CENTRAL
SECURITIES
DEPOSITORY

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2018 ANNUAL REPORT & FINANCIAL STATEMENTS

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2018 ANNUAL REPORT AND FINANCIAL STATEMENTS

Prepared and Edited
By
The Editorial Committee
Central Securities Depository (GH) Ltd.
Available on CSD's Website: 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
Mr. Yao A. Abalo	Chief Executive Officer
Mr. Maxwell David Ekow Ribeiro	Member
Mr. Kwasi Debrah	Member
Mrs. Caroline Otoo	Member
Mr Kofi S. Yamoah	Member
Mr Ekow Afedzie	Member

Secretary

Ms. Faustina Coleman-Forson

Registered Office

Central Securities Depository (GH) Limited
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 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 holds an LLB (Hons), BL from the Ghana School of Law and Advanced Diploma in Legislative Drafting. She is currently the Director of Ethics and Internal Investigations Unit of the Bank of Ghana. Prior to her current appointment at Bank of Ghana, she served as the Secretary of the Bank of Ghana. She previously served as Head of the Legal Department of the Bank of Ghana.

Mr. Kwasi 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 led the implementation of the Bank's core banking application, the in-house deployed internet and intranet websites, and recently, the upgrade of banking application software. 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 executive MBA degree from the China Europe International Business School and the ICA (Ghana) professional certificate. He is a chartered accountant and an investment banker by profession. His career with the Exchange which dates back to December 1990 has seen him serve as the Presiding Officer on the Trading Floor, Financial Controller, Head of Listings and General Manager. He was appointed the Managing Director of the Exchange in April 2003.

Mr. Ekow Afedzie is currently the Deputy Managing Director of the Ghana Stock Exchange 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.

Chief Executive Officer

Mr. Yao A. Abalo is the Chief Executive Officer of the Central Securities Depository (GH) Limited, 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

3.0 MANAGEMENT

DEPUTY CHIEF EXECUTIVE OFFICER

Mrs. Melvina Amoafo 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) Limited. She is a member of the Institute of Directors, Ghana.

HEAD OF OPERATIONS & SURVEILLANCE DEPARTMENT

Ms. Faustina Coleman-Forson joined the CSD in 2013 as Head of Operations and Surveillance. 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, settlement, and registry services. She is also responsible for surveillance activities of the Depository as well as the statistics and website content management.

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 (ACCA). He holds an MBA in Finance and has vast experience in finance. He is responsible for handling the Finance and Accounting functions, Human Resource Management and the General Administration of the Depository.

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 Dametey Tanihu joined the CSD in 2016 as the Internal Auditor. He is a Certified Internal Auditor (CIA) and a Chartered Accountant (ACCA and ICA Ghana). He holds an MBA in Financial Services from University of East London, UK and a B.Sc. Applied Accounting from Oxford Brookes University, UK. He has over seventeen years working experience in Ghana and United Kingdom. He is responsible for providing among others an independent and objective assurance on whether the Depository's risk management, control and governance processes, as designed and promulgated by the Board and Management are adequate and functioning effectively.

ACTING HEAD, ECONOMIC AND RISK ANALYSIS DEPARTMENT

Moses 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

It is with great pleasure that I welcome you all to the 5th Annual General Meeting (AGM) of the Central Securities Depository (GH) Limited. It is refreshing to note that the Depository continues to perform remarkably well, meeting stakeholder expectations and delivering on its mandate. Permit me, as I have done previously, to give you a short overview of developments in the macroeconomic environment and the Depository, to set the tone for an assessment of the performance of the Board and the Depository in 2018.

Overview of the Economy

Macroeconomic developments in 2018 were generally favourable. Output is projected to have grown at an impressive 6.3 percent, although below the 8.5 percent growth recorded in 2017. There was general stability in prices with the end-year inflation rate in single digit at 9.4 percent, down from 11.8 percent in December 2017. The fall in inflation was driven by a decline in non-food inflation. Against the backdrop of reduced inflation, the Bank of Ghana dropped the monetary policy rate (MPR) by 300 basis points, ending the year with an MPR of 17 percent, one of the lowest levels in recent years.

On the external accounts, the trade balance improved to US$1,778.8 million from US$1,187.7 million in the preceding year, but the overall balance deteriorated to a deficit of US$671.5 million, equivalent to 1 percent of GDP, compared to a surplus of US$1,091.4 (1.9% of GDP) in 2017. As a result, the external reserves were impacted, with gross reserves falling by US$550 million to US$7,024.8 million at the end of 2018. There were pressures on the exchange rates, and the cedi depreciated by 8.9 percent against the US dollar during the year.

Bank of Ghana continued its reforms in the banking sector during the year. All banks were required to recapitalize, to meet the new capital requirement of GH¢400 million by the end of 2018.

Membership of the Board of Directors

There was no change in the membership of the Board in 2018. At the committee level, Mrs. Trudy Osae was nominated to the Business Conduct Committee to replace Ms. Countess Lartey, who retired from the services of GCB Bank. On behalf of the Board, I thank Ms. Lartey for her immense contribution to the work of the Business Conduct Committee and wish her every success in her future endeavours. And I welcome Mrs. Osae to the Business Conduct Committee.

Policy Decisions of the Board in 2018

The Board attached great importance to the services of the Depository and worked to strengthen the business continuity practices of the Depository. A fully functional Emergency Operating Centre (EOC) was established to serve as an alternative office for staff in case of unforeseen events affecting the primary production site. The EOC, equipped to allow the Depository provide continuous and uninterrupted services to Ghana's financial markets, was successfully tested during the year. Also, the Board gave approval for the Depository to establish an additional alternate disaster recovery site in Kumasi.

The Board also approved the introduction of free of payment transfer (FoP) as an additional mode of settlement. Prior to its introduction, the necessary regulatory approval was obtained from the regulator, Securities and Exchange Commission of Ghana.

The implementation of a fully-fledged SWIFT initiative standards as a way to align the activities of the CSD to best market practices in the securities market and position the CSD for future growth was approved.

The updated Board Charter was adopted during the year. The new Charter clarified the composition of the Board and made explicit provisions for continuous education of Directors. It required the Board to undertake annual evaluation of the performance of Directors and the Chief Executive Officer. A new human resource policy, which addressed gaps in the previous policy was also adopted.

The Board developed a Dividend Policy, to guide the declaration of dividends. The Policy recognizes the importance of building the reserves of the Depository, with a view to making it financially resilient to temporary shortfalls in its sources of revenue.

During the year, the Depository was joined to a legal suit against the Bank of Ghana. I am happy to say that the suit was withdrawn unconditionally by the plaintiffs.

Financial Performance

The Depository's operations resulted in a net profit of GH¢ 7.6 million in 2018. This is significantly lower compared to the GH¢ 26.5 million net profits recorded by the Depository in 2017 but is still reasonable returns from the operations. Revenues dropped significantly due to lower issues of securities by Bank of Ghana and Government of Ghana in 2018 compared to 2017. Revenues fell by 39.9 percent from GH¢ 47.9 million in 2017 to GH¢ 28.8 million in 2018. In terms of the financial position, the assets of the company dipped by 3 percent to GH¢ 58.2 million compared to 2017 as the company reduced its liabilities.

Declaration of Dividend

In accordance with the Dividend Policy, the Board proposes for shareholders' approval a dividend payout of GH¢0.26 per share for a total amount of GH¢ 0.9 million, equivalent to 12 percent of the net profit. The Board's recommendation is in line with its commitment to build the reserves of the Depository to make it financially sound and robust, able to withstand the impact of temporary shocks to its revenues.

Future Outlook

The year 2019 marks the final year of implementation of the Depository's five-year strategic plan. Informed by the outcome of the assessment of the implementation of the current plan, the Board would chart the path for the medium- to long-term direction of the Depository. The Board would encourage all stakeholders to contribute ideas to fashion the future focus and direction of the Depository, in support of the overall objective of contributing towards the development agenda of the country's financial market.

Governance, risk and compliance issues would remain a central focus in the business operations of the Board in 2019 and the Depository in general. The Depository would continue to improve on its legal and compliance framework to reduce the impact of any anticipated legal risks on the operations of the depository, thereby ensuring sustainability in the activities of the CSD.

Acknowledgement

My gratitude to shareholders for the confidence reposed in the Board. I thank my colleagues on the Board for their support. I recognize the contribution of all stakeholders to the work of the depository. Lastly, I wish to commend the Management and staff for their dedication and commitment to the work and development of the CSD. I urge them not to relent on their efforts especially as we aim to build a very robust and resilient Depository, supporting the development of the financial market and contributing to the macroeconomic growth in Ghana.

....

Dr. Maxwell Opoku-Afari
Board Chairman

5.0 STATEMENT BY THE CHIEF EXECUTIVE OFFICER

Introduction

The Chairman, Shareholders, Directors and Stakeholders, I welcome you all to this year's Annual General Meeting of the Central Securities Depository (GH) Limited and am happy to report to you on the 2018 performance of the Company.

Overview of the Economy

Macroeconomic performance in 2018 continued to be impressive. Real GDP grew by an estimated 6.3 percent; inflation was down to single digits, ending the year at 9.4 percent, the lowest level for several years; and the fiscal deficit was 3.9 percent. The Monetary Policy Rate benefitted from the fall in inflation, to end the year at 17 percent, a reduction of 300 basis points during the year. The overall balance of payments deteriorated to a deficit of US$670 million leading to a reduction in the external reserves, with consequent pressure on exchange rates. The cedi depreciated by 8.4 percent against the US dollar.

2018 Financial Performance

The financial performance of the Depository in 2018, though remarkable, was affected by the improved macroeconomic outcomes, as lower fiscal deficit meant Government's borrowing requirements were lower and the gains in inflation required Bank of Ghana to do less mopping. Both Bank of Ghana and the Government consequently issued less paper in 2018 compared to 2017 and the Depository's revenues and profits were lower in 2018 compared to 2017. Total revenue and income during the year was GH¢34.6 million, down from GH¢54.7 million in 2017. Operating expenses, on the other hand, increased to GH¢24.2 million in 2018, from GH¢18.9 million in 2017. Profit after tax for the year was GH¢7.6 million, significantly lower than GH¢26.5 million recorded in 2017.

Total assets of the Depository was GH¢58.2 million, representing a 3 percent fall compared to the 2017 level. The fall in assets was explained by a reduction in liabilities. Shareholders' funds increased to GH¢51.6 million in 2018, from GH¢49.9 million in the preceding year.

2018 Operational Performance

The reforms in the banking landscape affected the membership of the depository. The number of Depository Participants reduced to sixty-four in 2018, down from seventy-five in 2017.

A total of 72,660 new securities accounts were registered in 2018, an increase of 54 percent over the new account registration in 2017. This brought the total number of securities accounts in the Depository to 971,403 at year-end 2018.

There was a significant reduction in the face value of issued securities admitted to the depository in 2018 compared to 2017. The total value of securities issued and admitted in 2018 was GH¢138 billion which was 51 percent lower than that of 2017. Bank of Ghana remained the main issuer with GH¢86.5 billion accounting for 63 percent of the issued debt securities admitted to the depository in 2018. The Government of Ghana issued GH¢42 billion, Cocobod issued GH¢8.1 billion and other Corporate entities issued in aggregate GH¢1.06 billion.

Secondary market trades involving debt instruments which were cleared and settled through the CSD in 2018 was GH¢37.86 billion, an increase of about 23 percent over 2017. The face value of securities used in pledge transactions was GH¢14.23 billion, a reduction of 1.28 percent relative to 2017. The face value of securities used for repo transactions increased marginally from GH¢160.7 billion in 2017 to GH¢161.5 billion in 2018. In the equity market, the volume of shares settled for secondary trades experienced a significant reduction of 38 percent, compared to that of 2017; however, the value of shares cleared and settled by CSD in 2018 increased from GH¢513.97 million in 2017 to GH¢658.29 million.

In December 2018, Securities and Exchange Commission gave approval for CSD to implement free of payment (FoP) transfer. Several FoP transactions took place before the year ended. The CSD would continue to support such innovative ways of deepening the securities market of the country.

The Registrar system together with the Electronic IPO and Investor Portal were deployed successfully in December 2018 and steps would be taken to operationalize the Investor Portal for usage and benefit to the general investing public.

The Board of CSD in 2018 approved a proposal for CSD to implement SWIFT messaging standards. It is expected that this initiative would open the avenue for the depository to improve its services and to link with regional and international CSDs in the short to medium term for cross border transactions.

As a depository desiring to achieve greater efficiency in our service delivery in Ghana, the CSD would study the developments in the technological (i.e. artificial intelligence, big data etc.) and assess their relevance as well as the possibilities to integrate some of these technologies in our operations overtime. The CSD would also continue to enhance its risk management practices to address any uncertainties in relation to its operations.

Outlook for 2019

In 2019 the Depository, in line with the important role it plays in Ghana's financial market, would focus on developing the strategies to meet stakeholder expectations, in a secure environment using its well trained staff.

To understand the needs of its stakeholders, CSD would engage with depository participants more frequently than it has done in the past. The Depository proposes to conduct a survey to elicit participants' views on its performance and how it can better serve stakeholders in terms of the services offered or to be developed.

Risk would be managed from an enterprise-wide perspective and appropriate structures would be enhanced or developed for that purpose. To deal effectively with unforeseen events, CSD would review its business continuity and disaster recovery plans during the year. Recertification of the ISMS under ISO 27001 would be pursued, and a recovery and resolution plan would be developed in line with best market practice.

Staff capacity-building would continue to be emphasized as part of steps to continuously improve the efficiency of service delivery. And there would be collaboration with the Ghana Stock Exchange and Ghana Securities Industry Association to develop a road map to improve financial literacy in the market.

The Depository's five-year strategic plan is in its last year of implementation. Performance of the plan would be subject to review, to form the basis for developing a new strategic vision for the Depository. The new plan would be informed by the outcome of wide consultations, as well as developments and discussions in the cyber environment – AI, DLT, big data etc.

During the year, a proposal to increase the Settlement Guarantee Fund by GH¢ 1 million was approved by the Securities and Exchange Commission for implementation. This additional increment would be contributed by both the CSD and the Depository Participants. The Guideline on the Fund will be reviewed and the Depository would, as part of its stakeholder engagement, elicit views on how to further increase the size of the Fund.

Appreciation

I thank shareholders for the confidence reposed in the Board, Management and staff of the Depository. I recognise the Chairman and Board for their direction and leadership. Finally, my gratitude to all stakeholders, Management and staff for their dedication to the objectives of the Depository and the development of the financial market in Ghana.

Mr. Yao A. Abalo
Chief Executive Officer

6.0 CORPORATE GOVERNANCE

Introduction

Central Securities Depository (GH) Limited (hereinafter called CSD) is a Financial Market Infrastructure (FMI) established to provide safe, secured, dependable clearing, settlement, and depository services in Ghana's financial 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, 2003 (LI 1728) and the Data Protection Act, 2012, (Act 843). The CSD is licensed and regulated by the Securities and Exchange Commission of Ghana.

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

The CSD is the only institution providing securities depository, clearing and settlement services in Ghana's financial 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 2018, CSD was 70 percent and 30 percent 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 is responsible for the risk management objectives of the company. It 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

CSD has a seven-member Board of Directors. This comprises six Non-Executive Directors and one Executive Director. The Chairman of the Board is a Non-Executive Director. The Board has a Board charter to govern its activities. Areas covered in the charter include composition and size of the Board, responsibilities and duties of the Board, relationship between the Board and Management, tenure and conditions for replacement of directors etc.

Capacity Building of Board Directors

In 2018 Board of Directors participated in training programmes on corporate governance, enterprise risks management and cyber security. The objective of the capacity building programme of the Board is to equip the Board of Directors to function effectively in the performance of their duties.

Board Meetings

Four board meetings were held in 2018. Board meetings are held at least every quarter. In addition, the Board may hold an extraordinary meeting. Below is information on the participation of Board of Directors to board meetings in 2018.

Name of Board Member	Meetings Attended in 2018
Dr. Maxwell Opoku-Afari	4/4
Mr. Yao A. Abalo	4/4
Mr. Kwasi Debrah	4/4
Mr. Maxwell David Ekow Ribeiro	4/4
Mr. Kofi S. Yamoah	3/4
Mr. Ekow Afedzie	4/4
Mrs. Caroline Otoo	4/4

Board Committees

Four committees have been set up by the Board. The committees are structured to support the Board in the performance of its corporate governance mandate. The committees report directly to the overall Board. There is a Board Charter in place for each of the four committees.

Business Conduct Committee (BCC)

The role of the BCC is to handle complaints relating to violation of applicable rules and procedures of the Depository, and to exercise powers dispensed to it by the Board of Directors in relation with disciplinary actions. Additionally, it is the responsibility of the BCC to develop and implement the Settlement Guarantee Fund for efficient functioning of the Clearing and Settlement activities of the Depository. Mrs. Trudy Osae was appointed to replace Ms. Countess Lartey who retired in July, 2018.

Nine meetings were held by the Business Conduct Committee in 2018. The meeting attendance of the members in 2018 is indicated below.

Name of Committee Member	Meetings Attended in 2018
Mr. Ekow Afedzie	9/9
Ms. Carol Annang	3/9
Mr. Winston Nelson	8/9
Mr. Alexander Williams	9/9
Ms. Countess Lartey	2//5
Mrs. Trudy Osae	2/4

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 international financial reporting standards, tax laws and other financial regulations. The external and internal auditing of the company's financials is overseen by the Finance and Audit Committee.

