-	-	-	-	-	6,100,000	0.01
3 Year FLR	EPL	-	-	17,674,700	-	-	-	-	-	17,674,700	0.03
3 Year FLR	BFS	-	-	20,386,460	-	-	-	-	100,000	20,486,460	0.03
3 Year FXR	BFS	-	-	93,990,880	2,000,000	8,000,000	-	-	2,823,000	106,813,880	0.16
3 Year FLR	BOSL	-	-	560,000	-	-	-	-	-	560,000	0.00
3 Year FXR	BOSL	-	-	15,887,000	-	-	-	-	-	15,887,000	0.02
4 Year FLR	AFB	-	-	5,000,000	-	-	-	-	-	5,000,000	0.01
5 Year FLR	AFB	-	28,300	36,497,000	-	-	-	-	509,200	37,034,500	0.05
5 Year FLR	BFS	-	102,000	63,855,700	-	8,000,000	-	-	741,960	72,699,660	0.11
5 Year FLR	ILL	-	-	24,895,000	500,000	-	-	-	605,000	26,000,000	0.04
5 Year FLR	GHL	-	-	9,564,000	-	-	-	-	-	9,564,000	0.01
5 Year FXR	BoG	53,484,663	501,524,240	87,606,157	2,822,000	-	-	53,562,940	1,000,000	700,000,000	1.02
5 Year FXR	GoG	156,182,000	795,653,839	1,282,012,969	46,278,066	8,657,656,000	-	44,774,000	221,457,384	11,204,014,258	16.38
6 Year FLR	ILL	-	-	10,000,000	-	-	-	-	-	10,000,000	0.01
7 Year FLR	AFB	-	-	15,829,917	-	-	-	-	-	15,829,917	0.02
7 Year FXR	GoG	181,000,000	159,541,064	228,617,548	7,125,000	1,507,018,000	-	5,000,000	62,194,616	2,150,496,228	3.14
7 Year FXR	ESLA	20,000,000	1,673,859,324	489,417,413	28,074,100	44,800,000	-	80,206,000	72,269,163	2,408,626,000	3.52
10 Year FXR	GoG	2,432,837	241,454,453	1,210,613,347	18,435,532	5,407,022,929	-	3,209,200	526,403,337	7,409,571,635	10.83
10 Year FXR	ESLA	220,507,000	1,323,109,529	624,175,775	-	-	-	100,000,000	107,555,300	2,375,347,604	3.47
15 Year FXR	GoG	-	6,602,000	409,579,070	-	4,187,150,000	-	-	190,449,891	4,793,780,961	7.01
Total	GH¢	1,990,273,180	21,244,988,361	11,638,450,557	401,481,700	25,727,035,413	300,652,592	988,854,906	6,122,220,595	68,413,957,304	100
	%	2.91	31.05	17.01	0.59	37.60	0.44	1.45	8.95	100.00	N/A



## Appendix 2: Distribution of OTC Trades Cleared and Settled by Issuer and Tenor (2016 – 2017)

Security Tenor	Issuer Code	2016		2017			
		Number of Transactions	Face Value (GH¢)	Number of Transactions	Face Value (GH¢)	Settlement Value	
						(GH¢)	%
14 Day	BBG			73	213,033,731	212,234,799	0.69
14 Day	BOG	86	104,254,936	214	577,282,503	573,401,096	1.87
30 Day	BBG	-	-	16	67,410,986	67,411,065	0.22
60 Day	BBG	-	-	27	73,044,304	73,044,703	0.24
91 Day	BBG	-	-	49	29,461,312	29,461,310	0.10
91 Day	GOG	48,710	1,086,923,552	69,989	1,234,813,738	1,384,828,553	4.51
182 Day	BBG	-	-	29	35,001,730	35,007,772	0.11
182 Day	GOG	11,627	1,576,148,775	18,574	1,207,841,443	1,192,408,110	3.88
182 Day	CMB	280	318,228,875	723	526,075,953	486,875,760	1.59
1 Year	CMB			605	255,924,114	267,544,173	0.87
1 Year NCD	BBG			4	1,110,000	1,110,000	0.00
1 Year	GOG	1,024	62,698,385	5,569	759,632,831	809,001,059	2.63
1 Year	PBC	1	40,000	11	1,617,625	1,634,777	0.01
2 Year	GOG	510	1,421,542,967	2,471	3,321,101,081	3,393,808,106	11.05
2 Year	ILL	3	890,000	-	-	-	-
3 Year	ILL	4	665,000	1	6,580	6,642	0.00
3 Year	BFS	1	5,000	10	416,974	434,456	0.00
3 Year	Edendale	3	1,041,487				-
3 Year	GOG	3,315	3,789,956,369	3,944	4,388,294,737	4,676,592,174	15.23
5 Year	AFB	1	23,000	1	4,700	5,132	0.00
5 Year	ILL	1	180,000	-	-	-	-
5 Year	BFS	-	-	1	90,000	90,660	0.00
5 Year	BoG	-	-	5	4,268,042	4,178,063	0.01
5 Year	GOG	2,572	6,637,382,711	3,741	10,069,932,133	11,090,506,854	36.12
7 Year	ESLA	-	-	372	712,758,308	710,051,314	2.31
7 Year	GOG	3	360,000	298	905,489,652	979,121,615	3.19
10 Year	ESLA	-	-	55	351,527,645	353,276,200	1.15
10 Year	GOG	109	598,798,976	437	3,006,704,678	3,276,037,128	10.67
15 Year	GOG			45	970,852,000	1,085,632,232	3.54
Total		68,250	15,599,140,033	107,264	28,713,696,800	30,703,703,753	100.00

