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GHANA GAZETTE

REPUBLIC OF GHANA

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No. 30 THURSDAY, 21ST APRIL 2011

CONTENTS

NOTICE OF PUBLICATION OF A BILL

The following Bill is published today:

Renewable Energy Act, 2011

NOTICE OF PUBLICATION OF AN OFFICIAL BULLETIN

LOCAL GOVERNMENT No. 15

is published today

SUMMARY OF CONTENTS

General

THE NATIONAL FRIDAY BONANZA LOTTO RESULTS

It is hereby certified that a National Friday Bonanza Lotto Draw was held on Friday, 15th April 2011 in accordance with the provisions of the National Weekly Lotto Act, 1961 and the Regulations published thereunder and that the following numbers were drawn in successive order:

73 – 24 -- 53 – 72 – 17

SIGNED

Director-General of National Lottery Authority

THE NATIONAL WEEKLY LOTTO RESULTS

It is hereby certified that a National Weekly Lotto Draw was held on Saturday, 16th April, 2011 in accordance with the provisions of the National Weekly Lotto Act, 1961 and the Regulations published thereunder and that the following numbers were drawn in successive order:

78 – 41 – 65 – 50 – 54

SIGNED

Director-General of National Lottery Authority

THE NATIONAL MONDAY SPECIAL LOTTO RESULTS

It is hereby certified that a National Monday Special Lotto Draw was held on Monday, 18th April, 2011 in accordance with the provisions of the National Weekly Lotto Act, 1961 and the Regulations published thereunder and that the following numbers were drawn in successive order:

2 – 14 – 58 – 13 –9

SIGNED

Director-General of National Lottery Authority

THE NATIONAL LUCKY TUESDAY LOTTO RESULTS

It is hereby certified that a National Lucky Tuesday Lotto Draw was held on Tuesday, 19th April, 2011 in accordance with the provisions of the National Weekly Lotto Act, 1961 and the Regulations published thereunder and that the following numbers were drawn in successive order:

4 – 72 – 90 – 10 – 35

SIGNED

Director-General of National Lottery Authority

THE NATIONAL MID-WEEK LOTTO RESULTS

It is hereby certified that a National Mid-Week Lotto Draw was held on Wednesday, 20th April, 2011 in accordance with the provisions of the National Weekly Lotto Act, 1961 and the Regulations published thereunder and that the following numbers were drawn in successive order:

85 –42 – 43 – 36 – 50

SIGNED
Director-General of National Lottery Authority

BANK OF GHANA AND ITS SUBSIDIARIES

GENERAL INFORMATION

BOARD OF DIRECTORS	Mr. K. B. Amissah-Arthur (Chairman/Governor) Dr. Henry A.Kofi Wampah (1st Deputy Governor) Mr. Millison K. Narh (2nd Deputy Governor) Dr. Sydney Laryea Mrs. Diana Ayettey Mrs. Lily Esther Nkansah Dr. D. Obu Andah Mr. Sam Appah Togbe Afede XIV Mr. Kwaku Bram-Larbi Mr. Seth Terkper
REGISTERED OFFICE	1 Thorpe Road P. O. Box GP 2674 Accra, Ghana.
AUDITORS	Ernst & Young Chartered Accountants G15, White Avenue Airport Residential Area P. O. Box KA 16009 Airport, Accra, Ghana.
SECRETARY	Mr. Alex Bernasko Bank of Ghana Head Office, 1 Thorpe Road P. O. Box GP2674 Accra, Ghana

REPORT OF THE DIRECTORS
TO THE MINISTER OF FINANCE AND ECONOMIC PLANNING

The directors have pleasure in presenting the financial statements of the Bank of Ghana, which comprise the Statement of Financial position of the Bank and the Group at 31 December 2010, and their Statements of Comprehensive Income, Statement of Changes in Equity and Statement of Cashflows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 1 to 66.

MISSION STATEMENT

The mission of the Bank is to pursue sound monetary and financial policies aimed at price stability and create an enabling environment for sustainable economic growth.

The primary objective of the Bank is to maintain stability in the general level of prices and, without prejudice to this primary objective, promote economic growth and an effective and efficient banking and credit system. The Bank is engaged in the business of central banking. There was no change in the nature of the business of the Bank during the 2010 financial year.

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

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 Bank as at the end of the accounting year, and of the surplus or deficit of the Bank for the period.

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 Bank will continue in business.

Accordingly, the financial statements are prepared in accordance with International Financial Reporting Standards and in the manner required by the Bank of Ghana Act, 2002 (Act 612), the Financial Administration Act, 2007 (Act 654) of Ghana and the Companies Code, 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 Bank and enable the Bank to ensure that the financial statements comply with relevant legislations and accounting standards. They are also responsible for safeguarding the assets of the Bank and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

SIGNIFICANT DEVELOPMENTS

To ensure adherence to best accounting practice, the Bank in October 2010 embarked on an exercise to revalue all its property, plant and equipment. After allowing for competitive bidding six (6) independent valuation companies were engaged to undertake the exercise. The revaluation report has been incorporated in the 2010 financial statements. The last revaluation exercise by the Bank was in 2004.

In line with best corporate governance and auditing practices the Bank in 2010 engaged Ernst & Young Chartered Accountants as its new auditors to replace KPMG.

APPOINTMENT OF BOARD OF DIRECTORS

The directors were appointed by the President of the Republic of Ghana on 16 April 2009 and were sworn into office on 18 February 2010.

COMPLIANCE WITH RELEVANT LEGISLATION AND ACCOUNTING FRAMEWORK

The financial statements, including comparative year information, are prepared in accordance with the Bank of Ghana Act, 2002 (Act 612), Financial Administration Act, 2007 (Act 654), International Financial Reporting Standards (IFRS) and the Companies Code, 1963 (Act 179) except where the application of the Bank of Ghana Act, 2002 (Act 612) leads to non-compliance with IFRS. The directors have reviewed the accounting policies and disclosures in the financial statements and have indicated areas where the provisions of the Bank of Ghana Act 2002 (Act 612) are not entirely consistent with requirements of IFRS.

(a) Departure from IFRS

The application of the Bank of Ghana Act, 2002 (Act 612) has led to a departure from the requirements of the IFRS as follows:

- Treatment of net foreign exchange difference; and
- Net foreign exchange differences on holdings of Gold, Special Drawing Rights or Foreign Securities which have been treated in accordance with the Bank's accounting policy and presented under notes 3 (f, g and j)

Details of this departure are presented under note 33. Management has reviewed this treatment and has concluded that the departure from the requirements of IFRS is necessary to achieve a fair presentation of the Bank's financial position, financial performance and cash flows taken within the context of the provisions of the Bank of Ghana Act, 2002 (Act 612).

(b) Specific non-compliance with provisions of IFRS

Provision for Pension Liability

The Bank operates a pension scheme based on final pensionable pay for which the Bank is required to make annual charges based on actual pensions paid and provisions to cover future period as required by IAS 19. The Bank has so far made a partial provision of GH¢240 million in respect of its obligation to the scheme as set by actuarial valuation of GH¢531 million at 31 December 2010.

FINANCIAL STATEMENTS

	The Bank		The Group	
	2010	2009	2010	2009
The results for the year are summarised below:	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Net surplus for the year for the Bank	109,962	295,626		
Net surplus for the year for the Bank and Subsidiaries			121,466	297,600

REPORT OF THE DIRECTORS (CONTINUED)

SUBSIDIARY COMPANIES

The Bank owns 51% of the issued shares of Ghana International Bank Plc, a company incorporated in the United Kingdom, which carries on the business of commercial banking.