Six meetings were held by the Finance and Audit Committee in 2018. The meeting attendance of the members in 2018 is indicated below.

Name of Committee Member	Meetings Attended in 2018
Mr. Kwasi Debrah	6/6
Mrs. Caroline Otoo	5/6
Mr. Kofi S. Yamoah	5/6
Mr. Maxwell David Ekow Ribeiro	6/6

Risk Committee

The Risk Committee oversees the enterprise wide risk management practices of the Depository and among other factors provides risk assurance to the Board.

Six meetings were held by the Risk Committee in 2018. Below is the meeting attendance by members in 2018.

Name of Committee Member	Meetings Attended in 2018
Mr. Ekow Afedzie	6/6
Mr. Maxwell David Ekow Ribeiro	6/6
Mr. Kofi S. Yamoah	6/6

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 operations.

The committee also provides oversight responsibility on the relevant laws binding on the operations of the depository including but not limited to the Data Protection Act, 2012 (Act 843), Securities and Exchange Commission Regulations, 2003 (LI 1728), the CSD Act, 2007 (Act 733), Securities and Exchange Act, 2016 (Act 929), CSD Operational Rules and CSD Operational Procedures.

Three meetings were held by the HRLC in 2018. The meeting attendance of the members of the HRLC is as follows.

Name of Committee Member	Meetings Attended in 2018
Mrs. Caroline Otoo	3/3
Mr. Kofi S. Yamoah	2/3
Mr. Kwasi Debrah	3/3

7.0 ACTIVITIES

7.1 Staff Matters

Three new staff were employed in 2018. This brings the number of staff to thirty two.

Staff Capacity Building

Capacity building, to equip staff with the relevant tools and knowledge for efficient and effective discharge of their duties, remains an integral component of the strategic plan of the CSD. A related objective is to promote knowledge transfer in the Depository. In 2018, staff benefitted from in-house as well as external training programmes, seminars and conferences in areas such as securities market operations, information security management system, classic repo (under Global Master Repurchase Agreement), enterprise risk management, auditing, and corporate governance.

In addition, a-three-day annual residential staff retreat was organised in the middle of 2018 with focus on:

- Performance management system,
- Communication
- Overview of CSD's 5 Year Strategic Plan

7.2 Review of CSD Documents

Review of the CSD Operational Rules and the Participation Agreements to reflect key market reforms and address identified gaps was completed in 2018. The proposed revisions were discussed at a CSD User Group meeting in December 2018. Subsequently the reviewed documents were submitted to the Regulator, Securities and Exchange Commission for approval and we are currently awaiting the outcome for market wide implementation in 2019.

7.3 IOSCO Self-Assessment

Significant progress was made with regard to the self-assessment. An initial draft of the report of the self-assessment of the CSD under the Principles for Financial Market Infrastructures developed by IOSCO was completed for review by the board. The report is earmarked for finalization and publication in 2019. The final report would be disclosed to the public at www.csd.com.gh.

7.4 User Group Meeting

A CSD User Group meeting was organized in December 2018, with representation from brokerage firms, commercial banks, custodians and the Ghana Stock Exchange (GSE). The meeting discussed the proposed revisions to the CSD Operational Rules and the Depository Participation Agreement, changes to the CSD fees and charges, as well as the need to increase the resources of the Settlement Guarantee Fund. The User Group was informed about the plans by the CSD to introduce a new registrar system, electronic IPO and investor portal. The meeting noted the recommendation of the depository participants for the introduction of multiple settlements.

7.5 Sponsorships

The CSD supported the 2018 Flamingo Awards for Business and Financial Journalism of Institute of Financial and Economic Journalists. The Awards are geared towards deepening the level of financial journalism in Ghana. The Depository also sponsored the Capital Markets Week of the Ghana Securities Industry Association in 2018. Activities of the celebrations included programmes on investor education.

7.6 International Affiliations

CSD maintained its membership of the International Securities Services Association (ISSA), Switzerland, and the Africa and Middle East Depositories Associations - AMEDA. The CSD provided sponsorship to AMEDA in support of its hosting of the 2019 World Forum of Central Securities Depositories (WFC), scheduled for Marrakech in April 2019. It received several delegates from stakeholders as part of their due diligence activities and participated in the 2018 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 Free of Payment Transfer (FoP)

Following a no objection from the Securities and Exchange Commission of Ghana, the Depository announced the introduction of free of payment transfer in December, 2018. This has paved the way for CSD to settle either FoP or DvP; hitherto, DvP settlement was the primary mode of settlement at the CSD.

7.8 Training of Depository Participants

Several training programmes were organised in 2018 benefitting fifty seven new users of the CSD system. The participants were drawn from thirty one Depository Participants. The year, also witnessed the introduction of a refresher programme to enhance the knowledge of existing users on the depository system. Two refresher programmes, offered free of charge, were organised for thirteen users from seven Depository Participants in 2018.

7.9 Outlook for 2019

7.9.1 Implementation of ISO Standard Initiative with SWIFT

CSD engaged SWIFT in 2018 for the implementation of SWIFT messaging standards in the securities market of Ghana. This project is earmarked for Go-Live within the first half of 2019.

7.9.2 Repo under GMRA

In 2018 the Bank of Ghana in collaboration with stakeholders such as CSD, Ghana Stock Exchange and the Ministry of Finance commenced a project to introduce Repo under GMRA into the securities market of Ghana. The introduction of repo under GMRA is aimed to improve market liquidity, minimize risk and increase turnaround transactions in the Ghana market.

7.9.3 CSD Documents to be Reviewed

The Settlement Guarantee Fund, Clearing and Settlement Rules, and the CSD Operational Procedures have been earmarked for review in 2019 to identify and address gaps and generally improve on them to meet changing conditions in the market.

7.9.4 Publication of IOSCO Self-Assessment Reports

CSD plans to publish its initial self-assessment report on the Principle for Financial Market Infrastructure within the first half of 2019.

8.0 MARKET PERFORMANCE

8.1 Depository Participants (DPs)

Two new institutions - Blackstar Brokerage Limited and Consolidated Bank Ghana Limited - were admitted as DPs in 2018. However, the numbers of DPs fell from 75 in 2017 to 64 in 2018, mainly a result of the banking sector reforms undertaken by the Bank of Ghana. The reforms culminated in the consolidation of seven commercial banks - Beige Bank, The Royal Bank of Ghana, Heritage Bank, Sovereign Bank, Premium Bank, Unibank Ghana Ltd. and The Construction Bank Ltd - into a new bank called Consolidated Bank Ghana Limited. One bank – GN Bank - was downgraded to a Savings and Loans status; Bank of Baroda opted for voluntary winding-up while there were mergers of six banks: Omnibank and Sahel-Sahara Bank merged, Energy Bank and First Atlantic Bank merged, First National Bank and GHL Bank Limited merged. Appendix 9.1 provides the full list of DPs.

The 64 DPs comprised 23 commercial banks, 13 custodian banks, ARB Apex Bank, 22 brokerage firms, 2 investment advisory firms, a savings and Loans Company, the Social Security and National Insurance Trust (SSNIT), and the Bank of Ghana.

Following its suspension by GSE due to inability to satisfy some regulatory requirements, First Atlantic Brokers was suspended from the CSD system.

8.2 Number of Registered Securities' Accounts

A total of 72,660 new securities accounts were opened in 2018, an increase of 53.91 percent over the 2017 figure of 47,208. This brought the number of securities accounts to 971,403 at the end of 2018

Table 1: Yearly Distribution of New Securities Accounts' Opened

Year	No. of New Accounts Opened	Total Investors' Accounts
2018	72,660	971,403
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 2018

The total face value of issued securities admitted into the depository system in 2018 was GH¢ 138 billion. This represented a decrease of 51.21% compared to GH¢ 283 billion issued securities admitted in 2017. The face value of securities issued by Corporate Firms, Government of Ghana and Bank of Ghana in 2018 generally declined comparing 2018 and 2017, except for Cocobod. Government issues declined by 36% from GH¢ 66.2 billion in 2017 to GH¢ 42.4 billion in 2018; BoG issued GH¢ 86.5 billion in 2018 as against GH¢ 207 billion in 2017; and corporate firms (excluding Cocobod) issued GH¢ 1.1 billion in 2018 compared to GH¢ 6.3billion in 2017. On the other hand, the value of securities issued by Cocobod increased to GH¢ 8.1 billion in 2018 from GH¢ 3.1 billion in 2017. See tables 2 and 3 below for additional information on issued securities.

Chart 1 : Distribution of Face Value (GH¢ Bn) of Issued Securities by Issuers (2017 - 2018)

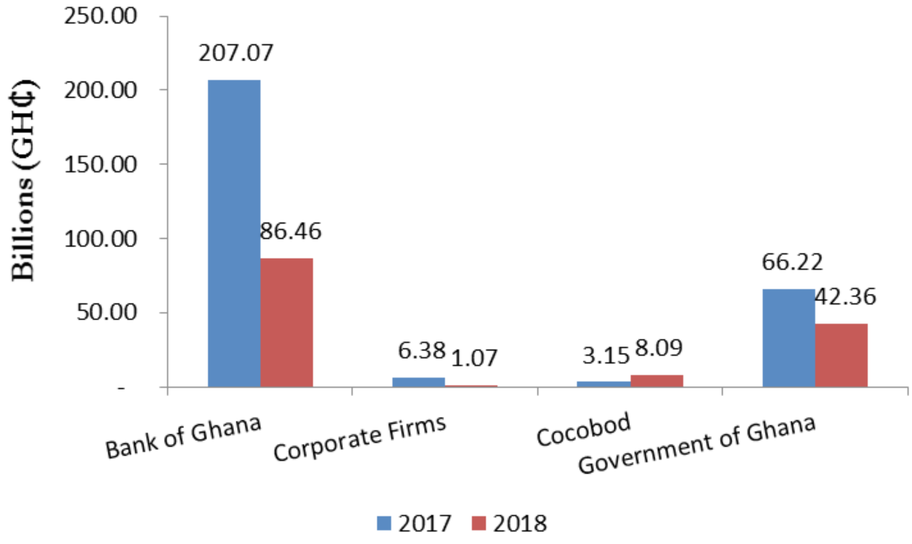


Table 2 : Summary Distribution of Securities Issued by BoG, Cocobod, Corporates & GoG (2017 - 2018)

Issuer	Face Value (GH¢)			No. of Times Issued		
	2017	2018	% Change	2017	2018	% Change
Bank of Ghana	207,074,239,545	86,464,915,181	(58.24)	99	101	2.02
Corporate Firms	6,375,993,544	1,066,272,768	(83.28)	70	214	205.71
Cocobod	3,145,725,477	8,087,534,028	157.10	4	16	300.00
Government of Ghana	66,218,359,173	42,361,993,357	(36.03)	154	145	(5.84)
Total	**282,814,317,739**	**137,980,715,334**	**(51.21)**	**327**	**476**	**45.57**

Table 3: Distribution of Debt Securities Issued by GoG, BoG, Cocobod and Corporate Firms (2017-2018)

Issuer	Security Tenor	Issuer Code	Jan - Dec, 2017		Jan - Dec, 2018	
			Face Value (GH¢)	No. of Times Issued	Face Value (GH¢)	No. of Times Issued
Corporate Firms	14 -91 Day NCD	BBG	265,998,491	40	546,219,232	175
	182 Day	BBG	33,577,730	12	83,365,712	14
	1 Year	BBG	760,000	2	22,197,824	8
	1 Year	PBC	207,907,000	2	80,000,000	1
	2 Year	DFL	-	-	39,964,400	1
	3 Year	EPL		-	16,000,000	2
	3 Year	ILL	7,000,000	1	9,000,000	1
	3 Year	BOSL	20,000,000	1	30,000,000	2
	3 Year	BFS	-	-	20,000,000	1
	3 Year	BFS	25,000,000	1	-	-
	3 Year	BOSL	20,000,000	1	58,116,000	3
	5 Year	ILL	20,000,000	1	-	-
	5 Year	AFB	44,700,000	3	82,609,600	2
	5 Year	BFS	46,325,860	2	-	-
	6 Year	AFB	-	-	30,000,000	1
	7 Year	AFB	20,000,000	2	48,800,000	3
	7 Year	ESLA	2,408,626,000	1	-	-
	10 Year	ESLA	3,256,098,463	1	-	-
Sub Total (A)			**6,375,993,544**	**70**	**1,066,272,768**	**214**
Cocobod	182 Day	CMB	3,145,725,477	4	5,536,373,028	11
	1 Year	CMB	-	-	2,551,161,000	5
Sub Total (B)			**3,145,725,477**	**4**	**8,087,534,028**	**16**
Bank of Ghana	14 Day	BoG	207,074,239,545	99	53,842,149,860	41
	56 Day	BoG	-	-	31,909,355,512	58
	1 Year	BoG	-	-	713,409,809	2
Sub Total (C)			**207,074,239,545**	**99**	**86,464,915,181**	**101**
Government of Ghana	91 Day	GoG	34,427,342,116	52	20,860,497,126	53
	182 Day	GoG	7,082,496,596	52	6,250,828,412	53
	1 Year	GoG	4,867,185,045	25	3,649,773,493	22
	2 Year	GoG	3,721,249,347	12	4,242,640,604	8
	3 Year	GoG	3,313,738,726	4	4,080,576,222	5
	5 Year	GoG	3,717,575,286	4	1,990,189,500	1
	7 Year	GoG	1,847,528,157	2	809,892,000	2
	10 Year	GoG	3,819,093,900	2	477,596,000	1
	15 Year	GoG	3,422,150,000	1	-	-
Sub Total (D)			**66,218,359,173**	**154**	**42,361,993,357**	**145**
Overall Total			**282,814,317,739**	**327**	**137,980,715,334**	**476**

8.3.1.1 Additional Securities Issued by Government

a. Existing Government Securities Re-Opened for Additional Issuance in 2018

During the year under review a total face value of GH¢ 3.5 billion was raised by Government through the re-opening of some existing securities. This compares with a face value of GH¢ 1.3 billion raised through re-opening of existing securities in 2017.

b. SWAP or Tap-in Transactions

A total face value of GH¢ 1.1 billion existing Government of Ghana securities were issued in respect of swap transactions through tapping of existing government securities in 2018.

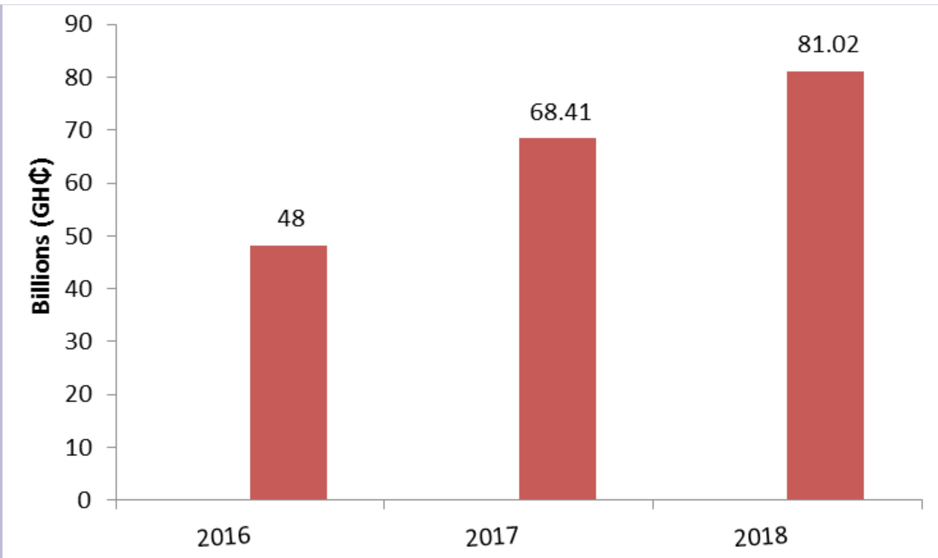
8.3.2 Outstanding Debt Stocks

In aggregate, the face value of outstanding stock held under the custody of the depository increased by 18.43% to GH¢ 81 billion in 2018 from GH¢ 68.4 billion in 2017. Government of Ghana securities formed about 77% of the outstanding stock at the end of the year. Securities issued by Bank of Ghana, Cocobod and corporate firms also constituted closed to 8%, 7% and 8% respectively of the outstanding stock in 2018. See table 4 below for further information.

