GHANA GAZETTE

REPUBLIC OF GHANA

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CONTENTS

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

The directors have pleasure in presenting the financial statements of the Bank and the Group.

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 2013 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 Act, 1963 (Act 179).

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the 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.

BOARD OF DIRECTORS

The Board of Directors was reconstituted in July 2013. All the previous Directors were reappointed except for Prof. Kwabena Anaman, Mrs. Clara Arthur and Mr. Casiel Ato Forson who were appointed to replace Mrs. Esther Lily Nkansah, Togbe Afede XIV and Mr. Seth Terkper

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 Act, 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 as follows:

BANK OF GHANA AND ITS SUBSIDIARIES

GENERAL INFORMATION

BOARD OF DIRECTORS

Dr. Henry A. Kofi Wampah	Governor/Chairman
Mr. Millison K. Narh	First Deputy Governor
Dr. Abdul-Nashiru Issahaku	Second Dep. Governor Appointed 19th July 2013)
Dr Sydney Laryea	Non-Executive Director
Mrs. Diana Amewu Ayettey	Non-Executive Director
Mrs. Esther Lily Nkansah	Non-Executive Director - Retired 26th July 2013
Mr. Seth Terkper	Non-Executive Director - Retired 26th July 2013
Togbe Afede XIV	Non-Executive Director - Retired 26th July 2013
Dr. David Obu Andah	Non-Executive Director
Mr. Sam Appah	Non-Executive Director
Mr. Alexander Yamoah Kyei	Non-Executive Director
Mr. Kwaku Bram-Larbi	Non-Executive Director
Prof. Kwabena Asomanin Anaman	Non-Executive Director - Appointed 26th July 2013
Mr. Cassiel Ato Forson	Non-Executive Director - Appointed 26th July 2013
Mrs. Clara Arthur	Non-Executive Director - Appointed 26th July 2013

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
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INDEPENDENT AUDITORS' REPORT
TO THE HONOURABLE MINISTER OF FINANCE

Report on the financial statements

We have audited the consolidated and separate annual financial statements of Bank of Ghana, which comprise the statements of financial position as at 31 December 2013, and the statements of profit or loss, the statements of other comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 1 to 70.

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 consolidated and separate 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 consolidated and separate 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 whether the consolidated and separate 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 judgement, 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 control 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 management, 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.

Basis for qualified opinion

As disclosed under note 35, a total amount of GH¢169,629,000 relating to net unrealised foreign exchange gain on gold, Special Drawing Rights (SDRs) with the International Monetary Fund or holdings of foreign securities were charged directly to revaluation accounts in accordance with the requirements of Section 7 of the Bank of Ghana Act, 2002 (Act, 612) instead of profit or loss as required under IAS 21 the Effects of Changes in Foreign Exchange Rates. Similarly, an amount of GH¢271,016,000 relating to price and exchange movements in gold are charged to other reserves in note 30 instead of profit or loss under IAS 39.

BANK OF GHANA AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (CONT'D)

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 and Foreign Securities which have been treated in accordance with the Bank's accounting policy and presented under notes 2 (f, g and j)

Details of this departure are presented under note 35. 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).

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 payments system.

Bank of Ghana also owns 100% shares of the Central Securities Depository (GH) Limited, a company incorporated in Ghana to carry out the business of immobilization and dematerialization of securities.

DIVIDEND

The directors have declared a dividend of GH¢400,000,000 subsequent to the reporting date which would be used to offset government indebtedness in the books of the Bank in accordance with Section 6 of the Bank of Ghana Act, 2002 (Act 612).

GOING CONCERN

The directors have assessed the ability of the Group to continue as a going concern. The directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, we continue to adopt the going concern basis in preparing the annual consolidated and separate financial statements.

Chairman (Governor) [signature] Director [signature]

Date: 31/03/2014 Date: 31/03/2014

BANK OF GHANA AND ITS SUBSIDIARIES

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	The Bank 2013 GH¢'000	The Bank 2012 GH¢'000	The Group 2013 GH¢'000	The Group 2012 GH¢'000
Operating Income					
Interest and similar income	5(i)	1,298,532	968,110	1,322,119	986,230
Fee and commission income		63,589	65,249	80,469	82,467
Other operating income		20,057	17,909	63,574	45,912
Exchange differences	5(ii)	539,712	1,039,934	551,273	1,052,886
Dividend income		12,280	8,977	12,280	8,977
Total operating income		1,934,170	2,100,179	2,029,715	2,176,472
Operating expenses					
Interest expense and similar Charges	5(iii)	(661,764)	(213,551)	(666,517)	(216,405)
Administration	6	(290,824)	(212,793)	(320,456)	(268,107)
Premises and equipment expenses	7	(25,118)	(32,130)	(34,155)	(39,326)
Currency and issue expenses	8	(59,260)	(10,525)	(59,260)	(10,525)
Total operating expenses		(1,036,966)	(496,371)	(1,080,388)	(534,363)
Impairment recognised	9(a)	-	(94,604)	-	(95,979)
Profit before taxation		897,204	1,536,576	949,327	1,573,502
Taxation	10b(ii)	-	-	(12,973)	(10,553)
Operating profit for the year		897,204	1,536,576	936,354	1,562,949
Surplus attributed to:					
Equity shareholders of the Bank		897,204	1,536,576	936,354	1,562,949
Non-controlling interest		-	-	20,696	15,620
		897,204	1,536,576	915,658	1,547,329

The attached notes 1 to 36 form an integral part of these financial statements.

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INDEPENDENT AUDITORS' REPORT (CONT'D)

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, these consolidated and separate financial statements presents fairly, in all material respects, the consolidated and separate financial position of Bank of Ghana as at 31 December 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended 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).

Ernst & Young

Pamela Des Bordes (ICAG/P/1329)
For and on behalf of Ernst & Young (ICAG\F\2014\126)
Chartered Accountants
Accra, Ghana

Date 31/03/2014

BANK OF GHANA AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	The Bank 2013 GH₵'000	The Bank 2012 GH₵'000	The Group 2013 GH₵'000	The Group 2012 GH₵'000
ASSETS					
Cash and amounts due from banks	11	1,164,818	1,950,951	451,254	958,700
Gold	12	743,314	877,012	743,314	877,012
Balances with IMF	13	2,050,748	1,815,448	2,050,748	1,815,448
Securities	14	14,994,838	10,817,144	15,361,129	11,233,222
Loans and advances	15	5,602,805	3,330,704	7,625,430	4,803,494
Derivatives asset	16	2,625,232	1,019,673	2,625,232	1,019,673
Other assets	19	1,345,494	864,887	1,362,528	877,207
Development loans and investments	18	180,736	176,739	38,181	38,000
Property, plant and equipment	19	287,142	250,599	306,686	277,316
Deferred tax	10(iii)	-	-	-	581
TOTAL ASSETS		28,995,127	21,103,157	30,564,502	21,900,653
LIABILITIES					
Deposits	20	7,342,466	5,820,247	8,535,882	6,321,278
Derivative financial liability	21	2,906,255	891,100	2,906,255	891,100
Liabilities under money market instruments	22	3,924,219	1,657,867	3,920,894	1,656,117
Allocations of special drawing rights	2g	1,195,297	1,022,503	1,195,297	1,022,503
Liabilities to IMF	23	2,733,252	2,395,435	2,733,252	2,395,435
Taxation		-	-	7,187	5,417
Other liabilities	24	1,787,676	956,505	1,827,345	998,588
Currency in circulation	26	6,197,407	5,555,472	6,197,407	5,555,472
TOTAL LIABILITIES		26,086,572	18,299,129	27,323,519	18,845,910
SHAREHOLDERS' FUNDS					
Stated capital	27	10,000	10,000	10,000	10,000
Asset revaluation reserve	28	115,522	115,522	115,522	115,522
Statutory reserve	29	28,760	28,760	28,760	28,760
Other reserve	30	2,754,273	2,649,746	2,831,955	2,693,800
Retained earnings		-	-	46,457	40,611
Total Equity attributable to equity holders of the Bank		2,908,555	2,804,028	3,032,694	2,888,693
NON CONTROLLING INTEREST		-	-	208,289	166,050
TOTAL EQUITY		2,908,555	2,804,028	3,240,983	3,054,743
TOTAL LIABILITIES AND EQUITY		28,995,127	21,103,157	30,564,502	21,900,653

Chairman (Governor) ______________ Director ______________

The attached notes 1 to 36 form an integral part of these financial statements.

