

# CENTRAL SECURITIES DEPOSITORY

*You invest, we protect*



# 2014

ANNUAL REPORT





CENTRAL  
SECURITIES  
DEPOSITORY  
*You invest, we protect*

2024

ANNUAL REPORT &  
FINANCIAL STATEMENTS



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# Vision & Strategic Objectives

## Vision

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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

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1. To provide secure and efficient post trading services operating under the 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

### Board Of Directors

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

### Secretary

Ms. Faustina Coleman-Forson

### Registered Office

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

### Auditors

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

### Bankers

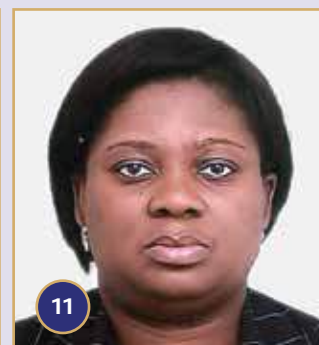
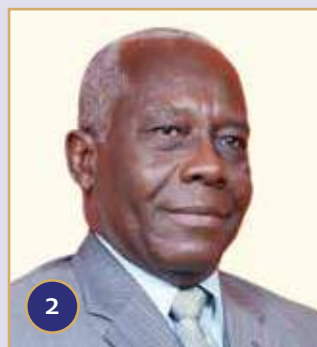
Bank of Ghana  
 Ecobank Ghana Limited

### Legal Advisers

Legal Department of Bank of Ghana  
 Legal Department of Ghana Stock Exchange



## BOARD OF DIRECTORS



**1. Dr. Henry A. K. Wampah** *[Chairman]*

**2. Dr. David O. Andah** *[Member]*

**3. Mr. Franklin Asafo-Adjei** *[Member]*

**4. Mrs. Caroline Otoo** *[Member]*

**5. Mr. Kofi S. Yamoah** *[Member]*

**6. Mr. Ekow Afedzie** *[Member]*

**7. Mr. Kwame Adutua-Amakye** *[Member]*

**8. Mrs. Kokui Adzo Adu** *[Member]*

**9. Mr. Daniel Kobla Glymin** *[Member]*

**10. Mr. Stephen Tetteh** *[Chief Executive Officer]*

**11. Mrs. Melvina Amofo** *[Deputy Chief Executive Officer]*

## 2.0 PROFILE OF BOARD OF DIRECTORS

**Dr. H. A. K. Wampah** holds a Ph.D. degree in Economics with specializations in Econometrics and Public Finance. Dr. Kofi Wampah held various teaching appointments with McGill University, Institute of Statistical, Social and Economic Research (ISSER), University of Ghana, Legon in the areas of economic statistics and mathematics. He was the Head of Research Department, Bank of Ghana up to 2001. He also worked with the International Monetary Fund, Washington, DC, as a Special Appointee in 1998 where he worked with the Monetary Operations Division of the Monetary and Exchange Affairs Department. Between 2001 and 2009, he was the Director of Research at the West African Monetary Institute. He was appointed first Deputy Governor of Bank of Ghana in April, 2009 and became the substantive Governor in April, 2013.

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

**Mr. Kwame Adutua-Amakye** is a professional engineer with over 38 years' experience encompassing engineering Management, installation and maintenance, communication network planning, design and implementation, lecturing, ICT Training and consultancy. He holds a BSc. in Electrical/Electronic Engineering and a Master of Engineering in Signal and Information Processing.

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

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

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

**Mr. Franklin Asafo-Adjei** is the former Deputy Managing Director (Finance and Admin) of SIC Insurance Company Ltd., is a Chartered Accountant (FCCA, CA, Ghana) and holds a Bsc. Admin. (Accounting) and an MBA (Finance) degrees from the University of Ghana Business School. His professional exposure includes Public Accountancy Practice and in Industry, spanning a period of over twenty years in the United Kingdom and Ghana. He previously served on the Board of Directors of SIC Insurance Co. Ltd., HFC Bank Ltd., Merchant Bank (Ghana) Ltd. and SIC Financial Insurance Company Ltd. He is currently a Board Member of Bedrock Venture Capital Finance Company Ltd. and a Member of the Audit Report Implementation Committee, Ghana Police Service. Mr. Asafo-Adjei is also a part-time lecturer at the University of Ghana and GIMPA Business Schools. He is currently the Chief Executive Officer of Imperial General Assurance Ltd., a company recently licensed by National Insurance Commission (NIC) to operate as a Non-Life Insurer.

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

**Mr. Ekow Afedzie** is currently the Deputy Managing Director of the Ghana Stock Exchange. He was educated at the University of Ghana, Legon, Ghana where he obtained a Master's Degree in Business Administration, (MBA) and a Master of Arts degree (MA) in Economic Policy Management. He is also a member of the Chartered Institute of Marketing, Ghana. He joined the Ghana Stock Exchange in 1990 when it was established and has served as the Head of Marketing, Research and Systems, then the General Manager before becoming the Deputy Managing Director of the Exchange and a member of its Council or Board.

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

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

### 3.0 MANAGEMENT

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#### Chief Executive Officer

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



#### Deputy Chief Executive Officer

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



#### Head of Finance and Administration Department

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



#### Head of Operations & Surveillance Department

Ms. Faustina Coleman-Forsen holds an MBA in Finance from The Johns Hopkins University, and 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 being achieved through delivery of efficient services in the area of clearing, settlement, and registry services. Also she is responsible for the surveillance activities of the Depository as well as statistics and website content management. She is also the company secretary and secretary to the Board of Directors.



#### Head of Information Technology Department

Mr. Ambrose K. Karikari holds an MBA degree with Finance option, BSc. Information and Communication Technology and IT Professional Certifications. He has gained immense professional experience in Business Intelligence Systems & Networks, Information Security & Business Continuity Management systems and IT Service Delivery Management over the years. He worked with Ghana Telecom Ltd, Vodafone Ghana Ltd, and Electronic Data Communication Systems. He is in charge of managing the systems and networks, business continuity management system and IT Service Delivery of the Depository.

## 4.0 CORPORATE GOVERNANCE

### Introduction

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

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

The CSD is presently the only licensed institution operating securities depository services in Ghana's capital market. This follows the merger of the two Depositories; CSD and GSE Securities Depository (GSD) Company Ltd. which previously operated in the country until December, 2013. Prior to the merger, CSD was responsible for the management of debt securities issued by Government of Ghana, Cocobod and Bank of Ghana while GSD handled equities. As at the end of December 2014, CSD was 70% and 30% owned by Bank of Ghana and Ghana Stock Exchange respectively. The objective of the merger was to reduce transactional costs and to exploit the opportunities of economies of scale.

Considering the fundamental role of the Depository as a key strategic FMI established to heighten investors' confidence in the capital market of Ghana, the Depository is ardent to operate on the ethics of good corporate governance on an ongoing basis as specified in SEC'S code of conduct on corporate governance. This is important to the Depository because in the absence of good corporate governance, the Depository will jeopardise the purpose for its establishment.

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

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

### Risk Management

Institutions are susceptible to incidents that could disrupt and impede their smooth functioning. Consequently, risk management is extremely critical to the efficient operations of a Depository and a Clearing and settlement Institution. Furthermore, effective risk management is fundamental to providing consistent, sustainable and efficient service delivery towards the development of the capital market of Ghana. The CSD's ability to identify, measure and monitor risks on a continuous basis is important for its operations. The Depository has instituted a proactive methodology which allows it to respond immediately to either curb or counteract any potential and anticipated forms of risks. The risk governance structure demands that the various sub committees of the Board of Directors, the Management of the Depository and key strategic officers such as the Internal Auditor and Information Security officer submit periodic reports to the Management and the Board regarding the operations of the Depository for review. Also a Board Charter is in place to guide the activities of the Board. It is the responsibility of the Board of Directors to identify and set CSD's risk management objectives and assess its performance, thus the final responsibility for the Depository's risk management falls on the Board of Directors.

The Board has therefore, clearly defined the risk appetite of the Depository to indicate the magnitude and kind of risks it is equipped to take so as to achieve the medium to long term strategic objectives. Our risk management methodology is designed to address Operational Risk, Legal Risk, Information Security Risk, Liquidity and Settlement Risk, Financial Risk, Governance and Transparency Risk etc. Additionally, Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) have been developed for the Depository.

### Operational Risk

The Depository's approach to combating operational risk originating from inadequate or failed procedures, systems and policies is that it has implemented an Information Security Management System (ISMS) for its



operational activities. Per the ISMS standards, operational procedures and policies have been documented for every role and activity undertaken at the Depository including procedures for risk management and disaster recovery. The Depository knows that operational risk can't be addressed without the active involvement of its staff. In view of this, the Depository has in place an organisational culture which guarantees that staff inculcates risk management into their lifestyle both at work premises and off the work premises. In addition, the Depository has developed operational rules and procedures for market participants to cover their transactions with the Depository. Moreover, most of the clearing and settlement functions of the Depository have been automated using SWIFT communications standards so as to avoid possible operational errors which could arise from manual processing of clearing and settlement.

### Legal Risk

The Depository's approach to dealing with legal risk is that it has incorporated all the relevant domestic laws into its policies, rules and procedures. The legal team of CSD is responsible for ensuring that all legal obligations are strictly adhered to on an on-going basis. In addition, it is the aim of CSD to comply with key international guidelines which impact our operations in the International securities market particularly with regards to the Principles of Financial Market Infrastructures by International Organisation of Securities Commission (IOSCO) and Bank for International Settlements (BIS). In order to satisfy all the requirements of PFMI, a gap analysis will be carried out in 2015 to ascertain the relevant areas of concentration. In 2015, the Board of Directors formed a Human Resource and Legal Committee to handle issues in relation to legal risk.

### Information Security Risk

The Depository's strategy to surmounting information security risk is to protect and disseminate information assets on a need to know basis. As a result, it is the goal of CSD to safeguard investors' information and other information assets at her disposal. This is achieved by ensuring that there is protection of Confidentiality, Integrity and Availability (CIA) of the various assets of information held at the Depository. As part of strengthening the CSD's strategy against information security risk, in 2013 CSD became ISO 27001: 2005 certified and maintained its certification in 2014. CSD conducts regular stress testing – penetration and vulnerability assessment on its systems to examine their safety.

### Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP)

The Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) of CSD, require the Depository to provide sustainable services to the market on a continuous basis even in the event of any incident which could interrupt normal business activities. CSD has therefore, implemented comprehensive BCP and DRP policies to support its principal services in the event of any disaster. The BCP and DRP policies cover procedures for network redundancy, backups, data retention and data replication to the Disaster Recovery Site. The BCP and the DRP policies demands that CSD undertakes simulation exercises at least twice annually to ensure that the objectives are being realised satisfactorily. The simulation exercises are also carried out to ascertain the levels of awareness and readiness among staff of CSD and Depository Participants. During 2014, two (2) simulation exercises were conducted successfully. The Board and Management are adamant to ensuring that there is Business Continuity in the operations of CSD. The Board of Directors have constituted a Business Conduct Committee to ensure that there is an existence of business continuity in the operations of the Depository.

### Liquidity and Settlement Risks

The Depository's approach to addressing the issue of liquidity and settlement risks which are associated with its clearing and settlement function is to ensure that there is complete absence of participants default during transactions. In achieving this, a Settlement Guarantee Fund (SGF) is in operation for equity transactions; however the SGF does not cover transactions of debt securities. It is the objective of the Board of Directors and Management to establish a SGF to cover both debt and equity securities. The Board of Directors has mandated the Business Continuity Committee to work towards the realisation of the SGF for both debt and equity securities.

### Others

In addition to the above mentioned forms of risks, other risks which are crucial to the Depository include financial risk, governance transparency risks among others. In the case of financial risk the financials are audited by both internal and external auditors. Also the Audit, Finance and Risk Committee of the Board of Directors exist to provide an oversight responsibility on the financials of the Depository.

## Board of Directors

The Board of CSD was enlarged in January, 2014 to spearhead the integration of the activities of the newly merged Depository over a period of one year. The Board comprises of nine (9) External Directors and two (2) Executive Directors. Out of the nine (9) External Directors, two (2) representatives each are nominated from the two shareholders; Bank of Ghana and Ghana Stock Exchange and the others are independent Directors. It is the responsibility of the two (2) shareholders to appoint members to the Board. The Chairman of the Board of Directors does not exercise any executive powers on the performance of the Board's roles. The Chairman of the Board of Directors is primarily responsible for providing leadership to the Board of Directors and ensures that the vision of the Depository become materialised. The Board meets quarterly for each financial year. Notwithstanding, the Board has the mandate to hold a meeting anytime it deems it necessary. For the financial year ended, 2014 the Board met on six (6) occasions. Two (2) of the Board meetings were emergency meetings. The record of attendance of the Board of directors is presented below.

Name of Board Member	Number of Meetings Attended in 2014
Dr. H. A. K. Wampah	6/6
Dr. David O. Andah	6/6
Mr. Franklin Asafo-Adjei	6/6
Mrs. Caroline Otoo	6/6
Mr. Daniel Kobla Glymin	6/6
Mr. Kwame Adutua-Amakye	6/6
Mrs. Kokui Adzo Adu	6/6
Mr. Kofi S. Yamoah	5/6
Mr. Ekow Afedzie	6/6
Mr. Stephen Tetteh	6/6
Mrs. Melvina Amofo	6/6

## Responsibilities of the Board of Directors.

- Supervise, approve and monitor the company's strategic programmes.
- Supervise the implementation of a comprehensive Business Plan for the company including the annual budget.
- Appoint the Chief Executive Officer (CEO) and Deputy Chief Executive Officer (DCEO) and appraise their performances.

- Provide guardianship of corporate values to the Depository.
- Monitor risk management and legal compliance.
- Appoint, reappoint or replace external auditors.
- Oversee the integrity of financial reporting and disclosure of information.
- Draw the Board and Executive development and succession planning
- Ensure compliance with all relevant legal, tax and regulatory obligations.

## Corporate Social Responsibility (CSR)

In 2014, CSD visited the Autism and Awareness Care Centre at New Town, Accra. This was to fraternise with the inmates of the Centre and to acquaint ourselves regarding the activities of the Centre.

As part of the visit, the Depository donated a cash amount of GHS10, 000.00 to the Centre together with assorted food and drink items. In addition, the staff of the Depository donated a printer valued at GHS 3,000.00 to the Centre.