### Appendix 3: Distribution of Listed Shares Held in the Depository by Investors as at December 2017

NAME OF ISSUER	SHARES IN THE DEPOSITORY SYSTEM			VOLUME OF ISSUED SHARES	
	DOMESTIC INVESTORS	FOREIGN INVESTORS	TOTAL	LISTED	% IN CSD
ADB Bank	122,860,028		122,860,028	230,923,222	53.20
ACCESS BANK GHANA LTD-ACCESS	108,939,321		108,939,321	118,093,134	92.25
AFRICAN CHAMPION INDUSTRIES -ACI***	16,037,242		16,037,242	259,810,000	6.17
ALUWORKS LTD	225,117,552	5,239,300	230,356,852	236,685,180	97.33
ANGLOGOLD ASHANTI DEPOSITORY SHARES	1,552,507	50	1,552,557	16,164,735	9.60
ANGLOGOLD ASHANTI LIMITED*	6,439,785		6,439,785	6,603,682	97.52
AYRTON LTD	211,158,179	4,583	211,162,762	215,000,000	98.22
BENSO OIL PALM PLANTATION	31,957,096	2,260	31,959,356	34,800,000	91.84
CAL BANK LTD	439,927,315	78,152,615	518,079,930	548,261,549	94.50
CAMELOT GHANA LTD	5,157,932	9,571	5,167,503	6,829,276	75.67
CLYDESTONE (GHANA) LTD***	8,146,041		8,146,041	34,000,000	23.96
COCOA PROCESSING COMPANY LTD***	1,965,102,929	150,000	1,965,252,929	2,028,074,176	96.90
ECOBANK GHANA LTD	277,135,209	10,967,319	288,102,528	293,228,372	98.25
ECOBANK TRANSNATIONAL INC-ETI.*	1,073,561,439	1,259,975,424	2,333,536,863	2,572,308,103	90.72
ENTERPRISE GROUP LTD	96,738,656	28,544,398	125,283,054	133,100,825	94.13
FAN MILK LTD	83,127,274	25,221,394	108,348,668	116,207,288	93.24
GHANA COMMERCIAL BANK LTD	175,196,186	48,400,988	223,597,174	265,000,000	84.38
GHANA OIL COMPANY LTD	374,990,656	20,505	375,011,161	391,863,128	95.70
GOLDEN STAR RESOURCES LTD*	60,021	100	60,121	155,470	38.67
GOLDEN WEB LTD***	17,321,102	1,000	17,322,102	35,000,000	49.49
GUINNESS GHANA BREWERIES LTD	283,178,068	18,067,954	301,246,022	307,594,827	97.94
HFC BANK LTD	285,509,254	9,242,237	294,751,491	297,420,000	99.10
MECHANICAL LLYOD COMPANY LTD	40,334,702	11,361	40,346,063	50,095,925	80.54
MEGA AFRICAN CAPITAL LTD	9,683,279		9,683,279	9,948,576	97.33
NEWGOLD ISSUER LTD	5,000		5,000	200,000	2.50
PIONEER KITCHENWARE LTD	26,626,881		26,626,881	33,341,167	79.86
PRODUCE BUYING COMPANY LTD	427,769,662	12,351,457	440,121,119	480,000,000	91.69
PZ CUSSONS GHANA LTD	8,450,135	750,000	9,200,135	168,000,000	5.48
SAM WOODE LTD	18,015,599		18,015,599	21,828,035	82.53
SIC INSURANCE COMPANY LTD	158,181,690	25,806,674	183,988,364	195,645,000	94.04
SOCIETE GENERALE GHANA LTD	403,575,407	7,089,800	410,665,207	428,850,344	95.76
STANDARD CHARTERED BANK GH. LTD	104,575,675	5,199,683	109,775,358	115,507,284	95.04
STARWIN PRODUCTS LTD	209,315,254		209,315,254	259,810,000	80.56
TOTAL PETROLEUM GHANA LTD	17,149,436	2,668,660	19,818,096	111,874,072	17.71
TRANSACTION SOLUTIONS (GHANA) LTD***	70,321,652	7,094,075	77,415,727	80,000,000	96.77
TRUST BANK LTD (THE GAMBIA)	5,785,820		5,785,820	7,030,293	82.30
TULLOW OIL PLC*	2,042,648	22	2,042,670	2,043,163	99.98
UNILEVER GHANA LTD	5,633,749	10,312,113	15,945,862	62,500,000	25.51
<b>TOTAL (A)</b>	<b>7,316,680,381</b>	<b>1,555,283,543</b>	<b>8,871,963,924</b>	<b>10,173,796,826</b>	<b>87.20</b>
<b>PREFERENCE SHARE</b>					
STANDARD CHARTERED BANK GH. LTD (SCB PREF)	1,280,142	29,366	1,309,508	17,480,000	7.49
<b>TOTAL (B)</b>	<b>1,280,142</b>	<b>29,366</b>	<b>1,309,508</b>	<b>17,480,000</b>	<b>7.49</b>
<b>COMPANIES LISTED UNDER GAX</b>					
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	168,838,166	13,000	168,851,166	226,621,246	74.51
<b>TOTAL (C)</b>	<b>385,824,346</b>	<b>33,600</b>	<b>385,857,946</b>	<b>443,628,426</b>	<b>86.98</b>
<b>OVERALL (A+B+C) % OF EQUITY IN THE CSD SYSTEM</b>	<b>7,703,784,869</b>	<b>1,555,346,509</b>	<b>9,259,131,378</b>	<b>10,634,905,252</b>	<b>87.06</b>

## 10. 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.

**Dematerialisation:** the process of converting paper share certificates into an electronic book entry system.

**Depository Participants (DP):** financial institutions, corporations and agencies which act as intermediaries between the CSD and the general investing public.

**Financial Market Infrastructure:** the channels through which securities and financial transactions are cleared, settled and recorded.

**Primary Dealers:** 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

**Primary Market:** a market that deals with the issuance of new securities. Here securities are purchased directly from the issuer.

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

**Secondary Market:** refers to post primary market transactions in the instruments.

**Securities:** are financial instruments that represent ownership of an 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.



## ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
31 DECEMBER 2017

## REPORT OF THE BOARD OF DIRECTORS

In accordance with the requirements of Section 132 of the Companies Act 1963 (Act 179), we the Board of Central Securities Depository (GH) Limited (the 'Company') submit herewith the Annual Report on the state of affairs of the Company for the year ended 31 December 2017.