BANK OF GHANA AND ITS SUBSIDIARIES

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	The Bank 2013 GH¢'000	The Bank 2012 GH¢'000	The Group 2013 GH¢'000	The Group 2012 GH¢'000
Other comprehensive income	897,204	1,536,576	936,354	1,562,949
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation reserve	-	-	53,778	53,331
Tax effect	-	-	-	-
	-	-	53,778	53,331
Net gains on available for sale financial assets	-	-	1,815	-
Tax effect	-	-	(422)	-
	-	-	1,393	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-	-	55,171	53,331
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gains (losses) on defined benefit plans	(21,661)	(13,686)	(21,661)	(13,686)
Tax effect	-	-	-	-
	(21,661)	(13,686)	(21,661)	(13,686)
Total comprehensive income for the year, net of tax	875,543	1,522,890	969,864	1,602,594

The attached notes 1 to 36 form an integral part of these financial statements.

BANK OF GHANA AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

The Group 2013

	Stated Capital (note 27) GH¢'000	Asset Revaluation reserve (note 28) GH¢'000	Statutory Reserve (note 29) GH¢'000	Other Reserve (note 30) GH¢'000	Foreign Currency Translation Reserve (note 30) GH¢'000	Available for sale Reserve GH¢'000	Retained Earnings GH¢'000	Total GH¢'000	Non-controlling interest GH¢'000	Total GH¢'000
Balance at 1Jan 2013	10,000	115,522	28,760	2,649,834	43,966	-	40,613	2,888,695	166,050	3,054,745
Profit for the year	-	-	-	-	-	-	915,658	915,658	20,696	936,354
Actuarial losses	-	-	-	-	-	-	(21,661)	(21,661)	-	(21,661)
Gains on translation of foreign operation	-	-	-	-	32,917	-	-	32,917	20,861	53,778
Gains on available for sale instrument	-	-	-	-	-	711	-	711	682	1,393
Dividend	-	-	-	(500,000)	-	-	(12,610)	(512,610)		(512,610)
Transfer to other reserves	-	-	-	875,543	-	-	(875,543)	-	-	-
Price & Exchange movement in gold, and other foreign assets	-	-	-	(271,017)	-	-	-	(271,016)	-	(271,016)
Balance at 31 Dec 2013	10,000	115,522	28,760	2,754,361	76,883	711	46,457	3,032,694	208,289	3,240,983

The Group 2012

	Stated Capital (note 27) GH¢'000	Asset Revaluation reserve (note 28) GH¢'000	Statutory Reserve (note 29) GH¢'000	Other Reserve (note 30) GH¢'000	Foreign Currency Translation Reserve (note 30) GH¢'000	Available for sale Reserve GH¢'000	Retained Earnings GH¢'000	Total GH¢'000	Non-controlling interest GH¢'000	Total GH¢'000
Balance at 1 January2012	10,000	115,522	28,760	1,076,949	31,953	-	50,013	1,313,197	63,532	1,376,729
Profit for the year	-	-	-	-	-	-	1,562,949	1,562,949	15,620	1,578,569
Actuarial losses	-	-	-	-	-	-	(13,686)	(13,686)	-	(13,686)
Other comprehensive income	-	-	-	-	12,013	-	3,755	15,768	37,822	53,590
Dividend Paid	-	-	-	-	-	-	(23,908)	(23,908)	11,715	(12,193)
Additional Capital	-	-	-	-	-	-	-	-	37,361	37,361
Price & Exchange movement in gold, and other foreign assets	-	-	-	49,993	-		-	49,993	-	49,993
Transfer to Other Reserves	-	-	-	1,522,890	-	-	(1,522,890)	-	-	-
Balance at 31 Dec 2012	10,000	115,522	28,760	2,649,832	43,966	-	40,613	2,888,693	166,050	3,054,743

BANK OF GHANA AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

The Bank 2013

	Stated Capital (note 27) GH¢'000	Asset Revaluation reserve (note 28) GH¢'000	Statutory Reserve (note 29) GH¢'000	Other Reserve (note 30) GH¢'000	Retained Earnings GH¢'000	Total GH¢'000
Balance as at 1 January 2013	10,000	115,522	28,760	2,649,746	-	2,804,028
Profit for the year	-	-	-	-	897,204	897,204
Actuarial losses					(21,661)	(21,661)
Dividend	-	-	-	(500,000)	-	(500,000)
Price/Exchange movements in gold & other foreign assets	-	-	-	(271,016)	-	(271,016)
Transfer to other Reserve	-	-	-	875,543	(875,543)	-
Balance at 31 December 2013	10,000	115,522	28,760	2,754,273	-	2,908,555

The Bank 2012

	Stated Capital (note 27) GH¢'000	Asset Revaluation reserve (note 28) GH¢'000	Statutory Reserve (note 29) GH¢'000	Other Reserve (note 30) GH¢'000	Retained Earnings GH¢'000	Total GH¢'000
Balance as at 1 Jan 2012	10,000	115,522	28,760	1,076,863	-	1,231,145
Profit for the year	-	-	-	-	1,536,576	1,522,890
Actuarial losses				-	(13,686)	(13,686)
Price/Exchange movements in gold & other foreign assets	-	-	-	49,993	-	49,993
Transfer to other Reserve	-	-	-	1,522,890	(1,522,890)	-
Balance at 31 December 2012	10,000	115,522	28,760	2,649,746	-	2,804,028

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

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 2012 comprise the Bank and its subsidiaries, together referred to as "The Group".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance and basis of preparation

The consolidated and separate 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 as issued 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 35.

Going concern

The Group's has reviewed its business activities, together with the factors likely to affect its future development, performance and position. Based on the above, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the Group continue to adopt the going concern basis of accounting in preparing the annual separate and consolidated financial statements.

BANK OF GHANA AND ITS SUBSIDIARIES

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	The Bank 2013 GH¢'000	The Bank 2012 GH¢'000	The Group 2013 GH¢'000	The Group 2012 GH¢'000
Cash outflows from operating Activities	34	(4,269,059)	(1,552,125)	(3,947,143)	(1,653,012)
Cash flows from investing activities					
Increase in development loans and investments		(3,997)	(18,917)	(180)	18,186
Proceeds from disposal of PPE		13	-	14	7
Property, Plant & Equipment purchased	19	(52,552)	(92,105)	(54,096)	(93,386)
Net cash used in investing activities		(56,536)	(111,022)	(54,262)	(75,193)
Tax paid		-	-	(10,622)	(10,265)
Cash flows from financing activities					
Dividend paid to Non-controlling interest (NCI)		-	-	(12,610)	(11,715)
Acquisition of additional NCI		-	-	(20,696)	37,361
Increase Bank of Ghana Instruments		2,266,352	523,843	2,264,777	523,639
Increase in Currency in Circulation		641,935	1,311,204	641,935	1,311,204
Change in Allocation of SDRs		172,794	177,500	172,794	177,500
Increase in enhanced structural adjustment facility		337,817	641,312	337,817	641,312
Net cash from financing activities		3,418,898	2,653,859	3,384,017	2,679,301
Net change in cash and cash equivalents		(906,697)	990,712	(628,010)	940,831
Balance at 1 January		1,950,951	886,444	958,700	88,129
Net foreign exchange difference		120,564	73,795	120,564	(70,260)
Balance at 31 December	11	1,164,818	1,950,951	451,254	958,700

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b(ii) Standards issued but not yet effective

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

IFRS 9 *Financial Instruments*
IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

***Investment Entities* (Amendments to IFRS 10, IFRS 12 and IAS 27)**
These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group, since none of the entities in the Group would qualify to be an investment entity under IFRS 10.

IAS 32 *Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32*
These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group.

IFRIC Interpretation 21 *Levies* (IFRIC 21)
IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Group does not expect that IFRIC 21 will have material financial impact in future financial statements.

IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39*
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

Recoverable Amount Disclosures for Non-Financial Assets* – Amendments to IAS 36 *Impairment of Assets
These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b(i) New and amended standards and interpretations

The Group applied, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IFRS 10 *Consolidated Financial Statements*, IAS 19 *Employee Benefits* (Revised 2011), IFRS 13 *Fair Value Measurement* and amendments to IAS 1 *Presentation of Financial Statements*.

Several other amendments including IFRS 11 *Joint Arrangements*, IFRS 11 *Joint Arrangements* and IAS 28 *Investments in Associates and Joint Ventures and* IFRS 12 *Disclosure of Interests in Other Entities* apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group.

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

IFRS 10 *Consolidated Financial Statements* and IAS 27 *Separate Financial Statements*
The Group adopted IFRS 10 in the current year. The application of this standard did not affect the Group as all entities over which the Group had a controlling interest were already being consolidated.

IFRS 13 *Fair Value Measurement*
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. IFRS 13 also requires additional disclosures. Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 32.

IAS 1 *Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*
The amendments to IAS 1 introduce a grouping of items presented in OCI. Items that will be reclassified ('recycled') to profit or loss at a future point in time (e.g., net loss or gain on AFS financial assets) have to be presented separately from items that will not be reclassified (e.g., revaluation of land and buildings). The amendments only affected the presentation of the statement of other comprehensive income.

IAS 1 *Clarification of the requirement for comparative information* (Amendment)
These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. This amendment has no impact on the Group's financial position.