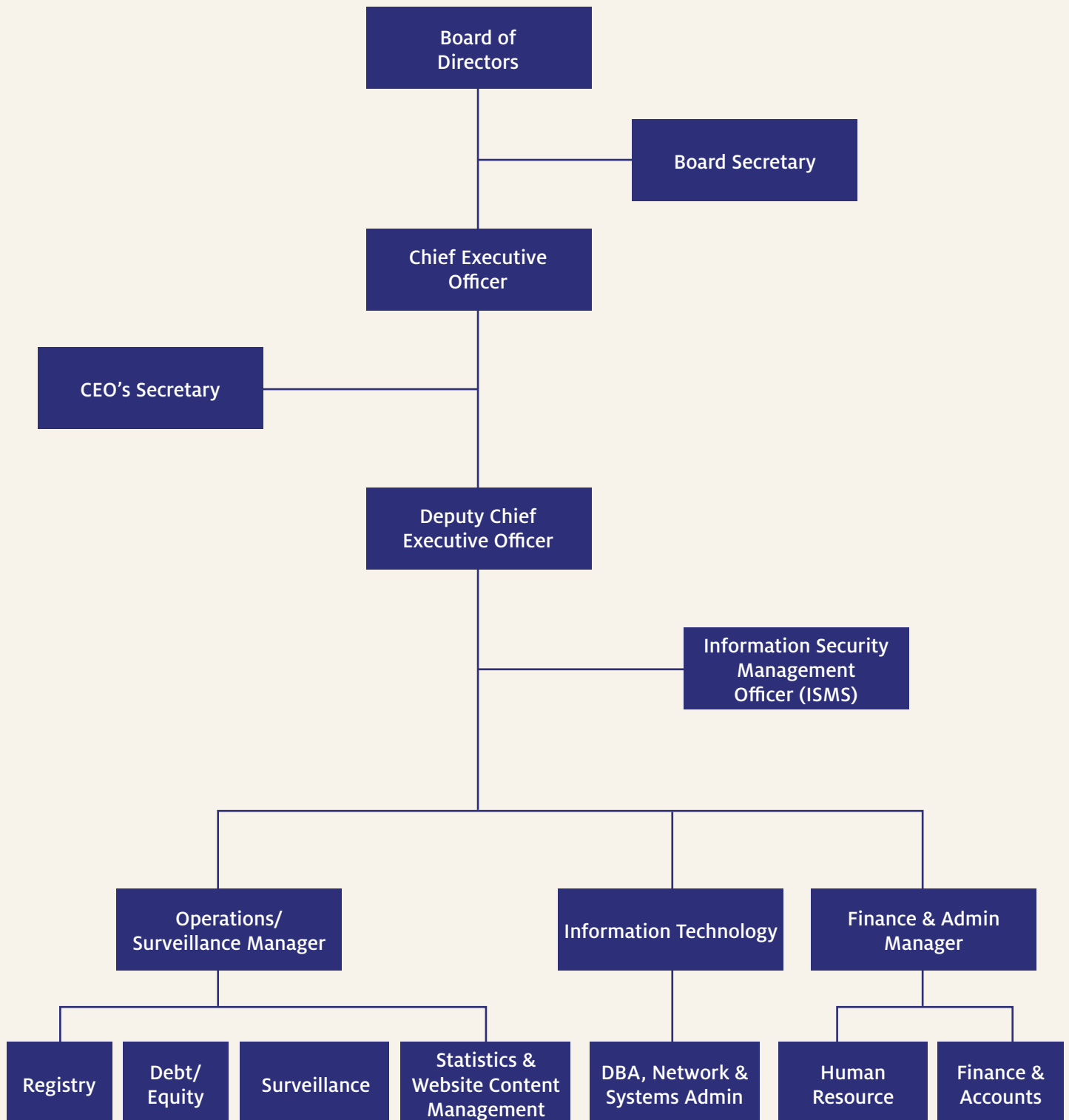
## Public Education

In 2014 the following programmes of activities were held to educate the public about the activities of the CSD during the celebration of 10 Years of Depository Services in Ghana.

Activity	Topic
Panel Discussion	10 Years of Depository Services in Ghana: Achievements and Challenges
Seminar	Role of CSD in Ghana's Financial Market
Public Lecture	Depository Services in Ghana – The Next Decade

In addition to the programmes mentioned above, various articles were written and published in the leading newspapers operating in the country such as Daily Graphic, Graphic Business as well as Business and Financial Times together with TV and Radio interviews.

## Corporate Structure





## Board Committees

The Board has in place four (4) committees. The rationale in forming these committees is to assist the Board perform its role and functions as the apex decision making unit of the Depository. This is designed to achieve efficiency in the policy direction approved by the Board of Directors and also to guarantee prudent implementation of its policy recommendations. The committees are Tender and Procurement Committee, Business Conduct Committee, Audit, Finance and Risk Committee as well as Human Resource and Legal Committee.

### Tender and Procurement Committee

The Tender and Procurement Committee is primarily required to open and evaluate bids, endorse the award of contracts, and present reports on the bid evaluation to the Board encompassing the valuation process and comparison of bids. Moreover, the Committee is responsible for preparing procurement policies consistent with the Public Procurement Act 2003 (Act 663). The basic goal of this Committee is to ensure that awards of contracts are effected in the best interest of the Depository through a transparent and impartial approach.

As at the end of December, 2014 the tender/procurement committee included the following.

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

### Business Conduct Committee (BCC)

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

As at the end of December, 2014 the Business Conduct committee included the following.

- Dr. David Obu Andah - Chairman
- Mr. Daniel Kobla Glymin - Member
- Mr. Frank Adu - Member (Banks Representative)
- Mrs. Helena Kemetse - Member (Non-Banks Representative)
- Representative of Bank of Ghana

## Audit, Finance and Risk Committee

The primary duties of the Audit, Finance and Risk Committee as established by the Board are to identify and review the impact of potential risks to the operations of the Depository and recommend mitigating measures to alleviate such potential risks. Additionally, the Risk and Audit Committee is assigned with the responsibility of assisting the Board in providing oversight responsibility of the financial reporting processes by ensuring the existence of quality, transparency and integrity in the Depository's financial statements. The committee also oversees the internal controls in financial reporting, compliance with relevant laws and regulations as well as the oversight of both the external and internal audit functions.

As at the end of December, 2014 the Audit, Finance and Risk Committee included the following;

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

### Human Resource and Legal Committee

The mandate of the Human Resource (HR) and Legal Committee is to review, monitor, evaluate and make recommendations to the Board with regards to remuneration, staffing, recruitment, retirement and performance. This is to ensure that the Depository persistently develops and sustains highly operative personnel relevant to achieving the vision and mission of the Depository. It provides legal advice on all issues related to the legal interest of the Depository. The committee similarly supports the Board in fulfilling its oversight responsibility on the laws which underpin the Depository's operation such as Securities Industry Law (PNDC Law 333), Securities and Exchange Commission Regulations (LI 1728), the CSD Act 2007 (Act 733), Operational Rules and Procedures.

As at the end of December, 2014 the Human Resource and Legal Committee included the following:

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

## PICTORIAL: 10 YEARS ANNIVERSARY.



In the pictures are Dr.H.A.K. Wampah (3rd from left), Mr. K. O. Adu Labi (4th from left) and Honourable Seth Terkper (3rd from right) at the launch of 10 Years Anniversary of Depository Services in Ghana.



Students of University of Ghana Business School @ a seminar organised by CSD in collaboration with UG Business School as part of the 10 Years of Depository Services in Ghana on the topic "The Role of CSD in Ghana's Financial Market".



From Right to Left: Mr. Kofi Yamoah, Mr. Sas George, Mrs. Helena Kemetse, Dr. Adu Anane Antwi, Mr. Stephen Tetteh and Mr. Benjamin Afreh @ a panel discussion organised by CSD during the 10 Years Anniversary of Depository Services in Ghana.



Board of Directors of CSD cutting a cake to mark 10 Years of Depository Services @ a Dinner at Labadi Beach Resort



Board of Directors of CSD, Management, Staff and past staff @ a thanksgiving service @ The Most Holy Trinity Cathedral - Anglican Church



Mr. Bruce Butterill, an Independent Capital Market Infrastructure consultant delivering a public lecture on the topic "Depository Services in Ghana- The Next Decade" during a public lecture to climax the celebration of 10 Years of Depository Services in Ghana.

## 5.0 CHAIRMAN'S STATEMENT

### Introduction

It is my pleasure to welcome you once again to the fourth annual general meeting of the Depository. This also happens to be the first annual general meeting since the two Depositories in the country merged in January 2014. The performance of the Depository in 2014 has been remarkable; an indication which reflects the realisation of the Depository's underlying vision in the years ahead. I am therefore happy to report to you, our cherished shareholders on the performance and financial statements of the year ended 31st December, 2014.



### Economic Review

The growth rate of the domestic economy was severely hampered by constraints arising mainly from shortage in the supply of energy and rising costs of inputs. Statistics shows that the real GDP of the economy grew by 4.2% in 2014 as against 7.3% GDP growth rate in 2013. The economy recorded an inflation rate of 17% as at the end of December, 2014, compared with an inflation rate of 13.5% for December, 2013. The economy also experienced increase in the general level of interest rates during 2014. The 91- Day Treasury bill rate for December, 2014 was 25.8% compared with 19.2% for December, 2013. The 182 Day Treasury bill rate also increased to 26.4 compared with 18.7% for the year ended December, 2014. With regards to the interbank rate, it increased from 16.3% in December, 2013 to 23.7% for December, 2014.

The domestic economy recorded a balance of payments deficit of US\$ 85.2 million, an improvement over US\$874.2 million balance of payments deficit recorded in 2013. The year ended with a narrow budget deficit which is equivalent to 7% of the country's GDP compared with a budget deficit equivalent of 8.3% of the GDP in 2013. On the currency side, the cedi depreciated cumulatively by 31.2% in 2014 compared with 14.5% in 2013.

Despite the challenging moments which confronted the domestic economy in 2014, I am happy to inform you that the activities of the Depository were not adversely affected due to the pragmatic policies surrounding the operations of the Depository. As a result, the Depository will continue to pursue its growth agenda by strengthening its risk management policies so as to operate efficiently in 2015.

### 2014 Financial Review

The asset of the Depository increased by 41.43% from GHS 8,492,088 in 2013 to GHS 12,095,166 in 2014. Also an after tax profit of GHS 2,731,349 was recorded by the Depository representing an increase of 51.52% over an after tax profit of GHS 1,802,575 recorded in 2013. A provisional amount of GHS 1,030,366 is to be paid as corporate tax to Ghana Revenue Authority for the financial year ended 2014. The increase in the profit recorded by the Depository in 2014 is largely due to fees generated from the increasing patronage of the services of the Depository by market participants particularly the issuers.

Even though, the Depository made an impressive profit in 2014, the Board however is not recommending the declaration of dividends in view of the anticipated huge investment in acquiring a new Depository system and migration of both debt and equity securities onto the new Depository system. We believe that the plough back of earnings will place the Depository in a position for faster growth in the medium term.

### Ownership

For the year under review, Ghana Stock Exchange increased its shareholding of the Depository from an initial ownership of 18% to 30% while Bank of Ghana's ownership correspondingly declined from an initial ownership of 82% to 70%.

### Appointment of Board of Directors

Four (4) new Directors were appointed to the Board of Directors of CSD in January, 2014. This was due to the merger of the two Depositories on January 1, 2014. The newly appointed Directors were members of the Board of



Directors of the defunct Ghana Stock Exchange Securities Depository (GH) Ltd. They are

Mr. Franklin Asafo-Adjei

Mr. Kofi S. Yamoah

Mr. Ekow Afedzie

Mrs. Melvina Amofo

The Board of Directors of the two Depositories were consequently incorporated into one Board of Directors after the merger in January, 2014. This was to allow the Board of Directors to acquaint themselves with the operational activities and policies of the two Depositories so as to synchronise their policies for the smooth functioning of the newly merged Depository. The initial term of one year for the Board was extended to enable it complete the transition programme arising out of the merger.

### Board Decisions

The Board of Directors acting as the apex decision making body of the Depository directed that Management implements some policies in 2014. Key among the policies is the development of a Five-Year Strategic plan for the Depository. The ultimate goal of the Five-Year Strategic Plan is to reposition the Depository at the core of the capital market. Moreover, the Board upon critical evaluation of the current existing Depository Systems endorsed the acquisition of an upgraded version of the Depository System from Millennium Information Technology (MIT) of Sri Lanka, a member of the London Stock Exchange Group. It is the anticipation of the Board that the new system will improve the operational activities of the Depository in the country and also satisfy the growing demands of Depository services in the securities market of Ghana.

In order to enhance secondary market trading and price discovery in the country's securities market, the Depository system will be interfaced with the Ghana Stock Exchange Automated Trading System (ATS). I want to reiterate to our cherished shareholders and all stakeholders that the Board will ensure that the objectives of the depository are attained.

### Corporate Governance

Considering the increasing demand on Depository services, the Board is committed to growing a long-term sustainable Depository which is capable of providing efficient depository services, up to date information and real time data to stakeholders in the securities market. In view of this, strict adherence to good corporate governance practices and implementation of risk prevention strategies are fundamental to the activities of the Board of Directors. The Board has approved the engagement of a legal officer

and an auditor to ensure that the Depository complies with domestic and international regulatory issues and best practices.. A Board charter is also in place to provide clear framework for the Directors in the performance of their duties.

### Outlook for 2015

Even though good progress has been made in the operations of Depository services in the country more remains to be done. It is for this reason that, the Board has approved for the purchase of new system software, hard ware applications and an upgraded version of the Depository System in 2015. The new system will have more functionality (ies) to support new developments and products opportunities which are currently lacking in Ghana's securities market.

We are well informed that Securities and Exchange Commission of Ghana (SEC) is reviewing its policies to capture most of these aforementioned services. Therefore, as a Depository our goal in 2015 is to have in place the infrastructure required for the introduction of these products once they are approved by SEC.

As we progress into 2015, we will invest heavily to build the capabilities of the Depository so as to continue to enhance its operations as we aim to introduce new products such as stock lending and borrowing into the market. We will continue to pursue and participate actively in the programmes of the West African Capital Markets Integration Council (WACMIC) to integrate the markets in West Africa. We are in discussions with the London Stock Exchange for a mutual relationship that will help the Depository extend its services to other markets.

### Acknowledgment

My utmost appreciation goes to the two shareholders; Bank of Ghana and Ghana Stock Exchange for their collaboration during the merger processes which led to a smooth transition into having one Depository in the country and also for their relentless support to the activities of the Depository. I also want to thank the Ministry of Finance for initiating the process for the merger of the two Depositories. Finally, I want to express my appreciation to my colleague Directors, Management, Staff and all Stakeholders for your dedication and contribution to the growth of the Depository in 2014.