Table 4 : Distribution of Outstanding Debt Stocks by Issuers (2017 & 2018)

Issuer	December, 2017		December, 2018	
	Face Value (GH¢)	Market Share (%)	Face Value (GH¢)	Market Share (%)
AFB Loans Ltd	93,262,867	0.14	227,171,417	0.28
Bank of Ghana	8,661,745,855	12.66	6,360,664,966	7.85
Barclays Bank of Ghana	34,798,982	0.05	214,652,718	0.26
Bayport Financial Services	200,000,000	0.29	185,776,880	0.23
Bond Savings and Loans	16,447,000	0.02	60,434,000	0.07
Dalex Finance & Leasing Company Plc	-	-	17,456,000	0.02
Edendale Properties Plc.	24,651,700	0.04	16,500,000	0.02
Energy Sector Petroleum Levy Act	4,783,973,604	6.99	5,664,720,463	6.99
Ezwe Loans Ltd	71,314,760	0.10	80,000,000	0.10
Ghana Home Loans	9,564,000	0.01	9,564,000	0.01
Government of Ghana	51,152,312,379	74.77	62,684,999,073	77.37
Cocobod	3,157,979,157	4.62	5,453,103,389	6.73
Produce Buying Company	207,907,000	0.30	-	-
Quantum Terminal Limited	-	-	45,000,000	0.06
Total	**68,413,957,304**	**100.00**	**81,020,042,906**	**100.00**

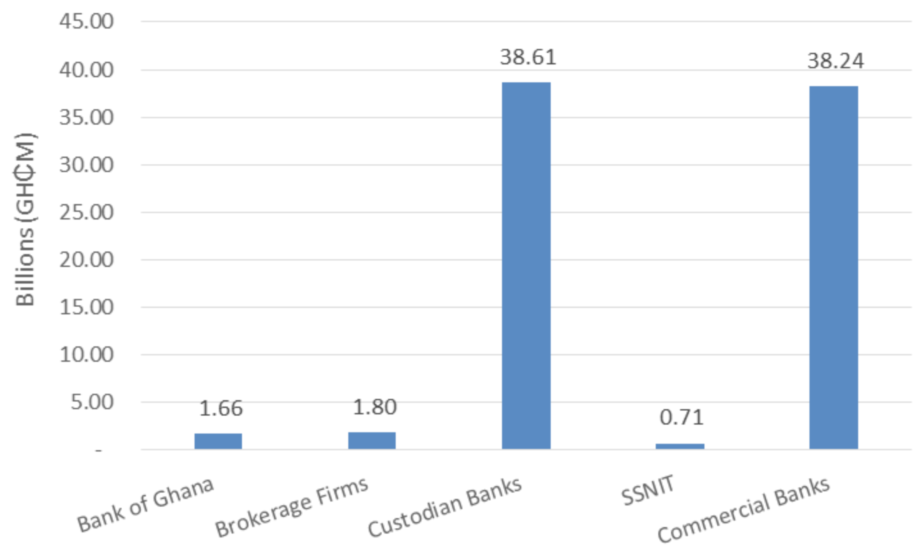
Chart 2: Face Value (GH¢ Bn) of Outstanding Stocks (2016 – 2018)



8.3.3 Distribution of Outstanding Stock (GH¢ Bn) by Type of DPs

The share of outstanding debt stock held by Custodian Banks at the end of December, 2018 was GH¢ 38.61 billion whereas a total of GH¢ 38.24 billion formed the share of outstanding stocks held by the Commercial Banks. Bank of Ghana, Brokerage Firms and SSNIT had a share of GH¢ 1.7 billion (2.05%), GH¢ 1.8 billion (2.22)% and GH¢ 0.7 billion (0.87%) of the total outstanding stock under their respective custody.

Chart 3 : Distribution of Outstanding Stocks (GH¢ Bn) by DP Types as at Dec., 2018



8.3.4 Composition of Outstanding Stocks by Tenor

Securities with a tenor of three years or more years formed a greater percentage of all the outstanding stock at the end of 2018, representing 56.3% or GH¢ 45.61 billion of the overall outstanding stock of GH¢ 81 billion. Securities with tenors of one year and two year totalled GH¢ 19.86 billion or 24.5 % of the outstanding stock whilst securities with a tenor of 182 days or less formed 19.2% or GH¢ 15.6 billion of the outstanding stocks at the end of December, 2018.

Compared to 2017, the value of outstanding stock of securities with a tenor of 182 days or less declined from GH¢ 18.2 billion to GH¢ 15.6 billion. During the same period, securities with a tenor of 1 & 2 Years, increased from GH¢ 11.5 billion to GHS19.9 billion. Also, securities with a tenor of three years and above increased from GHS 38.7 billion in 2017 to GH¢ 45.6 billion in 2018.

Chart 4: Distribution of Outstanding Stocks (GH¢ Bn) by Tenor (Dec, 2017 - Dec, 2018)

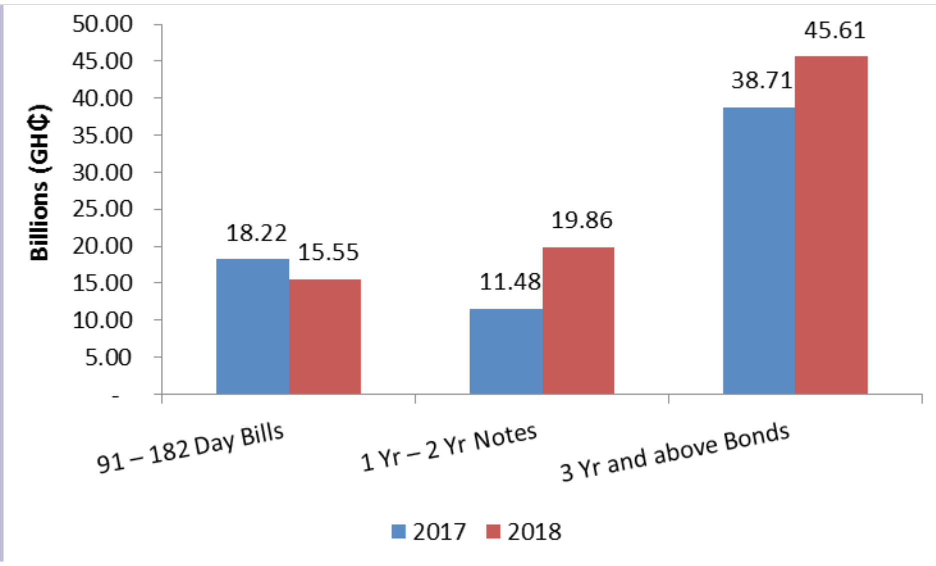


Table 5 : Distribution of Outstanding Stocks by Tenor (Dec, 2017 & Dec, 2018)

Tenor	2017		2018	
	Face Value GH¢	%	Face Value GH¢	%
91 Day – 182 Day Bills	18,224,528,884	26.64	15,547,912,719	19.19
1 Year – 2 Year Notes	11,477,684,628	16.78	19,862,216,730	24.52
3 Year and above Bonds	38,711,743,792	56.58	45,609,913,457	56.29
Total	**68,413,957,304**	**100.00**	**81,020,042,906**	**100.00**

8.3.5 Distribution of Outstanding Stocks by Tenor and Investor Types

Out of the GH¢ 81 billion outstanding stock, foreign and domestic investors respectively owned GH¢ 27.6 billion or 34.07% and GH¢ 53.4 billion or 65.93%.

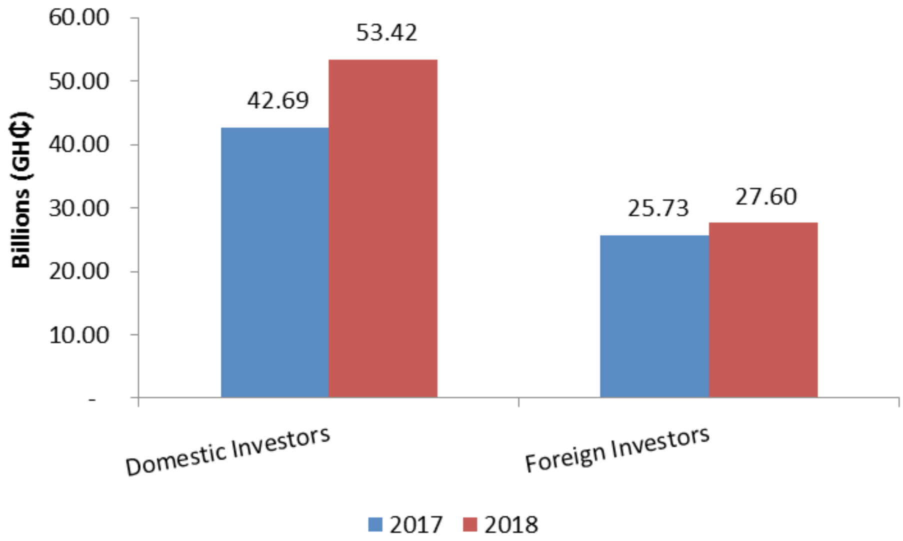
The value of securities held by domestic investors increased by 25.14% from GH¢ 42.7 in December 2017 to GH¢ 53.4 billion in December 2018. Holdings of foreign investors also increased by 7.28% from GH¢ 25.7 in December, 2017 to GH¢ 27.6 billion in December 2018.

Table 6 : Distribution of Outstanding Debt Stocks by Tenor and Investor Types

Tenor	Investor Type					
	Domestic Investors (GH¢)			Foreign Investors (GH¢)		
	Dec, 2017	Dec, 2018	% Change	Dec, 2017	Dec, 2018	% Change
14 Day – 182 Day Bills *	18,224,528,884	15,547,196,223	(14.69)	-	716,496	-
1 Year – 2 Year Notes	9,609,766,144	16,750,904,452	74.31	1,867,918,484	3,111,312,278	66.57
3 Year and above Bonds	14,852,626,863	21,121,272,792	42.21	23,859,116,929	24,488,640,665	2.64
Total	**42,686,923,908**	**53,419,373,467**	**25.14**	**25,727,035,413**	**27,600,669,439**	**7.28**

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

Chart 5 : Holders of Outstanding Stocks (GH¢ Bn), Dec. 2017 & Dec. 2018



8.4 Secondary Market Activities

8.4.1 Value of Interest and Maturity Proceeds Generated by CSD

A total of GH¢ 144.3 billion entitlement was generated by CSD as interest and maturity proceeds for payment by Issuers to 121,514 beneficiaries. The GH¢ 144.3 billion proceeds was made up of GH¢ 10.2 billion and GH¢ 134.1 billion interest and maturity proceeds respectively.

The annual interest proceeds generated by the CSD to Issuers for payments increased by 47% from GH¢ 6.9 billion in 2017 to GH¢ 10.2 billion in 2018. However, the value of maturity proceeds generated by the CSD recorded a decline of 49.07% from GH¢ 265.8 billion in 2017 to GH¢ 144.3 billion in 2018.

Table 7 : Interest and Maturity Proceeds (GH¢) Generated for Issuers (2017-2018)

Issuer	2017			2018		
	IP	MP	Total	IP	MP	Total
BBG	30,684,431	258,522,728	289,207,159	68,603,126	471,556,969	540,160,095
BoG	64,750,000	206,257,415,307	206,322,165,307	217,076,062	90,423,300,816	90,640,376,878
CMB	129,500,000	1,169,741,320	1,299,241,320	361,995,668	5,792,409,796	6,154,405,464
GoG	6,689,250,033	58,086,122,989	64,775,373,022	9,553,956,533	37,436,256,571	46,990,213,104
Total	**6,914,184,464**	**265,771,802,344**	**272,685,986,808**	**10,201,631,389**	**134,123,524,152**	**144,325,155,541**

Chart 6: Interest and Maturity Proceeds (GH¢ Bn) Generated by CSD (2016 -2017)

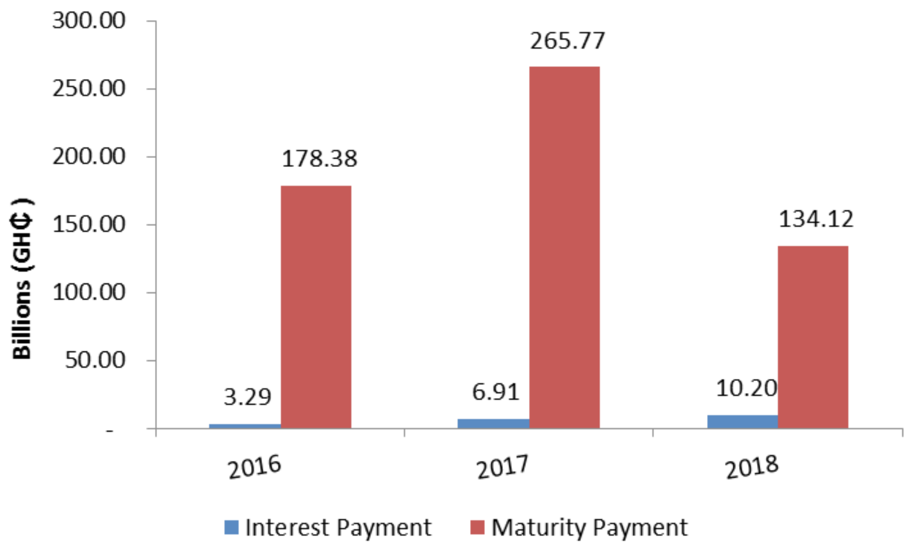


Chart 7: Maturity Proceeds (GH¢ Bn) Generated by CSD per Issuer (2017-2018)

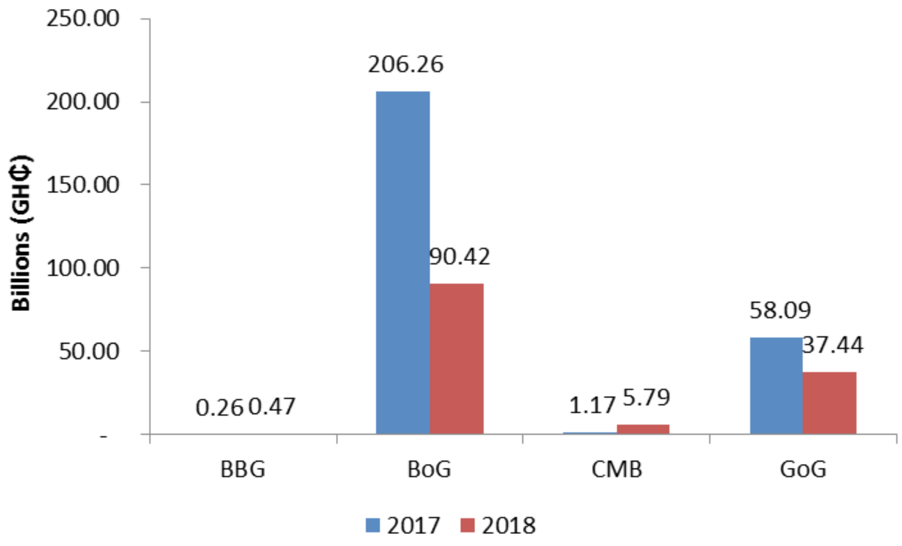
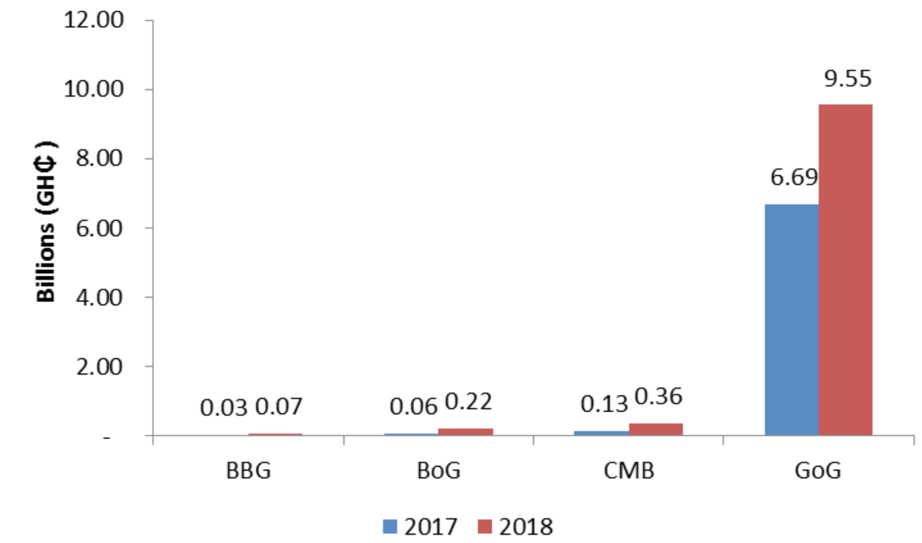


Chart 8 : Interest Proceed (GH¢ Bn) Generated by the CSD per Issuer (2017 & 2018)



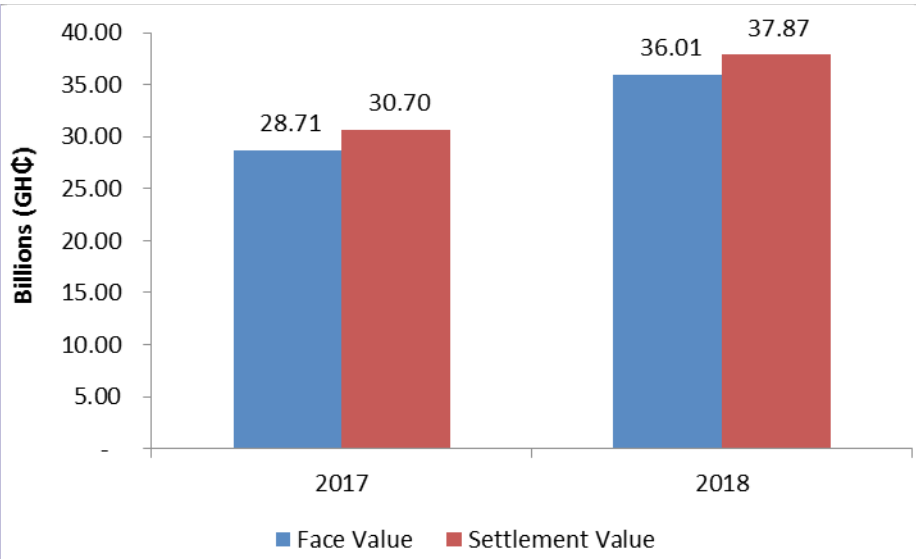
8.4.2 Settlement of Secondary Trades involving Debt Securities

The number of trades settled by CSD in 2018 was 82,820. This is a reduction of 22.56% compared to 107,219 trades settled in 2017. However, the settlement value of trades settled increased by 23.32% from an amount of GH¢ 30.7 billion in 2017 to GH¢ 37.9 billion in 2018. Also, the face value of securities settled increased by 25.4% from GH¢ 28.7 billion in 2017 to GH¢ 36.0 billion in 2018.