IAS 19 Employee Benefits (Revised 2011)
The Group has adopted IAS 19 (Revised 2011) in the current period. This has resulted in significant changes to the accounting policy on defined benefit. Some of the key changes include the following: All past service costs are recognised at the earlier of when the amendment/curtailment occurs or when the related restructuring or termination costs are recognised. As a result, unvested past service costs can no longer be deferred and recognised over the future vesting period. The Group had no unrecognised service costs. The interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a net-interest amount under IAS 19 (Revised 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period. There was no unrecognised actuarial gains/loss thus the amendment did not impact prior year. Actuarial losses were however reclassified from statement of profit or loss to other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c. Basis of Measurement

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

They are prepared on the historical cost basis except for the financial assets and liabilities that are stated at their fair value: derivative financial instruments, financial instruments that are fair valued through profit or loss and financial instruments classified as available-for-sale as well as property plant and equipment which is carried on the revaluation model. The Group's accounting policies have been applied consistently with those used in the previous year, except where otherwise indicated.

d. Use of Significant Estimates, assumptions and Judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, 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 Judgement 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.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b(iii) Improvements to International Financial Reporting Standards

IFRS 1 *First-time Adoption of International Financial Reporting Standards*

The amendment clarifies that an entity that has stopped applying IFRS may choose to either:

(i) Re-apply IFRS 1, even if the entity applied IFRS 1 in a previous reporting period

Or

(ii) Apply IFRS retrospectively in accordance with IAS 8 (i.e., as if it had never stopped applying IFRS) in order to resume reporting under IFRS).

IAS 1 *Presentation of Financial Statements*

Clarification of the requirements for comparative information

The amendment clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. The opening statement of financial position (known as 'the third balance sheet') must be presented when an entity changes its accounting policies (making retrospective restatements or reclassifications) and those changes have a material effect on the statement of financial position. The opening statement would be at the beginning of the preceding period. For example, the beginning of the preceding period for a 31 December 2014 year-end would be 1 January 2013. However, unlike the voluntary comparative information, the related notes are not required to include comparatives as of the date of the third balance sheet.

IAS 16 *Property, Plant and Equipment*

Classification of servicing equipment

The amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 *Financial Instruments: Presentation*

Tax effects of distributions to holders of equity instruments

The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

IAS 34 *Interim Financial Reporting*

Interim financial reporting and segment information for total assets and liabilities

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the proportion of the equity held by non-controlling interests changes, the group adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The group recognises directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

(ii) 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 at fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non controlling 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.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d. Use of Significant Estimates, assumptions and Judgements (cont'd)

Fair value of the quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forward contracts and commodity forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodity. Details on fair value determination and the fair value hierarchy have been disclosed in note 2x and 32.

Taxes
Though the Bank of Ghana is not subject to tax, the subsidiaries are. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group Company's domicile. As the Group assesses the probability for any litigation with respect to taxes as remote, no contingent liability has been recognised. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Details on the group's tax position are disclosed in note 10.

Pension benefits
The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details on the group's pension benefit scheme are disclosed in note 24 and 25.

Impairment losses on loans and advances
The bank reviews its individually significant loans and advances at each statement of financial position date to assess whether an impairment loss should be recorded in the income statement. In particular, management judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. Factors considered include the nature and values of any collateral held against these facilities. Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears), and judgments to the effect of concentrations of risks and economic data. Details on the group's impairments are disclosed in note 9.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

e. Other Operating Income

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

f. Foreign Currency

(i) <u>Foreign Currency Transactions</u>

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).

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations (cont'd)

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.

(iii) 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. Dividends Received

Dividends are recognised in profit or loss when the Bank's right to receive payment is established, which is generally when shareholders approve the dividend.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i. Financial Assets and Liabilities

(i) Classification of Financial Assets and Liabilities

The Group classifies its financial assets into 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 at fair value through profit or loss or at amortised cost. Management determines the categorisation of its financial assets and liabilities on initial recognition.

(ii) 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 liabilities are initially recognized at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs

(iii) 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 less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

(iv) 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. 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.

(v) 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. The groups loans and receivables include cash and amounts due from banks and loans and advances.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

Currency	Average Rate GH¢	Closing Rate GH¢
US Dollar	1.9497	2.19340
GBP	3.0546	3.63360
EURO	2.5927	3.02110

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Fair Value Measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at reporting. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy disclosed in note 32.

(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 currently enforceable 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. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR.

(xiii) Identification and Measurement of Impairment

The Group assesses at each reporting date 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.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(vi) Available for Sale Financial Assets

Available-for-sale financial assets are those 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.

(vii) Financial Liabilities measured at Amortised Cost

This relates to all other liabilities that are not designated 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 profit or loss. Loans and receivables, held-to-maturity instruments and other liabilities are subsequently carried at amortised cost using the effective interest method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xiii) Identification and Measurement of Impairment (cont'd)

Financial assets carried at amortised cost

For financial assets carried at amortised cost (such as amounts due from banks, loans and advances to customers as well as held to maturity investments), the Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, 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 has been incurred, the amount of the loss is measured as the difference between the assets's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued 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 Interest and similar income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'Credit loss expense'.

- *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 profit or loss.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'Impairment recognised'.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xiii) Identification and Measurement of Impairment (cont'd)

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 profit or loss. 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 amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'Impairment recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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. Property, Plant and Equipment

(i) Recognition and Measurement

Items of property and equipment except land and buildings are measured at cost less accumulated depreciation and accumulated impairment losses. Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. A revaluation surplus is recorded in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

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.

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.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xiv) Designation at Fair Value through Profit or Loss

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 31 sets out the amount of each class of financial asset or liability that has been designated at fair value through profit or loss.

(xv) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

j. **Gold**

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) and I(viii).

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

n. Deposits

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

o. 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.

p. 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.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

(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	20- 33 1/3
Furniture and Fittings	20 -33 1/3

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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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. When an employee has rendered service to the group during an accounting period, the group recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the group recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

q. 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 or equity in which case it is recognised in other comprehensive income or 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 (recovered 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.

Deferred Taxation

Deferred tax is provided using the liability 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.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Defined Benefit Plans

The Group operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under administration expenses in consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

(iii) Termination Benefits

The group recognises a liability and expense for termination benefits at the earlier of the following dates:

- When the entity can no longer withdraw the offer of those benefits; and
- When the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

For termination benefits payable as a result of an entity's decision to terminate an employee's employment, the group can no longer withdraw the offer when the entity has communicated to the affected employees a plan of termination meeting all of the following criteria:

- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made.
- The plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations (but the plan need not identify each individual employee) and the expected completion date.
- The plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r. 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.

s. 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.

t. Provisions and contingencies

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.

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

The Group does not recognise a contingent liability. The group only discloses a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote.u.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, adjusted for transaction costs that are directly attributable to the issuance of the guarantee, 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 best estimate of the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 to the 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.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

5(i) INTEREST AND SIMILAR INCOME

	The Bank 2013 GH¢'000	The Bank 2012 GH¢'000	The Group 2013 GH¢'000	The Group 2012 GH¢'000
Interest on overnight lending, government securities, medium/long-term notes and bonds	700,642	343,625	689,486	336,923
Interest on foreign accounts and foreign investments	73,385	81,204	73,385	81,205
Total interest on held to maturity instruments	774,027	424,829	762,871	418,128
Interest on loans and advances-Loans and receivables	344,785	384,917	379,528	409,738
Total interest Income	1,118,812	809,746	1,142,399	827,866
Discount on treasury bill operations	179,720	158,364	179,720	158,364
	1,298,532	968,110	1,322,119	986,230

5(ii) EXCHANGE DIFFERENCE

	The Bank 2013 GH¢'000	The Bank 2012 GH¢'000	The Group 2013 GH¢'000	The Group 2012 GH¢'000
Transactional exchange difference	47,913	37,653	59,474	50,605
Exchange rate equalization	491,799	1,002,281	491,799	1002,281
	539,712	1,039,934	551,273	1,052,886

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.

5(iii) INTEREST EXPENSE AND SIMILAR CHARGES

	The Bank 2013 GH¢'000	The Bank 2012 GH¢'000	The Group 2013 GH¢'000	The Group 2012 GH¢'000
IMF & SDR allocations[1]	226	271	226	271
Foreign loans and credits	3,913	1,741	3,913	1,741
Forex deposits	-	-	-	30,852
Interest on money market instruments	616,559	180,555	616,559	180,555
Repo expense and other commissions paid	41,066	30,984	45,819	2,986
	661,764	213,551	666,517	216,405

All interest is earned from financial instruments measured at amortised cost.