**Dr. Henry Kofi Wampah**  
*[Board Chairman]*

## 6.0 CHIEF EXECUTIVE OFFICER'S STATEMENT

### Introduction

I welcome you all to the fourth annual general meeting of the Depository. It is my pleasure to present to you the financial and operational performance of the Depository in 2014. In 2014, the Depository met most of its expectations. Our delivery of quality services to the market over the past decade continues to receive positive applause and recommendation from market players. Considering the important role of the Depository in the country's financial set up therefore, we celebrated 10 Years of Depository Services in Ghana. The anniversary was used to educate the general investing public concerning the important role being played by the Depository in Ghana's Financial Market development and also identify potential areas through which the Depository can serve the market more efficiently.



### Restructuring

After the merger of the two Depositories in the country, the Depository embarked on an internal restructuring exercise. The objective of the restructuring exercise was to integrate the activities of the two merged institutions in pursuit of best corporate governance practices. The restructuring will continue in 2015. A five-year strategic plan has been commissioned by the Board to serve as policy guideline for the newly merged Depository. The integration of the administrative and accounting set up was completed in 2014. The staff of the two merged establishments were fully integrated into the activities of the existing CSD.

### Financial Performance in 2014

The Depository's operating income increased by 106.55% from GHS 5, 402,861 in 2013 to GHS 11,159,765 in 2014. On the other hand, operating expenses increased by 147.86% from GHS 2,984,757 in 2013 to GHS 7,398,080 in 2014. The increase in the operating expenses is due to the increase in the number of staff and operational cost resulting from the merger of the two Depositories as well as the amortisation of the CSD system software to pave way for the major system upgrade to be carried out in 2015. These activities impacted negatively on the growth of profit after tax which increased by 51.52% from GHS 1,802,575 in 2013 to GHS 2,731,349 in 2014.

### Operational Performance in 2014

There was 16% growth in the number of investor accounts registered for dealings in debt securities from 556,837 in 2013 to 647,212 in 2014. This may be attributed to high demand for government treasury securities and increased public awareness on the Depository's activities. For the equity market, the number of investor's accounts registered increased by 8% from 76,333 in 2013 to 82,481 in 2014. The face value of securities issued through the Auction Module at CSD increased by 29% from GHS 36,491 million in 2013 to GHS 47,081 million in 2014. The face value of debt securities processed and paid out to investors as interest and maturity proceeds increased by about 46% to GHS 50,747 million in 2014 which were paid to 1,202,719 beneficiaries. In the OTC market, the value of debt securities amounting to about GHS 9,172 million was cleared and settled by the Depository through our trade reporting platform. The number of repurchase agreements cleared and settled increased by 62% from 6,157 in 2013 to 9,985 in 2014. The corresponding value of these repo transactions cleared and settled also increased by about 138% from GHS 82,163 million to GHS 195,788 million in 2014. In 2014, the Depository processed 666 pledge transactions using debt securities as collateral. There was no pledge in the equity market for 2014. The aggregate value of active debt securities outstanding as at the end of the year was about GHS 28,162 million. Foreign investors held 25% of the outstanding debt securities.

The volume of issued shares dematerialised by the Depository totalled about 8,492 million for the year ended, 2014. This represents about 85% of total shares issued in the equity market. The total volume of securities

traded for the year was about 207,496,133 valued at about GHS 345,964 million arising from 33,324 transactions. With regards to the registrar function, total dividend processed for the year was about GHS 30,264 million for shareholders of Cal Bank Ltd and Tullow Oil Plc.

### Outlook for 2015

It is the objective of the Depository to deliver quality services to the market on an on-going basis. In view of this and considering the fact that the nation's capital market is at its emergent stage, the Depository will collaborate with the regulator to protect the integrity of the domestic securities market.

The Depository will migrate all securities (debt & equities) unto a single state of the art Depository system. Unlike the existing systems, the new system will be interfaced with the Ghana Stock Exchange Automated Trading System (ATS) so that trades executed on the exchange will directly hit the accounts of investors at the Depository and on real time basis. The exercise which began in 2014 will be completed in 2015.

Another important activity which began in 2014 and will be given paramount attention in 2015, is the amendment of the rules and procedures governing the operations of the Depository. Since we have separate rules and procedures for debt and equity securities, it is appropriate that we appraise, modify and fuse them into one document. The Depository will undertake a review of its operations against the relevant CPSS-IOSCO Principles for FMIs to generate a disclosure report. This will augment the operations of the Depository as a one-stop-shop for all securities transactions in Ghana.

The Depository will undertake rigorous public education to encourage investors to surrender their paper share certificates to the Depository for conversion into electronic book entry format. The Depository has projected to achieve 90% dematerialisation by the end of 2015.

The Depository will establish a Settlement Guarantee Fund (SGF) to serve as a buffer in our clearing and settlement functions. Presently there is a SGF in place for only equity transactions but a more comprehensive one will be developed in 2015 to cater for both equity and debt securities.

In 2013, the Depository was awarded ISMS-ISO 27001-2005 by International Organisation of Standardisation (ISO). However, the current ISMS- ISO 27001-2005 has been upgraded to ISMS- ISO – 27001-2013. It is therefore obligatory for all current existing holders of ISMS- ISO 27001-2005 certificate to upgrade their Information Security Management policies to the standards of ISO 27001-2013 by 2015. Considering the inherent benefits the ISO 27001-2013 have for the Depository in its Information Security Management, we will work very hard to satisfy all the requirements during 2015.

Finally, we hope to operationalise the medium term strategic plan 2015 – 2019 to enhance the operations of the depository and place it on level keel with international standards.

### Acknowledgment

I conclude with an appreciation of our valued stakeholders for their support over the years. My deepest appreciation also goes to the Board of Directors for their time, effort, counsel and for providing leadership to the Depository. I also thank the Management and the entire Staff for their commitment and loyalty towards the achievement of the Depository's vision. Also I want to thank all market participants and investors within the securities market for their continued support of the programmes and activities of the Depository during the year. Together we will grow a buoyant Depository. Finally, we thank our regulator, the Securities and Exchange Commission for offering a regulatory oversight over the activities of the Depository in 2014.



**Stephen Tetteh**

*[Chief Executive Officer]*

## 7.0 ACTIVITIES IN 2014

### 7.1 Staff Matters

The total workforce of the Depository increased from seventeen (17) in 2013 to twenty four (24) in 2014. As part of the merger agreement, all the five (5) staff of the defunct GSD were fully absorbed into the existing CSD. In addition, two (2) new staff were recruited and a staff resigned from the Depository in 2014.

The Depository continues to place special emphasis on staff training to develop a more efficient and professional staff for the market. The net effect is to increase productivity of the staff through delivery of quality services and to equip them to execute new tasks. This will also reduce staff related risks to the Depository. Consequently, in 2014 some staff of the Depository were sponsored to participate in the following training programmes and conferences/workshops.

#### Training Programmes

- Advantage Training, Johannesburg, South Africa
- Budget and Financial Reporting, London, UK
- Capital Market and Regulations, London, UK
- Dematerialisation and Depository Operations, Bombay, India
- International Institute for Securities Markets Development, USA

#### Conferences & Workshops

- Association of Africa and Middle East Depositories Association (AMEDA)- Muscat, Oman.
- Annual Network Management Africa 2014 (NeMa)- London, UK
- African Securities Exchanges Association (ASEA) - Mombasa, Kenya
- Workshop on Economic Policy Formulation and Financial Programming (Analytical Approach) - Bank of Ghana, Accra
- 14 Sibos (SWIFT) Conference - USA

### 7.2 Development of a Five- Year Strategic Plan

The Board of Directors engaged the services of the London Stock Exchange Group to develop a Five-Year-Strategic Plan (2015 – 2019) for the Depository. This was successfully completed in 2014 and the Board of Directors has granted approval for its implementation beginning 2015. The ultimate goal of the strategic plan is to grow the Depository in line with global trends and to make the Depository in Ghana an efficient FMI within Africa which is capable of handling different forms of securities transaction. The principal focus of the strategic plan centres on the following four objectives;

1. **The Depository will provide secure and efficient post trading services under international best practice to all participants and customers.**

The relevance of this objective is to identify actions and activities that enable the CSD ensure the highest efficiency, very low operating risk and cost effectiveness to its participants and customers. This will help make the securities industry of Ghana more attractive to existing and new participants, benefiting the wider investor community.

CSD will increase its Straight Through Processing (STP) system across the entire securities market value chain. The STP will help reduce manual interventions, reduce risk and ensure smoother processing of transactions to market participants and customers. It is the goal of CSD to meet the CPSS-IOSCO standards, enable same day trading, implement Settlement Guarantee Fund and enhance risk management activities of the Depository within the next five years.

2. **The Depository will drive forward development in the market through collaboration and open dialogue with financial market participants and stakeholders.**

The principal focus of this objective is to identify actions and activities which will help deliver growth opportunities in the securities market. This will be achieved by delivering new and innovative services to support an efficient securities market and create new opportunities for market participants. The main activities of this objective include inter alia:

- Introducing stock lending and borrowing;
- Positioning CSD as a Principal Paying Agent;
- Development of the Registrar business and
- Introducing Collateral Management and identify opportunities to participate in cross border settlement.

### 3. The Depository will be a well-run, professional and profitable organisation.

The purpose of this objective is to establish a strong commercial approach for the newly merged CSD. The objectives of this agenda will be to ensure that CSD becomes a self-funded organisation in the medium term. This would be reflected by:

a clear “for profit” status; a strong customer and service culture; and an organisational structure with all functions suitably staffed to meet peak client demands

### 4. To be a thought-leader in the securities industry

The primary aim of this objective is that CSD will identify actions and activities which promote and increase the understanding of the securities market and reinforce CSD’s core position in the market, both domestically and internationally. CSD will create communication channel with participants and customers through user groups which would meet regularly at pre-set times, issue white papers and thought-pieces to raise profile domestically and regionally on current topics and issues in the capital market. Moreover, CSD will work in collaboration with SEC to drive the development of the Capital Market Development and Training Centre and leverage on the relationship with International CSDs and their ecosystem to promote Ghana’s Capital Market.

The Depository believes these key pillars will go a long way to chart the future growth agenda of the Depository in Ghana during the medium term.

## 7.3 Celebration of 10 Years Anniversary of Depository Services in Ghana.

The Depository celebrated 10 Years of Depository Services in Ghana. The celebration was used to educate the public about the essential role of the Depository within the financial sector of the country and to make the Depository more visible to the Public. The activities of the celebration included; a day’s seminar at University of Ghana (UG) in collaboration with the UG Business School, a panel discussion, anniversary lecture and a corporate social responsibility at the Autism Awareness and Care Centre in Accra. During the anniversary four (4) individuals were honoured for their immense contributions towards the establishment of the Depository in Ghana. They are Messrs Kofi Otutu Adu Labi, Kwasi Debrah, Frank Adu Junior and Mrs. Elsie Addo Awadzi. Some pioneer staff of the Depository were also recognised. They include; Messrs George Nkrumah, Joseph Oko Lartey, Augustine Simons, and Emmanuel Lawson as well as Mesdames Lucy Tetteh, Cynthia Hansen-Duku, and Miriam Nkansah.

## 7.4 External Associations

The Depository maintained its membership of the Africa and Middle East Depositories Association (AMEDA) for the year ended 2014. It also participated in the Association of Global Custodian (AGI) Information Gathering Project for 2014/2015. Similar to 2013, the Depository retained its “A-” awarded by the rating agency, Thomas Murray.

## 7.5 Training of Depository Participants & User Group Meetings

In 2014, the Depository organised six (6) training programmes for six (6) of its Depository Participants (DPs). The content of the training covers the rules/operational procedures of the Depository and hands on training regarding the Depository System. . The objective of the training is to promote efficiency among staff of market participants with regards to their operations with the CSD.

One (1) user group meeting was held in 2014 to discuss the merits and demerits of the merger between CSD and the defunct GSE Securities Depository Company Ltd. During the user group meeting, market participants expressed their satisfaction and support for the merger of the two institutions.



## PICTORIAL : 10 YEARS ANNIVERSARY



Mr. Stephen Tetteh CEO of CSD (left) in a tete a tete with the first Deputy Governor of Bank of Ghana Mr. Millison Narh (Right)



@ the launch of 10 Years Anniversary of Depository services in Ghana.



Mrs. Kokui Adzo Adu (left) and Mrs. Caroline Otoo (right) members of CSD Board of Directors interact.



Staff of CSD on a visit to the Autism and Awareness Care Centre in Accra during the 10 Years of Depository Services in Ghana



Students of UG Ghana Business School pose with the CEO of CSD Mr. Stephen Tetteh during a Public lecture organised by CSD.



Deputy CEO of CSD Mrs. Melvina Amofo (standing second from right) listening attentively to a presentation by the proprietress of Autism and Awareness Care Centre during a CSR undertaken by CSD at the Centre

## 8.0 ON-GOING ACTIVITIES

In 2014, the Depository began a process to migrate both debt and equity securities onto a single Depository system and also interface the CSD System with that of GSE

Automated Trading System (GATS). This exercise which began in 2014 will continue in 2015.

## 9.0 MARKET PERFORMANCE (STATISTICS)

### 9.1 Depository Participants

The number of Depository Participants (DPs) registered with the Depository increased from forty nine (49) in 2013 to sixty six (66) in 2014. Table one (1) below shows the composition of the DPs registered with the Depository as at the end of December, 2014. The increase in the number of Brokerage Institutions from eight (8) in 2013 to twenty one (21) in 2014 is attributed to the merger of the two Depositories in 2014.

Table 1 : Depository Participants (DPs)

Type of Institution	2013*	2014
Commercial Banks/Apex Bank	27	29
Custodians	12	13
Brokerage/Discount	8	21
Investment Adviser		1
Central Bank	1	1
SSNIT	1	1
<b>Total</b>	<b>49</b>	<b>66</b>

Source: CSD

\* Figures are based on the activities of CSD before the merger of the two Depositories.

### 9.2 Lists of Depository Participants (DPs)

As at the end of the year 2014, the following, are the institutions registered by the Depository to operate as Depository Participants.