The Bank also owns 100% shares of Ghana Interbank Payment and Settlement Systems Limited, a company incorporated in Ghana which carries on the business of Setting up and operation of a national switch system and the provision of smart card services, cheque clearing / credit clearing, codeline cheque truncation, the operation of the real time gross settlement system (RTGS), the operation of an automated clearing house (ACH), and the running of a help desk to assist the payment system in general.

Bank of Ghana also owns 100% shares of the Central Securities Depository (GH) Limited, a company incorporated in Ghana which carries out the following activities:

- Central depository for keeping record of beneficiary owners of financial instruments including government securities and in electronic form.
- 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 otherwise dealing in securities
- Operation and management of a central securities depository clearing and settlement services

Chairman (Governor) ______________ Director ______________

Date: 31 March 2011 Date: 31 March 2011

ERNST & YOUNG

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INDEPENDENT AUDITORS REPORT
TO THE HONOURABLE MINISTER OF FINANCE AND ECONOMIC PLANNING

Report on the Financial Statements

We have audited the accompanying financial statements of Bank of Ghana, (the Bank) and its subsidiaries (together, the Group)which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended of the Bank; together with the consolidated statements of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cashflows for the years then ended of the Group; and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 1 to 67.

The financial statements of the Bank of Ghana for the year ended 31 December 2009 was audited by another auditor who issued a qualified audit opinion dated 29 April 2010.

Directors' Responsibility for the Financial Statements

The Bank's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Bank of Ghana Act 2002 (Act 612) and the Financial Administration Act, 2003 (Act 654), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 misstatement.

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 control. 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 qualified audit opinion.

ERNST & YOUNG

Basis for Qualified Opinion

The Bank operates a defined benefit pension scheme based on final pensionable pay. The Bank employed the services of an actuarial consultant to conduct the valuation of the Bank's Pension liability in accordance with IAS 19 Employee Benefits. The actuarial valuation, as contained in the report of the actuarial consultant, set the bank's obligation at GH₵531 million at 31 December 2009. However, only a provision of GH₵265.09 million has been made in the financial statements in respect of the bank's obligation to the scheme as at 31 December 2010. IAS 19 Employee benefits require that the present value of defined benefit obligations and the fair value of any plan assets be determined with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Bank and the Group as at 31 December 2010, and of their financial performance and their cash flows for the year then ended, in accordance with applicable International Financial Reporting Standards.

Emphasis of matter

We draw attention to note 33 of the financial statements which contains disclosure regarding the Bank of Ghana's departure from IAS 21 to achieve compliance with the Bank of Ghana Act. The disclosure includes the reason as well as the impact of this departure on the financial statements as required by IAS 1 "Presentation of Financial Statements"

Ernst + Young

Ernst & Young
Chartered Accountants
Accra, Ghana

Date: 31 March 2011

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BANK OF GHANA AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

		The Bank		The Group	
	Note	2010 GH¢'000	2009 GH¢'000	2010 GH¢'000	2009 GH¢'000
ASSETS					
Cash and amounts due from banks	12	1,650,021	257,200	1,283,190	281,676
Gold	13	578,356	441,828	578,356	441,828
Balances with IMF	14	1,495,006	1,487,700	1,495,006	1,487,700
Securities	16	5,318,689	4,800,998	5,121,302	5,021,178
Loans and advances	15	1,058,367	1,530,936	2,241,600	2,542,520
Other Assets	17	842,907	300,529	858,502	312,642
Property, Plant and Equipment	18	167,038	118,704	194,698	143,557
Development Loans and Investments	19	120,346	108,263	54,595	50,163
Deferred Tax	11 (iii)	-	-	178	162
TOTAL ASSETS		11,230,730	9,046,158	11,827,427	10,281,426
LIABILITIES					
Currency in Circulation	20	3,262,719	2,343,798	3,262,719	2,343,798
Allocations of Special Drawing Rights		801,194	797,054	801,194	797,054
Deposits	21	3,316,662	2,895,699	3,771,742	3,999,702
Liabilities to IMF	22	1,411,902	1,202,202	1,411,902	1,202,202
Taxation	11 (i)	-	-	4,031	1,505
Liabilities under Money Market Instruments	23	941,879	790,237	939,484	790,237
Other Liabilities	24	475,406	266,013	508,272	285,862
Deferred Income		-	-	-	2,461
TOTAL LIABILITIES		10,209,762	8,295,003	10,699,344	9,422,821
SHAREHOLDERS' FUNDS					
Stated Capital	25	10,000	10,000	10,000	10,000
Asset Revaluation Reserve	26	115,436	58,930	117,799	58,930
Statutory Reserve	27	28,760	28,760	28,760	28,760
Other Reserve	28	866,772	653,465	866,764	670,000
Retained Earnings		-	-	46,637	38,093
Total Equity attributable to equity holders of the Bank		1,020,968	751,155	1,069,960	805,783
NON CONTROLLING INTEREST		-	-	58,123	52,822
TOTAL EQUITY		1,020,968	751,155	1,128,083	858,605
TOTAL LIABILITIES AND EQUITY		11,230,730	9,046,158	11,827,427	10,281,426

The attached notes 1 to 35 form an integral part of these financial statements

Chairman (Governor) [signature]
Date: 31 March 2011

Director [signature]
Date: 31 March 2011

BANK OF GHANA AND ITS SUBSIDIARIES

STATEMENT OFCHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

The Bank	Stated Capital GH¢'000	Retained Earnings GH¢'000	Asset Revaluation reserve (note 26) GH¢'000	Statutory Reserve (note 27) GH¢'000	Other Reserve (note 28) GH¢'000	Total GH¢'000
Balance as at 1/1/2010	10,000	-	58,930	28,760	653,465	751,155
Retrospective correction of error (note 34)	-	-	-	-	(25,000)	(25,000)
Restated balance as at 1/1/2010	10,000	-	58,930	28,760	628,465	726,155
Profit for the period	-	109,962	-	-	-	109,962
Other comprehensive income	-	-	56,506	-	-	56,506
Price/Exchange movements in gold & other foreign assets	-	-	-	-	128,345	128,345
Transfer to Other Reserve	-	(109,962)	-	-	109,962	-
Appropriation to Long term gov't securities	-	-	-	-	-	-
Balance at 31 December 2010	10,000	-	115,436	28,760	866,772	1,020,968

BANK OF GHANA AND ITS SUBSIDIARIES

STATEMENT OFCHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

The Bank

	Stated Capital GH¢'000	Retained Earnings GH¢'000	Asset Revaluation Reserve GH¢'000	General Reserve GH¢'000	Other Reserve GH¢'000	*Total* GH¢'000
Balance at 1 January 2009	10,000	-	58,930	28,760	444,840	542,530
Retrospective correction of error (Note 34)	-	-	-	-	(108,658)	(108,658)
Restated balance at 1 January 2009	10,000	-	58,930	28,760	336,182	433,872
Profit for the period	-	92,600	-	-	-	92,600
Other comprehensive income	-	203,026	-	-	-	203,026
Price/Exchange movements in gold & other foreign assets	-	-	-	-	96,657	96,657
Transfer to Other Reserve	-	(220,626)	-	-	220,626	-
Appropriation to Long term government securities	-	(75,000)	-	-	-	(75,000)
Balance at 31 December 2009	10,000	-	58,930	28,760	653,465	751,155