[1] These are charges relating to transactions with IMF.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

3. COMMITMENTS AND CONTINGENT LIABILITIES

The Group enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain some risk and are therefore disclosed below:

(a) Capital Expenditure Commitment

The Group had capital expenditure commitments of GH¢95,270,733 not provided for in the financial statements as at 31 December 2013 (2012: GH¢31,339,894). Capital expenditure commitments include capital expenditure contracts that have been awarded but have not yet been executed.

(b) Pending Legal Claims

There are contingent liabilities in respect of pending legal suits against the Group amounting to GH¢ 1,937.63 million (2012: GH¢1,942.92 million).

(c) Documentary credits

Contingent liabilities in respect of documentary credits for the group amounted to GH¢49.984million (2012: GH¢428.918million)

(d) Guarantees and Performance Bonds

The Bank enters into various commitments in the normal course of its business. The maximum exposure of the Group in respect of guarantees and performance bonds outstanding, at 31 December 2013 was GH¢405.570million (2012: GH¢376.281milion).

4. EFFECTIVE INTEREST RATES OF FINANCIAL ASSETS AND LIABILITIES

The effective interest rates for the principal financial assets at 31 December 2012 and 2011 were in the following ranges:

	2013 GH¢'000	2012 GH¢'000
Assets		
Securities - Government	0 - 23.07%	0 - 26%
External	0.05 - 3.00%	0.1- 3.45%
Loans and Advances	15.00 - 16.00%	12.50%- 15%
Liabilities		
Deposits	0%	0%
Liabilities under Money Market Operations	11.74 - 27.33%	11.74%- 22.81%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

8. CURRENCY AND ISSUE EXPENSES

	The Bank 2013 GH¢'000	The Bank 2012 GH¢'000	The Group 2013 GH¢'000	The Group 2012 GH¢'000
Agency Fees	988	769	988	769
Notes Printing	57,844	7,405	57,845	7,405
Coin Minting	-	2,219	-	2,219
Other Currency Expenses	427	132	427	132
	59,259	10,525	59,260	10,525

9(a) IMPAIRMENT LOSSES

	The Bank 2013 GH¢'000	The Bank 2012 GH¢'000	The Group 2013 GH¢'000	The Group 2012 GH¢'000
Balance at 1 January	104,153	9,549	107,440	11,461
Impairment loss recognised	-	94,604	-	95,979
Write off	(4,503)	-	(4,503)	-
Exchange difference	-	-	4,375	-
Balance at 31 December (9b)	99,650	104,153	107,312	107,440

This is in respect of impairment made on loans and advances, other assets and development loans and investments, disclosed in notes 15, 17 and 18 respectively whose recoverability has become doubtful.

9(b) RECONCILIATION OF CHANGES IN IMPAIRMENT

The Bank 2013

	Loans and Advances (note 15) GH¢'000	Other assets (note 17) GH¢'000	Dev't loans and advances (note 18) GH¢'000	Total 2013 GH¢'000
At 1/1/2013	100,626	2,638	889	104,153
Impairment written off	(2,554)	(1,531)	(418)	(4,503)
At 31/12/2013	98,072	1,107	471	99,650

The Group 2013

	Loans and Advances (note 15)	other assets (note 17)	Devt loans and advances (note 18)	Total 2013
At 1/1/2013	103,913	2,638	889	107,440
Impairment losses recognised	4,375	-	-	4,375
Impairment losses reversal	(2,554)	(1,531)	(418)	(4,503)
At 31/12/2013	105,734	1,107	471	107,312

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

6. ADMINISTRATIVE EXPENSES

	The Bank		The Group	
	2013	2012	2013	2012
	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Personnel Cost	209,940	174,818	228,773	204,889
Foreign and Domestic Travel	8,392	5,319	8,503	5,347
Motor vehicle Maintenance/running	9,691	6,647	9,740	6,744
Communication Expenses	4,553	2,981	4731	3,356
Banking College and Monetary Institutes	3,201	1,498	3,201	1,498
Computer Related Expenses	3,947	1,370	4,617	4,820
Banking Supervision Expenses	1,759	1,141	1,759	1,141
Auditors' Remuneration	215	229	480	502
Directors' Remuneration	1,381	1,137	5,763	3,833
Expense on Foreign Currency Importation	344	435	344	435
Depreciation - motor vehicles	4,964	3,113	5,015	3,149
Other Administrative expenses	42,437	14,105	47,530	32,393
	290,824	212,793	320,456	268,107

The number of persons in employment at the end of the year was as follows:

	The Bank		The Group	
	2013	2012	2013	2012
	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Directors	11	11	33	33
Staff	1,590	1,567	1,700	1,672
	1,601	1,578	1,733	1,705

7. PREMISES AND EQUIPMENT EXPENSES

	The Bank		The Group	
	2013	2012	2013	2012
	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Rent and Rates	1,294	738	1,294	1,513
Electricity, Water and Conservancy	3,414	2,913	3,719	3,150
Repairs and Renewals	6,054	6,213	9,396	7,114
Insurance - Premises and Equipment	8	172	15	172
Depreciation - Premises & Equipment	10,473	19,946	13,311	24,677
Generator Running Expenses	228	155	261	177
General Premises and Equipment Expenses	3,647	1,993	6,159	2,523
	25,118	32,130	34,155	39,326

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

10. 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

(i) The charge for the year can be reconciled to the profit or loss as follows:

	2013 GH¢'000	2012 GH¢'000
Profit on ordinary activities before tax	55,264	42,431
Tax at 23.25 %(2012; 24.5%)	12,848	10,396
Depreciation of non-qualifying assets	54	51
Expenses disallowed for other tax purposes	7	9
Effect of change in tax rate	74	46
Prior year adjustment	(10)	51
	12,973	10,553

(ii) Current tax charge

	2013 GH¢'000	2012 GH¢'000
Current year	12,874	10,538
Movement in deferred tax	18	(41)
Prior year adjustment	81	56
Total current tax charge	12,973	10,553
Deferred tax charge current year	18	(41)
Effect on change in tax rate	1	46
Prior year adjustment	(19)	(5)
Overall tax charge	12,973	10,553

11. CASH AND AMOUNTS DUE FROM BANKS

	The Bank		The Group	
	2013 GH¢'000	2012 GH¢'000	2013 GH¢'000	2012 GH¢'000
Correspondent Bank Balances	1,099,020	1,896,399	385,456	904,148
Notes and Coins Holdings	65,798	54,552	65,798	54,552
	1,164,818	1,950,951	451,254	958,700

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

9(b) RECONCILIATION OF CHANGES IN IMPAIRMENT (CONT'D)

The Bank 2012

	Loans and Advances (note 15) GH¢'000	Other assets (note 17) GH¢'000	Dev't loans and advances (note 18) GH¢'000	Total 2012 GH¢'000
At 1/1/2012	5,945	2,715	889	9,549
Impairment losses recognised/(reversal)	94,681	(77)	-	94,604
At 31/12/2012	100,626	2,638	889	104,153

The Group 2012

	Loans and Advances (note 15)	other assets (note 17)	Dev't loans and advances (note 18)	Total 2012
At 1/1/2012	7,857	889	2,715	11,461
Reversal of impairment losses/(reversals)	96,056	-	(77)	95,979
At 31/12/2012	103,913	889	2,638	107,440

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

15. LOANS AND ADVANCES

	The Bank		The Group	
	2013	2012	2013	2012
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Government	2,741,977	3,118,086	2,741,977	3,118,086
Financial Institutions	832,020	203,272	2,381,605	1,380,861
Lending	2,126,880	109,972	2,607,582	408,460
Gross Amount	5,700,877	3,431,330	7,731,164	4,907,407
Less: Impairment Losses (9b)	(98,072)	(100,626)	(105,734)	(103,913)
Carrying amount	5,602,805	3,330,704	7,625,430	4,803,494

16. DERIVATIVE ASSETS

	The Bank		The Group	
	2013	2012	2013	2012
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Swap receivable	2,625,232	1,019,673	2,625,232	1,019,673

This represents receivables from currency swap transactions entered into by the Bank with various Banks in Ghana.