### Statement of directors' responsibilities

The Companies Act 1963 (Act 179) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the Company for that year.

It also requires the directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act 1963 (Act 179). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying

appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act 1963 (Act 179). The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

### Principal activities

The Company is authorised to provide central depository services and registrar services.

### Financial results

The financial results for the period ended 31 December 2017 are set out below:

	2017 GH¢	2016 GH¢
Profit before tax	35,772,150	21,786,450
to which is deducted income tax charge of	(9,273,325)	(5,505,228)
giving a profit for the year after income tax of	26,498,825	16,281,222
which is added to amount brought forward on income surplus account of	24,545,736	10,188,138
	51,044,561	26,469,360
out of which is deducted dividend of	(5,250,000)	(1,923,624)
	45,794,561	24,545,736

### Dividend

The directors have proposed the payment of dividend of GH¢ 1.18 per share amounting to GH¢ 4,130,000 for the year ended 31 December 2017 (2016: GH¢ 1.5 per share amounting to GH¢ 5,250,000).

### Directors

The names of the present directors and those that served during the period are listed on page 2.

### 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.

### Holding company

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

### Auditor


The auditor, PricewaterhouseCoopers, has expressed willingness to continue in office in accordance with Section 134 (5) of the Companies Act, 1963 (Act 179).

By Order of the Board



**Dr. Maxwell Opoku-Afari**  
Chairman

Date: 27th March, 2018



**Mr. Yao A. Abalo**  
Director

Date: 27th March, 2018

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Central Securities Depository (GH) Limited as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

### What we have audited

We have audited the financial statements of Central Securities Depository (GH) Limited (the Company") for the year ended 31 December 2017.

The financial statements on pages 44 to 74 comprise:

- the statement of financial position as at 31 December 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

### Key audit matters

We have determined that there are no key audit matters to communicate in our report.

### Other information

The directors are responsible for the other information. The other information comprises the Report of the Board of Directors but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report and the Statement on Corporate Governance, Chairman's Statement, Statement of the Chief Executive Officer, 2017 Activities and Market Performance which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Statement on Corporate Governance, Chairman's Statement, Statement of the Chief Executive Officer, 2017 Activities and Market Performance and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether 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.

The directors are responsible for overseeing the financial reporting process.

### **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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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; and
- 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## 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 Company's balance sheet (statement of financial position) and profit and loss account (part of the statement of comprehensive income) are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Michael Asiedu-Antwi (ICAG/P/1138).


**PricewaterhouseCoopers(ICAG/F/2018/028)**  
**Chartered Accountants**  
**Accra, Ghana**  
**29 March 2018**

# STATEMENT OF FINANCIAL POSITION

(All amounts are in Ghana cedis)

		At 31 December	
		2017	2016
<b>Assets</b>	<b>Note</b>		
<b>Non- current assets</b>			
Plant and equipment	5	1,639,876	512,367
Intangible assets	6	8,828,687	10,038,608
Deferred income tax asset	12	-	17,915
		<u>10,468,563</u>	<u>10,568,890</u>
<b>Current assets</b>			
Accounts receivable	7	6,387,679	5,665,721
Investment securities	8	38,736,875	21,581,472
Other assets	9	634,131	534,110
Cash and bank balance	10	<u>3,590,768</u>	<u>1,441,543</u>
		<u>49,349,453</u>	<u>29,222,846</u>
<b>Total assets</b>		<u>59,818,016</u>	<u>39,791,736</u>
<b>Liabilities</b>			
<b>Non- current liabilities</b>			
Deferred tax liability	12	<u>119,462</u>	-
<b>Current liabilities</b>			
Accounts payable and accruals	11	6,303,517	8,441,514
Current income tax liabilities	13	<u>3,500,476</u>	<u>2,704,486</u>
		<u>9,803,993</u>	<u>11,146,000</u>
<b>Total liabilities</b>		<u>9,923,455</u>	<u>11,146,000</u>
<b>Equity</b>			
Stated capital	14	3,500,000	3,500,000
Other reserve	15	600,000	600,000
Income Surplus Account	16	45,794,561	24,545,736
		<u>49,894,561</u>	<u>28,645,736</u>
<b>Total liabilities and equity</b>		<u>59,818,016</u>	<u>39,791,736</u>

The financial statements on pages 44 to 74 were approved by the board of directors on 27 March 2018 and signed on its behalf by:



Director



Director

The notes on pages 48 to 74 are an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in Ghana cedis)

	Note	Year ended 31 December	
		2017	2016
Revenue	17	47,929,859	30,950,011
Other income	18	6,759,931	3,476,063
		54,689,790	34,426,074
Operating expenses	19	(18,917,640)	(12,639,624)
<b>Profit before tax</b>		<b>35,772,150</b>	21,786,450
Income tax expense	13	(9,273,325)	(5,505,228)
<b>Profit for the period</b>		<b>26,498,825</b>	16,281,222
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>26,498,825</b>	16,281,222

The notes on pages 48 to 74 are an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

(All amounts are in Ghana cedis)

	Stated capital	Other reserves	Income surplus account	Total
<b>Year ended 31 December 2017</b>				
At 1 January 2017	<u>3,500,000</u>	<u>600,000</u>	<u>24,545,736</u>	<b>28,645,736</b>
<b>Comprehensive income:</b>				
Profit for the year	<u>-</u>	<u>-</u>	<u>26,498,825</u>	<b>26,498,825</b>
<b>Total comprehensive income</b>	<u>-</u>	<u>-</u>	<b>26,498,825</b>	<b>26,498,825</b>
<b>Transactions with owners:</b>				
Payment of dividend for 2016	<u>-</u>	<u>-</u>	<u>(5,250,000)</u>	<b>(5,250,000)</b>
<b>At 31 December 2017</b>	<b>3,500,000</b>	<b>600,000</b>	<b>45,794,561</b>	<b>49,894,561</b>
<b>Year ended 31 December 2016</b>				
At 1 January 2016	<u>3,500,000</u>	<u>600,000</u>	<u>10,188,138</u>	<b>14,288,138</b>
<b>Comprehensive income:</b>				
Profit for the year	<u>-</u>	<u>-</u>	<u>16,281,222</u>	<b>16,281,222</b>
<b>Total comprehensive income</b>	<u>-</u>	<u>-</u>	<b>16,281,222</b>	<b>16,281,222</b>
<b>Transactions with owners:</b>				
Payment of dividend	<u>-</u>	<u>-</u>	<u>(1,923,624)</u>	<b>(1,923,624)</b>
<b>At 31 December 2016</b>	<b>3,500,000</b>	<b>600,000</b>	<b>24,545,736</b>	<b>28,645,736</b>

The notes on pages 48 to 74 are an integral part of these financial statements.