BANK OF GHANA AND ITS SUBSIDIARIES

STATEMENT OFCHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

The Group

	Note	Stated Capital GH¢'000	Retained Earnings GH¢'000	Asset Revaluation Reserve (note 26) GH¢'000	Statutory Reserve GH¢'000	Other Reserve GH¢'000	Foreign Currency Translation Reserve GH¢'000	Total GH¢'000	Non-controlling interest GH¢'000	Total GH¢'000
Balance at 31 December 2009		10,000	38,093	58,930	28,760	636,880	33,120	805,783	52,822	858,605
Retrospective correction of error (Pension fund) Note 34 (a)		-	-	-	-	(25,000)	-	(25,000)	-	(25,000)
Retrospective correction of error (note 34 b)		-	5,041	-	-	-	-	5,041	-	5,041
Restated balance as at 1/1/2010		10,000	43,134	58,930	28,760	611,880	33,120	785,824	52,822	838,646
Profit for the year		-	112,672	-	-			112,672	8,794	121,466
Other comprehensive income			793	58,869			(705)	58,957	58,957	
Dividend Paid		-	-	-	-	-	-	-	(3,406)	(3,406)
Price & Exchange movement in gold, and other foreign assets	2 (j)	-	-	-	-	112,507	-	112,507	-	112,507
Transfer to other reserves		-	(109,962)	-	-	109,962	-	-	-	-
Balance at 31 December 2010		10,000	46,637	117,799	28,760	834,349	32,415	1,069,960	58,123	1,128,003

BANK OF GHANA AND ITS SUBSIDIARIES

STATEMENT OFCHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

The Group

	Stated Capital GH₵'000	Retained Earnings GH₵'000	Asset Revaluation Reserve GH₵'000	General Reserve GH₵'000	Other Reserve GH₵'000	Translation Reserve GH₵'000	Total GH₵'000	*Minority Interest GH₵'000*	*Total GH₵'000*
Balance at 1 January 2009	10,000	29,051	58,930	28,760	428,255	16,362	571,358	37,939	609,297
Retrospective correction of error (Note 34)	-	-	-	-	(108,658)	-	(108,658)	-	(108,658)
Restated balance at 1 January 2009	**10,000**	**29,051**	**58,930**	**28,760**	**319,597**	**16,362**	462,700	37,939	500,639
Net Surplus for the year	-	290,755	-	-	-	-	290,755	6,845	297,600
Other comprehensive income	-	-	-	-	-	16,758	16,758	8,038	24,796
Price & Exchange movement in gold, and other foreign assets	-	-	-	-	96,657	-	96,657	-	96,657
Transfer to other reserve	-	(220,626)	-	-	220,626	-	-	-	-
Appropriation to Long term gov't securities	-	(61,087)	-	-	-	-	(61,087)	-	(61,087)
Balance at 31 December 2009	10,000	38,093	58,930	28,760	636,880	33,120	805,783	52,822	858,605

BANK OF GHANA AND ITS SUBSIDIARIES

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

		The Bank		The Group	
	Notes	2010 GH¢'000	2009 GH¢'000	2010 GH¢'000	2009 GH¢'000
Cash (outflows)/inflows from operating Activities	32	134,715	(1,125,041)	(249,106)	(981,525)
Cash flows from investing activities					
Change in Development Loans and Investments		(12,083)	(103,179)	(4,432)	(50,000)
Property, Plant & Equipment purchased		(6,909)	(17,207)	(12,302)	(20,790)
Change in Balances with IMF		(7,306)	(799,215)	(7,306)	(799,215)
Net cash used in investing activities		(26,298)	(919,601)	(24,040)	(870,005)
Tax paid		-	-	(3,941)	(6,762)
		108,417	(2,044,642)	(277,087)	(1,815,530)
Cash flows from financing activities					
Dividend paid to Non-controlling interest		-	-	(3,406)	(4,492)
Change in Bank of Ghana Instruments		151,642	545,445	149,247	545,445
Change in Currency in Circulation		918,921	447,687	918,921	447,687
Change in Allocation of SDRs		4,141	679,943	4,140	679,943
Change in Short Term Credits		-	145,018	-	145,019
Change in enhanced structural adjustment facility		209,700	184,560	209,700	184,561
Deferred income		-	-	-	(308)
Net cash from financing activities		1,284,404	2,002,653	1,278,601	1,997,855
Net change in cash and cash equivalents		1,392,821	(41,989)	1,001,514	139,563
Analysis of Changes in Cash and Cash equivalents during the year					
Balance at 1 January		257,200	269,028	281,676	111,029
Net Cash Inflow		1,392,821	(41,989)	1,001,514	139,563
Effect of exchange rate fluctuations on cash held		-	30,161	-	31,084
Balance at 31 December		1,650,021	257,200	1,283,190	281,676

The attached notes 1 to 35 form an integral part of these financial statements

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

1. STATUTE AND PRINCIPAL ACTIVITIES

Bank of Ghana (the Bank) is wholly owned by the Government of Ghana, and operates as Ghana's central bank. Its operations are governed by the Bank of Ghana Act, 2002 (Act 612).

The principal objectives and functions of the Bank are:

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

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

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

The consolidated financial statements of the Bank for the year ended 31 December 2010 comprise the Bank and its subsidiaries, together referred to as "The Group".

2. BASIS OF PREPARATION

a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Bank of Ghana Act 2002 (Act 612), the Financial Administration Act, 2007 (Act 654) and the International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) except where the application of the Act leads to non-compliance with IFRS. Material departures in the financial statements from the provisions of IFRS as a result of compliance with the provisions of the Act have been disclosed under note 33.

b. Basis of Measurement

These consolidated financial statements are presented in Ghana cedis, which is the Bank's functional currency, rounded to the nearest thousand.

They are prepared on the historical cost basis except for the following financial assets and liabilities that are stated at their fair value: derivative financial instruments, financial instruments that are fair value through profit or loss and financial instruments classified as available-for-sale. The Group's accounting policies have been applied consistently with those used in the previous year.

c. Use of Estimates and Judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, significant areas of estimation of uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in note 3(n), 29 and 31

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been approved by the Board and have been applied consistently to all periods presented in these financial statements by the Bank and its subsidiaries in dealing with items that are considered material in relation to the Bank's financial statements.

a. Basis of Consolidation

(i) Subsidiaries

Subsidiaries are all entities including special purpose entities over which the Bank has the power to directly or indirectly govern their financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

A change in the ownership interest of a subsidiary without a change of control is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

Subsidiaries are consolidated from the date on which the Bank effectively obtains control until the date that control ceases.

(ii) Special Purpose Entities

Special Purpose Entities ("SPEs") are entities that are created to accomplish a narrow and well-defined objective. SPEs are consolidated where the substance of the relationship is that the Bank controls the SPE.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

(iii) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the noncontrolling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(iv) Transactions Eliminated on Consolidation

Intra-group balances, and any unrealised income and expense arising from intra-group transactions, are eliminated in preparing these consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b. **Revenue Recognition**

(i) Fair Value Gains and Losses

Gains and losses arising from changes in the fair value of financial assets and liabilities held at fair value through profit or loss, as well as any interest receivable or payable, is included in the profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets, other than foreign exchange gains and losses from monetary items, are recognised directly in other comprehensive income, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the profit or loss.

(ii) Dividends Received

Dividends are recognised in the profit or loss when the Bank's right to receive payment is established.

c. **Interest Income and Expense**

Interest income and expense on available-for-sale assets and financial assets or liabilities held at amortised cost are recognised in the profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future receipts or payments through the expected life of the financial instruments or, when appropriate, a shorter period, to the carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset or liability and is not revised subsequently. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees received or paid between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of financial asset or liability.