17. OTHER ASSETS

	The Bank		The Group	
	2013	2012	2013	2012
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Items in course of Collection	84,865	266,794	84,865	266,794
Revaluation Account	324,015	154,386	324,013	154,386
Accrued interest on securities	648,342	298,220	648,342	298,220
Other receivables	289,379	148,125	306,415	160,445
	1,346,601	867,525	1,363,635	879,845
Less: Impairment Losses (note 9b)	(1,107)	(2,638)	(1,107)	(2,638)
	1,345,494	864,887	1,362,528	877,207

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. Included are imprest, accounts receivable and staff provident fund investment.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

12. GOLD

	The Bank		The Group	
	2013	2012	2013	2012
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Bank of England Gold set aside	292,337	344,967	292,337	344,967
Federal Reserve Bank NY Gold	204,306	241,087	204,306	241,087
UBS Gold Investment	219,618	259,036	219,618	259,036
Gold-local holdings	27,053	31,922	27,053	31,922
	743,314	877,012	743,314	877,012

13. BALANCES WITH INTERNATIONAL MONETARY FUND (IMF)

	The Bank		The Group	
	2013	2012	2013	2012
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Holdings	804,340	749,222	804,340	749,222
Quota	1,246,408	1,066,226	1,246,408	1,066,226
	2,050,748	1,815,448	2,050,748	1,815,448

14. SECURITIES

	The Bank		The Group	
	2013	2012	2013	2012
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Long-term Government securities	5,281,533	2,875,325	5,281,533	2,875,325
Money Market instruments	1,377,692	1,800,809	1,377,826	1,821,905
Short-Term Securities	8,335,613	6,141,010	8,335,606	6,141,002
Others	-	-	366,164	394,990
	14,994,838	10,817,144	15,361,129	11,233,222

(i) Long-Term Government Securities

This represents interest and non-interest bearing securities which have been issued by the Government of Ghana to cover among others 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.

iii) Other securities

This represents securities that the group has designated as available for sale. These include certificate of deposits and government and other securities.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

19a. PROPERTY, PLANT AND EQUIPMENT

The Bank 2013

	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 1/1/13	151,951	13,536	3,227	65,742	56,491	290,947
Additions	4,230	5,498	1452	12,347	29,025	52,552
Disposals	(455)	(34)	(27)	(123)	-	(639)
Balance at 31/12/13	155,726	19,000	4,652	77,966	85,516	342,860
Accumulated Depreciation & impairment Losses						
At 1/1/13	12,973	6,661	1,943	18,771	-	40,348
Charge for the year*	1,942	7,788	743	5,069	-	15,542
Disposals	(55)	(9)	(20)	(88)	-	(172)
Balance at 31/12/13	14,860	14,440	2,666	23,752	-	55,718
Carrying Amounts						
Balance at 31/12/13	140,866	4,560	1,986	54,214	85,516	287,142

The Group 2013

	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 1/1/13	158,414	14,343	4,850	97,718	60,826	336,151
Additions	4,230	11,499	1,465	7,297	29,605	54,096
Disposals	(454)	(123)	(28)	(208)		(813)
Translation Adjustment	-	49	-	2,020	-	2,069
Balance at 31/12/13	162,190	25,768	6,287	106,827	90,431	391,503
Accumulated Depreciation and impairment losses						
At 1/1/13	14,216	7,252	3,348	34,019	-	58,835
Charge for the Year	3,021	6,123	818	14,860	-	24,822
Released on Disposal	(55)	(88)	(20)	(9)	-	(172)
Translation Adjustment	-	23	217	1,092	-	1,332
Balance at 31/12/13	17,182	13,310	4,363	49,962	-	84,817
Carrying Amounts						
Balance at 31/12/13	145,008	12,458	1,924	56,865	90,431	306,686

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

18. DEVELOPMENT LOANS AND INVESTMENTS

	The Bank		The Group	
	2013	2012	2013	2012
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Investments - Banks	100,798	101,210	38,652	38,881
Investments - Other Institutions	80,409	76,418	-	8
	181,207	177,628	38,652	38,889
Impairment Losses	(471)	(889)	(471)	(889)
	180,736	176,739	38,181	38,000

Included in investments - Banks is GH¢70,164,525 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¢72,909,229 representing 100% holdings in GHIPSS, a company incorporated in Ghana, and an amount of GH¢ 3,500,000 representing 100% in CSD, a company incorporated in Ghana. These amounts have been eliminated in the consolidated financial statements.

The holdings of Bank of Ghana in the various subsidiaries are as follows:

Subsidiaries

	Holding		
	2013	2012	Nature of business
	%	%	
Ghana International Bank Plc (GHIB)	51	51	Banking
Ghana Interbank Payment and Settlement Systems	100	100	Operation of national payment and settlement systems
Central Securities Depository	100	100	Operation of national securities depository

All subsidiaries except GHIB are incorporated in the Republic of Ghana. Investment in subsidiaries has been carried at cost in the Bank's separate financial statements. GHIB is a limited liability company incorporated in the United Kingdom (UK).

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

20. DEPOSITS

	The Bank		The Group	
	2013	2012	2013	2012
	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Government	3,726,482	2,710,180	3,726,482	2,710,180
Financial Institutions/Banks	2,998,247	2,693,813	4,191,663	3,194,844
Other deposits	617,737	416,254	617,737	416,254
	7,342,466	5,820,247	8,535,882	6,321,278

21. DERIVATIVE FINANCIAL LIABILITY

	The Bank		The Group	
	2013	2012	2013	2012
	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Swap Payable	2,906,255	891,100	2,906,255	891,100

This represents the Group's obligations to various banks in respect of currency swap transactions entered into.

22. LIABILITIES UNDER MONEY MARKET OPERATIONS

	The Bank		The Group	
	2013	2012	2013	2012
	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Bank of Ghana Instruments	3,924,219	1,657,867	3,920,894	1,656,117

These are securities (bills carrying a fixed rate of interest) issued by the Bank for monetary policy purpose and are shown as a liability of the Central Bank of Ghana to the buyers. These instrument include 91 day and 182 day instruments.

23. LIABILITIES TO IMF

	The Bank		The Group	
	2013	2012	2013	2012
	GH₵'000	GH₵'000	GH₵'000	GH₵'000
(i) IMF Currency Holdings				
IMF No. 1	54,650	51,106	54,650	51,106
IMF No. 2	3	12	3	12
IMF Securities	1,191,759	1,015,120	1,191,759	1,015,120
(ii) IMF Facilities				
Poverty Reduction and Growth Facility	1,486,840	1,329,197	1,486,840	1,329,197
	2,733,252	2,395,435	2,733,252	2,395,435

Ghana 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 SDR369 million at December 31, 2013 (2012: SDR 369 million). IMF currency holdings equivalent to SDR 16.179 million at December 31, 2013 (2012: SDR 17.686 million) and SDR 0.85 million (2012: SDR 4.171 million) 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 2013

19b. PROPERTY, PLANT AND EQUIPMENT

The Bank 2012

	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 1/1/12	149,555	9,187	2,398	25,344	12,876	199,360
Additions	2,396	4,867	829	40,398	43,615	92,105
Disposals	-	(518)	-	-	-	(518)
Balance at 31/12/12	151,951	13,536	3,227	65,742	56,491	290,947
Accumulated Depreciation & impairment Losses						
At 1/1/12	4,873	3,547	440	5,610	-	14,470
Charge for the year*	8,100	3,114	1,503	13,161	-	25,878
Balance at 31/12/12	12,973	6,661	1,943	18,771	-	40,348
Carrying Amounts						
Balance at 31/12/12	138,978	6,875	1,284	46,971	56,491	250,599

The Group 2012

	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 1/1/12	155,493	9,929	3,721	55,051	16,572	240,766
Additions	2.395	4,409	882	41,446	44,254	93,386
Disposals	-	(45)	-	-	-	(45)
Translation Adjustment	526	50	247	1,221	-	2,044
Balance at 31/12/12	158,414	14,343	4,850	97,718	60,826	336,151
Accumulated Depreciation and impairment losses						
At 1/1/12	5,666	4,029	1330	16,147	-	27,172
Charge for the Year	8,428	3,241	1,825	17,251		30,745
Released on Disposal	-	(39)	-	-	-	(39)
Translation Adjustment	122	21	193	621	-	957
Balance at 31/12/12	14,216	7,252	3,348	34,019	-	58,835
Carrying Amounts						
Balance at 31/12/12	144,198	7,091	1,502	63,699	60,826	277,316

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

25 DEFINED BENEFIT PLAN (CONT'D)

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on behalf of the Bank within the year. The present value of the defined benefit obligation and the related service cost are measured using the projected unit credit method.