## STATEMENT OF CASHFLOWS

(All amounts are in Ghana cedis)

Cash flows from operating activities	Note	Year ended 31 December	
		2017	2016
Profit before income tax		35,772,150	21,786,450
<b>Adjustment for:</b>			
Depreciation expense	5	720,615	338,912
Amortisation expense	6	1,209,921	1,512,401
Accrued interest income	8&9	(2,365,470)	(1,387,163)
Loss on disposal	5	195,097	-
Change in accounts receivable		(988,842)	(1,286,135)
Change in payables and accruals		(2,137,997)	4,768,172
Tax paid	13	(8,339,958)	(4,689,539)
<b>Net cash generated from/(used in) operating activities</b>		<b>24,065,516</b>	<b>21,043,098</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	5	(2,134,500)	(11,816)
Proceeds from disposal of plant and equipment	5	91,279	-
Purchase of intangible assets	6	-	(7,042,949)
Purchase of investment securities		(56,410,409)	(23,802,099)
Maturity of investment securities		41,623,174	11,066,424
Equity investment	9	(20,000)	-
Investment in managed fund	9	(58,719)	(500,000)
<b>Net cash used in investing activities</b>		<b>(16,909,175)</b>	<b>(20,290,440)</b>
<b>Cash flows from financing activities</b>			
Dividend paid		(5,250,000)	(1,923,624)
<b>Net cash used in financing activities</b>		<b>(5,250,000)</b>	<b>(1,923,624)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>1,906,342</b>	<b>(1,170,966)</b>
Cash and cash equivalents at start of period		4,611,457	5,782,423
<b>Cash and cash equivalents at 31 December</b>	10	<b>6,517,799</b>	<b>4,611,457</b>

The notes on pages 48 to 74 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2017

### 1. General information

The Company is a limited liability company incorporated and domiciled in Ghana. The address of the Company's registered office is set out on page 1.

Central Securities Depository (GH) Limited operates for the following purposes:

- 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;
- Operating and managing of a central securities depository clearing and settlement services.

### 2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

#### 2.1 Basis of preparation

##### (i) Compliance with IFRS

The financial statements of Central Securities Depository (GH) Limited have been prepared in accordance with International Financial

Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

##### (ii) Historical cost convention

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

##### (iii) New and amended standards adopted by the Company

The following amendments and International Financial Reporting Interpretation Committee (IFRIC) interpretations were adopted by the Company for the first time for the financial year beginning on 1 January 2017. However, these standards and amendments as detailed below, do not significantly impact the annual financial statements of the Company.

The nature and the impact of each new standards and amendments are described below:

*Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses*

Amendments made to IAS 12 in January 2016 clarify the accounting for deferred tax where an asset is measured at fair value and that fair



value is below the asset's tax base. Specifically, the amendments confirm that:

- a temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- an entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.

#### *Amendments to IAS 7 – Statement of Cash flows – Disclosure Initiative*

Going forward, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (eg drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences.

Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities.

Entities may include changes in other items as part of this disclosure, for example by providing a 'net debt' reconciliation. However, in this

case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities.

The information may be disclosed in tabular format as a reconciliation from opening and closing balances, but a specific format is not mandated.

#### ***(iv) New standards and interpretations not yet adopted***

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statement. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

#### *IFRS 9, 'Financial instruments'*

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with their irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement

except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The

additional impairment the Company would have recognised as 31 December 2017 if IFRS 9 were used is as follows:

Description	IFRS 9	IAS 39	Difference
	GH¢	GH¢	GH¢
Investment securities	1,449,052	-	1,449,052

Except for the change in name of the classes of financial assets and liabilities, there were no change in the measurement basis of these financial assets and liabilities as indicated below.

Financial assets and liabilities	IAS 39 classification	IFRS 9 classification	Measurement under IAS 39 & IFRS 9
Trade receivables	Loans and receivables	Hold to collect	Amortised cost
Investment securities	Held to maturity	Hold to collect	Amortised cost
Cash and cash equivalents	Loans and receivables	Hold to collect	Amortised cost
Accounts payable	Financial liabilities - other	Financial liabilities - other	Amortised cost

#### *IFRS 15, 'Revenue from contracts with customers'*

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. Management assessed the impact of IFRS 15 and given the revenue streams and type of operations of the Company, concluded that

IFRS 15 will not have material impact on the results of the financial position of the Company.

#### *IFRS 16, 'Leases'*

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Company's operating leases. The Company has not yet determined to what extent

these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16. The standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

## 2.2 Foreign currencies

### *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Ghana cedis, which is the Company's functional and presentation currency.

### *Transactions and balances*

Other currency transactions are accounted for at the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities

denominated in currencies other than the Ghana cedis at the reporting date are translated into Ghana cedis at the exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

## 2.3 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 recognised when services are rendered.

## 2.4 Financial instruments

### (a) Classification

The Company classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made can be seen in the table as follows:

Category (as defined by IAS 39)		Class (as determined by the Company)
Financial instruments	Loans and receivables	Cash and bank balances
		Accounts receivable
	Held-to-maturity Investments	Investment securities
	Financial liabilities at amortised cost	Accounts payable and other liabilities

**(i) Financial assets**

The Company classifies its financial assets in the following categories: loans and receivables and held-to-maturity investments. Management determines the classification of its financial at initial recognition.