Interest income and expense on financial assets and liabilities held at fair value through profit or loss is recognised in the profit or loss in the period they arise.

d. **Fees and Commissions**

Fees and commission income and expenses that are an integral part to the effective interest rate on financial instruments are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement and arrangement fees and syndication fees are recognised as the related services are performed.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

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e. **Other Operating Income**

Other operating income comprises other income including gains or losses arising on fair value changes in trading assets and liabilities, derecognised available for sale financial assets, and foreign exchange differences.

f. **Foreign Currency**

(i) Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency of group entities using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at that date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit or loss. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost, and retranslated to the functional currency at the exchange rate at the date that the fair value was determined if they are carried at fair value. The resulting foreign exchange gains and losses are recognised in the profit or loss as appropriate except for the following:

Exchange gains and losses arising from translation of holdings in gold, Special Drawing Rights (SDRs) held with the International Monetary Fund (IMF) or holdings of foreign securities are recognised directly into Revaluation account in accordance with section 7 of the Bank of Ghana Act, 2002 (Act 612).

(ii) Financial Statements of Foreign Operations

The Bank considers its subsidiary Ghana International Bank (GIB)as a foreign entity. Accordingly, the assets and liabilities of the foreign operation, including any goodwill and fair value adjustments arising on acquisition are translated into Ghana cedis at the foreign exchange rates ruling at the reporting date. The revenues and expenses of the subsidiary are translated to Ghana cedis at the average rate for the year. Foreign exchange differences arising on these translations are recognised directly into equity, being foreign currency translation reserve.

When a foreign operation is disposed off, in part or full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

The following were the average and closing rates for the year ended 31 December 2010.

Currency	Average Rate GH¢	Closing Rate GH¢
US Dollar	1.42340	1.46995
GBP	2.19166	2.29295
EURO	1.89176	1.96880

g. **Special Drawing Rights and International Monetary Fund related Transactions**

The Bank, on behalf of Government of Ghana, manages assets and liabilities in respect of Special Drawing Rights (SDRs) with the International Monetary Fund (IMF). Exchange gains and losses arising from translation of SDRs at period ends are treated in accordance with note 3(f) above.

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h. **Leases**

(i) Classification

Leases where the Group assumes substantially all the risks and rewards of ownership of the underlying asset are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and present value of the minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are classified as operating leases.

(ii) Lease Payments

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the period of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Minimum lease payments made under finance leases are apportioned between the finance expense and as reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

i. **Financial Assets and Liabilities**

(i) Classification of Financial Assets and Liabilities

The Group classifies its financial assets in the following categories: financial assets held-to-maturity, at fair value through profit or loss, loans and receivables and available-for-sale financial assets. Financial liabilities are classified as either held at fair value through profit or loss, or other financial liabilities. Management determines the categorisation of its financial assets and liabilities on initial recognition.

(ii) Held-to-Maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity investments are carried at amortised cost using the effective interest method. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

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(iii) Financial Assets and Liabilities held at Fair Value through Profit or Loss

This category has two sub-categories: financial assets and liabilities held for trading, and those designated as at fair value through profit or loss at inception. A financial asset or liability is classified as held for trading if acquired principally for the purpose of selling in the short-term.

Financial assets and liabilities may be designated at fair value through profit or loss when the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis, or a Group of financial assets and/or liabilities is managed and its performance evaluated on a fair value basis.

(iv) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are loans and receivables created by the Group providing money to a debtor other than those created with the intention of short-term profit making.

(v) Available for Sale Financial Assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, loans and receivable and held to maturity.

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

(vi) Financial Liabilities measured at Amortised Cost

This relates to all other liabilities that are not designated at fair value through profit or loss.

(vii) Initial Recognition

Purchases and sales of financial assets and liabilities held at fair value through profit or loss, available for sale financial assets and liabilities are recognised on trade date (the date the Group commits to the contractual provisions of the instrument). Loans and receivables are recognised when cash is advanced to customers or borrowers.

Financial assets and liabilities are initially recognised at fair value plus directly attributable transaction cost except for those that are at fair value through profit or loss.

(viii) Subsequent Measurement

Available-for-sale financial assets are subsequently carried at fair value with the resultant fair value changes recognised in other comprehensive income. The fair value changes on available-for-sale financial assets are recycled to profit or loss when the underlying asset is sold, matured or derecognized as well as impaired.

Financial assets and liabilities held at fair value through profit or loss are subsequently carried at fair value with the resultant fair value changes recognised in the profit or loss.

Loans and receivables, held-to-maturity instruments and other liabilities are subsequently carried at amortised cost using the effective interest method.

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(ix) Derecognition

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

- The rights to receive cash flows from the asset have expired
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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 Group could be required to repay.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expires.

(x) Fair Value Measurement

The determination of fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices or dealer price quotations. If the market for a financial asset or financial liability is not actively traded, the Group establishes fair value by using valuation techniques. These techniques include the use of arms' length transactions, discounted cash flow analysis, and valuation models and techniques commonly used by market participants.

For complex instruments such as swaps, the group uses proprietary models, which usually are developed from recognised valuation models. Some or all of the inputs into these models may derive from market prices or rates or are estimates based on assumptions.

The value produced by a model or other valuation technique may be adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the statement of financial position.

(xi) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(xii) Amortised Cost Measurement

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

(xiii) Identification and Measurement of Impairment

The Group assesses at each reporting whether there is objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan and other observable data that suggests adverse changes in the payment status of the borrowers.

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

If there is objective evidence that an impairment loss on a loan and receivable has been incurred, the amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan and receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

- *Available for sale Financial Assets*

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss - is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

- *Impairment of Non-Financial Assets*

The carrying amounts of the Group's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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 assessment of the time value of money and risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses are recognised in the profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the assumptions used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversal is recognised in profit or loss

(xiv) <u>Designation at Fair Value through Profit or Loss</u>

The Group has designated financial assets and liabilities at fair value through profit or loss when either:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Note 29 sets out the amount of each class of financial asset or liability that has been designated at fair value through profit or loss. A description of the basis for each designation is set out in the note for the relevant asset or liability class

j. Gold

Gold is held by the Group as part of its foreign reserves and is classified as available for sale for the purposes of measurement. Gold holdings are included in the statement of financial position at the prevailing closing spot market price on the London Bullion Market on that date.

Changes in the fair value of gold holdings arising from price changes are recognised directly in equity as part of other reserves.

Foreign exchange gains and losses on gold holdings are for the account of the Government of Ghana and consequently such gains and losses are transferred to Revaluation Account in accordance with section 7 of the Bank of Ghana Act, 2002 (Act 612). Refer to Policy 3(f).

k. Loans and Advances

Loans and advances originated by the Bank are classified as loans and receivables. Loans and advances are stated in the statement of financial position at the estimated recoverable amounts in accordance with Note I (iv).

The recoverable amounts of loans and advances are the present value of expected future cash flows, discounted at the instruments' original effective interest rate.

l. Securities

- *Domestic Securities*

Domestic securities consist of Government of Ghana redeemable, negotiable and interest bearing securities. These securities are classified as held to maturity and are stated in the statement of financial position at amortised cost.

- *Foreign Securities*

This represents interest bearing short-term instruments with fixed maturities held with correspondent banks. These securities are stated at amortised cost.