Actuarial assumptions	2013	2012
Discount rate at 31 December	18.25%	12%
Salary increment rate	20%	15%

The sensitivity of present the present values of the defined benefit obligations are presented below:

Discount rate	Salary increment rate 18%	22%	24%
	GH¢'000	GH¢'000	GH¢'000
19.25%	587,667	934,883	1,230,084
18.25%	654,933	1,075,394	1,440,950
20.25%	532,410	820,846	1,061,652

26 (a) CURRENCY IN CIRCULATION

	The Bank 2013	2012	The Group 2013	2012
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Notes and Coins Issued	19,554,442	9,461,719	19,554,442	9,461,719
Less: Cash Account & Agencies	(13,357,035)	(3,906,247)	(13,357,035)	(3,906,247)
	6,197,407	5,555,472	6,197,407	5,555,472

26 (b) CURRENCY IN CIRCULATION BY DENOMINATION

DENOMINATION	The Bank 2013	2012	The Group 2013	2012
Notes in Circulation	GH¢'000	GH¢'000	GH¢'000	GH¢'000
GH¢50	1,640,274	1,087,570	1,640,274	1,087,570
GH¢20	1,936,352	1,726,566	1,936,352	1,726,566
GH¢10	1,423,105	1,397,795	1,423,105	1,397,795
GH¢5	809,906	973,314	809,906	973,314
GH¢2	93,101	91,992	93,101	91,992
GH¢1	157,207	154,912	157,207	154,912
Total Notes in Circulation	6,059,945	5,432,149	6,059,945	5,432,149
Coins in Circulation				
GH¢1	23,103	21,119	23,103	21,119
50GP	32,802	29,160	32,802	29,160
20GP	31,196	26,346	31,196	26,346
10GP	19,184	15,802	19,184	15,802
5GP	7,957	7,430	7,957	7,430
1GP	889	863	889	863
Total Coins in Circulation	115,131	100,720	115,131	100,720
New currency in circulation	6,175,076	5,532,869	6,175,076	5,532,869
Old currency in circulation	22,331	22,603	22,331	22,603
Total Currency in Circulation	6,197,407	5,555,472	6,197,407	5,555,472

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

24. OTHER LIABILITIES

	The Bank		The Group	
	2013	2012	2013	2012
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Accruals and account payable	245,058	43,116	252,206	83,465
Defined pension fund liability (Note 25)	62,363	83,124	62,363	83,124
Short term facilities	1,316,040	562,800	1,316,040	562,800
Other payables	164,215	267,465	196,736	269,199
	1,787,676	956,505	1,827,345	998,588

The short term facilities were obtained from the Bank for International Settlements (BIS) and Bank of New York Mellon. These facilities had three months maturity period with a roll over option and with fixed rates of interest.

25 DEFINED BENEFIT PLAN

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee is entitled to receive on retirement, dependent on one or more factors such as age, years of service and salary. A full actuarial valuation by a qualified independent actuary is carried out every two years. An estimate is made to adjust the benefit obligation on a yearly basis. The plan liability is measured on an actuarial basis using the projected unit credit method, adjusted for unrecognised actuarial gains and losses. The defined benefit plan liability is discounted using rates equivalent to the long-term government bond rates. The value of defined benefit assets and obligations at the yearend are as follows:

	The Bank		The Group	
	2013	2012	2013	2012
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Defined benefit obligation	(827,435)	(638,219)	(827,435)	(638,219)
Plan assets	765,072	555,095	765,072	555,095
Total recognised benefit liability	(62,363)	(83,124)	(62,363)	(83,124)
Plan assets				
Balance at 1 January	555,095	310,204	555,095	310,204
Contributions by employer during the year	209,977	244,891	209,977	244,891
Fund assets in investments	765,072	555,095	765,072	555,095

	The Bank		The Group	
	2013	2012	2013	2012
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance at 1 January	638,219	527,758	638,219	527,758
Restatement	-	42,150	-	42,150
Pension payments	(19,694)	(16,584)	(19,694)	(16,584)
Interest earned	147,260	45,944	147,260	45,944
Actuarial Losses	21,661	13,686	21,661	13,686
Service cost	39,989	25,256	39,989	25,256
Value of fund obligation at 31 December	827,435	638,219	827,435	638,219

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

30. OTHER RESERVES (CONT'D)

The Group-2013

	Price & Exchange Movement GH¢'000	Foreign currency Translation Reserve GH¢'000	Available for sale reserves GH¢'000	Transfer From Surplus GH¢'000	Total 2013 GH¢'000
Balance at 1 January	872,755	43,966	-	1,777,079	2,693,800
Dividend	-	-	-	(500,000)	(500,000)
(Decrease)/Increase in the year	(271,016)	32,917	711	875,543	638,155
Balance at 31 December	601,739	76,883	711	2,152,622	2,831,955

The Group-2012

	Price & Exchange Movement GH¢'000	Translation Reserve GH¢'000	Transfer from Surplus GH¢'000	Total 2012 GH¢'000
Balance at 1 Jan	822,762	31,953	254,189	1,108,904
(Decrease)/Increase in the year	49,993	12,013	1,522,890	1,584,896
Balance at 31 December	872,755	43,966	1,777,079	2,693,800

Other reserve represents the unrealised gains and losses on revaluation of gold holdings as a result of the change in the spot market price. The balance also includes amounts set aside from surplus for the year to support specific operational expenses in accordance with *Section 6* of the Bank of Ghana Act, 2002 (Act 612).

31. FINANCIAL INSTRUMENTS CLASSIFICATION AND SUMMARY

Financial instruments are classified between four (4) recognition principles: held to maturity, held at fair value through profit and loss (comprising held for trading and designated), available-for-sale, and loans and receivables. These categories of financial instruments have been combined for presentation on the face of the balance sheet.

The Bank's classification of its principal financial assets and liabilities is summarised overleaf:

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

27. STATED CAPITAL

	Number of Shares		Proceeds	
	2013	2012	2013	2012
	'000	'000	GH¢'000	GH¢'000
Authorised 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

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

28. ASSET REVALUATION RESERVE

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

29. 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).

30. OTHER RESERVES

The Bank-2013

	Price & Exchange Movement	Transfer from Surplus	Transfer to other Reserve	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance at 1 January	872,753	1,777,079	(86)	2,649,746
Dividend	-	-	(500,000)	(500,000)
(Decrease)/Increase in the year	(271,016)	875,543	-	604,527
Balance at 31 December	601,737	2,652,622	(500,086)	2,754,273

The Bank-2012

	Price & Exchange Movement	Transfer from Surplus	Transfer to other Reserve	2012
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance at 1 January 2011	822,760	254,189	(86)	1,076,863
(Decrease)/Increase in the year	49,993	1,522,890	-	1,572,883
Balance at 31 December	872,753	1,777,079	(86)	2,649,746

OTES TO THE FINANCIAL STATEMENTS (CONTINUED)
1 DECEMBER 2013

1. FINANCIAL INSTRUMENTS CLASSIFICATION AND SUMMARY (CONT'D)

ssets
The Group 2013

	Notes	Held to Maturity	Designated at fair value through P&L	Available for Sale	Loans & Receivables	Total Carrying	Fair value
		GH¢000	GH¢000	GH¢000	GH¢000	GH¢000	GH¢000
sh and balances with correspondent banks	11	-	-	-	451,254	451,254	451,254
lances with IMF	13	-	-	-	2,050,748	2,050,748	2,050,748
vernment securities	14	5,281,533	-	-	-	5,281,533	5,281,533
oney market instruments	14	1,377,826	-	-	-	1,377,826	1,377,826
ort-term securities	14	8,335,613	-	366,162	-	8,701,775	8,701,775
ans and advances	15	-	-	-	7,625,430	7,625,430	7,625,430
rivative assets	16	-	2,625,232	-	-	2,625,232	2,625,232
velopment loans and investments	18	-	-	-	38,181	38,181	38,181
tal at 31/12/13		14,994,838	2,625,232	366,162	10,165,613	28,151,979	28,151,979

ssets
The Group 2012

	Notes	Held to Maturity	Designated at fair value through P&L	Available for Sale	Loans & Receivables	Total Carrying	Fair value
		GH¢000	GH¢000	GH¢000	GH¢000	GH¢000	GH¢000
sh and balances with correspondent banks	11	-	-	-	958,700	958,700	958,700
lances with IMF	13	-	-	-	1,815,448	1,815,448	1,815,448
vernment securities	14	2,875,325	-	-	-	2,875,325	2,875,325
ney market instruments	14	1,821,905	-	-	-	1,821,905	1,821,905
ort-term securities	14	1,807,962	-	-	-	6,535,992	6,535,992
ans and advances	15	-	-	-	4,803,494	4,803,494	4,803,494
rivative assets	16	-	1,019,673	-	-	1,019,673	1,019,673
evelopment loans and investments	18	-	-	-	38,000	38,000	38,000
tal at 31/12/12		6,085,992	1,019,673	-	7,615,642	19,868,537	19,868,537