Table 8 : Face Value & Settlement Value (GH¢ Bn) of Settled Debt Trades (2017 - 2018)

	2017	2018	% Change
Face Value (GH¢)	28,713,696,800	36,009,217,504	25.41
Settlement Value (GH¢)	30,703,703,753	37,865,317,843	23.32
No. of Transactions	107,219	82,820	(22.77)

Chart 9: Face Value & Settlement Value (GH¢ Bn) of Settled Debt trades (2017 & 2018)



8.4.3 Distribution of Settled Debt Trades by Domestic and Foreign Investors

Out of the total settlement value of GH¢ 37.9 billion transactions settled in 2018, GH¢ 10.6 billion and GH¢ 27.2 billion involved securities sold by foreign and domestic investors respectively. The settlement value of securities, sold by foreign investors increased by 6.9% from GH¢ 10 billion in 2017 to GH¢ 10.6 billion in 2018. During the same period, the value of securities sold by domestic investors increased by 31.21% to GH¢ 27.2 billion in 2018.

The settlement value of securities purchased by foreign investors declined by 27.42% from GH¢ 16.6 billion in 2017 to GH¢ 12 billion in 2018. During the same period the settlement value of securities purchased by domestic investors increased by 82.82% from GH¢14.13bn in 2017 to GH¢ 25.8 billion in 2018.

Chart 10: Distribution of Settled Trades (GH¢ Bn) Sold by Domestic and Foreign Investors (2017 and 2018)

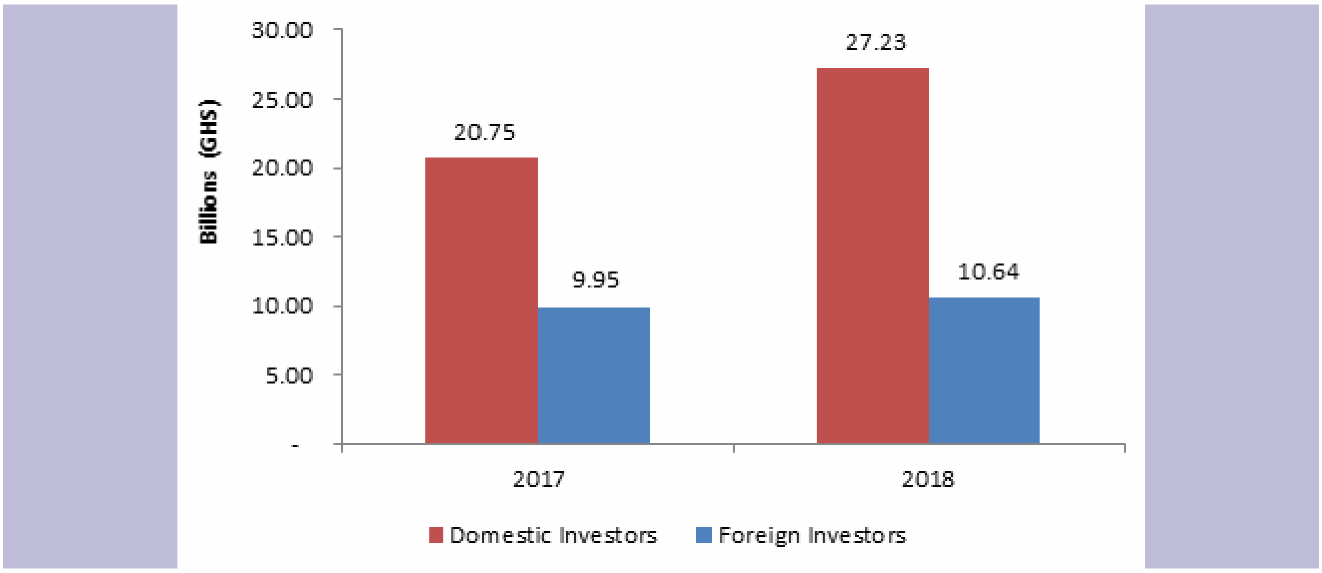


Table 9: Distribution of Settled Trades Sold by Domestic and Foreign Investors (2017-2018)

Investor Type	Settlement Value (GH¢)			No. of Trades	
	2017	2018	% Change	2017	2018
Domestic Investors	20,749,568,190	27,225,002,495	31.21	104,930	79,945
Foreign Investors	9,953,135,564	10,640,315,347	6.90	2,334	2,875
Total	**30,705,703,7544**	**37,865,317,842**	**23.33**	**107,264**	**82,820**

Chart 11: Distribution of Settled Trades (GH¢) Purchased by Domestic and Foreign Investors (2017 and 2018)

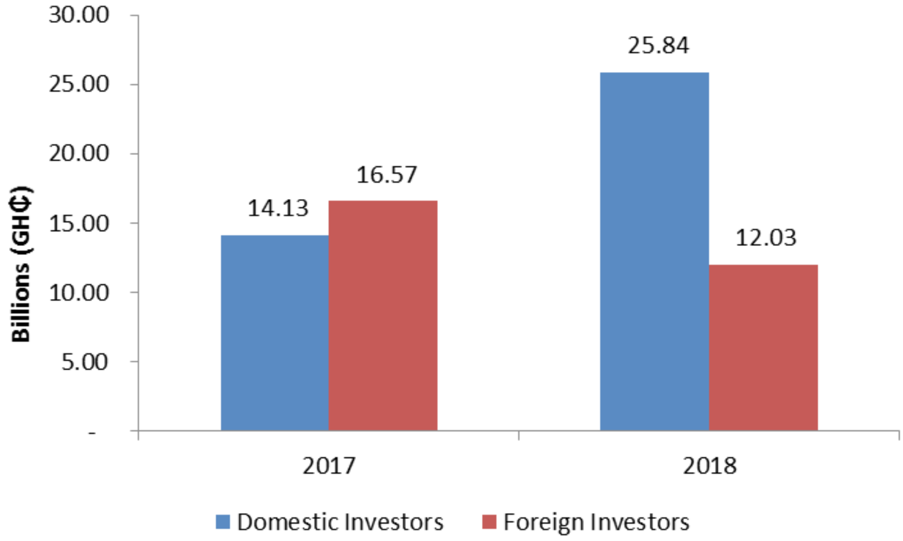


Table 10 : Distribution of Settled Trades Purchased by Domestic and Foreign Investors (2017 -2018)

Investor Type	Settlement Amount (GH¢)			No. of Trades	
	2017	2018	% Change	2017	2018
Domestic Investors	14,133,227,241	25,838,730,399	82.82	98,118	79,706
Foreign Investors	16,570,476,513	12,026,587,443	(27.42)	9,146	3,114
Total	**30,703,703,754**	**37,865,317,842**	**23.32**	**107,264**	**82,820**

8.4.4 Settled Debt Trades Sold and Purchased by DP Type

Out of the total settlement value of GH¢ 37.9 billion of securities purchased in 2018, an amount of GH¢ 18.4 billion or a total of 48.6% settled through the Banks, GH¢ 1.7 billion or a total of 4.43% settled through Brokerage Firms and GH¢ 17.8 billion or a total of 47% settled through the Custodian Banks.

On the sell side, out of the total settlement value of GH¢ 37.9 billion, an amount of GH¢ 24.4 billion or a total of 64.51% settled through the Banks, GH¢ 1.3 billion or a total of 3.46% settled through the Brokerage Firms, and GH¢ 12.1 billion or a total of 32.03% settled through the Custodian Banks.

Chart 12: Distribution of Settled Debt Trades Purchased by DP Type (2017 -2018)

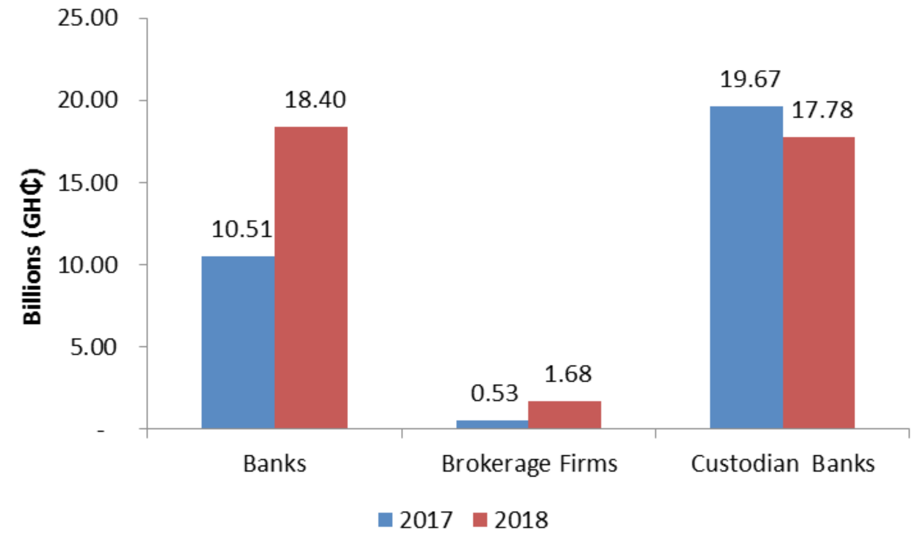


Table 11 : Distribution of Settled Debt Trades Purchased by DP Type (2017 – 2018)

DP Type	2017		2018		% Change
	Face Value (GH¢)	Settlement Value (GH¢)	Face Value (GH¢)	Settlement Value (GH¢)	
Banks	9,820,537,540	10,508,372,605	17,237,859,085	18,404,342,349	48.60
Brokerage Firms	504,738,036	528,121,857	1,631,107,615	1,678,082,905	4.43
Custodian Banks	18,388,421,224	19,667,209,292	17,140,250,804	17,782,892,587	46.96
Total	**28,713,696,800**	**30,703,703,754**	**36,009,217,504**	**37,865,317,841**	**100.00**

Chart 13: Distribution of Settled Debt Trades Sold under DP Type (2017 -2018)

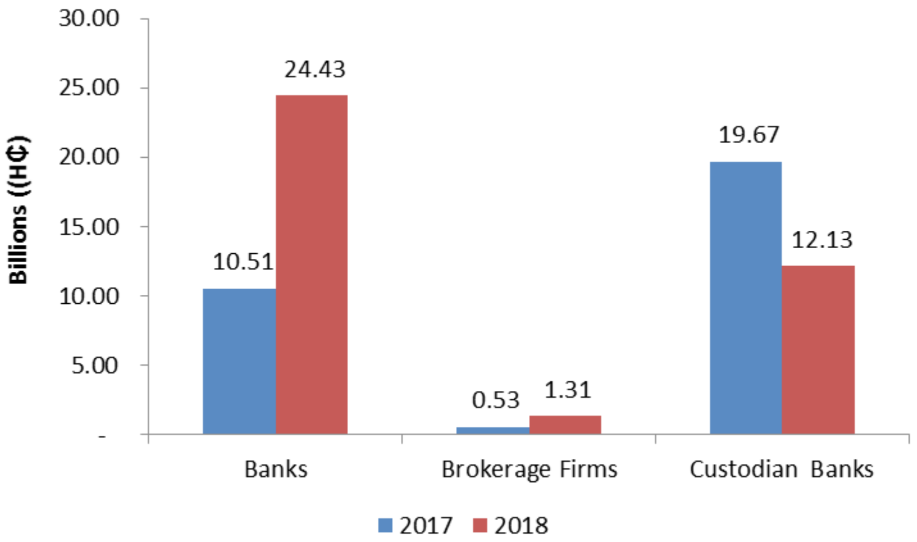


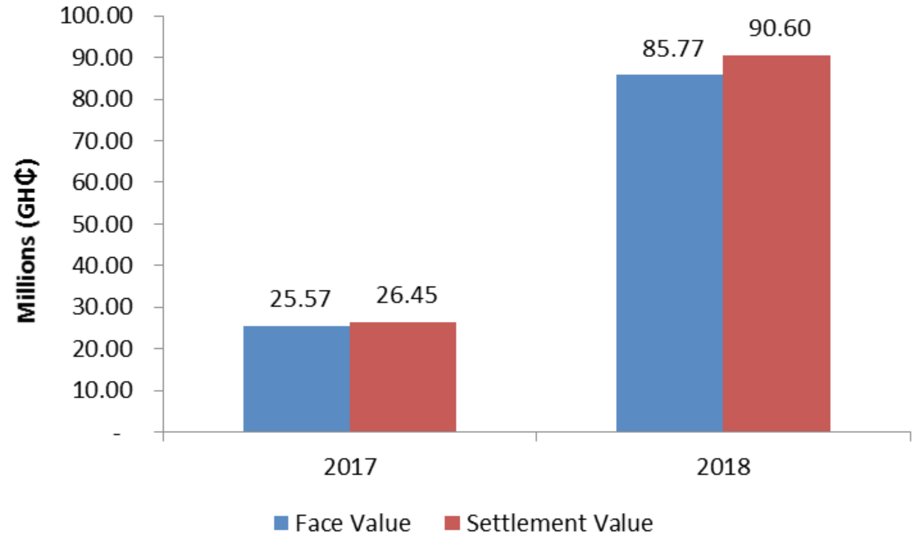
Table 12: Distribution of Settled Debt Trades Sold under DP Type in 2018

DP Type	2017		2018		% Change
	Face Value (GH¢)	Settlement Value (GH¢)	Face Value (GH¢)	Settlement Value (GH¢)	
Banks	9,820,537,540	10,508,372,605	23,230,780,459	24,428,361,893	64.51
Brokerage Firms	504,738,036	528,121,857	1,262,076,926	1,308,362,513	3.46
Custodian Banks	18,388,421,224	19,667,209,292	11,516,360,119	12,128,593,436	32.03
Total	**28,713,696,800**	**30,703,703,754**	**36,009,217,504**	**37,865,317,842**	**100.00**

8.4.5 Settlement Value of trades in Government Dollar Denominated Securities

The number of settlements in respect of trades involving government of Ghana dollar denominated securities increased from 130 in 2017 to 188 in 2018. The settlement value of trades involving dollar securities increased by 235.43% from US$ 25.6 million in 2017 to US$ 85.7 million in 2018 whilst the face value of dollar securities settled increased by 242.52% from US$ 26.4 million in 2017 to US$ 90.6 million in 2018.

Chart 14 : Settlement Value (GH¢ m) of Settled Trades in GoG Dollar Securities (2017-2018)



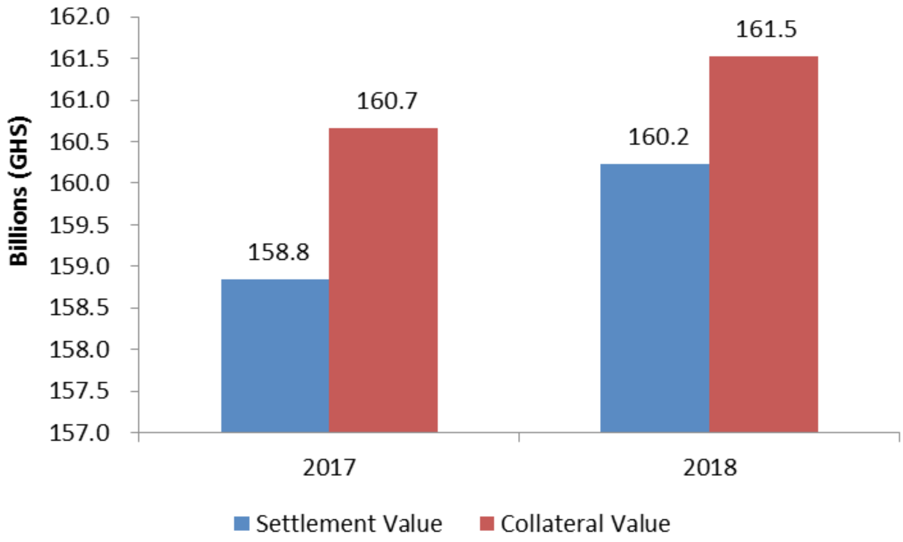
8.4.6 Settlement of Repurchase Agreement (Repo) Transactions

A total of 5,427 repo transactions were settled through the CSD in 2018 down from 5,618 repo transactions settled in 2017. The settlement value for the repo transactions increased to GH¢ 160.2 billion in 2018 relative to GH¢ 158.8 billion in 2017.

Table 13 : Settled Repo Transactions (GH¢ Bn) by the CSD (2017-2018)

	2017	2018	% Change
Settlement Value (GH¢)	158,839,370,884	160,234,041,014	0.88
Collateral Value (GH¢)	160,664,484,214	161,529,349,000	0.54
No. of Transaction	5,618	5,427	(3.40)

Chart 15: Settlement (GH¢ Bn) of Repo Transactions by the CSD (2017-2018)



8.4.7 Repo Transactions settled by Type of DPs

Repo settlement among Commercial Banks formed about GH¢ 80.9 billion or a total of 50.7% of the entire repo amount of GH¢ 160.2 billion. Bank of Ghana repo transactions with the Commercial Banks in 2018 totalled GH¢ 61 billion constituting 37.82% of the overall repo amount in 2018. SSNIT repo deals with the Commercial Banks amounted to GH¢ 18.3 billion forming 11.41% of the overall repo amount for 2018.