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.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- those that the Company intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designated as at fair value through profit or loss;
- those that the Company upon initial recognition designates as available-for-sale; or
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method.

**Held-to-maturity**

Held-to-maturity investments are non-derivative financial assets with fixed or

determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity other than:

- those that the Company upon initial recognition designates as at fair value through profit or loss;
- those that the Company designates as available for sale; and
- those that meet the definition of loans and receivables.

Held-to-maturity financial assets are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost using effective interest method.

**(i) Financial liabilities**

Financial liabilities within the scope of IAS 39 are classified as other financial liabilities measured at amortised cost. The Company determines the classification of its financial liabilities at initial recognition.

The Company's financial liabilities are recognised initially at fair value and subsequently at amortised cost.

**(b) Impairment of financial assets**

Assets carried at amortised cost

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.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- (a) Significant financial difficulty of the issuer or obligor;
- (b) a breach of contract, such as a default or delinquency in interest or principal payments;
- (c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- (d) it becomes probable that the borrower will enter Bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio; and
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between 3 and 12 months; in exceptional cases, longer periods are warranted.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of asset type, industry,



geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment, they are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Company and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

When a receivable is uncollectible, it is written off against the related allowance for impairment. Such receivables are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to staff are classified in loan impairment charges whilst impairment charges relating to investment securities

(held to maturity and loans and receivables categories) are classified in 'Net gains/(losses) on investment securities'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

### (c) 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.

#### (d) 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.

## 2.5 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.

## 2.6 Receivables

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

## 2.7 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities quoted on stock exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry bank, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, yield curve, foreign exchange rates, and counterparty spreads) existing at the reporting dates.



## 2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## 2.9 Investments securities

Investment securities are recorded in the statement of financial position at amortised cost. These securities are non-derivative financial assets with fixed or determinable payments and fixed maturities and 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.

## 2.10 Accounts payable and other liabilities

Accounts payable and other liabilities are recognized for amounts to be paid in the future for goods or services received whether billed by the supplier or not.

## 2.11 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 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%

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 derecognised 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.

## 2.12 Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually on the reporting date 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 comprehensive 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 20%.

## 2.13 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.

## 2.14 Employee benefits

### Pension obligations

The Company makes contributions to a statutory pension scheme and a defined contribution to a provident fund for eligible employees. Contributions by the Company to the mandatory pension scheme are determined by law and are accounted for on accrual basis. The provident fund contributions are currently managed by Enterprise Trustees.

## Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

## 2.15 Taxation

### a) Income tax

Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in shareholders' equity or other comprehensive income, in which case it is recognised 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 recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax

asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 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 Ghana Revenue Authority is included as part of receivables or payables in the statement of financial position.

## 2.16 Stated capital

Stated capital represents non-distributable capital of the Company.

## 2. 17 Dividend on ordinary shares

Dividends on ordinary shares are recognised in the period in which they are approved by the shareholders. Dividend proposed which is yet to be approved by shareholders, is disclosed by way of notes.

## 3 Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Accounting policies and directors' judgements for certain items are especially critical for the Company's results and financial situation due to their materiality.

### *Income taxes*

Estimates are required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax assets and liabilities in the period in which such determination is made.

### *Classification of financial assets and liabilities*

The Company's accounting policies provide scope for assets and liabilities to be designated at inception into the accounting categories in certain circumstances. In classifying financial assets as held-to-maturity, the Company has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy 2.4a.

This classification requires significant judgement. If the Company were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Company is required to reclassify the entire category as available-for-sale. Accordingly, the investments would be measured at fair value instead of amortised cost.

### *Determining impairment of property and equipment, and intangible assets*

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Company applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

## 4 Financial risk management

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Company's business, and operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The risks faced by the Company are market risk, credit risk and liquidity risk. Market risk includes interest rate and currency risk.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Company is exposed to market risk arising principally from customer-driven transactions and they include foreign currency risk and interest rate risk. Financial instruments affected by market risk include accounts receivable and investment securities.

### Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The table below summarises the Company's exposure to interest rate risks. It includes the Company's financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	Up to 1 month	1 - 3 months	3 -12 months	Non interest bearing	Total
<b>At 31 December 2017</b>					
<b>Financial assets</b>					
Cash and bank balance (excluding cash in hand)	-	-	-	3,587,435	<b>3,587,435</b>
Investment securities	7,138,354	8,256,626	23,341,896	-	<b>38,736,876</b>
Accounts receivable	1,092,449	-	-	5,295,230	<b>6,387,679</b>
<b>Total financial assets</b>	<b>8,230,803</b>	<b>8,256,626</b>	<b>23,341,896</b>	<b>8,882,665</b>	<b>48,711,990</b>
<b>Financial liabilities</b>					
Other liabilities	-	-	-	6,303,517	<b>6,303,517</b>
<b>Total interest repricing gap</b>	<b>8,230,803</b>	<b>8,256,626</b>	<b>23,341,896</b>	<b>2,579,148</b>	<b>42,408,473</b>



	Up to 1 month	1 - 3 months	3 -12 months	Non interest bearing	Total
<u>At 31 December 2016</u>					
Financial assets					
Cash and bank balance (excluding cash in hand)	-	-	-	1,441,076	1,441,076
Investment securities	1,497,297	4,718,632	15,365,803	-	21,581,732
Accounts receivable (less prepayments)	<u>573,547</u>	<u>-</u>	<u>-</u>	<u>5,049,868</u>	<u>5,623,415</u>
Total financial assets	<u>2,070,844</u>	<u>4,718,632</u>	<u>15,365,803</u>	<u>6,490,944</u>	<u>28,646,233</u>
Financial liabilities					
Other liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,441,514</u>	<u>8,441,514</u>
Total interest repricing gap	<u>2,070,844</u>	<u>4,718,632</u>	<u>15,365,803</u>	<u>(1,950,570)</u>	<u>20,204,709</u>

### 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 and Administration Department subject to the Company's established policy, procedures and control relating to customer credit risk management.

### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company generally trades with pre-defined and selected customers. Credit exposure on trade receivable is covered by customers issuing post-dated cheques to cover amounts owed.

### Allowances for impairment

The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk for trade and other receivables at the reporting date was:

	2017	2016
Trade receivables	<b>5,461,626</b>	4,980,493
Staff loans and advances (excluding prepayments)	<b>1,098,276</b>	<u>642,922</u>
	<b>6,559,902</b>	5,623,415
Impairment charge on trade receivables	<u>(172,223)</u>	-
	<b>6,387,679</b>	<u>5,623,415</u>

The aging of trade receivables at the reporting date was:

Less than 30 days	<b>3,763,439</b>	3,231,548
31 to 120 days	<b>1,001,432</b>	1,036,455
Over 120 days	<u>696,755</u>	<u>712,490</u>
	<b>5,461,626</b>	4,980,493
Impairment charge on trade receivables	<u>(172,223)</u>	-
	<b>5,289,403</b>	<u>4,980,493</u>

Impairment losses have been recognised for specific customers whose debts are considered impaired. No impairment loss was recognised for financial assets other than trade receivables.

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its obligation

when they fall due. The Company monitors its risk of a shortage of funds by monitoring the maturity dates of existing trade accounts payables and other liabilities. Management monitors rolling forecasts of the Company's liquidity on the basis of expected cash flow.



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

At 31 December 2017	Up to 1 month	1 - 3 months	3 -12 months	Total
<b>Financial liabilities</b>				
Accounts payable	<u>6,303,517</u>	-	-	<u>6,303,517</u>
<b>Financial assets held for managing liquidity risk</b>	<u>17,116,800</u>	<u>8,256,626</u>	<u>23,341,896</u>	<u>48,715,322</u>
<b>At 31 December 2016</b>				
Accounts payable	<u>8,441,514</u>	-	<u>8,441,514</u>	
Financial assets held for managing liquidity risk	<u>8,562,057</u>	<u>4,718,632</u>	<u>15,365,803</u>	<u>28,646,233</u>

## 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.

## Fair value of financial assets and liabilities

The fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The table below sets out the carrying amounts and fair values of those financial assets and liabilities not presented on the Company's statement of financial position at their fair values:

At 31 December 2017					
	Loans and receivables	Held to maturity	Other liabilities amortised cost	Total	Fair value
Cash and bank balances	3,590,768	-	-	3,590,768	3,590,768
Investment securities	-	38,736,875	-	38,736,875	40,189,746
Accounts receivable	<u>6,387,679</u>	-	-	<u>6,387,679</u>	<u>6,387,679</u>
<b>Total financial assets</b>	<u>9,978,447</u>	<u>38,736,875</u>	<u>-</u>	<u>48,715,322</u>	<u>50,168,193</u>
<b>Financial liabilities</b>					
Accounts payable	<u>-</u>	<u>-</u>	<u>6,303,517</u>	<u>6,303,517</u>	<u>6,303,517</u>

At 31 December 2016					
	Loans and receivables	Held to maturity	Other liabilities amortised cost	Total	Fair value
Cash and bank balances	1,441,543	-	-	1,441,543	1,441,543
Investment securities	-	21,581,472	-	21,581,472	23,523,804
Accounts receivable	5,623,415	-	-	5,623,415	5,623,415
Total financial assets	<u>7,064,958</u>	<u>21,581,472</u>	<u>-</u>	<u>28,646,430</u>	<u>30,588,762</u>
Financial liabilities					
Accounts payable	<u>-</u>	<u>-</u>	<u>8,441,514</u>	<u>8,441,514</u>	<u>8,441,514</u>

### Accounts receivable

Accounts receivable, including loans to staff are net of charges for impairment and provisions for bad debt. The estimated fair value of the accounts receivable represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

value of investment securities represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

### Cash and bank balances

The carrying values of cash balances with banks are a reasonable approximation of fair values.

### Investment securities

Investment securities are carried at amortised cost less impairment. The estimated fair

## 5. Plant and equipment

### Year ended 31 December 2017

	Equipment	Furniture and fittings	Motor vehicle	Total
<b>Cost</b>				
At 1 January	872,887	327,951	1,020,190	<b>2,221,028</b>
Additions	386,655	204,725	1,543,120	<b>2,134,500</b>
Disposals	(21,191)	(69,863)	(528,974)	<b>(620,028)</b>
<b>At 31 December</b>	<b><u>1,238,351</u></b>	<b><u>462,813</u></b>	<b><u>2,034,336</u></b>	<b><u>3,735,500</u></b>
<b>Accumulated depreciation</b>				
At 1 January	789,915	300,932	617,814	<b>1,708,661</b>
Charge for the year	159,604	52,427	508,584	<b>720,615</b>
Disposals	(19,956)	(48,000)	(265,696)	<b>(333,652)</b>

At 31 December	<u>929,563</u>	<u>305,359</u>	<u>860,702</u>	<u>2,095,624</u>
<b>Net book amount</b>				
At 31 December	<u>308,788</u>	<u>157,454</u>	<u>1,173,634</u>	<u>1,639,876</u>

Year ended 31 December 2016

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

Profit on disposal of property, plant and equipment:	2017	2016
Gross book value	<b>620,028</b>	-
Accumulated depreciation	<b>(333,652)</b>	-
Net book value	<b>286,376</b>	-
Sales proceeds	<u>(91,279)</u>	-
Loss on disposal	<u>195,097</u>	-

## 6 Intangible assets

Year ended 31 December 2017	Software	Capital work in progress	Total
<b>Cost</b>			
Balance as at 1 January and 31 December	<u>8,671,913</u>	<u>5,532,575</u>	<b>14,204,488</b>
<b>Accumulated amortisation</b>			
Balance as at 1 January	4,165,880	-	<b>4,165,880</b>
Amortisation for the year	<u>1,209,921</u>	<u>-</u>	<b>1,209,921</b>
<b>Balance at 31 December</b>	<b>5,375,801</b>	<b>-</b>	<b>5,375,801</b>
Net book value			
<b>Balance as at 31 December</b>	<b>3,296,112</b>	<b>5,532,575</b>	<b>8,828,687</b>