ANK OF GHANA AND ITS SUBSIDIARIES

OTES TO THE FINANCIAL STATEMENTS (CONTINUED)
1 DECEMBER 2013

1. FINANCIAL INSTRUMENTS CLASSIFICATION AND SUMMARY

ssets
The Bank 2013

	Notes	Held to Maturity	Designated at fair value through P&L	Available for Sale	Loans & receivables	Total Carrying Amount	Fair value
		GH¢000	GH¢000	GH¢000	GH¢000	GH¢000	GH¢000
Cash and balances with correspondent banks	11	-	-	-	1,164,818	1,164,818	1,164,818
Balances with IMF	13	-	-	-	2,050,748	2,050,748	2,050,748
Government securities	14	5,281,533	-	-		5,281,533	5,281,533
Money market instruments	14	1,377,692	-	-		1,377,692	1,377,692
Short-term securities	14	8,335,043	-	-		8,335,043	8,335,043
Loans and Advances	15	-	-	-	5,602,805	5,602,805	5,602,805
Derivative assets	16	-	2,625,232	-	-	2,625,232	2,625,232
Development loans and investments	18	-	-	-	180,736	180,736	180,736
Total at 31/12/2013		14,994,268	2,625,232	-	8,999,107	26,618,607	26,618,607

ssets
The Bank 2012

	Notes	Held to Maturity	Designated at fair value through P&L	Available for Sale	Loans & Receivables	Total Carrying Amount	Fair value
		GH¢000	GH¢000	GH¢000	GH¢000	GH¢000	GH¢000
Cash and balances with correspondent banks	11	-	-	-	1,950,951	1,950,951	1,950,951
Balances with IMF	13	-	-	-	1,815,448	1,815,448	1,815,448
Government securities	14	2,875,325	-	-	-	2,875,325	2,875,325
Money market instruments	14	1,800,809	-	-	-	1,800,809	1,800,809
Short-term securities	14	6,141,010	-	-	-	6,141,010	6,141,010
Loans and Advances	15	-	-	-	3,330,704	3,330,704	3,330,704
Derivative assets	16	-	1,019,673	-	-	1,019,673	1,019,673
Development loans and investments	18	-	-	-	176,739	176,739	176,739
Total at 31/12/12		18,817,144	1,019,673	-	7,273,842	19,110,659	19,110,659

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

31. FINANCIAL INSTRUMENTS CLASSIFICATION AND SUMMARY (CONT'D)

Liabilities

ii) The Group 2012

	Notes	Trading GH¢000	Designated at Fair Value through P&L GH¢000	Financial Liabilities at amortised cost GH¢000	Total GH¢000
Government Deposits	20	-	-	2,710,180	2,710,180
Due to Banks and Financial Institutions	20	-	-	3,194,814	3,194,814
Other Short-Term Deposits	20	-	-	416,254	416,254
Derivative liabilities	21	-	891,100	-	891,100
Money Market Instruments	22	-	-	1,656,117	1,656,117
Liabilities to IMF	23	-	-	2,395,435	2,395,435
Total at 31/12/2012		-	891,100	10,372,800	11,263,900

32. FAIR VALUE HIERARCHY

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange).

- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of Bank of Ghana's securities and other derivative contracts. The inputs used include the Bank of Ghana published rates and discounted cash flow techniques. Also included in this level are items of property, plant and equipment carried at market values. The main input into the valuation is recent market transactions.

- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. As at 31 December 2013 and 31 December 2012, the group did not hold any level 3 financial assets and/or liabilities.

This hierarchy requires the use of observable market data when available. The group considers relevant observable market prices in its valuation where possible. There has been no movement of financial instruments between different levels in the current year. Financial instruments measured at fair value at 31 December 2013 and 31 December 2012 was classified as follows:

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2011

31. FINANCIAL INSTRUMENTS CLASSIFICATION AND SUMMARY (CONT'D)

Liabilities

i. The Bank 2013

	Notes	Trading GH¢000	Designated at Fair Value through P&L GH¢000	Financial Liabilities at amortised cost GH¢000	Total GH¢000
Government Deposits	20	-	-	3,726,482	3,726,482
Due to Banks and Financial Institutions	20	-	-	2,998,247	2,998,247
Other Short-Term Deposits	20	-	-	617,737	617,737
Derivative liabilities	21	-	2,906,255	-	2,906,255
Money Market Instruments	22	-	-	3,924,219	3,924,219
Liabilities to IMF	23	-	-	2,733,252	2,733,252
Total at 31/12/13		-	2,906,255	13,999,937	16,906,192

Liabilities

ii. The Bank 2012

	Notes	Trading GH¢000	Designated at Fair Value through P&L GH¢000	Financial Liabilities at amortised cost GH¢000	Total GH¢000
Government Deposits	20	-	-	2,710,180	2,710,180
Due to Banks and Financial Institutions	20	-	-	2,693,813	2,693,813
Other Short-Term Deposits	20	-		416,254	416,254
Derivative liabilities	21	-	891,100	-	891,100
Money Market Instruments	22	-	-	1,657,867	1,657,867
Liabilities to IMF	23	-	-	2,395,435	2,395,435
Total at 31/12/12		-	891,100	9,873,549	10,764,649

I. The Group 2013

	Notes	Trading GH¢000	Designated at Fair Value through P&L GH¢000	Financial Liabilities at amortised cost GH¢000	Total GH¢000
Government Deposits	20	-	-	3,726,482	3,726,482
Due to Banks and Financial Institutions	20	-	-	4,191,663	4,191,663
Other Short-Term Deposits	20	-	-	617,737	617,737
Derivative liabilities	21	-	891,100	-	891,100
Money Market Instruments	22	-	-	3,920,894	3,920,894
Liabilities to IMF	23	-	-	2,733,252	2,733,252
Total at 31/12/13		-	891,100	15,190,028	16,081,128

33. RELATED PARTY TRANSACTIONS

Transactions with Government of Ghana/IMF

The Bank of Ghana is wholly owned by the Government of Ghana. The Bank and the Government of Ghana have borrowings from the IMF, which have been undertaken through the Bank. The Central Bank is a member of the IMF/World Bank. The Government's IMF borrowings, as shown on the statement of financial position of the Bank, have been matched by a receivable from the Government.

In order for the Bank to eliminate foreign exchange risk in this regard, the Government receivable is denominated in SDRs. Interest on such borrowings is the responsibility of, and payable by, the Government. Accordingly no interest revenue is included in these accounts for the receivable nor is interest expense included on the Government's portion of the IMF borrowings. IMF quota is supported by promissory notes jointly signed by the Bank and the Government.

Loans and advances to governments as well as securities issued to government are made at rates of interest agreed between the Ministry of Finance and the Bank of Ghana in accordance with the Bank of Ghana act. Interest on any overdraft by government is charged at the Bank of Ghana's normal rate of interest. There are currently no impairments held in respect of loans, advances and securities to government. The balances on loans and security transactions with government have been disclosed in notes 14, 15 and 20 respectively.

Key management personnel compensation for the period comprised

The Bank	2013 GH¢'000	2012 GH¢'000
Short-term employee benefits	920	750
Termination Benefit	375	334
Post-employment benefits	169	150
	1,464	1,234

Key management personnel include directors and top level management.

Transactions with related companies in the year under review are as follows:

Name of subsidiary	% ownership	Deposits by Subsidiary with Bank of Ghana GH¢'000	Investments by Subsidiary with Bank of Ghana GH¢'000	Budgetary support by BoG to Subsidiaries GH¢'000
Ghana International Bank	51	828,257	-	-
Ghana Interbank Payments and Settlement Systems	100	69	-	3,800,000
Central Securities Depository	100	1,381	3,325	200,000

The balances on these transactions are included in the respective assets and liabilities in the books of the bank.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

32. FAIR VALUE HIERARCHY (CONT'D)

The Bank

	Level 1 The Bank		Level 2 The Bank		Level 3 The Bank	
	2013	2012	2013	2012	2013	2012
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Fair value through profit or loss						
Derivatives asset	-	-	2,625,232	1,019,673	-	-
Financial liabilities at fair value through profit or loss						
Derivative financial liability	-	-	2,906,255	891,100	-	-
Other assets						
Property plant and equipment (Land and buildings)	-	-	140,866	151,951	-	-

The Group

	Level 1 The Group		Level 2 The Group		Level 3 The Group	
	2013	2012	2013	2012	2013	2012
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Fair value through profit or loss						
Derivatives asset	-	-	2,625,232	1,019,673	-	-
Financial liabilities at fair value through profit or loss						
Derivative financial liability	-	-	2,906,255	891,100	-	-
Other assets						
Property plant and equipment (Land and buildings)	-	-	145,008	138,978	-	-

33. RISK MANAGEMENT DISCLOSURES (CONT'D)

Exposure to Credit Risks

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risks at the reporting date was:

	The Bank		The Group	
	2013	2012	2013	2012
ASSETS	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cash and amounts due from banks	1,164,818	1,950,951	451,254	958,700
Gold	743,314	877,012	743,314	877,012
Balances with IMF	2,050,748	1,815,448	2,050,748	1,815,448
Securities	14,994,838	10,817,144	15,361,127	11,233,222
Loans and advances	5,602,805	3,330,704	7,625,430	4,803,494
Development loans and investments	180,736	176,739	38,181	38,000
	24,737,259	18,967,998	26,270,054	19,725,876

♦ Liquidity Risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both the risk of being unable to fund assets to appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Group usually has access to a diverse funding base. Funds are raised using a range of instruments including deposits, other liabilities regulated by law and other credit facilities. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds.