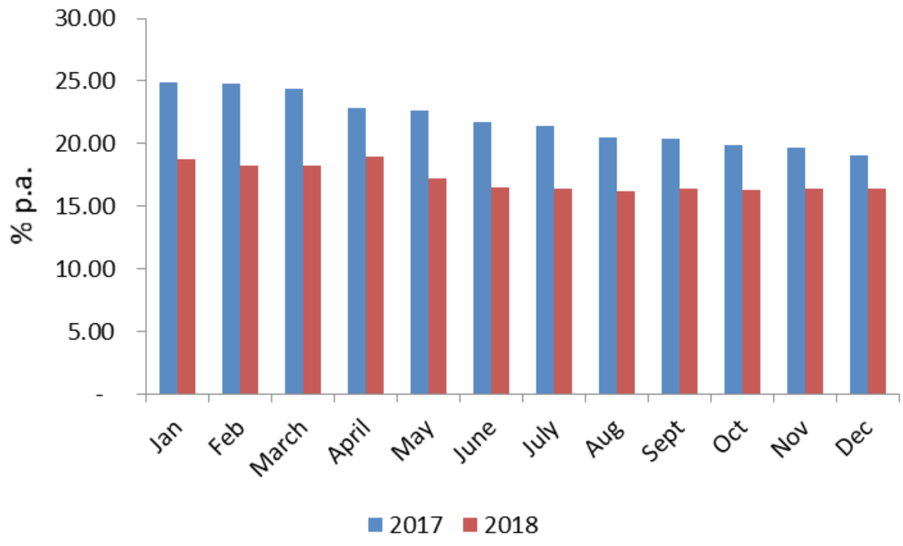
Table 14 : Distribution of Repo Transactions Settled by Type of DP in 2018

DP Type		Repo Value		Collateral Value		Number of Transactions		Average Repo Rates (%P.A)
Lender of Cash	**Borrower of Cash**	**(GH¢)**	**%**	**(GH¢)**	**%**	**Counts**	**%**	
Bank of Ghana	Commercial Banks	61,034,000,000	37.82	61,442,604,349	38.04	838	15.44	18.85
Commercial Banks	Commercial Banks	80,889,141,014	50.70	81,651,723,425	50.55	3,392	62.50	16.96
SSNIT	Commercial Banks	18,310,900,000	11.49	18,435,021,226	11.41	1,197	22.06	16.06
Total		**160,234,041,014**	**100.00**	**161,529,349,000**	**100.00**	**5,427**	**100.00**	**N/A**

8.4.8 Repo Rates

The annual repo rate declined to 16.98% p.a. in 2018 from 22.85% p.a. in 2017. The year began with an average monthly repo rate of 18.75% p.a. and declined through to 16.36% p.a. at the end of December, 2018.

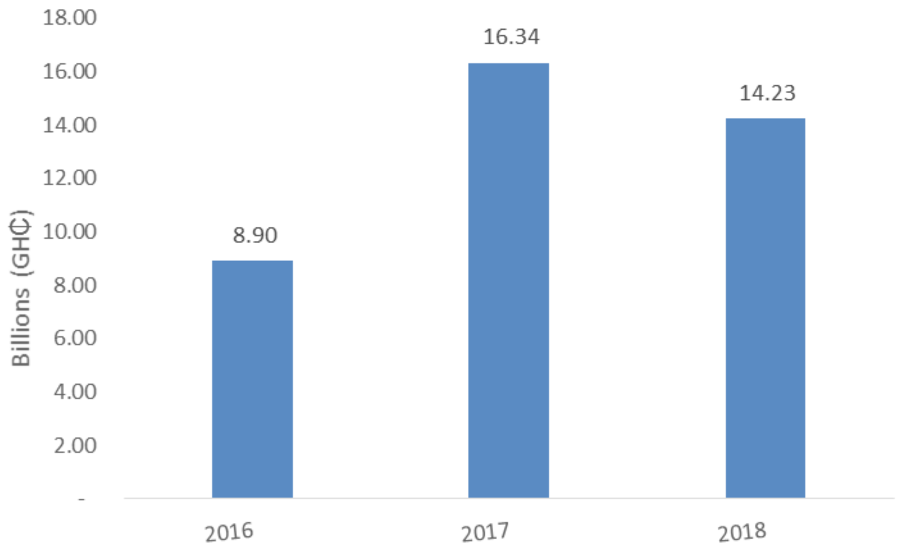
Chart 16 : Monthly Average Repo Rates % p.a. (2017-2018)



8.4.9 Pledging of Debt Securities

The number of pledge transactions involving debt securities reduced from 1,739 in 2017 to 1,705 in 2018. There was also a reduction in the face value of securities used in the pledge transactions by 1.28% to GH¢ 14.23 billion in 2018.

Chart 17 : Face Value (GH¢) of Debt Securities Pledged by Investors (2016 -2018)



8.4.10 Volume of Shares in the Depository

The volume of issued shares in the depository increased from 9.3 billion in 2017 to 11.7 billion in 2018. Refer to Table 3a in the appendix for detailed information on the volume of shares held in custody by the CSD in 2018.

Out of the total volume of about 11 billion shares held in the depository in 2018, domestic and foreign investors held 63.17% and 36.821% respectively.

8.4.10.1 Bonus and Right Issues

Four companies issued bonus shares in 2018. They were Standard Chartered Bank, Ecobank Ghana Ltd, Cal Bank Ltd, and Societe Generale Ghana Ltd.

Five Institutions comprising, Societe Generale Ghana Ltd, Republic Bank Ghana Ltd, Access Bank Ghana Ltd, and Enterprise Group Limited had a right issues in 2018.

8.4.10.2 Delisted Shares

GSE delisted five shares comprising African Champions Industries, Clydestone (Ghana) Limited, Golden Web Limited, Pioneer Kitchenware Limited and Transaction Solutions (Ghana) Limited in 2018. Effectively, the delisted shares were blocked from further transactions in the depository system.

8.4.11 Clearing and Settlement of Equity Trades

The number of equity trades settled by CSD dropped from 20,492 in 2017 to 20,406 in 2018. Also the volume of equity trades settled by CSD declined by 38.1% from 320.6 million in 2017 to 198.6 million in 2018. There was an upsurge in the value of settled equity trades by 28.1% from GH¢ 514 million to GH¢ 658.3 million during 2018.

Chart 18:Volume of Shares Settled by CSD (2016 -2018)

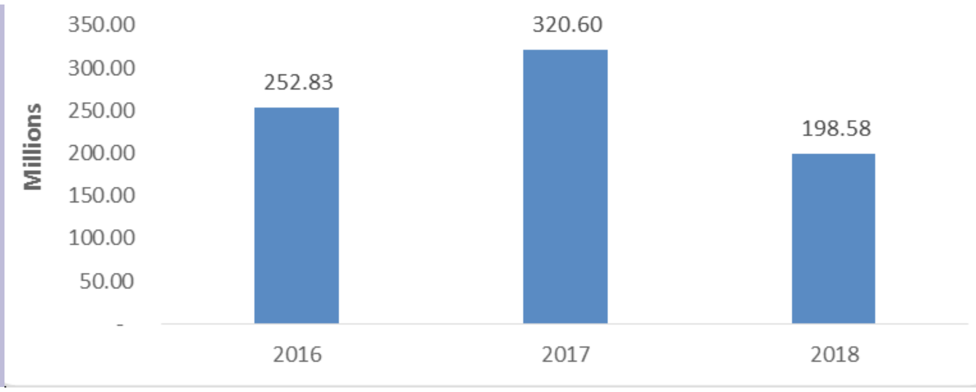
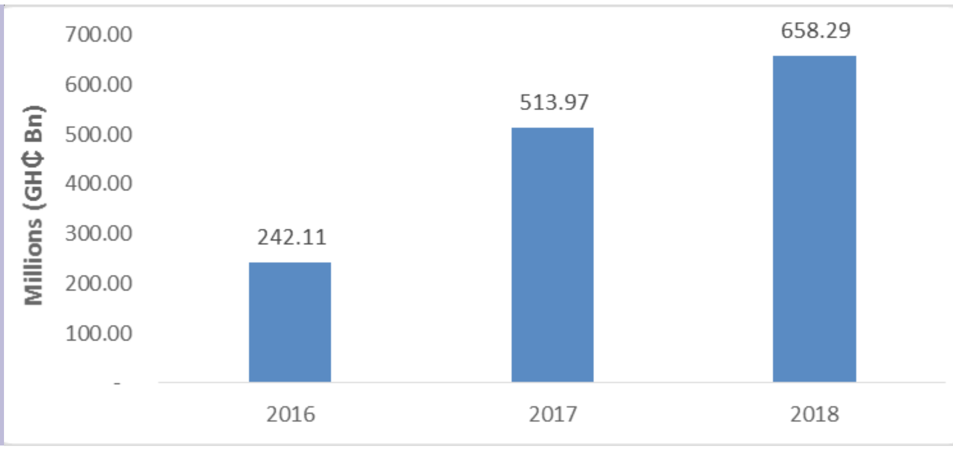


Chart 19 : Value (GH¢ Bn) of Shares Settled by CSD (2016 -2018)



8.4.12 Settled Shares Purchased and Sold under DP and Investor Types

The value of traded shares purchased and settled on the account of foreign investors increased by 10.92% from 2017 to GH¢ 367.2 million in 2018 whilst that of domestic investors increased by 71.01% for the same period to GH¢ 146.8 million.

On the sell side, the value of traded shares settled for foreign investors decreased by 51.65% from GH¢ 411.7 million in 2017 to GH¢ 199 million in 2018. During the same period, the value of settled equity trades by domestic investors increased by 470.38% from GH¢ 102.3 million in 2017 to GH¢ 583.5 million in 2018.

Table 15 : Distribution of Settled Equity Trades Purchased by Investor Type (2017 -2018)

Investor Type	Volume			Value (GH¢)			No. of Settled Trades		
	2017	2018	% Change	2017	2018	% Change	2017	2018	% Change
Domestic Investors	110,541,374	125,943,938	13.93	146,771,213	250,994,932	71.01	19,584	19,167	(2.13)
Foreign Investors	210,058,318	72,640,106	(65.42)	367,197,660	407,292,226	10.92	908	1,239	36.45
Total	**320,599,692**	**198,584,044**	**(38.06)**	**513,968,873**	**658,287,158**	**28.08**	**20,492**	**20,406**	**(0.42)**

Table 16: Distribution of Settled Equity Trades Sold by Investor Type (2017 -2018)

Investor Type	Volume			Value (GH¢)			No. of Settled Trades		
	2017	2018	% Change	2017	2018	% Change	2017	2018	% Change
Domestic Investors	73,188,888	121,577,318	66.11	102,308,540	583,547,741	470.38	17,944	18,814	4.85
Foreign Investors	247,410,804	77,006,726	(68.87)	411,660,332	199,023,237	(51.65)	2,548	1,592	(37.52)
Total	**320,599,692**	**198,584,044**	**(38.06)**	**513,968,873**	**658,287,158**	**28.08**	**20,492**	**20,406**	**(0.42)**

9.0 APPENDIX

9.1 Lists of Depository Participants (DPs)

A. Commercial Banks

1	Access Bank (Ghana) Plc	13	Guarantee Trust Bank Ghana Ltd
2	ADB Bank Ltd.	14	National Investment Bank Ltd
3	Bank of Africa Ghana Limited	15	Omni-BSIC Bank Limited
4	Barclays Bank of Ghana	16	Prudential Bank Ltd
5	Cal Bank Ltd	17	Republic Bank (Ghana) Limited
6	Consolidated Bank Ghana Limited	18	Societe Generale (Ghana) Limited
7	Ecobank Ghana Ltd.	19	Stanbic Bank (Ghana) Ltd
8	FBN Bank (Ghana) Ltd	20	Standard Chartered Bank (Ghana) Limited
9	Fidelity Bank Ghana Ltd	21	United Bank for Africa (Ghana) Ltd
10	First Atlantic Bank Ltd	22	Universal Merchant Bank Limited
11	First National Bank (Ghana) Limited	23	Zenith Bank (Ghana). Ltd
12	GCB Bank Ltd.		

B. Custodian Banks

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

C. Brokerage Firms

1	African Alliance Securities Gh. Ltd.	12	IC Securities Gh. Ltd.
2	Blackstar Brokerage Ltd.	13	Liberty Capital Gh. Ltd.
3	Bullion Securities Ltd.	14	Merban Stockbrokers Ltd.
4	CAL Brokers Ltd.	15	NTHC Securities Ltd.
5	CDH Securities Ltd.	16	Prudential Securities Ltd.
6	Chapel Hill Denham Securities Gh. Ltd	17	Republic Securities Services Ltd.
7	Databank Brokerage Ltd.	18	SBG Securities Gh. Ltd.
8	EDC Stockbrokers Ltd.	19	Serengeti Capital Markets
9	First Atlantic Brokers Ltd	20	SIC-Financial Services Ltd.
10	FirstBanc Brokerage Services Ltd.	21	Strategic African Securities.
11	Gold Coast Securities	22	WorldWide Securities Ltd.

D. Investment Advisers

1. QFS Securities Ltd.
2. UMB-Investment Holdings Ltd.

E. Savings and Loans

1. GN Savings and Loans

F. Others

1. ARB Apex Bank Ltd
2. Bank of Ghana
3. Social Security and National Insurance Trust (SSNIT)

9.2 Lists of Issuers in the Depository System

9.2.1 Debt Securities

The Depository holds debt instruments issued by the following fourteen Institutions.

1	Afb Plc.	8	Government of Ghana
2	Barclays Bank of Ghana	9	Bank of Ghana
3	Bond Savings and Loans Ltd.	10	Cocobod
4	Izwe Savings and Loans PLC.	11	Energy Sector Petroleum Levy Acts (ESLA)
5	Bayport Financial Services Ltd.	12	Ghana Home Loans Ltd.
6	Dalex Financial Services	13	Produce Buying Company
7	Edendale Properties Plc.	14	Quantum Terminal Ltd

9.2.2 Equity Securities

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

9.2.2.1 Listed Equities on the Ghana Stock Exchange (GSE)

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

9.2.2.2 Unlisted Equities

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

9.3 Registrars

There are four institutions operating as Registrars for issued shares in the equity market of Ghana. Registrars for each of the issued shares are listed below.

9.3.1 CSD Registrar

1	Access Bank Limited	6	Meridian-Marshalls Holdings (MMH)
2	ADB	7	NewGold Limited (GLD)
3	Cal Bank Ghana	8	Scancom Limited (MTN)
4	Digicut Production & Advertising Limited (DPA)	9	Tullow
5	Mega Africa Company (MAC)		

9.3.2 GCB Registrar

1	Ecobank Ghana Limited	5	Intravenous Infusions Limited
2	Ecobank Transnational Inc.	6	Standard Chartered Bank Ghana (Ordinary Shares)
3	GCB Bank Limited	7	Standard Chartered Bank Ghana (Preference Shares)
4	GSR Ordinary Shares		

9.3.4 NTHC Registrar

1	AngloGold Asanti Depository Shares (AADS)	10	Golden Web Limited (GWEB)
2	AngloGold Asanti Limited (AGA)	11	Pioneer Kitchenware Limited (PKL)
3	Ayrton Limited (AYRTON)	12	Produce Buying Company Limited (PBC)
4	Benso Oil Palm Plantation (BOPP)	13	Sam Woode Limited (SWL)
5	Clydestone (Ghana) Limited (CLYD)	14	Societe Genrale (Ghana) Limited (SOGEGH)
6	Cocoa Processing Company Limited (CPC)	15	Starwin Products Limited (SPL)
7	Enterprise Group Limited (EGL)	16	State Insurance Company Limited (SIC)
8	Fan Milk Limited (FML)	17	Transaction Solutions (Ghana) Limited (TRANSOL)
9	AngloGold Asanti Depository Shares (AADS)	18	Golden Web Limited (GWEB)

9.3.5 UMB Registrar

1	Aluworks Ltd (ALW)	7	Republic Bank Ghana Ltd (HFC)
2	Camelot Ghana Ltd (CMLT)	8	Samba Foods Ltd (SAMBA)
4	Ghana Oil Company Ltd (GOIL)	9	Total Petroleum Ghana Ltd (TOTAL)
3	Guinness Ghana Breweries Ltd (GGBL)	10	Trust Bank (Gambia) Ltd (TBL)
5	Mechanical Llyod Company Plc (MLC)	11	Unilever Ghana Ltd (UNIL)
6	Pz Cussons Ghana Ltd (PZC)		

Table 1a: Distribution of Outstanding Debt Stocks by Security Tenor, Issuer and Client Type as at December 2018.