- *Long Term Government Securities*

This represents interest bearing and non-interest bearing fixed maturity securities issued by the Government of Ghana to cover the Bank in respect of net exchange losses arising on holdings of gold, SDRs or foreign securities recognised in the Revaluation Account in accordance with section 7 of the Bank of Ghana Act, 2002. The interest bearing and non-interest bearing components of these securities are stated at amortised cost to fairly present the substance of these securities.

m. Equity Shares and Participation Interests

Equity investments are classified as available-for-sale financial assets and measured at fair value after initial recognition. Where the fair value of these investments cannot be reliably measurable, they are stated at cost less provision for impairments.

n. Property, Plant and Equipment

(i) Recognition and Measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and labour, any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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When parts of an item of property, plant and equipment ("PPE") have different useful lives, they are accounted for as separate items (major components) of PPE.

(ii) Subsequent Costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the profit and loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment in order to reduce the value to residual value over the useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The annual depreciation rates generally in use for the current and comparative year are as follows:

	%
Buildings	4
Plant and Equipment	10 - 33 1/3
Motor Vehicles	33 1/3
Furniture and Fittings	20

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

Depreciation methods, useful lives and residual values are reassessed and adjusted if necessary at the reporting date.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are included in profit or loss.

(iv) Revaluation

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset after revaluation equals its revalued amount. Where assets carrying amount is increased as a result of revaluation, the increase is credited to other comprehensive income under the heading of Asset Revaluation Reserve. However, the increase is recognised in profit or loss account to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Conversely, where the carrying amount is decreased as a result of revaluation, the decrease shall be recognised in profit and loss. However, the decrease shall be debited directly to other comprehensive income under the heading Asset Revaluation Reserve to the extent of any credit balance existing in the Asset Revaluation Reserve in respect of that asset.

o. Intangible assets

Software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

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Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three to five years.

Depreciation methods and useful lives are reassessed and adjusted if necessary at the reporting date.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are included in profit or loss.

p. Deposits

This is mainly made up of customer, government, commercial banks and other financial institutions' deposit accounts. They are categorised as other financial liabilities carried in the statement of financial position at amortised cost. Interest bearing deposits are stated at amortised cost.

q. Employee benefits

(i) Defined Contribution Plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

(ii) Defined Benefit Plans

The Bank of Ghana operates a defined benefit scheme which provides benefits based on final pensionable pay. The Bank's obligation for contribution to the scheme is recognised.as an expense in the income statement.

The Bank's net obligation in respect of defined benefit pension plans is to be calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service costs. The discount rate is the yield at the reporting date on a long-dated instrument on the Ghana market. The calculation is performed by a qualified actuary using the projected unit credit method. Changes in the present value of the plan liabilities are to be recognised in profit or loss.

When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses, unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(iii) Termination Benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

An accrual is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

r. Capital and Reserves

Stated capital represents non-distributable capital of the Bank.

With respect to the distribution of surplus for the year, the Bank of Ghana Act provides that after allowing for specified provisions, surplus for the year is distributed as follows:

- transfer of one half of the net profit to the General Reserve, if the balance in the Reserve is less than the paid up capital of the Bank; or

- transfer of one quarter of net profit to the General Reserve, if the balance in the Reserve is less than twice the amount of paid up capital;

- any residual to be utilised to settle Government of Ghana indebtedness and/or where none exists, to be paid into the Consolidated Fund.

Except that where there is a net loss on the Revaluation Account, the net surplus for the year shall be credited to it.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

s. Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income in which case it is recognised in equity.

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

Tax on the profit of the Bank's subsidiaries, Ghana International Bank Plc and Ghana Interbank Payments and Settlements Systems Ltd for the year, comprises current tax charge and the change in deferred tax. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recover from) the tax authorities on the taxable income for the year, using the tax rates (and tax laws) that have been enacted or substantively enacted by the financial reporting date.

t. Deferred Taxation

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

- Where the deferred tax liability arises from the 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;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where 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 tax assets are recognised 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 utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference 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;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised 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 utilised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised tot he extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

u. Events after the Reporting Date

Events subsequent to reporting date are adjusted only to the extent that they provide evidence of conditions that existed at the end of the reporting period and their effect is material.

v. Cash and Cash Equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the financial statements.

w. Provisions

A provision is recognised if, as a result of past obligating event, the settlement amount can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the net present value of the lower of the expected cost to terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract.

x. Financial Guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

xi. Comparative information

Comparative information where necessary has been restated to achieve consistency in disclosure with the current year presentation.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

4. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Guarantees and Performance Bonds

The Bank enters into various commitments in the normal course of its business, which are not reflected in the accompanying statement of financial position. The amount of guarantees and performance bonds outstanding, at 31 December 2010 was GH₵200 million (2009: GH₵286.2 million).

(b) Capital Expenditure

The Group had capital expenditure commitments of GH₵993,719 not provided for in the financial statements as at 31 December 2010 (2009: GH₵936,000).

(c) Pending Legal Claims

There are contingent liabilities in respect of pending legal suits against the Group amounting to GH₵1.527 million. (2009: GH₵1.484 million)

(d) Documentary credits

Contingent liabilities in respect of documentary credits held with Ghana International Bank Plc amounted to about GH₵16.328 million (2009: GH₵86.35 million).

(e) Operating Lease

There was no commitment in respect of operating lease during the year (2009: Nil).

5. EFFECTIVE INTEREST RATES OF FINANCIAL ASSETS AND LIABILITIES

The effective interest rates for the principal financial assets at 31 December 2010 and 2009 were in the following ranges:

	2010 GH₵'000	2009 GH₵'000
Assets		
Securities - Government		
External	0 - 22.70%	0 - 24.67%
Loans and Advances	0.13% - 4.72%	0.01 - 4.38 %
	13.5% - 18%	13.5% - 17%
Liabilities		
Deposits		
Liabilities under Money Market Operations	0%	0%
	11.65% - 18.25%	10.44% - 24.67%

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

6(i). INTEREST AND SIMILAR INCOME

	The Bank 2010 GH¢'000	The Bank 2009 GH¢'000	The Group 2010 GH¢'000	The Group 2009 GH¢'000
Interest on overnight borrowings, government securities, medium/long-term notes and bonds	181,271	147,911	236,724	164,745
Interest on foreign correspondent accounts and foreign investments	43,368	30,289	-	30,289
Total interest Income	224,639	178,200	236,724	195,034
Discount on treasury bill operations	24,362	79,964	24,362	79,964
	249,001	258,164	261,086	274,998

6(ii). INTEREST EXPENSE AND SIMILAR CHARGES

	The Bank 2010 GH¢'000	The Bank 2009 GH¢'000	The Group 2010 GH¢'000	The Group 2009 GH¢'000
IMF & SDR allocations	408	1,798	408	1,798
Foreign loans and credits	-	4,006	-	4,006
Forex deposits	-	-	469	-
Deposits by customers	-	-	1,445	523
Deposits by Banks	-	-		1,687
Interest on money market instruments	109,143	63,488	109,143	63,488
Repo expense and other commissions paid	38,408	-	38,408	48
	147,959	69,292	149,873	71,550

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

6(iii) OTHER OPERATING INCOME

	The Bank		The Group	
	2010	2009	2010	2009
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Other income	20,443	13,766	45,904	30,673
	20,443	13,766	45,904	30,673

(IV) Analysis of Exchange Gain

	The Bank		The Group	
	2010	2009	2010	2009
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Exchange Difference	18,748	10,260	18,748	201,059
Exchange Rate Equalization	146,844	179,000	146,844	(11,205)
	165,592	189,260	165,592	189,854

Exchange Difference comprises of the sum of gains and losses made by the Bank on foreign exchange denominated transactions whilst Exchange Rate Equalization represents the sum of gains and losses on daily revaluation of assets and liabilities denominated in foreign currency.