#### Primary Dealers (Universal Banks)

1. ARB Apex Bank Ltd.
2. Access Bank Gh. Ltd
3. ADB (Agricultural Development Bank)
4. Bank of Africa (Gh) Ltd.

5. Barclays Bank of Ghana
6. CAL Bank Ltd.
7. Ecobank Ghana Ltd.
8. Fidelity Bank Ghana Ltd.
9. GCB Bank Ltd.
10. Societe Generale Ghana
11. Stanbic Bank Ghana Ltd.
12. Standard Chartered Bank Gh. Ltd.
13. United Bank for Africa (Ghana) Ltd.
14. Universal Merchant Bank

#### Non- Primary Dealers

##### A. Universal Banks

1. Bank of Baroda (Ghana) Ltd
2. BSIC Ghana Ltd
3. Energy Bank (Ghana) Ltd
4. First Atlantic Bank Ltd
5. First Capital Plus Bank Ltd
6. Guaranty Trust Bank (Ghana) Ltd
7. GN Bank Ghana Ltd
8. HFC Bank Ltd
9. FBN Bank (Ghana) Ltd
10. National Investment Bank Ltd
11. Prudential Bank Ltd
12. The Royal Bank Ltd
13. Unibank Ghana Ltd
14. UT Bank Ltd
15. Zenith Bank (Ghana). Ltd

**B. Custodians**

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

**C. Brokerage Firms**

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

**D. Investment Adviser**

1. QFS Securities Ltd.

**E. Others**

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

**Issuers****1. Debt Securities**

The Depository holds debt instruments issued by the following issuers

1. Government of Ghana
2. Bank of Ghana
3. Cocobod
4. Barclays Bank of Ghana
5. IZwe Loans Ltd.

**2. Equity Securities**

The Depository holds both listed and unlisted equities issued by the following establishments

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

1. African Champion Industries Ltd
2. Anglogold Ashanti Ltd
3. Anglogold Ashanti Depository Shares
4. Aluworks Ltd
5. Ayrton Drug Manufacturing Ltd.
6. Benso Oil Palm Plantation
7. CAL Bank Ltd
8. Camelot Gh. Ltd
9. Clydestone Gh. Ltd
10. Cocoa Processing Company Ltd
11. Ecobank Gh. Ltd
12. Ecobank Transnational Inc.
13. Enterprise Group Ltd
14. Fank Milk Ltd
15. GCB Bank Ltd.
16. Ghana Oil Company Ltd
17. Golden Star Resources Ltd
18. Golden Web Ltd
19. Guinness Ghana Breweries Ltd
20. HFC Bank Ltd
21. Mechanical Llyod Company Ltd
22. Mega African Capital Ltd.

23. NewGold Issuer Ltd
24. Pioneer Kitchenware Ltd
25. Produce Buying Company Ltd
26. PZ Cussons Gh. Ltd
27. Sam Woode Ltd
28. SIC Insurance Company Ltd
29. Societe General Gh. Ltd
30. Standard Chartered Bank Gh. Ltd
31. Starwin Products Ltd
33. Total Petroleum Gh. Ltd
34. Transactions Solutions Gh. Ltd
35. Trust Bank Ltd ( The Gambia)
36. Tullow Oil PLC
37. Unilever Ghana Ltd
38. UT Financial Services Ltd

### Unlisted Equities

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

### 9.3 Clients Registration -Investors' Accounts Opened

As at the end of December, 2014, the Depository had opened 647,212 investors' accounts for dealings in debt securities. This represents an increase of about 16% on the number of investors' accounts registered by the Depository for dealings in debt securities as at the end of 2013 as shown in table 2 below. In 2014, 90,375 new investors' accounts were opened for dealings in debt securities compared to 89,692 new investors' accounts opened in 2013.

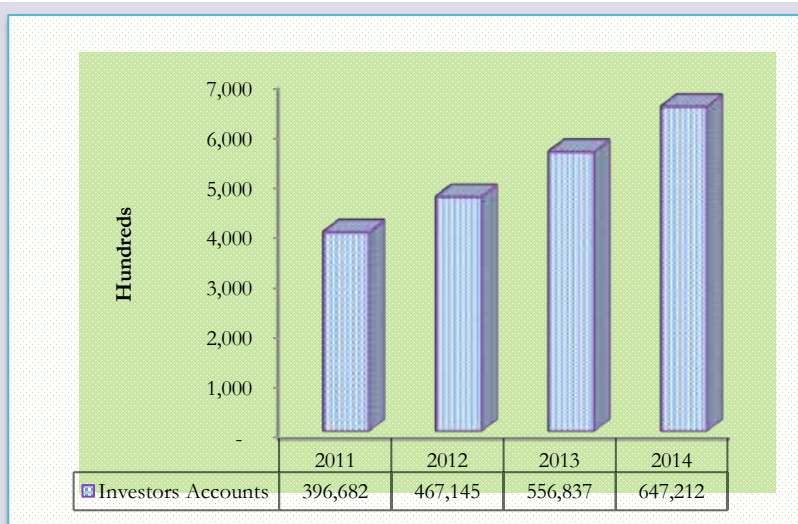
Also the number of investors' accounts opened for transactions in equity securities increased by 8% from 76,333 in 2013 to 82,481 for the year ended, 2014.

Table 2 : Number of Investor Accounts (Debt Securities)

Year	New Accounts Registered	Total Investors Accounts
2011	40,536	396,682
2012	70,463	467,145
2013	89,692	556,837
2014	90,375	647,212

Source: CSD

Graph 1: Number of Investor Accounts (Debt Securities)



Source: CSD



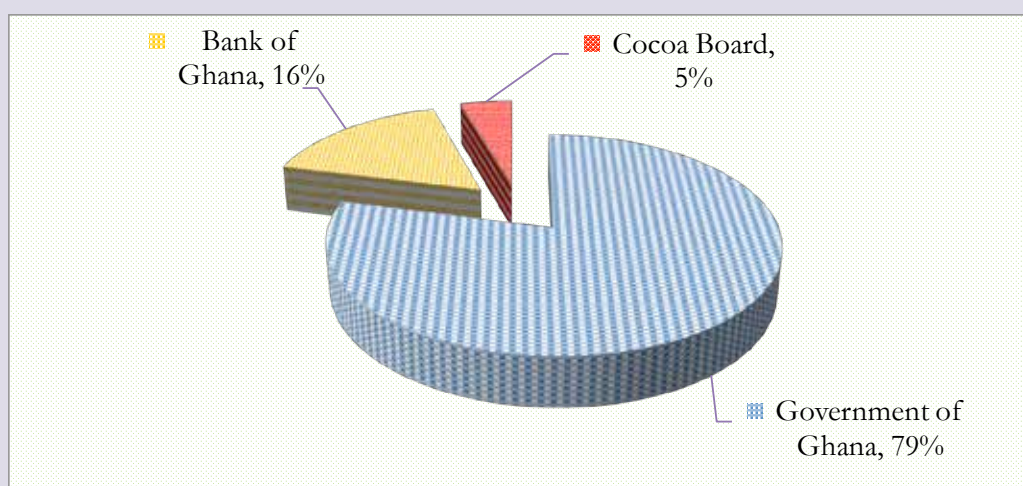
## 9.4 PRIMARY MARKET ACTIVITIES

### 9.4.1 Issued Securities (Debt)

The face value of issued securities increased by about 29% from GHS 36,491 million in 2013 to GHS 47,081 million for the year ended, 2014. Also, the value of total bids submitted in the primary market by the fourteen (14) primary dealers including BoG and SSNIT increased by about 18% from the previous year's figure of GHS 42,113 million to GHS 49,887 million in 2014. Out of about GHS 49,887 million bids submitted in 2014 about 94% was accepted and issued by the issuers (GoG, Cocobod and BoG). The target of the three issuers in 2014 was to raise

an amount of GHS 48,676 million. For the year under review, Government of Ghana issued about GHS 37,207 for rollover (redemption) of maturing securities, and also to finance some capital expenses of the government. Bank of Ghana on the other hand issued about GHS 7,753 million as part of its monetary policy management of the economy whilst Cocobod issued about GHS 2,123 million debt securities for the purchase of Cocoa seeds produced in the country in 2014 as shown in table 3 below.

Graph 2: Securities Issued by GoG, BoG and Cocobod in 2014.



Source: CSD

Table 3: Summary of Issued Securities per Issuers

Issuers	Targeted Amount		Submitted Bids		Issued Amount		
	2013	2014	2013	2014	2013	2014	% Change
Government of Ghana	27,750,788,953	37,323,681,053	31,879,803,651	38,437,477,314	26,658,730,250	37,207,099,847	39.57
Bank of Ghana	7,991,431,783	9,211,595,058	8,937,873,275	9,224,707,125	8,539,613,762	7,752,840,693	-9.21
Cocoa Board	1,295,597,436	2,141,150,000	1,294,873,098	2,225,039,471	1,292,873,098	2,121,874,122	64.12
Total	37,037,818,172	48,676,426,111	42,112,550,024	49,887,223,910	36,491,217,110	47,081,814,662	29.02

Source: CSD

### 9.4.2 Number of Securities Issued (Debt Securities)

Three hundred and seven (307) debt securities were issued by Government of Ghana, Bank of Ghana and Cocobod in 2014 compared to three hundred and fifty five (355) in 2013. Government of Ghana issued two hundred and

thirteen (213) as against two hundred and seventeen (217) in 2013. The number of securities issued by Bank of Ghana declined from one hundred and thirty three (133) during 2013 to eighty six (86) during 2014. Cocobod issued eight (8) securities in 2014 as illustrated in table 4 below.

Table 4 : Number of Debt Securities Issued

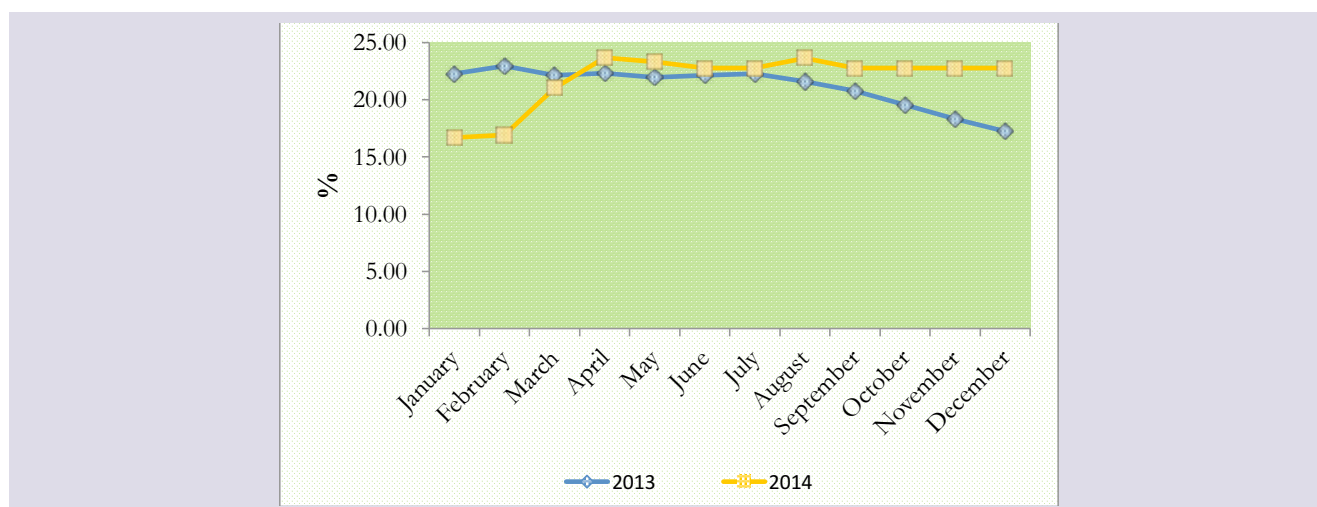
Issuer	Tenure/Type of Security	Number of Times Issued	
		2013	2014
Government of Ghana	28 Day GoG	-	1
	56 Day GoG	-	1
	91 Day GoG	53	52
	182 Day GoG	53	52
	1 Year GoG	53	52
	2 Year GoG	53	52
	3 Year Fixed GoG	3	3
Cocoa Board	182 Day Cocoa	5	8
Bank of Ghana	1 Month BoG	51	42
	2 Month BoG	38	34
	9 Month BoG	43	10
	1 Year BoG	1	-
Total		355	307

Source: CSD

#### 9.4.3 Interest (Coupon) Rates on Notes and Bonds Issued

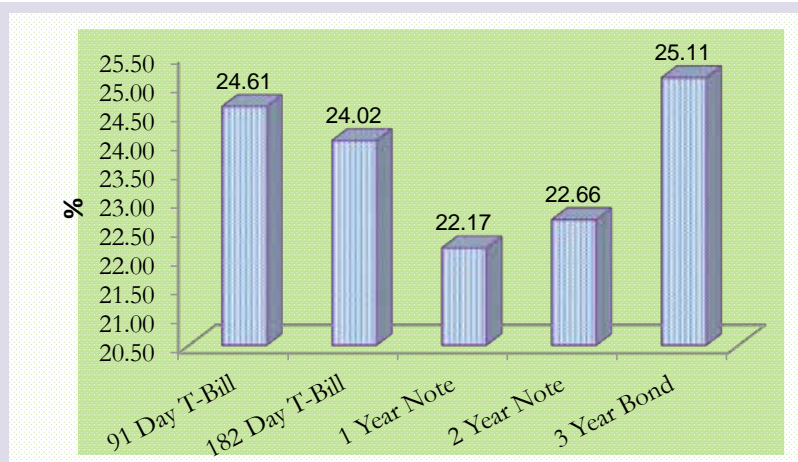
The overall weighted yearly average interest rate on issued notes and bonds issued by Government of Ghana increased from 21.12% in 2013 to 21.81% in 2014. The weighted average monthly interest rate for 2014 rose from 16.69% in January to 22.75% in December. The yearly weighted average interest rates for the 91 Day T-Bill, 182 Day T-Bill, 1 Year T-Note and 2 Year T-Note which are issued by Government of Ghana on weekly basis were 23.97%, 23.43%, 21.49% and 21.84% respectively for the year, 2014. The 3 Year Fixed Rate Bonds issued in 2014 by Government recorded a weighted average interest rate of about 23.20%.

Graph 3 : Weighted Average Monthly Interest Rate on Notes and Bonds, 2014



Source: CSD

Graph 4 : Weighted Average Yearly Interest Rates for GoG Debt Securities



Source: CSD

#### 9.4.4 Outstanding Securities (Debt Securities)

The face value of all outstanding securities issued by Government of Ghana (GoG), Cocobod and Bank of Ghana increased from about GHS 24,396 million in 2013 to about

GHS 28,103 million, an increase of about 15%. The value of GoG securities outstanding as of the end of 2014 was about GHS 26,251 million. This constitutes about 93% of the entire outstanding debt securities issued by GoG, Cocobod and Bank of Ghana as indicated in table 6 below.