ISSUER CODE	SECURITY TENOR	CLIENT TYPES									TOTAL	
		BANK OF GHANA (GH)	COMMERCIAL BANKS (GH)	FIRMS/INST (GH)	INSURANCE CO. (GH)	FOREIGN INVESTORS (GH)	RURAL BANKS (GH)	SSNIT (GH)	PENSION (GH)	OTHERS (GH)	GH	%
BBG	2 Week	-	-	-	-	400,000	-	-	-	1,450,000	1,850,000	0.00
BoG	2 Week	-	898,365,772	-	-	-	-	-	-	-	898,365,772	1.11
BBG	30 Day	-	400,000	10,210,692	-	-	-	-	-	1,300,000	11,910,692	0.01
BoG	56 Day	153,000,000	2,719,433,277	2,107,000	-	-	-	30,138,000	-	2,027,820	2,906,706,097	3.59
BBG	60 Day	-	-	1,000,000	-	-	-	-	-	1,690,000	2,690,000	0.00
GoG	91 Day	61,666,198	213,319,618	1,264,202,854	16,249,903	92,979*	257,617,773	92,196	-	3,763,405,311	5,576,646,832	6.88
BBG	91 Day	-	4,210,000	18,033,258	1,000,000	-	-	-	1,750,000	63,419,232	88,412,490	0.11
GoG	182 Day	140,363,281	1,013,733,446	945,602,583	83,583,294	223,517*	116,856,981	343,954	23,373	749,068,482	3,049,798,911	3.76
BBG	182 Day	-	1,987,264	66,107,441	2,160,559	-	-	-	2,720,000	36,614,272	109,589,536	0.14
CMB	182 Day	-	2,618,935,852	192,061,512	11,283,437	-	-	35,170,400	19,272,871	25,218,317	2,901,942,389	3.58
CMB	1 Year FXR	-	2,190,307,100	266,588,473	10,287,172	-	-	10,820,000	28,158,634	44,999,621	2,551,161,000	3.15
BBG	1 Year FXR	-	-	-	-	-	-	-	-	200,000	200,000	0.00
GoG	1 Year FXR	121,557,239	1,274,424,317	877,049,687	9,584,000	37,537	22,120,338*	103,067	6,056,375	94,554,849	2,405,487,409	2.97
BOG	1 Year FXR	-	440,300,000	-	-	1,415,293,097	-	-	-	-	1,855,593,097	2.29
GoG	2 Year FXR	242,070,850	7,069,160,630	2,811,980,733	97,041,757	1,695,981,644	16,234,679	219,857,926	356,089,122	541,357,883	13,049,775,224	16.11
AFB	3 Year FLR	-	-	3,270,000	-	-	-	-	730,000	-	4,000,000	0.00
GoG	3 Year FXR	464,220,000	2,851,892,655	2,540,173,321	87,145,349	4,237,947,176	-	61,816,550	352,087,029	335,012,035	10,930,294,115	13.49
ILL	3 Year FXR	-	160,000	7,877,410	-	-	-	-	30,000	932,590	9,000,000	0.01
ILL	3 Year FLR	-	50,000	15,794,000	-	-	-	-	635,000	521,000	17,000,000	0.02
EPL	3 Year FXR	-	-	8,000,000	-	-	-	-	-	-	8,000,000	0.01
EPL	3 Year FLR	-	-	8,500,000	-	-	-	-	-	-	8,500,000	0.01
BFS	3 Year FLR	-	-	10,961,400	-	-	-	-	152,800	100,000	11,214,200	0.01
BFS	3 Year FXR	-	144,000	87,934,620	-	-	-	-	7,925,000	5,859,400	101,863,020	0.13
BOSL	3 Year FLR	-	10,000	11,168,000	-	-	-	-	11,266,000	-	22,444,000	0.03
BOSL	3 Year FXR	-	-	29,805,000	-	-	-	-	8,150,000	35,000	37,990,000	0.05
AFB	4 Year FLR	-	-	4,820,000	-	-	-	-	180,000	-	5,000,000	0.01
AFB	5 Year FLR	-	28,300	106,703,900	-	-	-	-	5,776,200	526,500	113,034,900	0.14
BFS	5 Year FLR	-	62,000	62,873,700	-	8,010,000	-	-	1,496,000	257,960	72,699,660	0.09
ILL	5 Year FLR	-	-	41,420,000	500,000	-	-	-	1,977,000	103,000	44,000,000	0.05
GHL	5 Year FLR	-	-	8,564,000	-	-		-	1,000,000	-	9,564,000	0.01
BoG	5 Year FXR	53,484,663	487,648,640	116,794,281	2,822,000	-	-	26,310,000	8,560,416	4,380,000	700,000,000	0.86
GoG	5 Year FXR	180,000,000	920,342,509	1,696,952,490	71,341,745	8,689,139,958	-	5,494,000	491,156,200	106,232,856	12,160,659,758	15.01
DFL	5 Year FXR	-	-	15,281,386	-	-	-	-	1,474,614	700,000	17,456,000	0.02
ILL	6 Year FLR	-	-	10,000,000	-	-	-	-	-	-	10,000,000	0.01
AFB	6 Year FLR	-	-	52,209,600	-	-	-	-	13,097,000	-	65,306,600	0.08
AFB	7 Year FXR	-	-	2,000,000	-	22,000,000	-	-	-	-	24,000,000	0.03
AFB	7 Year FLR	-	-	15,822,917	-	-	-	-	7,000	-	15,829,917	0.02
GoG	7 Year FXR	183,000,000	215,707,378	456,472,368	53,829,500	1,695,648,000	-	5,000,000	218,530,579	29,200,403	2,857,388,228	3.53
ESLA	7 Year FXR	57,028,843	1,168,267,909	687,991,196	34,054,100	51,382,242	874,952	175,558,285	115,510,600	117,957,873	2,408,626,000	2.97
GoG	10 Year FXR	2,432,837	357,893,362	1,215,169,392	39,134,532	5,569,255,289	-	-	668,414,177	8,868,046	7,861,167,635	9.70
ESLA	10 Year FXR	-	1,136,502,309	973,612,131	50,382,317	31,100,000	3,268,622	138,173,000	304,328,368	618,727,716	3,256,094,463	4.02
QTL	10 Year FXR	-	-	42,800,000	-	-	-	-	2,200,000	-	45,000,000	0.06
GoG	15 Year FXR	70,000	6,997,266	361,402,222	-	4,184,158,000	-	-	238,537,634	2,615,839	4,793,780,961	5.92
TOTAL	**GH**	**1,658,893,911**	**25,590,283,604**	**15,049,317,567**	**570,399,665**	**27,600,669,439**	**416,973,345**	**708,877,378**	**2,867,291,992**	**6,557,336,005**	**81,020,042,906**	**100.00**
	%	**2.05**	**31.59**	**18.57**	**0.70**	**34.07**	**0.51**	**0.87**	**3.54**	**8.09**	**100.00**	**N/A**

*Pledge to foreign investors

Table 2a: Distribution of OTC Trades Cleared and Settled by Issuer and Tenor (2017 – 2018)

Security Tenor	Issuer Code	Jan-Dec, 2017			Jan - Dec, 2018		
		Face Value (GH)	Settlement Value (GH))	Total No. of Trades	Face Value (GH)	Settlement Value (GH)	Total No. of Trades
14 Day	BBG	213,033,731	212,234,799	73	52,302,244	52,302,244	85
14 Day	BOG	577,282,503	573,401,096	214	148,202,948	147,262,240	56
21 Day	BBG	-	-	-	5,000,000	5,000,000	2
30 Day	BBG	67,410,986	67,411,065	16	88,550,858	88,577,106	108
56 Day	BOG	-	-	-	339,737,971	331,801,331	126
60 Day	BBG	73,044,304	73,044,703	27	21,237,020	21,237,136	45
61 Day	BBG	-	-	-	200,000	200,000	2
63 Day	BBG	-	-	-	1,100,000	1,100,000	2
91 Day	BBG	29,461,312	29,461,310	49	317,181,331	317,226,633	546
91 Day	GOG	1,234,813,738	1,384,828,553	69,989	1,431,366,997	1,530,266,853	49,543
182 Day	BBG	35,001,730	35,007,772	29	183,120,253	183,209,610	250
182 Day	GOG	1,207,841,443	1,192,408,110	18,574	391,648,819	846,692,631	10,206
182 Day	CMB	526,075,953	486,875,760	723	1,438,458,435	1,358,712,511	1,768
1 Year FXR	BBG	1,110,000	1,110,000	4	200,000	200,000	1
1 Year FXR	CMB	255,924,114	267,544,173	605	903,595,032	928,767,942	884
1 Year FXR	GOG	759,632,831	809,001,059	5,569	296,443,957	310,949,790	1,536
1 Year FXR	PBC	1,617,625	1,634,777	11	3,383,128	3,777,192	6
1 Year FLR	EPL	-	-	-	50,000	57,283	1
2 Year FXR	GOG	3,321,101,081	3,393,808,106	2,471	5,243,791,741	5,424,259,950	5,008
3 Year FLR	ILL	6,580	6,642	1	-	-	-
3 Year FLR	AFB	-	-	-	30,000	33,309	1
3 Year FLR	BFS	416,974	434,456	10	15,997,531	17,742,422	48
3 Year FLR	BOSL	-	-	-	256,600	271,730	2
3 Year FXR	GOG	4,388,294,737	4,676,592,174	3,944	7,440,406,335	7,720,311,247	4,749
5 Year FXR	AFB	4,700	5,132	1	3,948,000	4,240,114	11
5 Year FLR	ILL	-	-	-	1,035,000	1,067,317	8
5 Year FLR	BFS	90,000	90,660	1	7,500,000	9,185,160	12
5 Year FXR	DFL	-	-	-	1,082,304	1,126,409	6
5 Year FXR	GOG	10,069,932,133	11,090,506,854	3,741	8,409,092,204	8,958,260,592	3,663
5 Year FXR	BOG	4,268,042	4,178,063	5	-	-	-
6 Year FLR	ILL	-	-	-	3,500,000	3,505,298	2
6 Year FLR	AFB	-	-	-	776,900	794,562	1
7 Year FLR	AFB	-	-	-	6,495,316	7,013,126	8
7 Year FXR	ESLA	712,758,308	710,051,314	372	1,438,015,046	1,498,333,847	1,619
7 Year FXR	GOG	905,489,652	979,121,615	298	1,909,695,056	1,976,842,362	715
10 Year FXR	ESLA	351,527,645	353,276,200	55	3,121,688,653	3,160,448,353	1,112
10 Year FXR	GOG	3,006,704,678	3,276,037,128	437	2,708,489,196	2,866,961,160	639
10 Year FLR	QTL	-	-	-	11,453,839	11,737,827	29
15 Year FXR	GOG	970,852,000	1,085,632,232	45	64,184,790	75,842,553	20
Total		**28,713,696,800**	**30,703,703,753**	**107,264**	**36,009,217,504**	**37,865,317,841**	**82,820**

Table 3a: Distribution of Listed Shares Held in the Depository by Investors as at December 2018

Name Of Issuer/Company	Share Code	Volume of Shares in the CSD			Issued Shares	
		Foreign Investors	**Domestic Investors**	**Total**	**Volume**	**% in CSD**
AngloGold Asanti Depository Shares	AADS	21,022	1,589,734	1,610,756	15,959,100	10.09
Access Bank Limited	ABG	162,737,139	4,417,954	167,155,093	173,947,596	96.10
ADB	ADB	31,700	122,828,328	122,860,028	230,923,222	53.20
AngloGold Asanti Limited	AGA	-	246,056	246,056	402,020	61.20
Aluworks Ltd	ALW	56,258,192	174,278,140	230,536,332	236,687,001	97.40
Ayrton Limited	AYRTN	54,125,860	157,059,802	211,185,662	215,000,000	98.23
Benso Oil Plan Plantation	BOPP	64,786	31,961,546	32,026,332	34,800,000	92.03
Cal Bank Ghana	CAL	267,294,009	325,708,222	593,002,231	628,712,525	94.32
Camelot Ghana Ltd	CMLT	14,411	5,153,192	5,167,603	6,829,276	75.67
Cocoa Processing Company Limited	CPC	1,133,650	1,964,300,553	1,965,434,203	2,038,074,176	96.44
Ecobank Ghana Limited	EBG	239,894,908	77,148,551	317,043,459	322,551,209	98.29
Enterprise Group Limited	EGL	40,166,561	122,486,843	162,653,404	170,685,825	95.29
Ecobank Transnational Inc.	ETI	1,270,743,313	1,062,386,602	2,333,129,915	2,563,344,670	91.02
Fan Milk Limited	FML	25,225,347	83,351,337	108,576,684	116,207,288	93.43
GCB Bank Limited	GCB	52,801,327	171,269,854	224,071,181	265,000,000	84.56
Guinness Ghana Breweries Ltd	GGBL	18,368,892	282,977,561	301,346,453	307,594,827	97.97
Ghana Oil Company Ltd	GOIL	20,269,730	355,321,496	375,591,226	391,863,128	95.85
Golden Star Resources Limited	GSR	474	11,624	12,098	30,196	40.06
Republic Bank Ghana Ltd	RBGH	576,226,479	272,988,105	849,214,584	851,966,373	99.68
Mega Africa Company	MAC	505,162	9,179,752	9,684,914	9,948,576	97.35
Mechanical Llyod Company Plc	MLC	160,512	40,209,926	40,370,438	50,095,925	80.59
Scancom Ltd -MTN Ghana	MTN	1,188,907,855	568,881,645	1,757,789,500	12,290,474,360	14.30
Produce Buying Company Limited	PBC	10,634,173	429,514,833	440,149,006	480,000,000	91.70
Pz Cussons Ghana Ltd	PZC	854,410	8,429,910	9,284,320	168,000,000	5.53
Standard Chartered Bank Ghana	SCB	9,946,337	118,218,346	128,164,683	134,758,498	95.11
State Insurance Company Limited	SIC	35,906,735	148,336,979	184,243,714	195,645,000	94.17
Societe Genrale (Ghana) Limited	SOGEGH	439,433,478	248,854,169	688,287,647	709,141,367	97.06
Starwin Products Limited	SPL	214,150	208,786,604	209,000,754	259,814,797	80.44
Sam Woode Limited	SWL	19,000	17,996,599	18,015,599	21,828,035	82.53
Trust Bank (Gambia) Ltd	TBL	7,268	5,798,838	5,806,106	200,000,000	2.90
Tullow	TLW	18,137	2,024,533	2,042,670	2,043,162	99.98
Total Petroleum Ghana Ltd	TOTAL	2,899,875	16,996,480	19,896,355	111,874,072	17.78
Unilever Ghana Ltd	UNIL	10,431,779	5,569,733	16,001,512	62,500,000	25.60
Sub Total (A)		**4,322,526,810**	**6,915,201,775**	**11,237,728,585**	**22,845,470,286**	**49.19**
PREFERENCE SHARE						
Standard Charted Bank GH. Ltd.	SCB-P	35,615	1,291,256	1,326,871	17,489,066	7.59
Sub Total (B)		**35,615**	**1,291,256**	**1,326,871**	**17,489,066**	**7.59**

Table 3a Cont'd.

Name Of Issuer/Company	Share Code	Volume of Shares in the CSD			Issued Shares	
		Foreign Investors	**Domestic Investors**	**Total**	**Volume**	**% in CSD**
Exchange Traded Fund	GLD	185	4,815	5,000	400,000	1.25
Sub Total (C)		**185**	**4,815**	**5,000**	**400,000**	**1.25**
COMPANIES LISTED UNDER GHANA ALTERNATIVE MARKET (GAX)						
Digicut Production & Advertising Limited (DPA)	DPA	1,870,750	117,019,871	118,890,621	118,890,621	100.00
HORDS Ltd.	HORDS	30,000	114,917,561	114,947,561	114,947,561	100.00
Meridian Marshalls Holding Company Ltd.	MMH	449,100	95,635,066	96,084,166	96,084,166	100.00
Samba Processed Foods and Spices Ltd	SAMBA	927	5,974,126	5,975,053	5,975,453	99.99
Intravenous Infusions Ltd.	IIL	110,900	168,740,266	168,851,166	226,621,246	74.51
Sub Total (D)		**2,461,677**	**502,286,890**	**504,748,567**	**562,519,047**	**89.73**
Overall Total (A+B+C+D)		**4,325,024,287**	**7,418,784,736**	**11,743,809,023**	**23,425,878,399**	**50.13**

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.

CENTRAL SECURITIES DEPOSITORY

You invest, we protect

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018.

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. The directors 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 further accept responsibility for the maintenance of accounting records which are 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 report.

Principal activities

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

Financial results

The financial results for the year ended 31 December 2018 are set out below:

	2018	2017
	GH¢	GH¢
Profit before tax	**10,390,655**	35,772,150
to which is deducted income tax charge of	**(2,824,419)**	(9,273,325)
giving a profit for the year after income tax of	**7,566,236**	26,498,825
which is added to amount brought forward on income surplus account of	**45,794,561**	24,545,736
	53,360,797	51,044,561
out of which is deducted dividend of	**(4,130,000)**	(5,250,000)
and impact of the adoption of IFRS 9 of	**(1,776,807)**	-
	47,453,990	45,794,561

Dividend

The directors have proposed the payment of dividend of GH¢ 0.26 per share amounting to GH¢ 910,000 for the year ended 31 December 2018 (2017: GH¢ 1.18 per share amounting to GH¢ 4,130,000).

Directors

The names of the present directors and those who served during the year are listed on page 1.

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.

Ownership structure

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: 19th February, 2019

Mr. Yao A. Abalo
Director

Date: 19th February, 2019

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 2018, 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 2018.