7. ADMINISTRATIVE EXPENSES

	The Bank		The Group	
	2010	2009	2010	2009
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Personnel Cost	91,283	67,742	102,474	77,888
Foreign and Domestic Travel	4,191	3,197	4,261	3,546
Motor vehicle Maintenance/running	4,482	3,740	4,540	3,811
Communication Expenses	2,993	2,611	2,993	3,080
Banking Colleges and Monetary Institutes	708	1,571	708	1,571
Computer Related Expenses	2,348	862	2,348	4,710
Banking Supervision Expenses	451	564	451	564
Auditors' Remuneration	141	163	299	409
Directors' Remuneration	865	467	886	1,333
Expense on Foreign Currency Importation	63	46	63	46
Depreciation - motor vehicles	3,447	3,423	3,575	3,576
Amortisation of computer software license	479	149	479	149
Others	18,747	6,543	25,337	10,967
	130,198	91,078	148,414	111,650

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

The average number of persons employed by the Bank during the period was:

	The Bank 2010	The Bank 2009	The Group 2010	The Group 2009
Directors	11	3	29	19
Staff	1,536	1,470	1,633	1,556
	1,547	1,473	1,662	1,575

8. PREMISES AND EQUIPMENT EXPENSES

	The Bank 2010 GH¢'000	The Bank 2009 GH¢'000	The Group 2010 GH¢'000	The Group 2009 GH¢'000
Rent and Rates	512	36	512	1,485
Electricity, Water and Conservancy	2,122	1,376	2,350	1,494
Repairs and Renewals	4,427	4,380	4,427	5,809
Insurance - Premises and Equipment	73	97	73	350
Depreciation - Premises & Equipment	9,786	10,951	13,760	11,241
Generator Running Expenses	67	77	67	117
Other Premises and Equipment Expenses	1,689	1,296	1,841	1,352
	18,676	18,213	23,030	21,848

9. CURRENCY AND ISSUE EXPENSES

	The Bank 2010 GH¢'000	The Bank 2009 GH¢'000	The Group 2010 GH¢'000	The Group 2009 GH¢'000
Agency Fees	430	439	430	439
Notes Printing	58,793	25,375	58,793	25,375
Coin Minting	622	3,118	622	3,118
Other Currency Expenses	1,039	849	1,039	849
	60,884	29,781	60,884	29,781

10. IMPAIRMENT LOSSES

	The Bank 2010 GH¢'000	The Bank 2009 GH¢'000	The Group 2010 GH¢'000	The Group 2009 GH¢'000
Balance at 1 January	17,840	30,253	18,950	30,253
Impairment loss recognised/(reversal)	(3,326)	(12,413)	(3,283)	(11,303)
Balance at 31 December (note other liabilities for impairment loss provision	14,514	17,840	15,667	18,950

This is in respect of impairment made on loans and advances, other assets and development loans and investments, disclosed in notes 15, 17 and 19 respectively whose recoverability has become doubtful.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

11. TAXATION

(i) Income Tax Payable

(a) The Bank

The Bank is exempt from payment of income taxes. Consequently, no provisions have been made in respect of income and deferred taxes.

(b) The Group

Current year Tax	2010	2009
	GH¢'000	GH¢'000
UK Corporation Tax for the year	6,804	5,595
Prior year adjustment	(1,020)	(314)
	5,784	5,281
Deferred Tax		
Prior year adjustment	104	-
Origination and reversal of timing differences	(121)	52
	(17)	52
Deferred tax note	5,767	5,333

The tax charge for the current year

(ii) Deferred Tax

	2010	2009
	GH¢'000	
Profit on ordinary activities before tax		
Tax at 28% (2009; 28%)	23,715	19,303
	6,640	5,405
Adjustment to tax charge in respect of prior year		
Expenses disallowed (Bank Bonus)		
Expenses disallowed for other tax purposes	-	159
Effect of tax rate charge	36	83
Prior year adjustment		
	6	-
	(915)	(314)
	5,767	5,333

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

(iii) **Deferred Tax**

The tax expense in the consolidated statement of Income comprises:

	2010 GH¢'000	2009 GH¢'000
Capital Allowances	179	162
Total deferred tax assets	179	162
Deferred Tax asset @ 1 January	162	164
Prior year Adjustment	(104)	-
Deferred tax credit in profit and loss	133	(52)
Effect of change in tax rate	(7)	-
Translation adjustment	(6)	50
	178	162

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

12. CASH AND AMOUNTS DUE FROM BANKS

	The Bank		The Group	
	2010	2009	2010	2009
	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Correspondent Bank Balances	1,606,189	191,353	1,239,358	180,840
Notes and Coins Holdings	43,832	65,847	43,832	100,836
	1,650,021	257,200	1,283,190	281,676

13. GOLD

	The Bank		The Group	
	2010	2009	2010	2009
	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Bank of England Gold set aside	359,939	276,467	359,939	276,467
Federal Reserve Bank NY Gold	159,872	121,441	159,872	121,441
UBS Gold Investment	37,376	27,840	37,376	27,840
Gold -local holdings	21,169	16,080	21,169	16,080
	578,356	441,828	578,356	441,828

An amount of GH₵131.1 million (2009:GH₵102.7 million) of UBS gold is held in investment and recorded under short-term securities.

14. BALANCES WITH IMF

	The Bank		The Group	
	2010	2009	2010	2009
	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Holdings	659,553	654,352	659,553	654,352
Quota	835,453	831,136	835,453	831,136
HIPC Trust	-	2,212	-	2,212
	1,495,006	1,487,700	1,495,006	1,487,700

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

15. LOANS AND ADVANCES

	The Bank 2010 GH¢'000	The Bank 2009 GH¢'000	The Group 2010 GH¢'000	The Group 2009 GH¢'000
Government	848,659	1,218,020	848,659	1,218,020
Financial institutions	138,795	166,494	1,158,993	1,067,421
Lending (Note 15a)	75,884	155,595	238,919	267,415
Gross amount	1,063,338	1,540,109	2,246,571	2,552,856
Less: Impairment Losses	(4,971)	(9,173)	(4,971)	(10,336)
Carrying amount (Note 15b &c)	1,058,367	1,530,936	2,241,600	2,542,520

(a) Analysis of Lending (Sectoral)

	The Bank 2010 GH¢'000	The Bank 2009 GH¢'000	The Group 2010 GH¢'000	The Group 2009 GH¢'000
Gross lending is analysed as follows;				
Commerce and Finance	-	-	-	111,820
Miscellaneous	75,884	155,595	238,919	155,595
	75,884	155,595	238,919	267,415

(b) Loans and Advances (Valuation)

	The Bank 2010 GH¢'000	The Bank 2009 GH¢'000	The Group 2010 GH¢'000	The Group 2010 GH¢'000
Loans and advances at fair value through P&L	848,659	1,218,020	848,659	1,218,020
Loans and advances at amortised cost (Note 15c)	209,708	312,916	1,392,941	1,324,500
	1,058,367	1,530,936	2,241,600	2,542,520