Table 5 : Issued Securities (Debt) &amp; Outstanding Securities as at the end of December, 2014

Issuer	Tenure/Type of Security	Issued Securities in 2014			Face Value of Outstanding Securities	
		No. of Time Issued	Value Issued (GHS)	% of Total Issue	GHS	%
Government of Ghana	28 Day GoG	1	191,852,433	0.41	191,852,433	0.68
	56 Day GoG	1	217,575	0.00	217,575	0.00
	91 Day GoG	52	27,715,908,789	58.87	7,941,035,220	28.26
	182 Day GoG	52	6,224,361,193	13.22	5,138,799,401	18.29
	1 Year GoG	52	1,253,417,763	2.66	1,253,417,763	4.46
	2 Year GoG	52	439,631,334	0.93	2,763,224,091	9.83
	3 Year Fixed GoG	3	1,381,710,760	2.93	5,768,092,393	20.52
	3 Year Floating Bond	-	-	-	202,531,646	0.72
	5 Year Fixed GoG Bond	-	-	-	2,790,199,000	9.93
	7 Year Fixed GoG Bond	-	-	-	201,720,000	0.72
Cocoa Board	182 Day Cocoa	8	2,121,874,122	4.51	1,105,556,543	3.93
Bank of Ghana	1 Month BoG	42	6,879,219,921	14.61	366,907,313	1.31
	2 Month BoG	34	806,323,954	1.71	345,101,209	1.23
	9 Month BoG	10	67,296,818	0.14	34,113,497	0.12
Total		307	47,081,814,662	100.00	28,102,768,084	100.00

Source: CSD

#### 9.4.5 Corporate Debt Securities Outstanding

For the first time, the Depository admitted corporate debt instruments issued by Barclays Bank of Gh. Ltd. and Izwe Loans Gh. Ltd. with tenures; 91-Day, 182-Day, 1-Year and 3-Year. The total corporate debt issued by the two institutions during 2014 was about GHS 98 million. Out

of the GHS 98 million, Barclays Bank of Gh. Ltd. issued about GHS 69 million through a Negotiable Certificate of Deposit (NCD) whilst Izwe Loans Gh. Ltd. issued about GHS 39 million through the Ghana Alternative Exchange of the Ghana Stock Exchange. As at the end of December, 2014, the total outstanding corporate debt instruments were about GHS 60 million as captured in table 7 below.

Table 6 : Corporate Debt Securities Issued & Outstanding

Corporate Issuers	Tenure/Type of Security	Issued Securities in 2014			Face Value of Outstanding Securities
		No. of Times Issued	Value of Issue (GHS)	% of Total Issue	
Barclays Bank of Ghana	91 NCD	16	44,462,351	45.31	6,535,727
	182 NCD	14	24,448,054	24.91	24,448,054
	1 NCD	1	200,000	0.20	200,000
Ezwe	1 Year Izwe	1	14,442,000	14.72	14,442,000
	3 Year Izwe	1	14,575,000	14.85	14,575,000
<b>Total</b>		<b>33</b>	<b>98,127,405</b>	<b>100.00</b>	<b>60,200,781</b>

Source: CSD

#### 9.4.6 Holdings of Investors (Debt Securities)

The value of holdings for all investors for the year ended, 2014 was about GHS 28,163 million. This includes securities issued by GoG, BoG, Cocobod, Barclays Bank of Ghana Ltd. and Izwe Loans Gh. Ltd. Foreign investors' retained close to GHS 7,187million of the outstanding debt securities forming about 26% of the total outstanding securities

while the Universal Banks owned about GHS 10,444 million constituting about 37% of the total outstanding securities (see table 8 for further details). The value of debt securities held by foreigners increased by 8% from GHS 6,680 million in December, 2013 to GHS 7,187 million in December, 2014.



## 9.0 MARKET PERFORMANCE (STATISTICS)

Table 7 : Summary of Holdings of Outstanding Debt Securities as at December, 2014

Tenure of Security	Bank Of Ghana	Commercial Banks	Firms & Institutions	Insurance Companies	Foreign Investors	Rural Banks	SSNIT	Others	Total
1 Month BoG Bill	-	316,540,442	356,683	-	-	-	50,000,000	10,188	366,907,313
2 Month BoG Bill	-	321,471,946	23,629,263	-	-	-	-	-	345,101,209
9 Month BoG Bill	-	34,000,000	113,497	-	-	-	-	-	34,113,497
1 GoG Bill	-	191,852,433	-	-	-	-	-	-	191,852,433
2 GoG Bill	-	-	217,575	-	-	-	-	-	217,575
91 Day Bill	333,768,117	2,253,435,070	2,286,420,525	23,234,445	-	218,702,777	67,656,341	2,757,817,945	7,941,035,220
91 Barclays NCD	-	-	6,535,727	-	-	-	-	-	6,535,727
182 Day GoG Bill	27,090,960	3,394,000,810	939,037,057	61,852,788	166,000,000*	57,865,345	103,085,988	389,866,453	5,138,799,401
182 Day Cocoa Bill	623,121,000	445,211,414	31,025,919	-	-	-	4,550,000	1,648,210	1,105,556,543
182 Barclays NCD	-	848,004	23,600,050	-	-	-	-	-	24,448,054
1 Year GoG Note	587,184	871,992,661	226,630,811	1,306,022	-	36,825,288	18,291,636	97,784,161	1,253,417,63
1 Year BBG NCD	-	-	200,000	-	-	-	-	-	200,000
1 Year Izwe FLR Note	-	-	13,083,000	1,359,000	-	-	-	-	14,442,000
2 Year GoG FXD Note	89,967,040	1,210,161,426	929,308,421	18,352,000	340,230,000*	48,257,880	67,214,945	59,732,379	2,763,224,091
3 Year GoG FXD Bond	408,472,976	565,255,668	161,025,465	7,140,000	4,575,528,294	-	49,200,000	1,469,990	5,768,092,393
3 Year SADA FLR	-	167,531,646	-	-	-	20,000,000	15,000,000	-	202,531,646
3 YR Izwe FLR Bond	-	-	14,575,000	-	-	-	-	-	14,575,000
5 Year GoG FXD Bond	437,000	569,651,200	85,482,181	3,700,000	2,105,873,250	-	20,330,000	4,725,369	2,790,199,000
7 Year GoG FXD Bond	96,100,000	98,900,000	1,720,000	-	-	-	5,000,000	-	201,720,000
Total Amount	GHS	1,579,544,277	4,742,961,174	116,944,255	7,187,631,544	381,651,290	400,328,910	3,313,054,695	28,162,968,865
	%	5.61	16.84	0.42	25.52	1.36	1.42	11.76	100.00

Source: CSD

\* Pledge transactions between Domestic Depository Participants and Foreign Companies.

## 9.5 SECONDARY MARKET ACTIVITIES

### 9.5.1 Corporate Action (Interest and Maturity Payments)

Various debt securities valued at about GHS 50,747 million was paid out to 1,202,719 investors as interest and maturity proceeds in 2014 compared to a value of about GHS 34,850 paid to 1,033,637 investors in 2013. This shows an increase of about 46% in the value of debt securities paid out as

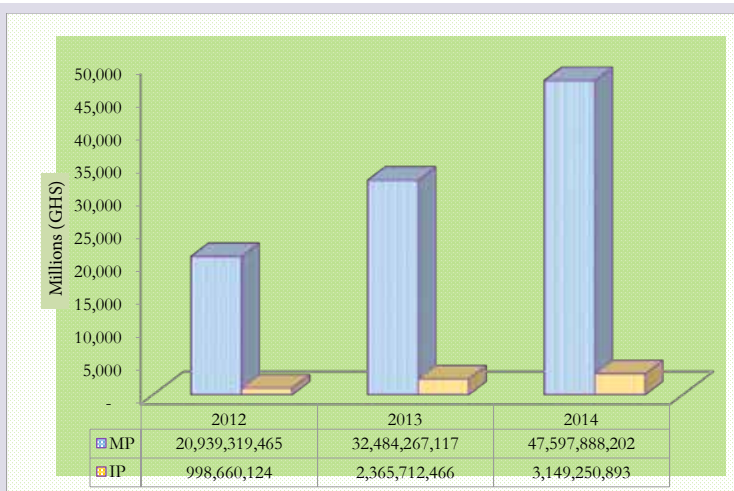
interest and maturity payments from 2013 to 2014. The number of beneficiaries also increased by about 16% from 2013 to 2014. Out of the total debt securities redeemed by the issuers during 2014 about 94% constituted maturity payments whilst 6% was paid out as interest proceeds (Table 9).

Table 8 : Interest and Maturity Payments for Debt Securities in 2014

Action Type	Security Type	Number of Beneficiaries		Amount Paid (GHS)		
		2013	2014	2013	2014	%
MP	1 Month BoG Bill	339	428	5,432,888,216	7,606,353,758	14.99
MP	2 Month BoG Bill	100	101	1,027,467,589	572,962,354	1.13
MP	9 Month BoG Bill	28	260.00	305,853,908	1,694,614,137	3.34
MP	91 Day GoG Bill	936,070	1,082,655	16,190,978,916	25,928,925,648	51.09
MP	91 Day BBG NCD	-	105	-	37,926,624	0.07
MP	182 Day Bill	54,597	62,961	2,957,237,096	4,030,560,765	7.94
MP	182 Day cocoa Bill	54	56	3,307,764,386	1,560,636,538	3.08
MP	1 Year BoG Note	-	1	-	616,650,000	1.22
MP	1 Year Fixed Note	10,568	14,572	1,067,195,979	2,233,625,007	4.40
MP	2 Year Fixed Note	562	1,702	391,740,981	1,419,277,328	2.80
MP	3 Year Fixed Bond	194	92	1,803,140,046	1,896,356,043	3.74
<b>Sub-Total</b>		<b>1,002,512</b>	<b>1,162,933</b>	<b>32,484,267,117</b>	<b>47,597,888,202.00</b>	<b>93.79</b>
IP	91 BBG NCD	-	105	-	2,388,173	0.00
IP	1 Year BoG Note	-	2	-	117,163,500	0.23
IP	1 Year Fixed Note	23,607	28,428	293,526,389	398,042,427.3	0.78
IP	1 Year EZWE Note	-	7	-	1,312,602.3	0.00
IP	2 Year Fixed Note	6,038	9,547	551,803,102	833,220,570	1.64
IP	3 Year Fixed Bond	1014	1100	1,120,166,665	1,186,429,697	2.34
IP	5 Year Fixed Bond	452	548	347,717,490	525,783,613	1.04
IP	7 Year Fixed Bond	-	35	-	35,801,775	0.07
IP	3 Year Floating Bond	14	14	52,498,820	49,108,536.43	0.10
<b>Sub-Total</b>		<b>31,125</b>	<b>39,786</b>	<b>2,365,712,466</b>	<b>3,149,250,893</b>	<b>6.21</b>
<b>Grand Total</b>		<b>1,033,637</b>	<b>1,202,719</b>	<b>34,849,979,583</b>	<b>50,747,139,095.42</b>	<b>100.00</b>

Source: CSD

Graph 5 : Interest &amp; Maturity Payments for Debt Securities



Source: CSD

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

The number of reported OTC transactions declined from 61,314 in 2013 to 40,335 during 2014. The total face value and settlement value of all reported OTC transactions in 2014 were about GHS 9,172 million and GHS 9,275 million respectively compared to a face value and a settlement value of about GHS 11,525 million and GHS 12,317 million

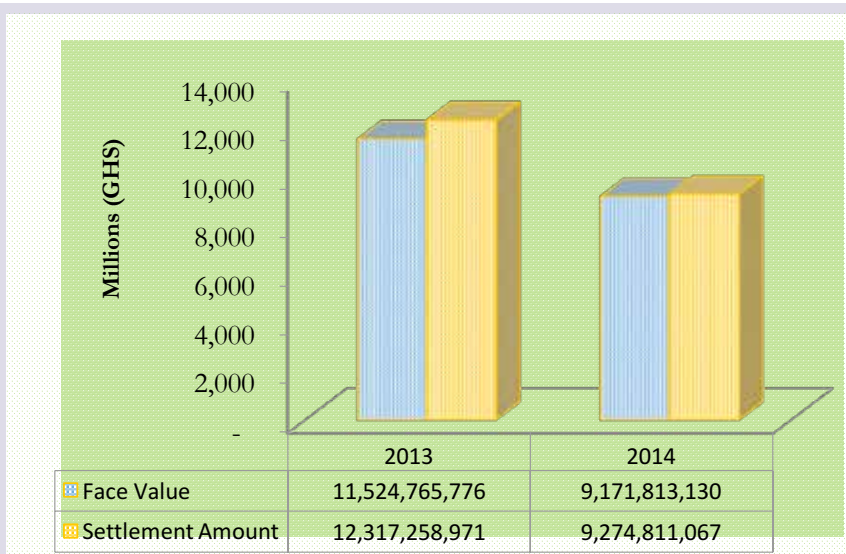
respectively in 2013. Similar to 2013, the most liquid or traded debt instrument for the year under review was the 3-Year GoG fixed rate bonds. The 3-Year GoG fixed rate bonds formed about 62% of all securities traded in the OTC market and reported to the CSD in 2014. See table 10 below for more information.