The financial statements on pages 51 to 89 comprise:

- the statement of financial position as at 31 December 2018;
- 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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables and investment securities On 1 January 2018, a new accounting standard for financial instruments (IFRS 9) became effective, which introduced impairment based on expected credit losses, rather than the incurred loss model previously applied under IAS 39. IFRS 9 requires considerable judgement and interpretation in its implementation. These judgements were key in the development of new models which have been built and implemented to measure the expected credit losses on relevant credit exposures. At 31 December 2018, impairment on the Company's trade receivables of GHS4,297,152 was GHS214,180 and that on investment securities of GHS42,379,516 was GHS8,277,894. There is an increase in the data inputs required by these IFRS 9 models. This increases the risk of completeness and accuracy of the data that has been used to create assumptions and operate the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed. Expected credit losses (ECLs) are required to incorporate forward-looking information, reflecting management's view of potential future economic environment. The complexity involved requires management to develop new methodologies involving the use of significant judgements. For accounts receivable the Company uses a provisioning matrix which is adjusted to reflect forward-looking information such as interest rates on Government securities and the Ghana cedi – US Dollar exchange rate. The expected loss rates are based on the payment profiles of sales over a period of 24 month prior to the impairment assessment date. Investment securities comprise Government securities and fixed deposits. Government securities denominated in Ghana cedi were deemed to have a very low probability of default (PD) and thus no impairment were recognised on these. For fixed deposits with financial institutions, the Bank of Ghana proxy PD of 10% for unrated institutions was used and adjusted to reflect forward-looking information such as interest rates on Government securities, the Ghana cedi – US Dollar exchange rate and inflation. Key judgements and estimates in respect of the timing and measurement of expected credit losses (ECL) include: • Definition of default and credit impaired assets focusing on both the qualitative and quantitative criteria used by the Company; • Allocation of assets to stage 1, 2, or 3 using the significant increase in credit risk (SICR) criteria and focusing on both the qualitative and quantitative indicators; • Accounting interpretations and modelling assumptions used to build the models that calculate the ECL such as the Probability of Default – PD, Exposure At Default – EAD and Loss Given Default – LGD; • Completeness and accuracy of data used to calculate the ECL; • Inputs and assumptions used to estimate the impact of multiple economic scenarios such as inflation rate, interest rate and the Ghana Cedi and US Dollar exchange rate; • Accuracy and adequacy of the financial statement disclosures. The accounting policies, critical estimates and judgements and impairment charge are set out in notes 2.4, 3, 4, 7, 8 and 21 to the financial statements.	We obtained an understanding of and evaluated controls supporting management's estimate, judgements and assumptions and tested selected key controls focusing on: - the completeness and accuracy of data used as input to the models; - criteria for assessing significant increase in credit risk - determination of default - model development, validation and approval to ensure compliance with IFRS 9 requirements; - review and approval of forward looking information prior to use in the models; and - review and approval of the output of IFRS 9 models and related implementation impacts. We tested data used and assessed the measurement decisions and the ECL models developed by the Company which include challenging management's determination of: - significant increase in credit risk, - default, - probability of default, - exposure at default, and - loss given default. We re-performed certain model calculations to evaluate the inputs and risk parameter outputs. We tested the aged analysis of receivables which was the basis of the provisioning matrix and assessed the reasonableness of the initial loss rate associated with each age bracket. We assessed the reasonableness of forward looking information incorporated into the impairment calculations by challenging the multiple economic scenarios chosen and the weighting applied to capture non-linear losses. We tested the underlying disclosures related to the implementation impact and compared the disclosed impact to underlying accounting records.

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, 2018 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, 2018 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 the 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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).

pwc

PricewaterhouseCoopers(ICAG/F/2019/028)
Chartered Accountants
Accra, Ghana
25 March 2019

STATEMENT OF FINANCIAL POSITION
(All amounts are in Ghana cedis)

		At 31 December	
		2018	2017
Assets	**Note**		
Non- current assets			
Plant and equipment	5	**1,796,308**	1,639,876
Intangible assets	6	**7,205,907**	8,828,687
		9,002,215	10,468,563
Current assets			
Accounts receivable	7	**6,937,994**	6,387,679
Investment securities	8	**34,101,622**	38,736,875
Other assets	9	**718,165**	634,131
Current income tax asset	13	**793,735**	-
Cash and bank balance	10	**6,624,469**	3,590,768
		49,175,985	49,349,453
Total assets		**58,178,200**	59,818,016
Liabilities			
Non- current liabilities			
Deferred tax liability	12	**189,701**	119,462
Current liabilities			
Accounts payable and accruals	11	**6,434,509**	6,303,517
Current income tax liabilities	13	**-**	3,500,476
		6,434,509	9,803,993
Total liabilities		**6,624,210**	9,923,455
Equity			
Stated capital	14	**3,500,000**	3,500,000
Other reserve	15	**600,000**	600,000
Income surplus account	16	**47,453,990**	45,794,561
Total equity		**51,553,990**	49,894,561
Total liabilities and equity		**58,178,200**	59,818,016

The financial statements on pages 51 to 89 were approved by the board of directors on 19 February 2019 and signed on its behalf by:

-- Director

-- Director

The notes on pages 55 to 89 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
(All amounts are in Ghana cedis)

		Year ended 31 December	
	Note	**2018**	2017
Revenue	17	**28,815,948**	47,929,859
Other income	18	**5,785,277**	6,759,931
		34,601,225	54,689,790
Operating expenses	19	**(24,210,570)**	(18,917,640)
Profit before tax		**10,390,655**	35,772,150
Income tax expense	13	**(2,824,419)**	(9,273,325)
Profit for the year		**7,566,236**	26,498,825
Other comprehensive income		-	-
Total comprehensive income for the year		**7,566,236**	26,498,825

The notes on pages 55 to 89 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
Year ended 31 December 2018				
At 1 January 2018	3,500,000	600,000	45,794,561	**49,894,561**
Changes on initial application of IFRS 9				
– *Increase in impairment provisioning*	-	-	(1,776,807)	**(1,776,807)**
Restated balance at 1 January 2018	**3,500,000**	**600,000**	**44,017,754**	**48,117,754**
Comprehensive income:				
Profit for the year	-	-	7,566,236	**7,566,236**
Total comprehensive income	**-**	**-**	**7,566,236**	**7,566,236**
Transactions with owners:				
Payment of dividend	-	-	(4,130,000)	**(4,130,000)**
At 31 December 2018	**3,500,000**	**600,000**	**47,453,990**	**51,553,990**
Year ended 31 December 2017				
At 1 January 2017	3,500,000	600,000	24,545,736	28,645,736
Comprehensive income:				
Profit for the year	-	-	26,498,825	26,498,825
Total comprehensive income	-	-	26,498,825	26,498,825
Transactions with owners:				
Payment of dividend	-	-	(5,250,000)	(5,250,000)
At 31 December 2017	3,500,000	600,000	45,794,561	49,894,561

The notes on pages 55 to 89 are an integral part of these financial statements.

STATEMENT OF CASHFLOWS
(All amounts are in Ghana cedis)

Cash flows from operating activities		Year ended 31 December	
	Note	2018	2017
Profit before income tax		**10,390,655**	35,772,150
Adjustment for:			
Depreciation expense	5	**673,768**	720,615
Amortisation expense	6	**2,007,786**	1,209,921
Accrued interest income	8&9	**(967,173)**	(2,365,470)
(Profit)/loss on disposal	5	**(20,700)**	195,097
Loss allowance on financial assets		**6,543,043**	172,223
Change in accounts receivable		**(592,272)**	(1,161,065)
Change in payables and accruals		**130,992**	(2,137,997)
Tax paid	13	**(7,048,391)**	(8,339,958)
Net cash generated from operating activities		**11,117,708**	24,065,516
Cash flows from investing activities			
Purchase of plant and equipment	5	**(862,500)**	(2,134,500)
Proceeds from disposal of plant and equipment	5	**53,000**	91,279
Purchase of intangible assets	6	**(385,006)**	-
Purchase of investment securities	8	**(56,635,888)**	(56,410,409)
Maturity of investment securities	8	**50,978,052**	41,623,174
Equity investment	9	**-**	(20,000)
Investment in managed fund	9	**(28,697)**	(58,719)
Net cash used in investing activities		**(6,881,039)**	(16,909,175)
Cash flows from financing activities			
Dividend paid		**(4,130,000)**	(5,250,000)
Net cash used in financing activities		**(4,130,000)**	(5,250,000)
Increase in cash and cash equivalents		**106,670**	1,906,341
Cash and cash equivalents at start of period		**6,517,799**	4,611,458
Cash and cash equivalents at 31 December	10	**6,624,469**	6,517,799

The notes on pages 55 to 89 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

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 2018.

(All amounts are in Ghana cedis unless otherwise stated)

IFRS 9 – Financial instruments

The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Company did not earlier adopt IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening income surplus of the current period.

Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Company. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail in note 2.4 below.

Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are as follows:

	IAS 39		IFRS 9	
Financial assets	Measurement category	Carrying amount	Measurement category	Carrying amount
Cash and cash equivalents	Amortised cost (Loans and receivables)	3,590,768	Amortised cost (Hold to Collect)	3,590,768
Investment securities	Amortised cost (Held to maturity)	38,736,875	Amortised cost (Hold to Collect)	37,065,636
Accounts receivable	Amortised cost (Loans and receivables)	6,387,679	Amortised cost (Hold to Collect)	6,282,111
Other assets – Investment in guarantee fund	Amortised cost (Loans and receivables)	614,131	Amortised cost (Hold to Collect)	614,131
Other assets – Equity investment	Cost (Equity investment at cost)	20,000	Fair Value through other comprehensive income	20,000

There were no changes to the classification or measurement of financial liabilities. They remained classified as financial liabilities 'Other' and measured at amortised cost.

Reclassification from retired categories with no change in measurement

As indicated above, some financial assets have been reclassified to new categories under IFRS 9, as their previous categories under IAS 39 were "retired" with no changes to their measurement basis. They include those previously classified as held to maturity and loans and receivables and measured at amortised cost.

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The Company performed a detailed analysis of its business models for managing financial assets and the cash flow characteristics of these financial assets.

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

	IAS 39 Carrying amount	Reclassific-ations	Remeasure-ments	IFRS 9 Carrying amount
	31-Dec-17			1-Jan-18
Cash and cash equivalents – Amortised Cost				
Closing balance under IAS 39 and opening balance under IFRS 9	3,590,768	-	-	3,590,768
Investment securities – Amortised cost				
Closing balance under IAS 39	38,736,875	-	-	-
Remeasurement: ECL allowance	-	-	(1,671,239)	
Opening balance under IFRS 9	-	-		37,065,636
Accounts receivable– Amortised cost				
Closing balance under IAS 39	6,387,679	-	-	-
Remeasurement: ECL allowance	-	-	(105,568)	-
Opening balance under IFRS 9	-	-	-	6,282,111
Other assets (Investment in fund) – Amortised Cost				
Closing balance under IAS 39 and opening balance under IFRS 9	614,131	-	-	614,131
Other assets (Equity investments) – Cost/FVOCI				
Closing balance under IAS 39 and opening balance under IFRS 9	20,000	-	-	20,000
Total financial assets	**49,349,453**	**-**	**(1,776,807)**	**47,572,645**

The total re-measurement loss of GH¢ 1.78 million was recognised in opening reserves at 1 January 2018.

The following table reconciles the prior period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected credit loss model at 1 January 2018.

Measurement category	Loss allowance under IAS 39/ Provision under IAS 37	Reclassi-fication	Measurement	Loss allowance under IFRS 9
Cash and cash equivalents	-	-	-	-
Investment securities	-	-	1,671,239	1,671,239
Accounts receivable	172,223	-	105,568	277,791
Other assets – Investment in guarantee fund	-	-	-	-
Other assets – Equity investment	-	-	-	-
Total	**172,223**	**-**	**1,776,807**	**1,949,030**

IFRS 15 - Revenue from contracts with customers

The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. In accordance with the transition provisions in IFRS 15, the Company has adopted the new rules with the cumulative effect method. However, no adjustments were passed on adoption on IFRS 15. There were no material effect on revenue recognised by the Company on the adoption of IFRS 15.

(iii) New standards and interpretations not yet adopted

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 statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company is in the process of reviewing all leasing arrangements in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Company's operating leases.

The Company will apply the standard for its mandatory adoption date of 1 January 2019. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Annual Improvements to IFRS Standards 2015-2017 Cycle

The following improvements were finalised in December 2017:

IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.

IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.

IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change. Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling separately recognise any changes in the asset ceiling through other comprehensive income.

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, the revenue can be reliably measured and the performance obligations associated with the contracts are delivered. 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

2.4.1 Financial assets

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired at initial recognition – the Company calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company becomes party to the contractual provisions of the instrument or commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the differences is deferred and the timing of recognition of deferred day one profit or loss is determined individually.

It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(i) Classification and subsequent measurement

From 1 January 2018, the Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and investment securities.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

a) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represents solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Other income' using the effective interest rate method.

b) Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'other operating income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

c) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

The above classifications are done using:

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the `SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Company subsequently measures all equity investments at fair value through profit or loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

(ii) Impairment

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan and investments. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Refer to Note 4 for further details on the impairment process of financial assets.

(iii) De-recognition other than on a modification

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

iv) Accounting policies applied until 31 December 2017

The Company has applied IFRS 9 prospectively and has not restated the comparative information. The comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

(a) Classification

The Company classified the financial instruments into classes that reflected 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
		Other assets - Investments in fund
	Held-to-maturity Investments	Investment securities
	Equity investment at cost	Other assets - Equity investment
	Financial liabilities at amortised cost	Accounts payable and other liabilities

(i) Financial assets

The Company classified its financial assets in the following categories: loans and receivables and held-to-maturity investments. Management determined 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) were recognised on the trade date, i.e., the date that the company committed to purchase or sale of the asset.

Loans and receivables

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

- those that the Company intended to sell immediately or in the short term, which were 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 designated as available-for-sale; or
- those for which the holder might not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables were 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 were non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management had the positive intention and ability to hold to maturity other than:

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

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

(b) Impairment of financial assets

Assets carried at amortised cost

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

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

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- 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;
- It became probable that the borrower would enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there was 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 was determined by management for each identified portfolio. In general, the periods used vary between 3 and 12 months; in exceptional cases, longer periods were warranted.

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

The amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was 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 was the current effective interest rate determined under the contract. As a practical expedient, the Company might 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 might result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure was probable.

For the purposes of a collective evaluation of impairment, financial assets were 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 were 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 were collectively evaluated for impairment were 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 was 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 was based and to remove the effects of conditions in the historical period that did not exist.

Estimates of changes in future cash flows for groups of assets reflected and were 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 were reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

When a receivable was uncollectible, it was written off against the related allowance for impairment. Such receivables were written off after all the necessary procedures had been completed and the amount of the loss had been determined. Impairment charges on financial assets were recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could 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 was reversed by adjusting the allowance account. The amount of the reversal was recognised in profit or loss.

(c) Derecognition of financial assets

The criteria for derecognition of financial assets have not changed on the adoption of IFRS 9.

- the rights to receive cash flows from the asset had expired; or
- the company had transferred its rights to receive cash flows from the asset or had 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 had transferred substantially all risks and rewards of the asset, or (b) the Company had neither transferred nor retained substantially all the risks and rewards of the asset but had transferred control of the asset.

2.4.2 Financial Liabilities

(i) Classification

The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

(ii) Measurement

The 'amortised cost' of a financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where 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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in income statement.

iv) Accounting policies applied until 31 December 2017

The above classification, measurement and derecogniton policies of the company were the same as those used prior to the adoption of IFRS 9.

2.4.3 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at bank 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 initially at fair value and subsequently at amortised cost.

2.4.4 Receivables

Accounts receivable and other receivables are recorded in the statement of financial position at cost after deduction of provision for expected losses.

2.4.5 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 Company, 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.

2.4.6 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.

2.5 Investments securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as hold to collect or hold to sell. After initial measurement, hold to collect 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 loss allowance.

2.6 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.

2.7 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 reliable 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.

2.8 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%.

2.9 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.

2.10 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.

2.11 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.

2.12 Stated capital

Stated capital represents non-distributable capital of the Company.

2. 13 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.

Hold to collect financial assets

The Company classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as hold to collect. This classification requires significant judgement. In making this judgement, the Company uses the Business model and Solely for Payment of Principal and Interest (SPPI) model to assess that the purpose for holding these assets was to collect the contractual cash flows associated with the assets. 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 hold to collect and sell. Accordingly, the investments would be measured at fair value instead of amortised cost.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of counterparties defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
  - Establishing the number and relative weightings of forward-looking scenarios and the associated ECL.

Refer to Note 2.4 and 4 for further details on these estimates and judgements.

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.

Other accounting judgements, estimates and assumptions applied as at 31 December 2017

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 determined that it had both the positive intention and ability to hold the assets until their maturity date as required by it's accounting policy.

This classification required 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 was required to reclassify the entire category as available-for-sale. Accordingly, the investments would be measured at fair value instead of amortised cost.

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	Over 12 months	Non interest bearing	Total
At 31 December 2018						
Financial assets						
Cash and bank balance (excluding cash in hand)		-	-	-	6,622,066	**6,622,066**
Investment securities			33,485,915	615,707	-	**34,101,622**
Other assets			698,165		20,000	**718,165**
Accounts receivable (less prepayments)	2,230,497	-	-	-	4,084,716	**6,315,213**
Total financial assets	2,230,497	-	34,184,080	615,707	10,726,782	**47,757,066**
Financial liabilities						
Other liabilities	-	-	-	-	6,434,509	**6,434,509**
Total interest repricing gap	2,230,497	-	34,184,080	615,707	4,292,273	**41,322,557**

	Up to 1 month	1 - 3 months	3 -12 months	Non interest bearing	Total
At 31 December 2017					
Financial assets					
Cash and bank balance (excluding cash in hand)	-	-	-	3,587,435	3,587,435
Investment securities	7,138,354	8,256,626	23,341,896	-	38,736,876
Other assets	-	614,131	-	20,000	634,131
Accounts receivable	1,092,449	-	-	5,295,230	6,387,679
Total financial assets	8,230,803	8,870,757	23,341,896	8,902,665	49,346,121
Financial liabilities					
Other liabilities	-	-	-	6,303,517	6,303,517
Total interest repricing gap	8,230,803	8,870,757	23,341,896	2,599,148	43,042,604

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 any significant exposure to this risk.