(c) The Bank

Loans and Advances at Amortised Cost

	2010 Gross Amount GH¢'000	2010 Impairment Amount GH¢'000	2010 Carrying Amount GH¢'000	2009 Gross Amount GH¢'000	2009 Impairment Amount GH¢'000	2009 Carrying Amount GH¢'000
Financial Institutions	138,795	(4,971)	133,824	166,494	(4,624)	161,870
Other secured lending	75,884	-	75,884	155,595	(4,549)	151,046
	214,679	(4,971)	209,208	322,089	(9,173)	312,916

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

(d) The Group

Loans and Advances at Amortised Cost

	2010 Gross Amount GH¢'000	2010 Impairment Amount GH¢'000	2010 Carrying Amount GH¢'000	2009 Gross Amount GH¢'000	2009 Impairment Amount GH¢'000	2009 Carrying Amount GH¢'000
Government	848,659	-	848,659	1,218,020	-	1,218,020
Financial Institutions	1,158,993	(4,971)	1,154,022	1,067,421	(4,624)	1,062,797
Other secured lending	238,919	-	238,919	267,415	(5,712)	261,703
	2,246,571	(4,971)	2,241,600	2,552,856	(10,336)	2,542,520

16. SECURITIES

The Bank

	Gross Amount GH¢'000	Amortisation GH¢'000	2010 Carrying Amount GH¢'000	2009 Carrying Amount GH¢'000
Long-term Government securities	1,239,034	-	1,239,034	1,245,456
Money Market instruments	273,328	-	273,328	398,340
Short-Term Securities	3,806,327	-	3,806,327	3,157,202
	5,318,689	-	5,318,689	4,800,998
The Group				
Long-term Government securities	1,239,034	-	1,239,034	1,245,456
Money Market instruments	273,328	-	273,328	618,520
Short-Term Securities	3,569,577	-	3,569,577	3,157,202
Others	39,363		39,363	-
	5,121,302	-	5,121,302	5,021,178

(i) Long-Term Government Securities

This represents interest and non-interest bearing securities which have been issued by the Government of Ghana to cover net exchange losses arising on gold, special drawing rights or foreign securities in accordance with section 7 of the Bank of Ghana Act 2002 (Act 612).

(ii) Short-Term Securities

This represents fixed deposits held with correspondent banks and investments held with overseas fund managers.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

17. OTHER ASSETS

	The Bank		The Group	
	2010	2009	2010	2009
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Items in course of Collection	141,751	8,998	141,751	8,998
Revaluation Account	26,509	(37,318)	26,509	(37,318)
Others	679,977	336,623	695,572	348,736
	848,237	308,303	863,832	320,416
Less: Impairment Losses	(5,330)	(7,774)	(5,330)	(7,774)
	842,907	300,529	858,502	312,642

The balance on the Revaluation Account represents net exchange gains/(losses) arising on translation of the Bank's holdings in gold, Special Drawing Rights and foreign securities in accordance with section 7 of the Bank of Ghana Act, 2002 (Act 612). The Act requires the Government of Ghana to issue redeemable and interest-bearing securities to cover the balance on the revaluation account.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

18. PROPERTY, PLANT AND EQUIPMENT

The Bank

	Land and Buildings GH¢'000	Motor Vehicles GH¢'000	Furniture and Fittings GH¢'000	Plant and Equipment GH¢'000	Work in Progress GH¢'000	Total GH¢'000
Gross Value						
At 1/1/09	50,949	13,188	1,389	57,565	42,032	165,123
Additions	180	3,122	496	5,153	8,256	17,207
Disposals	-	(723)	(0.3)	(3)	-	(726)
Transfers	108	-	-	5	(113)	-
Balance at 31/12/09	51,237	15,587	1,885	62,720	50,175	181,604
Gross Value						
At 1/1/10	51,237	15,587	1,885	62,720	50,175	181,604
Additions	234	2,997	529	3,106	43	6,909
Transfers from WIP				50,175	(50,175)	-
Transfers[1]	(9,596)	(14,692)	(1,612)	(47,577)		(73,477)
Revaluation additions**	103,163	5,390	950	(55,592)	-	53,911
Balance at 31/12/10	145,038	9,282	1,752	12,832	42	168,946
Accumulated Depreciation & impairment Losses						
At 1/1/09	6,156	9,849	1,022	32,076	-	49,103
Charge for the year	1,775	3,424	376	8,948	-	14,523
Disposal	-	(723)	(0.3)	(3)	-	(726)
Balance at 31/12/09	7,931	12,550	1,398	41,021	-	62,900
At 1/1/10	7,931	12,550	1,398	41,021	-	62,900
Charge for the year*	2,356	2,655	271	7,203		12,485
Transfers[1]	(9,596)	(14,692)	(1,612)	(47,577)		(73,477)
Balance at 31/12/10	691	513	57	647	-	1,908
Carrying Amounts						
Balance at 31/12/09	43,306	3,037	487	21,699	50,175	118,704
Balance at 31/12/10	144,347	8,769	1,695	12,185	42	167,038

[1]Transfers relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount the revalued assets

*Charge for the year includes depreciation charge of assets up to the revaluation date.

**This represents the revaluation reserve recognized on the revaluation of the Groups property, plant and equipment.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

18. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The residual values and useful lives of assets have been reviewed at the year end and expectations do not differ from previous estimates.

Impairment review of various categories of assets was carried out to identify indicators of accelerated impairment. There was no material impairment loss recognized or reversed during the year and in the prior year.

The Group

	Land and Buildings GH¢'000	Motor Vehicles GH¢'000	Furniture and Fittings GH¢'000	Plant and Equipment GH¢'000	Work in Progress GH¢'000	Total GH¢'000
Gross Value						
At 1/1/09	6,270	10,018	1,188	35,148	-	52,624
Charge for the Year	1,911	3,578	519	12,321	-	18,329
Released on Disposal	-	-	(144)	(204)	-	(348)
Translation Adjustment	-	19	47	415	-	481
Balance at 31/12/09	8,181	13,615	1,610	47,680	-	71,086
Gross Value						
At 1/1/10	56,801	16,809	2,883	87,862	50,288	214,643
Additions	271	3,201	586	10,303	43	14,405
Revaluation additions	103,163	5,404	964	(55,360)	-	54,172
Write off				(2,886)	-	(2,886)
Transfers	(9,583)	(14,692)	(1,612)	(47,690)	-	(73,576)
Transfer from WIP				50,288	(50,288)	-
Disposals		(116)		(1,206)		(1,322)
Translation Adjustment	(12)	(1)	(5)	(23)	-	(41)
Balance at 31/12/10	150,640	10,605	2,816	41,288	43	205,392
Accumulated Depreciation and impairment losses						
At 1/1/09	6,270	10,018	1,188	35,148	-	52,624
Charge for the Year	1,911	3,578	519	12,321	-	18,329
Released on Disposal	-	-	(144)	(204)	-	(348)
Translation Adjustment	-	19	47	415	-	481
Balance at 31/12/09	8,181	13,615	1,610	47,680	-	71,086
At 1/1/10	8,181	13,615	1,610	47,799	-	71,205
Charge for the Year	2,625	2,825	589	10,598		16,637
Released on Disposal		(116)		(908)		(1,024)
Transfers	(9,583)	(14,692)	(1,612)	(47,690)		(73,576)
Write offs	(121)		13	(2,424)		(2,532)
Translation Adjustment	-	(1)	-	(14)	-	(15)
Balance at 31/12/10	1,102	1,631	600	7,361	-	10,694

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

18. THE GROUP (CONT'D)

	Land and Buildings GH¢'000	Motor Vehicles GH¢'000	Furniture and Fittings GH¢'000	Plant and Equipment GH¢'000	Work in Progress GH¢'000	Total GH¢'000
Carrying Amounts						
Balance at 01/01/09	48,501	3,632	517	45,735	42,032	140,417
Balance at 31/12/09	48,619	3,193	1,273	40,331	50,288	143,557
Balance at 31/12/10	149,539	8,974	2,217	33,924	43	194,698

The residual values and useful lives of assets have been reviewed at the year end and expectations do not differ from previous estimates.