Table 9 : Over-the-Counter Trades (OTC) /Pre-Negotiated Trades for Debt Securities

Type of Security	Number of Trades		Face Value (GHS)		Settlement Amount (GHS)			
	2013	2014	2013	2014	2013	%	2014	%
2 Month BoG Bill	6	2	20,000,000	21,625,290	19,829,760	0.16	21,226,110	0.23
9 Month BoG Bill	22	13	91,800,000	16,279,342	88,215,759	0.72	15,417,960	0.17
91 Day Bill	48,222	31,819	906,742,200	883,237,825	880,314,253	7.15	849,113,758	9.16
91 Day BBG NCD	-	124	-	55,810,032	-	-	55,844,049	0.60
182 Day Bill	6,248	4,474	155,440,538	651,788,906	145,203,422	1.18	595,418,763	6.42
182 Day BBG NCD	-	92	-	32,366,630	-	-	32,404,316	0.35
182 Day Cocoa Bill	12	89	72,610,448	310,969,507	70,179,286	0.57	286,779,535	3.09
1 Year Note	2,472	1,430	74,523,438	72,746,180	76,357,093	0.62	75,709,691	0.82
1 Year BBG NCD	-	1	-	200,000	-	-	200,105	0.00
2 Year Note	1,066	348	701,035,004	296,546,108	751,749,628	6.10	309,550,517	3.34
3 Year Fixed Rate Bond	2,338	1,385	6,574,816,324	5,573,233,447	7,067,172,817	57.38	5,713,881,528	61.61
3 Year IZwe Floating Bond	-	2	-	534,000	-	-	541,255	0.01
5 Year Fixed Rate Bond	926	553	2,927,537,824	1,235,475,863	3,217,976,711	26.13	1,299,981,740	14.02
7 Year Fixed Rate Bond	2	3	260,000	21,000,000	260,240	0.00	18,741,740	0.20
<b>Total</b>	<b>61,314</b>	<b>40,335</b>	<b>11,524,765,776</b>	<b>9,171,813,130</b>	<b>12,317,258,971</b>	<b>100.00</b>	<b>9,274,811,067</b>	<b>100.00</b>

Source: CSD

Graph 6 : Over-the-Counter Trades for Debt Securities, 2014



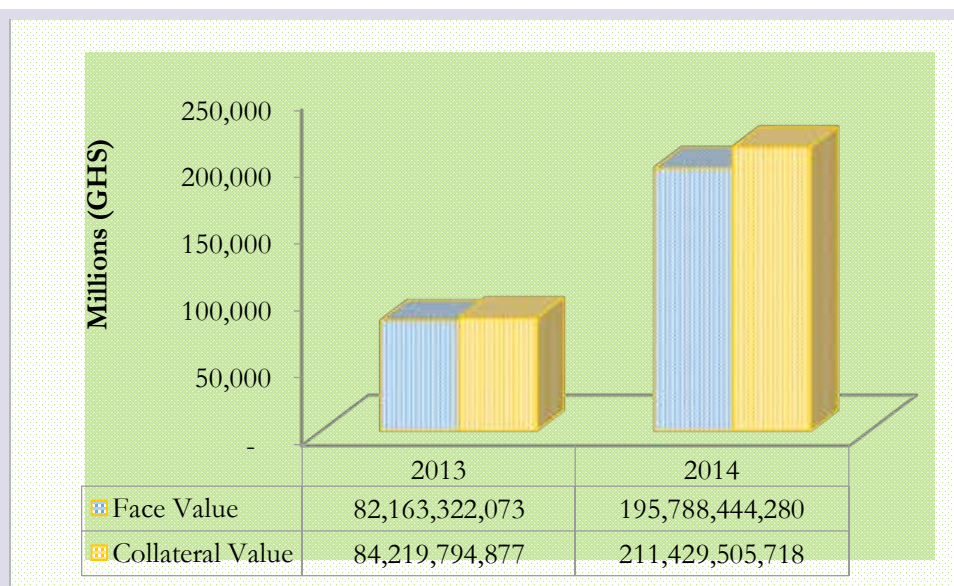
Source: CSD

### 9.5.3 Repurchase Agreement (Repo)

The number of transaction carried out in the repo market increased from 6,157 in 2013 to 9,985 in 2014 representing an increase of about 62% in the number of repo transactions. The face value of all repo transactions increased by about 138% from GHS82,163 million in 2013 to GHS 195,788 million in 2014. In relation to the collateral values, the collateral value assigned for all the face value of the repo transactions also increased from about GHS 84,220 in 2013 to approximately GHS 211,219 million during 2014. The increase participation of market

participants in the repo market is largely associated with the shift from the manual settlement process to the electronic system of settlement in the repo market. The value of securities apportioned by investors as pledged to secure various facilities from financial institutions increased by 7% from a face value of GHS 3,096 million in 2013 to GHS 3,313 million in 2014. The number of pledge transactions recorded in 2014 was 666 as against 683 in 2013.

Graph 7 : Repurchase Agreement (Repo)



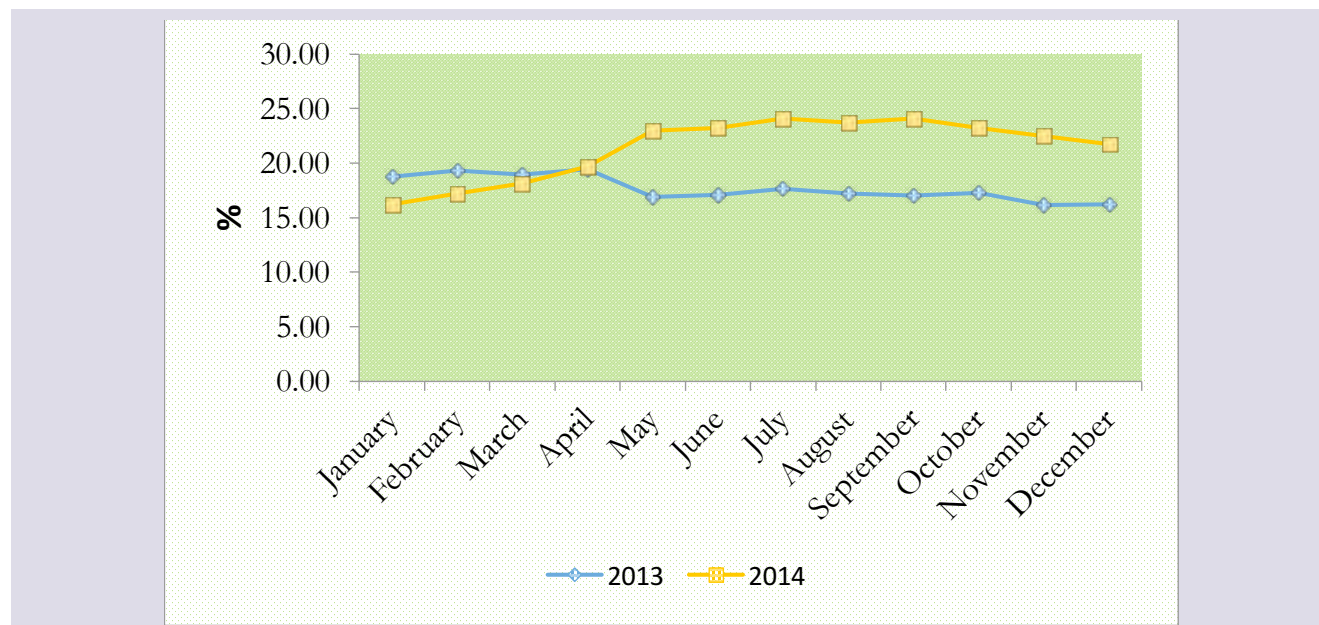
Source: CSD

#### 9.5.4 REPO Rates

The yearly weighted average repo rate which indicates the return on the reverse repo increased from about 18% in 2013 to around 21% in 2014. The year under review started

with a monthly weighted average repo rate of about 16% in January and ended with a weighted average monthly rate of 22% in December, 2014.

Graph 8 : Weighted Average Monthly Repo Rates (%)



Source: CSD

#### 9.5.5 Dematerialised Shares

As at the end of December, 2014 about 8,492 million volume of shares forming about 85% of issued shares in the equity market had been dematerialised into the Depository System as captured in table 11 below.

Table 10 : Shares in the Depository as at December, 2014.

Listed Companies	Shares in CSD	Issued Shares	% in CSD
African Champion Industries Ltd (ACI)	19,791,337	36,500,264	54.22
AngloGold Ashanti Ltd (AGA) *	6,441,454	6,607,702	97.48
AngloGold Ashanti Depository Shares (AADS)	1,615,933	16,551,255	9.76
Aluworks Ltd (ALW)	229,822,090	236,685,180	97.10
Aytorn Drug Manufacturing Ltd (AYRTN)	211,059,150	215,000,000	98.17
Benso Oil Palm Plantation (BOPP)	31,844,725	34,800,000	91.51
CAL Bank Ltd (CAL)	516,756,908	548,261,549	94.25
Clydestone (Ghana) Ltd (CLYD)	7,895,234	34,000,000	23.22
Camelot Ghana Ltd (CMLT)	5,124,653	6,542,200	78.33
Cocoa Processing Company Ltd (CPC)	1,963,917,905	2,038,074,176	96.36
Ecobank Ghana Ltd (EBG)	287,895,300	293,228,372	98.18
Enterprise Group Ltd (EGL)	120,068,537	131,250,000	91.48
Ecobank Transnational Inc. Ltd (ETI) *	2,182,766,746	2,769,642,000	78.81
Fan Milk Ltd (FML)	107,517,728	118,707,288	90.57
Ghana Commercial Bank Ltd (GCB)	221,724,221	265,000,000	83.67
Guinness Ghana Breweries Ltd (GGBL)	171,583,856	211,338,142	81.19
Ghana Oil Company Ltd (GOIL)	234,735,886	252,223,488	93.07
Golden Star Resources Ltd (GSR) *	83,416	175,745	47.46
Golden Web Ltd (GWEB)	15,762,675	35,000,000	45.04
HFC Bank Ltd (HFC)	293,480,585	296,360,918	99.03
Mega African Capital Ltd (MAC)	6,934,115	8,640,000	80.26
Mechanical Llyod Company Ltd (MLC)	39,096,060	50,095,925	78.04
NewGold (GLD)	50,000	200,000	25.00
Pioneer Kitchenware Ltd (PKL)	26,530,604	33,341,167	79.57
Produce Buying Company Ltd (PBC)	440,518,226	480,000,000	91.77
PZ Cussons Ghana Ltd (PZC)	9,068,274	168,000,000	5.40
Standard Chartered Bank Gh. Ltd (SCB)	109,319,052	115,507,284	94.64
Standard Chartered Preference Shares	1,298,336	17,480,000	7.43
SIC Insurance Company Ltd (SIC)	183,494,360	195,645,000	93.79
Starwin Products Ltd (SPL)	208,354,873	259,647,284	80.25
Societe Generale Ghana (SOGEGH)	314,587,726	333,893,894	94.22
Sam Woode Ltd (SWL)	17,981,412	21,828,035	82.38
Trust Bank Ltd (The Gambia) (TBL)	5,420,692	7,030,293	77.10
Tullow Oil Plc (TLW) *	2,044,000	2,169,299	94.22
Total Petroleum Ghana Ltd (TOTAL)	19,541,040	111,874,072	17.47
Transaction Solutions (Ghana) Ltd (TRANSOL)	23,242,139	80,000,000	29.05
Unilever Ghana Ltd (UNIL)	15,652,345	62,500,000	25.04
UT Bank Ltd (UTB)	439,038,139	456,310,181	96.21
<b>Overall % of Equity in CSD</b>	<b>8,492,059,732</b>	<b>9,950,110,713</b>	<b>85.35</b>

Source : CSD

\*Issued shares listed on other markets.

### 9.5.6 Market Turnover (Equities)

The total volume of equities traded declined by about 34% from 313,024,312 in 2013 to 207,496,133 in 2014. Out of the total volume of equities traded in 2014 about 71% were equities belonging to Institutions within the Financial Sector. This was followed by the equities of Institution operating in the Distribution Sector with about 9% of the traded volume during 2014 (see table 12 below for more information).

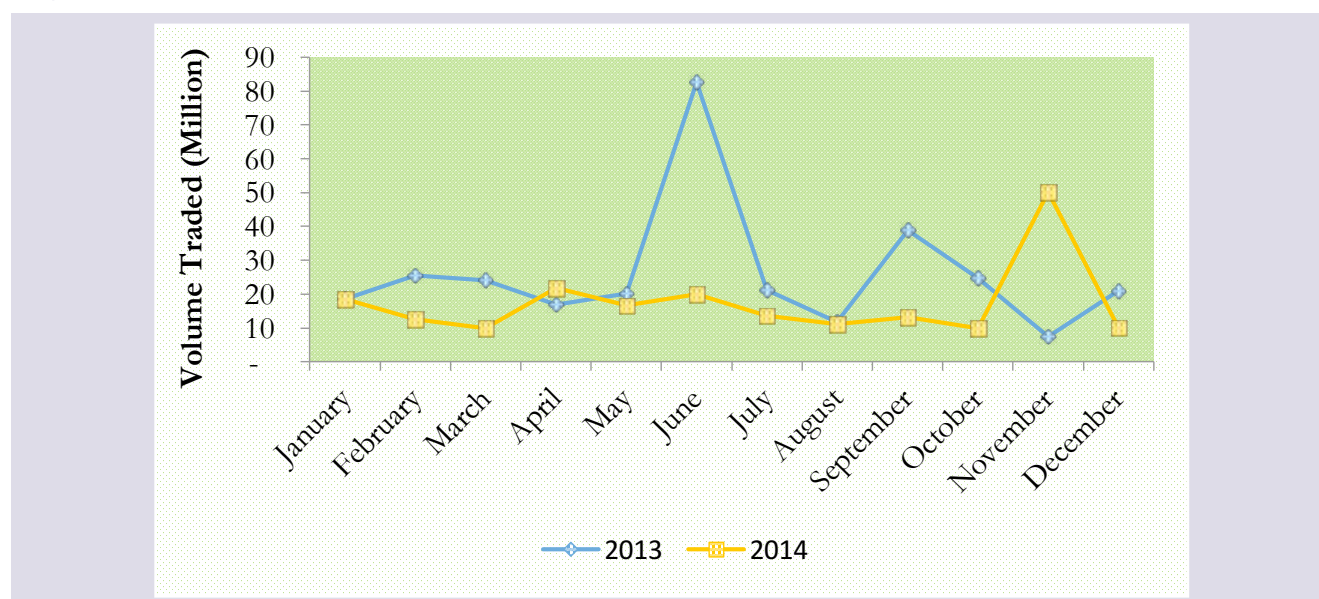
Also the value of all equities traded dropped from about GHS 456 million in 2013 to about GHS 346 million in 2014 indicating a 24% decline in the value of shares traded. The number of transactions carried out within the equity market in 2014 was 33,324 as against 34,152 in 2013 as indicated in table 12 below.