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 investment securities and trade receivables). 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.

(a) Expected credit loss measurement

Significant increase in credit risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

The remaining Lifetime Probability of Default (PD) at the reporting date has increased, compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised.

Qualitative criteria

If the counterparty meets one or more of the following criteria:

- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last [12] months
- Significant adverse changes in business, financial and/or economic conditions in which the counterparty operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the counterparty
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflow or liquidity problems such as delay in servicing of facility. The assessment of SICR incorporates forward-

looking information and is performed on a monthly basis at a portfolio level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness.

Backstop

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the counterparty is more than 30 days past due on its contractual payments.

Low Credit Risk Exemption

The Company has not used the low credit risk exemption for any financial instruments in the period ended 31 December 2018.

Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The counterparty is more than 90 days past due on its contractual payments.

Qualitative criteria

The counterparty meets unlikeliness to pay criteria, which indicates the counterparty is in significant financial difficulty. These are instances where:

- The counterparty is in long-term forbearance
- The counterparty is deceased
- The counterparty is insolvent
- The counterparty is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the counterparty's financial difficulty
- It is becoming probable that the counterparty will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Company's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months.

Measuring ECL — Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

- Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. The assumptions underlying the ECL calculation — such as how the maturity profile of the PDs and how collateral values change etc. — are monitored and reviewed. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

Economic Variable Assumptions

The most significant period end assumptions used for the ECL estimate as at 31 December 2018 are set out below:

Scenario	Weight %	Inflation %	Interest rate %	Cedi/ dollar exchange rate %
Base Case	50%	8	8	16
Improvement	15%	7	9	15
Deterioration	35%	9	7	17

Economic Variable Assumptions

The forward looking economic information affecting the ECL model are as follows:

1. Inflation – Inflation is used to assess the relative health of the economy. Forward looking information is incorporated by using the projected inflation rate for the current year as a base.
2. Interest rate – Interest rate is used due to its impact on the relative liquidity and likelihood of default of counterparties.

Forward looking information is incorporated by using the expected inflation rates for the next four quarters.

3. Cedi/dollar exchange rate – the fluctuation of the cedi to the dollar is used to assess the relative stability of the assets and liabilities of the counterparty. Forward looking information is incorporated by using the expected currency fluctuation rates for the next year.

At 31 December 2018, the Company's financial instruments were categorised under IFRS 9 as follows:

- Stage 1 – At initial recognition - Performing
- Stage 2 – Significant increase in credit risk since initial recognition - Underperforming
- Stage 3 – Credit impaired – Non-performing

	2018				2017
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Total**
Cash and cash equivalents	6,624,469	-	-	**6,624,469**	3,590,768
Investment Securities	34,225,274	-	8,154,242	**42,379,516**	39,877,937
Accounts receivable (less prepayments)	6,357,169	-	172,223	**6,529,392**	6,559,902
Other assets	718,165	-	-	**718,165**	634,131
Gross carrying amount	47,925,077	-	8,326,465	**56,251,542**	50,662,738
Loss allowance	(165,609)	-	(8,326,465)	**(8,492,074)**	(172,223)
Carrying amount	**47,759,468**	**-**	**-**	**47,759,468**	50,490,515

Details of the impairment on investment securities and accounts receivable are disclosed in notes 7, 8 and 21. All other financial assets of the Company with credit risk exposure are neither past due nor impaired.

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.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows:

31 December 2018	Total	0 to 30 days	30 to 60 days	60 to 90 days	90 to 120 days	120 to 150 days	150 to 180 days	(> 180 days)
Expected loss rate		0.04%	0.54%	1.54%	3.04%	6.04%	6.54%	8.04%
Gross carrying amount	**4,125,028**	2,873,970	717,477	15,902	5,900	196,657	55,283	259,840
Loss allowance	**41,957**	1,236	3,896	245	180	11,884	3,617	20,899

1 January 2018	Total	0 to 30 days	30 to 60 days	60 to 90 days	90 to 120 days	120 to 150 days	150 to 180 days	(> 180 days)
Expected loss rate		0.03%	0.53%	1.53%	3.03%	6.03%	6.53%	8.03%
Gross carrying amount	**5,407,836**	657,219	1,281,678	2,699,814	27,393	36,090	163,488	542,155
Loss allowance	**105,568**	204	6,806	41,334	830	2,177	10,677	43,540

The expected loss rates are based on the payment profiles of sales over a period of 24 month before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the interest rates and the cedi/dollar change rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Impairment losses have also been recognised for specific customers whose debts are individually assessed and are considered impaired.

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 2018	**Up to 1 month**	**1 - 3 months**	**3 -12 months**	**Over 12 months**	**Total**
Financial liabilities					
Accounts payable	6,434,509	-	-	-	**6,434,509**
Financial assets held for managing liquidity risk	**12,939,681**	-	**33,485,915**	**615,707**	**47,041,303**
At 31 December 2017					
Accounts payable	6,303,517	-	-		6,303,517
Financial assets held for managing liquidity risk	17,116,800	8,256,626	23,341,896		48,715,322

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 2018					
	Amortised cost	**FVOCI**	**Other liabilities at amortised cost**	**Total**	**Fair value**
Cash and bank balances	6,624,469	-	-	6,624,469	6,624,469
Investment securities	34,101,622	-	-	34,101,622	34,580,372
Other assets	698,165	20,000	-	718,165	728,016
Accounts receivable	6,315,213	-	-	6,315,213	6,387,679
Total financial assets	**47,739,469**	**20,000**	**-**	**47,759,469**	**48,320,536**
Financial liabilities					
Accounts payable	-	-	**6,434,509**	**6,434,509**	**6,434,509**

At 31 December 2017						
	Loans and receivables	Held to maturity	Equity investment at cost	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
Other assets	614,131	-	20,000	-	634,131	658,696
Accounts receivable	- 6,387,679	– -	-	– -	6,387,679	6,387,679
Total financial assets	10,592,578	38,736,875	20,000	-	49,349,453	50,826,889
Financial liabilities						
Accounts payable	-	-	-	6,303,517	6,303,517	6,303,517

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.

Other assets

Equity investments

Investments in equity are carried at fair value through other comprehensive income. The cost of the equity investment is a reasonable approximation of its fair value.

Investments in funds

Investments in funds are carried at amortised cost less impairment. The estimated fair value of investments in funds 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.

Investment securities

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

(All amounts are in Ghana cedis unless otherwise stated)

5 Plant and equipment

Year ended 31 December 2018

	Equipment	Furniture and fittings	Motor vehicle	Capital work in progress	Total
Cost					
At 1 January	1,238,351	462,813	2,034,336	-	**3,735,500**
Additions	345,837	110,621	206,091	199,951	**862,500**
Disposals	-	-	(129,200)	-	**(129,000)**
At 31 December	**1,584,188**	**573,434**	**2,111,227**	**199,951**	**4,468,800**
Accumulated depreciation					
At 1 January	929,563	305,359	860,702	-	**2,095,624**
Charge for the year	200,201	52,270	421,297	-	**673,768**
Disposals	-	-	(96,900)	-	**(96,900)**
At 31 December	**1,129,764**	**357,629**	**1,185,099**	-	**2,672,492**
Net book amount					
At 31 December	**454,424**	**215,805**	**926,128**	**199,951**	**1,796,308**

Year ended 31 December 2017

	Equipment	Furniture and fittings	Motor vehicle	Total
Cost				
At 1 January	872,887	327,951	1,020,190	2,221,028
Additions	386,655	204,725	1,543,120	2,134,500
Disposals	(21,191)	(69,863)	(528,974)	(620,028)
At 31 December	1,238,351	462,813	2,034,336	3,735,500
Accumulated depreciation				
At 1 January	789,915	300,932	617,814	1,708,661
Charge for the year	159,604	52,427	508,584	720,615
Disposals	(19,956)	(48,000)	(265,696)	(333,652)
At 31 December	929,563	305,359	860,702	2,095,624
Net book amount				
At 31 December	308,788	157,454	1,173,634	1,639,876

Profit on disposal of property, plant and equipment:	**2018**	2017
Gross book value	**129,200**	620,028
Accumulated depreciation	**(96,900)**	(333,652)
Net book value	**32,300**	286,376
Sales proceeds	**(53,000)**	(91,279)
(Gain)/loss on disposal	**(20,700)**	195,097

6 Intangible assets

Year ended 31 December 2018	Software	Capital work in progress	Total
Cost Balance as at 1 January	8,671,913	5,532,575	**14,204,488**
Additions	125,006	260,000	**385,006**
Transfers	5,532,575	(5,532,575)	-
Balance at 31 December	**14,329,494**	**260,000**	**14,589,494**
Accumulated amortisation			
Balance as at 1 January	5,375,801	-	**5,375,801**
Amortisation for the year	2,007,786	-	**2,007,786**
Balance at 31 December	**7,383,587**	**-**	**7,383,587**
Net book value			
Balance as at 31 December	**6,945,907**	**260,000**	**7,205,907**

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

(All amounts are in Ghana cedis unless otherwise stated)

7 Accounts receivable

	2018	2017
Net trade receivable	**4,082,972**	5,289,403
Staff loans	**2,230,497**	1,092,449
Prepayments	**622,781**	-
Staff salary advance	**1,744**	5,827
	6,937,994	6,387,679

Details of trade receivable balance is as follows:

Gross balance	**4,297,152**	5,461,626
Loss allowance	**(214,180)**	(172,223)
	4,082,972	5,289,403

8 Investment securities

Treasury bills	**7,490,268**	29,076,516
Treasury bonds	**26,021,628**	-
Fixed deposits	**589,726**	9,660,359
	34,101,622	38,736,875

The movement in investment securities is as follows:

Year ended 31 December 2018	**Treasury bills**	**Treasury bonds**	**Fixed deposits**	**Total**
At start of year	29,076,516	-	9,660,359	**38,736,875**
Additions	31,272,957	25,256,221	106,710	**56,635,888**
Maturities	(52,997,990)	-	(907,093)	**(53,905,083)**
Accrued interest	138,785	765,407	7,644	**911,836**
Loss allowance	-	-	(8,277,894)	**(8,277,894)**
At end of year	**7,490,268**	**26,021,628**	**589,726**	**34,101,622**

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

Maturing as follows:

	2018	2017
Within 91 days of acquisition	-	2,927,031
After 91 days of acquisition	34,101,622	35,809,844
	34,101,622	38,736,875

(All amounts are in Ghana cedis unless otherwise stated)

9 Other assets

	2018	2017
Investment in guarantee fund	698,165	614,131
Equity investment	20,000	20,000
	718,165	634,131

Movement in investment in Guarantee fund is shown below:

At start of the year	614,131	534,110
Interest income received	28,697	58,719
Interest Income accrued	55,337	21,302
At end of the year	698,165	614,131

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 is invested in 182 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. The investment is measured at fair value through other comprehensive income. As at 31 December 2018, the cost of the investment is deemed as a fair approximation of the fair value.

10 Cash and Bank balances

	2018	2017
Bank balance	6,622,066	3,587,435
Cash on hand	2,403	3,333
	6,624,469	3,590,768

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

	2018	2017
Cash and Bank balances	6,624,469	3,590,768
Investment securities maturing within 91 days of acquisition	-	2,927,031
	6,624,469	6,517,799

11 Accounts payable and accruals

Creditors	2,736,089	30,949
SEC levy	391,344	1,041,741
GSE levy	464,085	660,583
Unutilized merger grant	104,664	104,664
Withholding Tax	330,775	4,325
Accruals	1,943,506	3,692,763
Payable to Bank of Ghana	183,836	183,836
Other payables	280,210	584,656
	6,434,509	6,303,517

(All amounts are in Ghana cedis unless otherwise stated)

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 account is as follows:

	2018	2017
At start of period	(119,462)	17,915
Charged to profit or loss	(70,239)	(137,377)
At 31 December	**(189,701)**	(119,462)

Deferred income tax liabilities are attributable to the following:

Year ended 31 December 2018	**At 1 January**	**Charged to profit or loss**	**At 31 December**
Deferred income tax liabilities			
Plant and equipment	(119,462)	(70,239)	**(189,701)**
Year ended 31 December 2017	At 1 January	Charged to profit or loss	At 31 December
Deferred income tax asset/(liabilities)			
Plant and equipment	17,915	(137,377)	(119,462)

13 Income tax

Income tax expense

	2018	2017
Current income tax	**2,754,180**	9,135,948
Deferred income tax	**70,239**	137,377
	2,824,419	9,273,325

The movement in current income tax is as follows;

Year ended 31 December 2018	Balance as at 1 January	Payments during the year	Charge for the year	Balance as at 31 December
Up to 2017	3,500,476	-	-	**3,500,476**
2018	-	(7,048,391)	2,754,180	**(4,294,211)**
	3,500,476	**(7,048,391)**	**2,754,180**	**(793,735)**

(All amounts are in Ghana cedis unless otherwise stated)

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
	2,704,486	(8,339,958)	9,135,948	3,500,476

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:

	2018	2017
Profit before tax	**10,390,655**	35,772,150
Tax using the domestic corporate tax rate of 25%	**2,597,664**	8,943,038
Tax effect of:		
Expenses not deductible for tax purposes	**1,500**	243,679
Adjustment in respect of prior periods	**256,346**	-
Tax effect on capital allowance	**(31,091)**	86,608
	2,824,419	9,273,325
Effective tax rate	**27.18%**	25.92%

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:

	2018		2017	
	Number of shares	**Proceeds**	Number of shares	Proceeds
Issued for cash consideration	**3,500,000**	**3,500,000**	3,500,000	3,500,000

There are no unpaid liability on shares at the reporting date. There were no shares held in treasury at year end (2017: 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

	2018	2017
Registration fees	**20,000**	87,505
Issuer fees	**22,255,462**	42,926,122
Transaction fees	**6,228,486**	4,628,232
Renewal fees	**312,000**	288,000
	28,815,948	47,929,859

18 Other income

Interest earned on investments and staff loans	**4,350,516**	5,666,115
Miscellaneous income	**1,250,283**	952,214
Profit on disposal of motor vehicle	**20,700**	-
Net income from investment fund	**84,034**	80,021
Training fees on CSD software	**79,744**	61,581
	5,785,277	6,759,931

19 Operating expenses

Employee cost (Note 20)	**7,938,657**	9,255,969
Training and capacity building	**1,678,807**	1,280,078
Travel and motor running	**305,286**	355,698
General and administrative expenses	**296,314**	664,067
Stationary and printing	**60,591**	105,828
Communication	**59,716**	23,480
Impairment of financial assets (Note 21)	**6,543,043**	172,223
Audit fees	**114,955**	80,500
Board expenses	**85,083**	581,031
Directors fees	**947,750**	1,196,148
Consultancy	**51,848**	290,146
Depreciation and amortisation	**2,681,554**	1,930,536
Information technology expenses	**2,847,774**	2,327,643
Premises and equipment expense	**60,190**	83,911
Promotion and public education	**64,881**	187,285
Rent and utilities	**453,946**	188,000
Loss on disposal	**-**	195,097
Legal fees	**14,175**	-
Donations	**6,000**	-
	24,210,570	18,917,640

(All amounts are in Ghana cedis unless otherwise stated)

20 Staff cost

	2018	2017
Basic salaries and allowances	**4,626,945**	3,893,077
Employer social security contributions	**360,647**	277,703
Other staff related costs	**2,951,065**	5,085,189
	7,938,657	9,255,969

21 Impairment of financial assets

	Investment securities		Accounts receivable		Total
	General provision	Specific provision	General provision	Specific provision	
Balance at 1 January 2018	-	-	-	172,223	**172,223**
Impact of adoption of IFRS 9:					
Impairment charge	1,671,240	-	105,568	-	**1,776,808**
Restated balance at 1 January 2018	1,671,240	-	105,568	172,223	**1,949,031**
Impairment charge/(release) for the year	(1,547,588)	8,154,242	(63,611)	-	**6,543,043**
Balance at 31 December 2018	**123,652**	**8,154,242**	**41,957**	**172,223**	**8,492,074**

The impairment balances and charges to profit or loss are as follows:

22 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

Transactions with Bank of Ghana	2018	2017
Issuer and transaction fees	**16,102,443**	31,061,136
Rent expense	**240,000**	188,000
Utilities expense	**140,000**	-

Related party balances

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

	2018	2017
Accounts receivable		
Fees due from Bank of Ghana	**1,211,318**	2,907,407

(All amount are in Ghana Cedis unless otherwise stated)

Bank balances	2018	2017
Balance with Bank of Ghana	5,456,269	1,856,305
Accounts payable		
Provision of office space and utilities to CSD	1,002,000	862,000
Amounts payable to the Ghana Stock Exchange	464,085	660,583
Amounts payable to Bank of Ghana	183,836	183,836

Key management personnel compensation

Short term employee benefits	2,411,837	1,789,411
Post-employment benefits	313,539	205,163
	2,725,376	1,994,574

Directors' compensation

Fees and other benefits	947,750	1,196,148

23 Operating lease commitments

The Company has an 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.

24 Contingent liabilities

There were no contingent liabilities at 31 December 2018 (2017: Nil).

25 Capital commitments

There were no capital commitments at 31 December 2018 (2017: Nil).

26 Events after reporting period

The directors have proposed the payment of dividend of GH¢ 0.26 per share amounting to GH¢ 910,000 for the year ended 31 December 2018.

CENTRAL
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