Year ended 31 December 2016	Software	Capital work in progress	Total
<b>Cost</b>			
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>
	<u>8,671,913</u>	<u>5,532,575</u>	<u>14,204,488</u>
<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>
Balance at 31 December	<u>4,165,880</u>	<u>-</u>	<u>4,165,880</u>
Net book value			
Balance as at 31 December	<u>4,506,033</u>	<u>5,532,575</u>	<u>10,038,608</u>

(All amounts are in Ghana cedis unless otherwise stated)

## 7 Accounts receivable

Net trade receivable	<b>5,289,403</b>	4,980,493
Staff loans	<b>1,092,449</b>	573,547
Prepayments	-	42,306
Staff salary advance	<b>5,827</b>	69,375
	<b>6,387,679</b>	<u>5,665,721</u>

Details of trade receivable balance is as follows:

Gross balance	<b>5,461,626</b>	4,980,493
Provision for bad debt	<b>(172,223)</b>	-
	<b>5,289,403</b>	<u>4,980,493</u>

## 8 Investment securities

Treasury bills	<b>29,076,516</b>	10,569,914
Fixed deposits	<b>9,660,359</b>	<u>11,011,558</u>
	<b>38,736,875</b>	<u>21,581,472</u>

The movement in investment securities is as follows:

Year ended 31 December 2017	Treasury bills	Fixed deposits	Total
At start of year	10,569,914	11,011,558	<b>21,581,472</b>
Additions	48,338,078	8,072,331	<b>56,410,409</b>
Maturities	(30,602,807)	(11,020,367)	<b>(41,623,174)</b>
Accrued interest	<u>771,331</u>	<u>1,596,837</u>	<u>2,368,168</u>
At end of year	<b>29,076,516</b>	<b>9,660,359</b>	<b>38,736,875</b>

Year ended 31 December 2016	Treasury bills	Fixed deposits	Total
At start of year	7,102,281	390,463	7,492,744
Additions	13,810,908	9,991,191	23,802,099
Maturities	(10,675,961)	(390,463)	(11,066,424)
Accrued interest	<u>332,686</u>	<u>1,020,367</u>	<u>1,353,053</u>
At end of year	<u>10,569,914</u>	<u>11,011,558</u>	<u>21,581,472</u>

Maturing as follows:

	2017	2016
Within 91 days of acquisition	2,927,031	3,169,914
After 91 days of acquisition	35,809,844	18,411,558
	<u>38,736,875</u>	<u>21,581,472</u>

## 9 Other assets

	2017	2016
Investment in guarantee fund	614,131	534,110
Equity investment	20,000	-
	<u>634,131</u>	<u>534,110</u>

Movement in investment in Guarantee fund is shown below:

At start of the year	534,110	500,000
Interest income received	58,719	-
Interest Income accrued	<u>21,302</u>	<u>34,110</u>
At end of the year	<u>614,131</u>	<u>534,110</u>

Investment in guarantee fund represents a 50% initial contribution of GH¢ 500,000 to the Settlement Guarantee fund and interest income earned to date. The fund is managed by Central Securities Depository (Gh) Limited and are invested in 91 day treasury bills.

Central Securities Depository (Gh) Limited contributed GH¢ 20,000 as a 10% equity interest in Ghana Investment and Securities Institute Limited (GISI) in March 2017. Investment is measured at cost.

## 10 Cash and bank balances

	2017	2016
Bank balance	3,587,435	1,441,076
Cash on hand	<u>3,333</u>	<u>467</u>
	<u>3,590,768</u>	<u>1,441,543</u>

For purposes of the statement of cash flows, cash and cash equivalents comprise:

	2017	2016
Cash and bank balances	3,590,768	1,441,543
Investment securities maturing within 91 days of acquisition	2,927,031	3,169,914
	<u>6,517,799</u>	<u>4,611,457</u>

## 11 Accounts payable and accruals

Creditors	30,949	21,276
SEC levy	1,041,741	858,598
GSE levy	660,583	445,076
Unutilized merger grant	104,664	104,664
Withholding Tax	4,325	1,428,568
Accruals	3,692,763	5,260,396
Payable to Bank of Ghana	183,836	183,836
Other payables	584,656	139,100
	<u>6,303,517</u>	<u>8,441,514</u>

## 12 Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 25%

The movement on the deferred income tax asset account is as follows:

	2017	2016
At start of period	17,915	16,539
(Charged)/credited to profit or loss	(137,377)	1,376
<b>At 31 December</b>	<b>(119,462)</b>	<b>17,915</b>

Deferred income tax (assets)/liabilities are attributable to the following:

Year ended 31 December 2017	At 1 January	Charged/ (credited) to profit or loss	At 31 December
<i>Deferred income tax asset/(liabilities)</i>			
Plant and equipment	<u>17,915</u>	<u>(137,377)</u>	<u>(119,462)</u>

Year ended 31 December 2016	At 1 January	Charged/ (credited) to profit or loss	At 31 December
<i>Deferred income tax asset</i>			
Plant and equipment	<u>16,539</u>	<u>1,376</u>	<u>17,915</u>



## 13 Income tax

### Income tax expense

	2017	2016
Current income tax	9,135,948	5,506,604
Deferred income tax	137,377	(1,376)
	<u>9,273,325</u>	<u>5,505,228</u>

The movement in current income tax is as follows:

Year ended 31 December 2017	Balance as at 1 January	Payments during the year	Charge for the year	Balance as at 31 December
Up to 2016	2,704,486	-	-	2,704,486
2017	-	(8,339,958)	9,135,948	795,990
	<u>2,704,486</u>	<u>(8,339,958)</u>	<u>9,135,948</u>	<u>3,500,476</u>