Table 11 : Volume & Value of Equities Traded

Month	2013		2014	
	Volume	Value (GHS)	Volume	Value (GHS)
January	18,518,954	9,793,543.52	18,552,660	20,686,970.14
February	25,577,370	31,784,662.06	12,521,834	23,671,773.73
March	24,025,601	29,954,004.86	9,965,874	20,389,737.36
April	16,942,034	40,905,787.34	21,799,119	23,837,314.59
May	20,227,483	32,250,423.60	16,619,869	27,358,996.95
June	82,645,882	61,371,772.94	19,970,197	25,825,994.83
July	21,219,668	24,448,472.99	13,548,995	42,522,158.05
August	11,812,042	21,681,592.18	11,074,035	20,949,764.67
September	38,785,794	49,589,740.28	13,118,593	31,564,697.01
October	24,720,274	86,168,346.83	9,998,464	18,188,161.24
November	7,489,627	19,103,362.80	50,215,975	67,693,377.26
December	21,059,583	49,088,962.17	10,110,518	23,274,853.14
<b>Total</b>	<b>313,024,312</b>	<b>456,140,671.57</b>	<b>207,496,133</b>	<b>345,963,798.97</b>

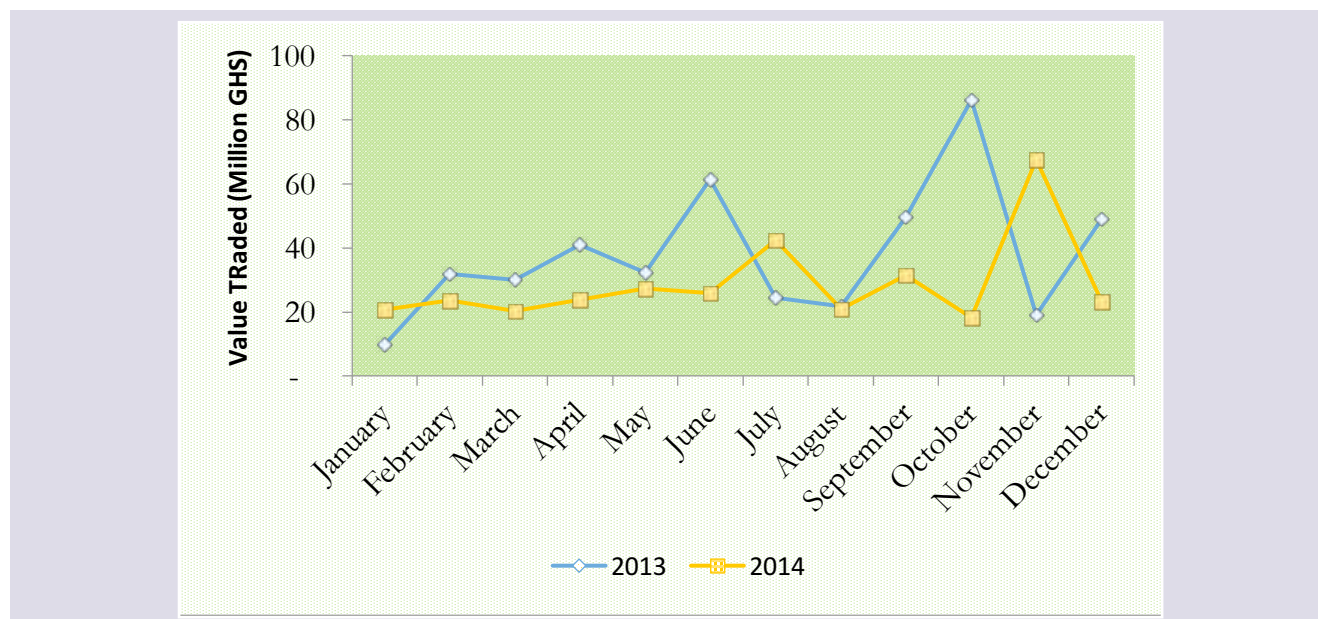
Source: CSD

Graph 9 : Volume of Shares Traded



Source: CSD

Graph 10 : Value of Shares Traded



Source: CSD

Table 12 : Sectorial Distribution of Shares Traded in 2014.

Sector	Volume of Traded Shares		Value of Traded Shares		No of Transactions
	Volume	%	Value	%	
Finance	147,387,331	71.0314	234,871,897.82	67.89112	21,176
Distribution	19,584,279	9.4384	40,218,858.96	11.62550	4,000
Food & Beverages	6,858,191	3.3052	33,739,397.30	9.75257	2,197
ICT	8,910	0.0043	309.40	0.00009	12
Insurance	17,425,890	8.3982	23,306,793.79	6.73697	3,221
Manufacturing	15,014,576	7.2361	8,181,835.90	2.36501	1,364
Mining	359,702	0.1734	2,755,690.71	0.79655	732
Agriculture	856,694	0.4129	2,860,049.69	0.82671	617
Exchange Traded Funds (ETF)	560	0.0003	18,955.20	0.00548	5
<b>Total</b>	<b>207,496,133</b>	<b>100.0000</b>	<b>345,953,788.77</b>	<b>100.00</b>	<b>33,324</b>

Source: CSD



Table 13 : Total Volume and Value Traded per Share as at the end of December, 2014

Share	Total Volume Traded	Total Value Traded (GHS)
African Champion Industries Ltd (ACI)	6,739,147	246,638.1
AngloGold Ashanti Ltd (AGA)	100	3,700.00
AngloGold Ashanti Depository Shares (AADS)	281,020	146,655.78
Aluworks Ltd (ALW)	1,700,327	68,898.48
Ayrton Drug Manufacturing Ltd (AYRTN)	553,068	94,483.95
Benso Oil Palm Plantation (BOPP)	856,694	2,860,049.69
CAL Bank Ltd (CAL)	79,472,245	71,419,962.81
Clydestone (Ghana) Ltd (CLYD)	4,710	183.40
Camelot Ghana Ltd (CMLT)	105,720	12,973.20
Cocoa Processing Company Ltd (CPC)	967,197	14,063.21
Ecobank Ghana Ltd (EBG)	6,776,134	46,640,857.62
Enterprise Group Ltd (EGL)	12,653,117	21,390,589.90
Ecobank Transnational Inc. Ltd (ETI)	22,842,475	6,054,169.85
Fan Milk Ltd (FML)	4,759,617	29,805,807.96
Ghana Commercial Bank Ltd (GCB)	12,009,864	58,515,182.40
Guinness Ghana Breweries Ltd (GGBL)	1,131,377	3,919,526.13
Ghana Oil Company Ltd (GOIL)	6,507,487	6216011.51
Golden Star Resources Ltd ( GSR)	100	234
Golden Web Ltd (GWEB)	110	3.4
HFC Bank Ltd (HFC)	5,476,459	6152659.66
Mechanical Llyod Company Ltd (MLC)	264,311	86883.66
Mega African Capital Ltd (MAC)	395,774	1347613
New Gold (GLD)	560	19955.2
Pioneer Kitchenware Ltd (PKL)	750	45
Produce Buying Company Ltd (PBC)	7,623,375	1270396.25
PZ Cussons Ghana Ltd (PZC)	1,120,905	498778
Standard Chartered Bank Gh. Ltd (SCB)	1,757,605	33017465.57
Standard Chartered Bank Preference Shares	5,416	2954.52
SIC Insurance Company Ltd	4,772,773	1916203.89
Starwin Products Ltd (SPL)	388,858	11514.34
Societe Generale Ghana (SOGEGH)	9,968,245	8958211.41
Sam Woode Ltd (SWL)	3,928,800	121702
Trust Bank Ltd (The Gambia) (TBL)	784,229	193294.44
Tullow Oil Plc (TLW)	78,482	2605100
Total Petroleum Ghana Ltd (TOTAL)	5,189,106	32645567.54
Transaction Solutions (Ghana) Ltd (TRANSOL)	4,200	126
Unilever Ghana Ltd (UNIL)	476,891	7136799.48
UT Bank Ltd (UTB)	7,899,340	2569527.09
<b>Total</b>	<b>207,496,133</b>	<b>345963788.8</b>

Table 14 : Market Capitalisation as at December, 2014.

Sector	Issued Shares		Market Capitalisation	
	(Million)	%	(GHS Million)	%
Finance	23,849.09	78.91	13,495.46	20.97
Distribution	894.19	2.96	1,018.89	1.58
Food and Beverage	2,365.62	7.83	1,327.13	2.06
ICT	114.00	0.38	3.42	0.01
Insurance	324.17	1.07	297.31	0.46
Manufacturing	1,075.04	3.56	773.22	1.20
Mining	1,565.98	5.18	47,280.00	73.47
Agriculture	34.80	0.12	142.68	0.22
Exchange Traded Funds (ETF)	0.40	0.00	14.32	0.02
<b>Total</b>	<b>30,223.29</b>	<b>100.00</b>	<b>64,352.43</b>	<b>100.00</b>

Source: CSD

### 9.5.7 Registry Services in 2014

The Registry Unit of the Depository provided registry services to the following five (5) institutions in 2014. They are afb Ghana Ltd, Cal Bank Ltd., Mega African Capital, NewGold ETF and Tullow Oil plc. The Registry Unit processed a gross dividend payments of Cal Bank Ltd.

and Tullow Plc totalling about GHS 30,264 million with an after tax dividend of GHS 29,744 million. Three (3) annual general meeting were organised by the Registry Unit for Cal Bank Ltd., Mega African Capital and Tullow Plc in 2014.

Table 15: Dividends Payments for 2014

Issuer	Dividend Payment Date	Type of Dividend	Gross Dividend (GHS)	Tax Amount (GHS)	Amount of Dividend Paid to Date (GHS)	Amount Unclaimed (GHS)
Cal Bank Ltd	April 30, 2014	Final	29057862.1	1543220.39	28635964.46	421897.64
Tullow Plc	May 9, 2014	Final	779626.26	22617.84	697724.9	81901.36
Tullow Plc	October 3, 2014	Interim	426564.61	11821.08	410688.27	15876.34
<b>Total</b>			<b>30264052.97</b>	<b>1577659.31</b>	<b>29744377.63</b>	<b>519675.34</b>

Source: CSD

## 12.0 GLOSSARY

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**Corporate Action:** any activity undertaken by the issuer of securities that affects the securities and the holder of the securities.

**Coupon Rate:** interest rate stated on notes and bonds.

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

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

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

**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.

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

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

**Primary Dealers:** are financial institutions approved by Bank of Ghana to participate in the auction of Government of Ghana, Cocoa Board and Bank of Ghana securities at the primary market and to promote investments in the securities market.

**Secondary Market:** refers to post primary market activities.

**Settlement:** is the delivery or movement of securities in exchange of fund.

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



CENTRAL  
SECURITIES  
DEPOSITORY  
*You invest, we protect*

# FINANCIAL STATEMENTS 31 DECEMBER 2014

## REPORT OF THE DIRECTORS TO THE MEMBERS

The directors present their report together with the financial statements of Central Securities Depository (GH) Limited as of 31 December 2014

### Mission/Vision of the company

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

### Statement of directors' responsibility

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

In preparing the financial statements, the directors are required to:

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

Accordingly, the financial statements are prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and enable the Company to ensure that the financial statements comply with relevant legislations and accounting standards. They are also responsible for safeguarding the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### Nature of business

The Central Securities and Depository (GH) Limited is 70% owned by the Bank of Ghana (BoG) and 30% owed by the Ghana Stock Exchange (GSE). The company is registered and incorporated in Ghana as a private limited liability company under the Companies Act, 1963 (Act 179). CSD has obtained a license from the Securities and Exchange Commission (SEC). The SEC licence enables the company to undertake the business of:

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

### Results of operations

The profit after tax of GH¢2,731,349 is shown in the statements of comprehensive income.

### Auditors

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

### Holding company

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



## Dividend

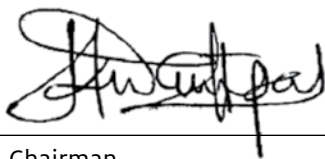
The directors do not recommend the payment of any dividend as of 31 December 2014.

## Merger of CSD and Ghana Stock Exchange Depository (GSD)

The merger process between the Central Securities Depository (GH) Limited and Ghana Stock Exchange Depository (GSD) was effective 1 January 2014. As a result, a single depository operated in 2014, with a stated capital of GH¢3,500,000. Bank of Ghana retained 70% of the

shares whilst the remaining 30% is owned by the Ghana Stock Exchange. A new board was formed to direct the undertakings of the merged entity and all staff of the Ghana Stock Exchange Depository were absorbed into the merged depository from 1st January 2014.

Signed on behalf of the Board:



Chairman

Date: March 31, 2015



Director

Date: March 31, 2015

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

### Report on the financial statements

We have audited the accompanying financial statements of Central Securities Depository (GH) Limited, which comprise the statement of financial position as at 31 December 2014 and the statement of comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 41 to 58.

### Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1963 (Act 179) and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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


### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Central Securities Depository (GH) Limited as of 31 December 2014 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).

### Report on other legal and regulatory requirements

The Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- iii. The balance sheet (statement of financial position) and the profit and loss account (statement of comprehensive income) of the company are in agreement with the books of account and returns.



Signed by Pamela Des Bordes (ICAG/P/1329)

Ernst & Young (ICAG/F/2015/126)

Chartered Accountants

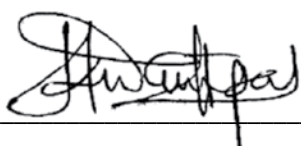
Accra, Ghana

Date: March 31, 2015

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Notes	2014 GH¢	2013 GH¢
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	641,885	443,222
Intangible assets	4	586,079	1,794,492
Deferred tax assets	12(i)	25,443	-
		<b>1,253,407</b>	2,237,714
<b>Current assets</b>			
Accounts receivable and prepayments	5	2,052,634	1,249,972
Held to maturity investments	6	8,310,049	3,458,875
Cash and bank	7a	479,076	1,545,527
		<b>10,841,759</b>	6,254,374
<b>TOTAL ASSETS</b>		<b>12,095,166</b>	8,492,088
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	8	3,500,000	3,500,000
Other reserves	9	600,000	-
Deposit for shares	10	183,836	183,836
Retained earnings		4,550,905	1,847,804
		<b>8,834,741</b>	5,531,640
<b>Noncurrent Liabilities</b>			
Deferred capital grant	11a	697,892	1,664,705
Deferred tax liabilities	12(i)	-	11,158
		<b>697,892</b>	1,675,863
<b>Current Liabilities</b>			
Deferred capital grant	11a	174,473	174,473
Accounts payable and accruals	13	1,368,428	488,393
Taxation	12(ii)	1,019,632	621,719
		<b>2,562,533</b>	1,284,585
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,095,166</b>	8,492,088

Signed on behalf of the Board:



Director



Director

Date: March 31, 2015

The attached notes 1 to 20 form an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 GH¢	2013 GH¢
Revenue	14	9,042,132	4,110,095
Other income	15	2,117,633	1,292,766
		11,159,765	5,402,861
Operating Expenses		(7,398,050)	(2,984,757)
Profit for the year	19	3,761,715	2,418,104
Income tax expense	12(iii)	(1,030,366)	(615,529)
<b>Total comprehensive income for the year</b>	19	<b>2,731,349</b>	<b>1,802,575</b>