Impairment review of various categories of assets was carried out to identify indicators of accelerated impairment. There was no material impairment loss recognised or reversed during the year and in the prior year.

19. DEVELOPMENT LOANS AND INVESTMENTS

	The Bank 2010 GH¢'000	The Bank 2009 GH¢'000	The Group 2010 GH¢'000	The Group 2009 GH¢'000
Investments - Banks	55,967	55,967	55,475	51,045
Investments - Other Institutions	65,268	53,190	9	12
	121,235	109,157	55,484	51,057
Impairment Losses	(889)	(894)	(889)	(894)
	120,346	108,263	54,595	50,163

Included in investments - Banks are: GH¢4,921,500 representing 51% equity holding in Ghana International Bank Plc, a commercial bank incorporated in the United Kingdom.

Also, included in investments - other institutions is an amount of GH¢62,259,000 representing 100% holdings in GHIPSS, a company incorporated in Ghana, and an amount of GH¢ 3,000,000 representing 100% in CSD, a company incorporated in Ghana.
These amounts have been eliminated in the consolidated financial statements.

Included in investment in banks are preference shares held by the Bank of Ghana in National Investment Bank valued at GH¢50 million.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

20(a).CURRENCY IN CIRCULATION

	The Bank		The Group	
	2010	2009	2010	2009
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Notes and Coins Issued	5,676,542	3,234,842	5,676,542	3,234,842
Less: Cash Account & Agencies	(2,413,823)	(891,044)	(2,413,823)	(891,044)
	3,262,719	2,343,798	3,262,719	2,343,798

20(b). CURRENCY IN CIRCULATION BY DENOMINATION

DENOMINATION	The Bank		The Group	
Notes in Circulation	2010	2009	2010	2009
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
GHS50	666,557	346,735	666,557	346,735
GHS20	583,913	397,020	583,913	397,020
GHS10	875,477	663,609	875,477	663,609
GHS5	659,059	329,383	659,059	329,383
GHS2	178,227	-	178,227	-
GHS1	189,779	165,457	189,779	165,457
Total Notes in Circulation	3,153,012	1,902,204	3,153,012	1,902,204
Coins in Circulation				
GHS1	22,239	22,380	22,239	22,380
50GP	26,368	25,557	26,368	25,557
20GP	19,526	17,743	19,526	17,743
10GP	11,267	9,789	11,267	9,789
5GP	6,741	5,542	6,741	5,542
1GP	806	766	806	766
Total Coins in Circulation	86,947	81,777	86,947	81,777
New currency in circulation	3,239,959	1,983,981	3,239,959	1,983,981
Old currency in circulation	22,760	359,817	22,760	359,817
Total Currency in Circulation	3,262,719	2,343,798	3,262,719	2,343,798

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

21(a). DEPOSITS

	The Bank		The Group	
	2010	2009	2010	2009
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Government	1,069,368	1,556,744	1,069,368	1,556,744
Financial Institutions/Banks	1,361,563	955,928	1,368,427	1,593,322
Others	885,731	383,027	1,333,947	849,636
	3,316,662	2,895,699	3,771,742	3,999,702

21(b) Subsequent Events

A total revenue collection of GH¢142.2million made prior to 31 December 2010 could not be transmitted into the Government Revenue Accounts by the Authorized collection banks as at 31 December 2010. These were however received into Government Revenue Accounts between 1 and 7 January 2011.

22. LIABILITIES TO IMF

	The Bank		The Group	
	2010	2009	2010	2009
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
(i) IMF Currency Holdings				
IMF No. 1	49,383	50,240	49,383	50,240
IMF No. 2	9	9	9	9
IMF Securities	786,070	780,895	786,070	780,895
(ii) IMF Facilities				
Poverty Reduction and Growth Facility	576,440	371,058	576,440	371,058
	1,411,902	1,202,202	1,411,902	1,202,202

The Bank has been a member of the International Monetary Fund (IMF) since 20 September 1957. The Bank is a designated fiscal agent and the depository for the IMF's holdings of local currency. The IMF's holdings of local currency amounted to the equivalent of SDR 369 million (2009: SDR 369 million). IMF currency holdings equivalent to SDR 21,811,168 (2009: SDR 22,305,500) and SDR 4,171 (2009: SDR 4,171) are held in the IMF's No.1 and No. 2 accounts respectively. These are deposit accounts of the IMF with the Bank.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

23. LIABILITIES UNDER MONEY MARKET OPERATIONS

	The Bank		The Group	
	2010	2009	2010	2009
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Bank of Ghana Instruments	941,879	790,237	939,484	790,237

These are securities issued and utilised by the Bank for monetary policy purpose and are shown as a liability of the Central Bank of Ghana to the buyers.

24. OTHER LIABILITIES

	The Bank		The Group	
	2010	2009	2010	2009
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Accruals and account payable	12,531	21,593	39,750	18,183
Defined pension fund liability (Note 24a)	279,387	109,096	279,387	109,096
Others	183,488	135,324	189,135	158,583
	475,406	266,013	508,272	285,862

24(a). Pension Fund Liability

Balance at 1 January	109,096	125,000	109,096	-
Purchase of Treasury bills		(125,000)		-
Allocations	25,000	108,658	25,000	108,658
Payment	(11,073)	(8,658)	(11,073)	(8,658)
Re-instatement of netting off fund assets and liabilities	125,000	-	125,000	-
Interest on Treasury bills	31,364	9,096	31,364	9,096
Balance at 31 December	279,387	109,096	279,387	109,096

The actuarial valuation, as contained in the report of the actuarial consultant, set the Bank's obligation at GH¢531 million at 31 December 2009. A provision of GH¢265.09 million (2009: GH¢234 million) has so far been made in the financial statements in respect of the Bank's obligation to the scheme of which GH¢254 million have been invested in treasury bills.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

25. STATED CAPITAL

	Number of Shares		Proceeds	
	2010	2009	2010	2009
	'000	'000	GH¢'000	GH¢'000
Registered Number of shares	700,000	700,000		
Issued				
For Cash Consideration	100	100	10	10
Other than Cash	99,900	99,900	9,990	9,990
	100,000	100,000	10,000	10,000

There are no shares in treasury and no installments unpaid on any share. Shares are of no par value.

26. ASSET REVALUATION RESERVE

This represents surplus arising on the revaluation of the group's property, plant and equipment.

27. STATUTORY RESERVE

The Statutory Reserve represents portions of surplus for the years that have been set aside in accordance with section 6 of the Bank of Ghana Act, 2002 (Act 612).

28(a). OTHER RESERVES

The Bank

	Price & Exchange Movement GH¢'000	Transfer from Surplus GH¢'000	2010 GH¢'000	2009 GH¢'000
Balance at 1 January	653,465	-	653,465	444,840
Retrospective correction of error (Note 34)	(25,000)	-	(25,000)	-108,658
Restated balance at 1 January 2010	628,465		628,465	336,182
(Decrease)/Increase in the year	128,345	109,962	238,307	317,283
Balance at 31 December	756,810	109,962	866,772	653,465