## 13 Income tax (continued)

### Current income tax (continued)

Year ended 31 December 2016	Balance as at 1 January	Payments during the year	Charge for the year	Balance as at 31 December
Up to 2015	1,887,421	-	-	1,887,421
2016	-	(4,689,539)	5,506,604	817,065
	<u>1,887,421</u>	<u>(4,689,539)</u>	<u>5,506,604</u>	<u>2,704,486</u>

### Tax reconciliation

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the statutory tax rate of 25% as follows:

	2017	2016
Profit before tax	35,772,150	21,786,450
Tax using the domestic corporate tax rate of 25%	8,943,038	5,446,613
Tax effect of:		
Expenses not deductible for tax purposes	243,679	469,077
Tax effect on capital allowance	86,608	(410,462)
	<u>9,273,325</u>	<u>5,505,228</u>
Effective interest rate	<u>25.92%</u>	<u>25.27%</u>

## 14 Stated capital

The authorised shares of the Company is 3,500,000 ordinary shares of no par value, all of which 3,500,000 have been issued as follows:

	2017		2016	
	Number of shares	Proceeds	Number of shares	Proceeds
Issued for cash consideration	<b>3,500,000</b>	<b>3,500,000</b>	<u>3,500,000</u>	<u>3,500,000</u>

There are no unpaid liability on shares at the reporting date. There were no shares held in treasury at year end (2016: nil).

## 15 Other reserves

This represents the value of reserves that Ghana Stock Exchange Securities Depository brought into the combined business in 2014. This reserve is currently being held as a discretionary reserve. (All amounts are in Ghana cedis unless otherwise stated)

## 16 Income Surplus account

Income Surplus account represents earnings retained by the Company. The account is shown as part of statement of changes in equity.

## 17 Revenue

Registration Fees	<b>87,505</b>	9,337
Issuer Fees	<b>42,926,122</b>	28,310,859
Transaction Fees	<b>4,628,232</b>	2,518,815
Renewal fees	<b>288,000</b>	111,000
	<b>47,929,859</b>	<u>30,950,011</u>

## 18 Other income

Interest earned on investments and staff loans	<b>5,666,115</b>	3,334,105
Miscellaneous income	<b>952,214</b>	95,069
Net income from investment fund	<b>80,021</b>	34,110
Training fees on CSD software	<b>61,581</b>	12,779
	<b>6,759,931</b>	<u>3,476,063</u>

## 19 Operating expenses

Employee cost (Note 20)	9,255,969	4,979,644
Training and capacity building	1,280,078	1,021,319
Travel and motor running	355,698	498,296
General and administrative expenses	664,067	542,415
Stationary and printing	105,828	79,969
Communication	23,480	68,738
Provision for bad debt	172,223	-
Audit fees	80,500	70,500
Board expenses	581,031	87,238
Directors fees	1,196,148	519,331
Consultancy	290,146	-
Depreciation and amortisation	1,930,536	1,851,313
Information technology expenses	2,327,643	2,381,274
Premises and equipment expense	83,911	74,317
Promotion and public education	187,285	84,770
Rent and utilities	188,000	350,000
Loss on disposal	195,097	-
Donation	-	30,500
	<b>18,917,640</b>	<b>12,639,624</b>

## 20 Staff cost

	2017	2016
Basic salaries and allowances	3,893,077	2,289,922
Employer social security contributions	277,703	200,743
Other staff related costs	5,085,189	2,488,979
	<b>9,255,969</b>	<b>4,979,644</b>

## 21 Related party disclosures

The company is 70% owned by the Bank of Ghana and 30% owned by the Ghana Stock Exchange.

Transactions with related parties are as follows:

Related party transactions

	2017	2016
<b>Transactions with Bank of Ghana</b>		
Issuer and transaction fees	<b>31,061,136</b>	<b>20,277,261</b>
Rent expense	<b>188,000</b>	<b>188,000</b>

## Related party balances

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

	2017	2016
<b>Accounts receivable</b>		
Fees due from Bank of Ghana	<b>2,907,407</b>	<u>2,709,580</u>
<b>Bank balance</b>		
Bank account balance with Bank of Ghana	<b>1,856,305</b>	<u>952,911</u>
<b>Accounts payable</b>		
Provision of office space and utilities to CSD	<b>862,000</b>	<u>862,000</u>
Amounts payable to the Ghana Stock Exchange	<b>660,583</b>	<u>445,076</u>
Amounts payable to Bank of Ghana	<b>183,836</b>	<u>183,836</u>

## Key management personnel compensation

Short term employee benefits	<b>1,789,411</b>	1,654,436
Post-employment benefits	<b>205,163</b>	<u>126,628</u>
	<b>1,994,574</b>	<u>1,781,064</u>

## Directors' compensation

Fees and other benefits	<b>1,196,148</b>	<u>519,331</u>
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## 22 Operating lease commitments

The Company has an expired operating lease agreement for its office space. The agreement is renewable at the option of the Company upon expiry. The terms of renewal are varied and mainly based on inflation rates at the time of renewal.

## 23 Contingent liabilities

There were no contingent liabilities at 31 December 2017 (2016: Nil).

## 24 Capital commitments

There were no capital commitments at 31 December 2017 (2016: Nil).

## 25 Client account

The Company is holding an amount of GH¢ 11.3 million representing securities of UT Holdings which were used by UT Financial Services Nigeria Limited, a subsidiary of UT Holdings as collateral for a loan transaction with Zenith Bank Plc. On default, Zenith Bank Plc is claiming these securities but UT Holdings has indicated they had not given the subsidiary the authority to pledge these securities as collateral. Central Securities Depository (GH) Limited is currently holding the securities in trust pending the resolution of the dispute.

## 26 Events after reporting period

The directors have proposed the payment of dividend of GH¢ 1.18 per share amounting to GH¢ 4,130,000 for the year ended 31 December 2017.



**CENTRAL  
SECURITIES  
DEPOSITORY**  
*You invest, we protect*

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