The attached notes 1 to 20 form an integral part of these financial statements

## STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2014

	Issued and fully paid shares GH¢	Other reserves GH¢	Deposit for shares GH¢	Retained Earning GH¢	Total Equity GH¢
<b>2014</b>					
Balance at 1 January	3,500,000	-	183,836	1,847,804	5,531,640
Transfers from GSD	-	600,000	-	(28,248)	571,752
Total comprehensive income for the year	-	-	-	2,731,349	2,731,349
Balance as of 31 December 2014	3,500,000	600,000	183,836	4,550,905	8,834,741
<b>2013</b>					
Balance at 1 January	3,500,000	-	183,836	45,229	3,729,065
Total comprehensive income for the year	-	-	-	1,802,575	1,802,575
Balance as of 31 December 2013	3,500,000	-	183,836	1,847,804	5,531,640

The attached notes 1 to 20 form an integral part of these financial statements

## STATEMENT OF CASHFLOWS 31 DECEMBER 2014

	Notes	2014 GH¢	2013 GH¢
<b>OPERATING ACTIVITIES</b>			
Profit for the year before tax		3,761,715	2,418,104
Adjustment for:			
Depreciation	3	448,141	236,150
Amortisation	4	1,479,096	111,638
Movement in grant	11	(966,813)	(174,473)
Interest accrued on short term investments		(240,007)	(93,199)
<b>Operating cash flow before working capital changes</b>		4,482,132	2,498,220
Increase in accounts receivable		(562,655)	(889,792)
Increase in payables and accruals		341,492	465,056
Cash from operations		4,260,969	2,073,484
Tax paid	12(ii)	(660,495)	(83,891)
<b>Net cash outflow from operating activities</b>		3,600,474	1,989,593
<b>INVESTING ACTIVITIES</b>			
Purchase of PPE	3	(602,195)	(199,757)
Short term investments (purchased)/redeemed		(3,769,832)	700,427
<b>Net cash outflow in investing activities</b>		(4,372,027)	(500,670)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		(771,553)	2,490,263
Cash and Cash equivalents as of 1 January		3,820,977	1,330,714
<b>CASH AND CASH EQUIVALENTS AS OF 31 DECEMBER</b>	7b	3,049,424	3,820,977

The attached notes 1 to 20 form an integral part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

### 1. CORPORATE INFORMATION

#### 1.1 ACTIVITIES

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

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

#### 1.2 Compliance with IFRS

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

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

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

##### **IFRS 9 Financial Instruments**

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39

Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

##### **IFRS 14 Regulatory Deferral Accounts**

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

##### **Amendments to IAS 19 Defined Benefit Plans: Employee Contributions**

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Company has defined

benefit plans with contributions from employees or third parties.

### 1.3a. Improvements to International Financial Reporting Standards

#### Annual improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

#### IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

#### IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

### 1.3b New and amended standards and interpretations

The Company considered for application, certain standards and amendments which are effective for annual periods beginning on or after 1 January 2014. However, these standards and amendments as detailed below, do not impact the annual financial statements of the Company.

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

#### Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

#### Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

#### Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

#### IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years.

## Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

## Annual Improvements 2011-2013 Cycle

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

### 2.1 Basis of preparation

The financial statements are prepared under the historical cost convention.

### 2.2 Functional and reporting currency

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

### 2.3 Significant accounting judgements, estimates and assumption

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

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

## 2.4 Revenue recognition

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

### Rendering of services

Income is recognized when services are rendered.

## 2.5 Financial assets

### Initial recognition

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

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

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

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

### Impairment of financial assets

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

### Initial recognition

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

### Derecognition of financial assets

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

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

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

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

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

involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

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

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

### Receivables

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

### Cash and cash equivalents

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

### Held-to-maturity investments

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

## 2.6 Financial liabilities

### Initial recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit and loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

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

#### **Subsequent measurement**

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

Financial liabilities at fair value through profit and loss

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

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

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

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

#### **Accounts payable and accruals**

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

#### **Derecognition of financial liabilities**

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

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

## **2.7 Foreign currency translation**

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

## **2.8 Property, plants and equipment**

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

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

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

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

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

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

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

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



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

### **Intangible assets**

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

### **Impairment of non-financial assets**

The carrying values of property, plant and equipment are reviewed for indications of impairment annually, or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units to which the asset belongs are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. The company estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the

last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

## **2.9 Pensions and other post-retirement benefit**

### **Social security contributions**

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

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

## **2.10 Taxation**

### **a) Income tax**

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

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

### **b) Deferred income tax**

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

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



- when the deferred income tax liability arises from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred income tax assets relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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

#### c) Value Added Tax (VAT)

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

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

### 2.11 Bank of Ghana grants

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

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

### 2.12 Merger of GSD and CSD

The merger process between the CSD and Ghana Stock Exchange Depository (GSD) was successfully completed in 2013. As a result, a single depository operated in 2014, with the existing number of issued shares of 3,500,000 with Bank of Ghana retaining 70% of the shares whilst the remaining 30% is owned by the Ghana Stock Exchange. The merger was accounted for using the pooling of interest method.

### 3. PROPERTY, PLANT AND EQUIPMENT

#### 2014

	Equipment GHC	Furniture and Fittings GHC	Motor Vehicle GHC	Total GHC
<b>Cost</b>				
Balance as at 1 January 2014	618,787	252,379	154,886	1,026,052
Assets transferred from GSD	104,519	23,203	-	127,722
Additions	48,097	31,596	522,502	602,195
<b>Balance as at 31 December 2014</b>	<b>771,403</b>	<b>307,178</b>	<b>677,388</b>	<b>1,755,969</b>
<b>Accumulated Depreciation</b>				
Balance as at 1 January 2014	343,568	147,605	91,657	582,830
Depreciation on assets transferred from GSD	68,512	14,601	-	83,113
Charge for the year	192,851	61,436	193,854	448,141
<b>Balance as at 31 December 2014</b>	<b>604,931</b>	<b>223,642</b>	<b>285,511</b>	<b>1,114,084</b>
<b>Net book value</b>				
<b>Balance as at 31 December 2014</b>	<b>166,472</b>	<b>83,536</b>	<b>391,877</b>	<b>641,885</b>

#### 2013

	Equipment GHC	Furniture and Fittings GHC	Motor Vehicle GHC	Total GHC
<b>Cost</b>				
Balance as at 1 January 2013	422,730	248,679	154,886	826,295
Additions	196,057	3,700	-	199,757
<b>Balance as at 31 December 2013</b>	<b>618,787</b>	<b>252,379</b>	<b>154,886</b>	<b>1,026,052</b>
<b>Accumulated Depreciation</b>				
Balance as at 1 January 2013	188,871	97,129	60,680	346,680
Charge for the year	154,697	50,476	30,977	236,150
<b>Balance as at 31 December 2013</b>	<b>343,568</b>	<b>147,605</b>	<b>91,657</b>	<b>582,830</b>
<b>Net book value</b>				
<b>Balance as at 31 December 2013</b>	<b>275,219</b>	<b>104,774</b>	<b>63,229</b>	<b>443,222</b>

#### 4. Intangible assets (Software)

	2014	2013
	GHC	GHC
<b>Cost</b>		
Balance as at 1 January 2014	2,141,275	2,141,275
Intangible assets transferred from GHS	507,607	-
Addition	-	-
	2,648,882	2,141,275
<b>Accumulated amortisation</b>		
Balance as at 1 January 2014	346,783	235,145
Accumulated depreciation on intangible assets of GSD	236,924	-
Amortisation for the year	1,479,096	111,638
	2,062,803	346,783
<b>Balance at 31 December 2014</b>	<b>586,079</b>	<b>1,794,492</b>

#### 5. Accounts receivable and prepayments

	2014	2013
	GHC	GHC
Trade receivable	1,692,312	1,161,411
Staff loans	173,467	-
Prepayments	186,855	88,561
	2,052,634	1,249,972

Maximum staff indebtedness for the year was GH¢173,467 (2013; nil)

#### 6. Held to maturity investments

	2014	2013
	GHC	GHC
91 day treasury Bills	4,947,240	1,049,623
182 day treasury Bills	2,818,277	2,275,450
Fixed deposits	298,508	-
Interest Receivable	246,024	133,802
	8,310,049	3,458,875

#### 7a. Cash and bank balances

	2014	2013
	GHC	GHC
Cash at bank	479,076	1,544,451
Cash in hand	-	1,076
	479,076	1,545,527

## 7b. Cash and cash equivalents

	2014	2013	Change
	GHC	GHC	
Cash and bank balances	479,076	1,545,527	(1,066,451)
91 day treasury Bills	2,818,277	2,275,450	542,827
Fixed deposits	298,508	-	298,508
Bank overdraft	(546,437)	-	(546,437)
	3,049,424	3,820,977	(771,553)

## 8. Stated Capital

### a. Authorized shares

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

### b. Issued shares

	2014		2013	
	No. of Shares	Amount (GH¢)	No. of Shares	Amount (GH¢)
Issued for cash	3,500,000	3,500,000	3,500,000	3,500,000
	3,500,000	3,500,000	3,500,000	3,500,000

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

## 9. Other reserves

This represents the value of reserves of GSD brought into the combined business in 2014.

## 10. Deposit for shares

Deposit for shares relates to investment by the Bank of Ghana in the company in respect of which shares would be issued by the company.

## 11. Bank of Ghana grants

### a. Deferred Capital Grant

	2014	2013
	GH¢	GH¢
At 1 January	1,839,178	2,013,651
Grants released into income statement	(966,813)	(174,473)
<b>At 31 December</b>	<b>872,365</b>	<b>1,839,178</b>
Current	174,473	174,473
Noncurrent	697,892	1,664,705

Capital grants represent the value of assets transferred to the company by its Parent (the Bank of Ghana) at nil values on 26 October 2010. These assets were subsequently valued and incorporated in the financial statements.

## 11. Bank of Ghana grants (cont'd)

### b. Revenue grant

Revenue grants represent amounts advanced by the Bank of Ghana to the company to support specific activities. There are no unfulfilled conditions or contingencies attached to these grants.

## 12 i. Deferred tax (assets)/liabilities

	2014	2013
	GH¢	GH¢
At 1 January	11,158	29,848
Deferred tax assets of GSD	(19,141)	-
Charge to income statement	(17,460)	(18,690)
	(25,443)	11,158

### ii) Corporate tax

	Balance at 1 January	Corporate taxes from GSD	Charge for the year	Payments	Balance at 31 December
	GH¢	GH¢	GH¢	GH¢	GH¢
Income tax					
Up to 2012	-	(30,940)	21,026	(21,026)	(30,940)
2013	621,719	41,522	-	(621,719)	41,522
2014	-	-	1,026,800	(17,750)	1,009,050
	621,719	10,582	1,047,826	(660,495)	1,019,632

### iii) Income tax expense

	2014	2013
	GH¢	GH¢
Movement in deferred tax (note 12(i))	(17,460)	(18,690)
Corporate tax charge for the year (note 12(ii))	1,047,826	634,219
	1,030,366	615,529

### iv) Tax rate reconciliation

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

	2014	2013
	GH¢	GH¢
Profit before tax	3,761,716	2,418,103
Tax at applicable rate of 25% (2013:25%)	940,429	604,526
Tax effect on non-deductible expenses	498,989	97,967
Tax effect on capital allowance	(412,618)	(68,274)
Movement in deferred tax	(17,460)	(18,690)
Under provision for prior year taxes	21,026	-
Tax expense	1,030,366	615,529

### 13. Accounts payable and accruals

	2014	2013
	GH¢	GH¢
Creditors	193,726	36,923
SEC levy	314,993	340,170
Unutilized merger grant	104,664	104,664
Overdraft	546,437	-
Accruals	208,608	6,636
	<b>1,368,428</b>	<b>488,393</b>

### 14. Revenue

	2014	2013
	GHC	GHC
Registration Fees	21,945	10,000
Transaction Fees	8,945,167	4,034,095
Renewal fees	75,020	66,000
	<b>9,042,132</b>	<b>4,110,095</b>

### 15. Other income

	2014	2013
	GHC	GHC
Capital grant (Note 11a)	966,813	174,473
Revenue grant (Note 11b)	-	431,012
Interests earned on investments	1,033,298	576,476
Miscellaneous income	100,322	88,305
Training on CSD software	17,200	22,500
	<b>2,117,633</b>	<b>1,292,766</b>

### 16. Contingencies

#### Contingent liabilities

There were no contingent liabilities as of 31 December 2014 (31 December 2013; nil).

#### Contingent assets

There were no contingent assets as of 31 December 2014 (31 December 2013; nil).

### 17. Related party disclosures

The company is 70% owned by the Bank of Ghana and 30% owned by the Ghana Stock Exchange. Transaction with the parent company includes the transfer of assets to the subsidiary and the provision of office accommodation, utility, legal services and Internal Audit services for the subsidiary at no cost and without any settlement obligations. Compensation to directors for the period under review amounted to GH¢405,340.

The company received a grant of GH¢200,000 in 2013 for the implementation of the merger with the Stock Exchange Depository. The utilised balance of GHS 104,665 is payable to Bank of Ghana.



## 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### Market risk

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

### Interest rate risk

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

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will

### 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

fluctuate because of changes in foreign exchange rates. The company currently does not have significant exposure to this risk as it has no significant foreign currency denominated assets and liabilities.

### Credit risk

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

### Liquidity risk

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

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.

## 19. PROFIT FOR THE YEAR

This is stated after charging:

	2014	2013
	GH¢	GH¢
Directors' emoluments	405,340	158,290
Depreciation and amortisation	1,940,176	347,789
Audit fees	43,000	21,000
Donations	10,000	9,152

**20. EVENTS AFTER REPORTING DATE**

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

**SUPPLEMENTARY FINANCIAL INFORMATION**

	<b>2014</b>	<b>2013</b>
	<b>GH¢</b>	<b>GH¢</b>
Staff cost	<b>2,373,280</b>	1,323,950
Training and capacity building	<b>327,517</b>	222,587
Travel and motor running	<b>274,627</b>	21,902
General and administrative expenses	<b>590,055</b>	163,303
Stationary and printing	<b>44,359</b>	19,337
Communication	<b>40,487</b>	9,062
Consultancy	<b>171,425</b>	-
Depreciation and amortisation	<b>1,940,176</b>	347,789
Directors' fees	<b>405,340</b>	158,290
Information technology expenses	<b>822,073</b>	601,020
Premises and equipment expense	<b>84,109</b>	8,512
Promotion and public education	<b>307,751</b>	4,518
Merger expenses	<b>6,850</b>	95,335
Donation	<b>10,000-</b>	9,152
	<b>7,398,049</b>	2,984,757

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