The Group strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Group continually assesses liquidity risk by identifying and monitoring changes in funding required to meet its goals and targets set in terms of overall Bank strategy. In addition, the Group holds a portfolio of liquid assets as part of its liquidity risk management strategy. The following are contractual maturities of financial assets and liabilities:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

34. RISK MANAGEMENT DISCLOSURES

The Bank maintains active trading positions in non-derivative financial instruments. To carry out its functions, the Bank carries an inventory of money market instruments and maintains access to market liquidity by dealing with other market makers. As dealing strategies adopted by the Bank depend on its specific function as a central bank, its positions are managed in concert to maximise net trading income by defining acceptable risk levels and endeavouring to maximise income at those levels.

The Bank manages its activities by type of risk involved and on the basis of the categories of investments held. The discussion below sets out the various risks to which the Bank is exposed as a result of its operational activities, and the approach taken to manage those risks. Further details of the steps taken to measure and control risk are set out in the Bank's risk management and control procedures.

- **Credit Risk**

The Group is subject to credit risk through its lending and investing activities and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees.

Credit risk associated with trading and investing activities is managed through the Group's credit risk management process.

The risk that counter parties to trading instruments might default on their obligations is monitored on an ongoing basis. To manage the level of credit risk, the Bank deals with counterparts of good credit standing.

Concentrations of credit risk (whether on or off statements of financial position) that arise from financial instruments exist for banks and for counter parties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The risk that counter parties to trading instruments might default on their obligations is monitored on an ongoing basis. In monitoring credit risk exposure, consideration is given to trading instruments with a positive fair value and to the volatility of the fair value of trading instruments. To manage the level of credit risk, the Bank deals with counter parties of good credit standing. The nature of the Group's operation as a Central Bank makes its loan portfolio not lend itself to normal aging analysis as the case is for commercial banks.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

33. RISK MANAGEMENT DISCLOSURES (CONT'D)

Liquidity Risk (cont'd)

The Group 2013

ASSETS	Up to 1 mth GH ¢ '000	B¢/n 1 mth & 3 mths GH ¢ '000	B/n 3 mths & 1 yr GH ¢ '000	B/n 1 yr & 5 yrs GH ¢ '000	>5years GH ¢ '000	Total GH¢ '000
Cash and Amounts due from Banks	451,254	-	-	-	-	451,254
Derivative financial asset		-	2,953,386	-	-	2,953,386
Gold	27,053	496,643	219,618		-	246,671
Balances with IMF	804,340	1,246,408	-	-	-	2,050,748
Securities	8,505,646	766,227	169,687	8,117,527	1,712,633	19,271,720
Loans and Advances	6,591,173	359,666	295,400	756,543	41,108	8,043,890
Development Loans and Investments	164	-	-	-	61,781	61,945
TOTAL	16,379,630	2,372,301	3,638,091	8,874,070	1,815,522	33,079,614
LIABILITIES						
Currency in Circulation	-	-	-	-	6,197,407	6,197,407
Allocations of Special Drawing Rights	1,195,297	-	-		-	1,195,297
Deposits	7,355,543	615,636	558,423	6,280	-	8,535,882
Liabilities to IMF	-	-	-	1,486,840	1,246,412	2,733,252
Derivative financial liability	-	-	3,269,537	-	-	3,269,537
BIS bridging facility	-	-	1,480,545	-	-	1,480,545
Liabilities under Money Market Operations	-	-	-	6,371,453	-	6,371,453
Total	8,550,840	615,636	5,308,505	7,864,573	7,443,819	29,783,373
Assets-Liability Gap	7,828,790	1,756,665	(1,670,414)	1,009,497	(5,628,298)	3,296,241

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

33. RISK MANAGEMENT DISCLOSURES (CONT'D)

Liquidity Risk (cont'd)

The Bank 2013

	Up to 1 mth Gh ¢ '000	Between 1-3 months Gh ¢ '000	B/n 3 mths & 1 yr Gh ¢ '000	B/n 1 yr & 5 yrs Gh ¢ '000	5years Gh ¢ '000	Total GH¢ '000
Assets						
Cash and Amounts due from Banks	1,164,818	-	-	-	-	1,164,818
Derivative financial asset		-	2,953,386	-	-	2,953,386
Gold	27,053	496,643	219,618	-	-	743,314
Balances with IMF	804,340	1,246,408	-	-	-	2,050,748
Securities	8,505,507	703,735	27,254	7,925,271	1,614,098	18,775,865
Loans and Advances	5,661,168	-	-	-	-	5,661,168
Development Loans and Investments	164	-	-	-	293,433	293,596
Total	16,163,049	2,446,786	3,200,258	7,925,271	1,907,531	31,642,895
LIABILITIES						
Currency in Circulation	-	-	-	-	6,197,407	6,197,407
Allocations of SDR	1,195,297	-	-	-	-	1,195,297
Deposits	7,342,466	-	-	-	-	7,342,466
Liabilities to IMF	-	-	-	1,486,840	1,246,412	2,733,252
Derivative financial liability	-	-	3,269,537	-	-	2,906,255
Bridging facilities	-	-	1,480,545	-	-	1,316,040
Liabilities under Money Market Operations	-	-	827,404	3,587,343	-	3,924,219
Total	8,537,763	-	5,577,486	5,074,183	1,246,412	19,417,529
Maturity surplus/(shortfall)	7,625,286	2,446,786	-2,377,227	2,851,089	661,119	12,225,366

The Bank 2012

	Up to 1 mth GH ¢ '000	Between 1-3 months GH ¢ '000	B/n 3 mths & 1 yr GH ¢ '000	B/n 1 yr & 5 yrs GH ¢ '000	5years GH ¢ '000	Total GH¢ '000
Assets						
Assets						
Cash and Amounts due from Banks	1,950,951	-	-	-	-	1,950,951
Derivative financial asset	1,030,295	-	-	-	-	1,030,295
Gold	32,256	604,367	291,416	0	-	928,038
Balances with IMF	749,222	1,066,226	-	-	-	1,815,448
Securities	6,288,042	1,098,644	287	4,119,422	1,614,098	13,120,493
Loans and Advances	3,330,704	-	-	-	-	3,330,704
Development Loans and Investments	167	-	-	-	286,933	287,099
Total	13,381,636	2,769,237	291,702	4,119,422	1,901,031	22,463,029
LIABILITIES						
Currency in Circulation	-	-	-	-	5,555,472	5,555,472
Allocations of SDR	1,022,503	-	-	-	-	1,022,503
Deposits	5,820,247	-	-	-	-	5,820,247
Liabilities to IMF	-	-	-	1,329,197	1,066,238	2,395,435
Derivative financial liability	-	-	919,772	-	-	919,772
Bridging facility from BIS	-	-	580,388	-	-	580,388
Liabilities under Money Market Operations	801,546	-	-	1,404,949	-	2,206,495
Total	7,644,296	-	1,500,159	2,734,146	6,621,710	18,500,312
Maturity surplus/(shortfall)	5,737,340	-	(1,208,457)	1,385,276	(4,720,679)	3,962,717

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

33. RISK MANAGEMENT DISCLOSURES (CONT'D)

Market Risk

All trading instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable. The instruments are recognised at fair value, and all changes in market directions directly affect net trading income.

The Bank manages its use of trading instruments in response to changing market conditions. Exposure to market risk is formally managed in accordance with risk limits set by senior management by buying or selling instruments or entering into offsetting positions.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date will have an increase/decrease on profit or loss, and equity by amounts shown below. Each analysis assumes all other variables; in particular foreign currency rates remain constant.

The analysis is performed on the same basis for 2012.

Effects in Cedis	100bp Increase GH¢'000	100bp Decrease GH¢'000
The Bank 2013	81,631	(81,631)
Average for the Period	83,315	(83,315)
Maximum for the Period	78,885	(78,885)
Minimum for the Period		
The Bank 2012		
	539,880	(539,880)
Average for the Period	564,838	(564,838)
Maximum for the Period	348,524	(348,524)
Minimum for the Period		

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

The Group 2012

	Up to 1 mth GH ¢ '000	B¢/n 1 mth & 3 mths GH ¢ '000	B/n 3 mths & 1 yr GH ¢ '000	B/n 1 yr & 5 yrs GH ¢ '000	>5years GH ¢ '000	Total GH¢ '000
ASSETS						
Cash and Amounts due from Banks	958,700	-	-	-	-	958,700
Derivative financial asset	1,030,295	-	-	-	-	1,030,295
Gold	31,923	586,053	259,036	-	-	877,012
Balances with IMF	749,222	1,066,226	-	-	-	1,815,448
Securities	6,288,042	766,227	468,375	4,119,422	1,614,098	13,256,164
Loans and Advances	4,853,530	-	-	-	-	4,853,530
Development Loans and Investments	-	-	-	-	38,000	38,000
TOTAL	13,911,712	2,418,506	727,411	4,119,422	1,652,098	22,829,149
LIABILITIES						
Currency in Circulation	-	-	-	-	5,555,472	5,555,472
Allocations of Special Drawing Rights	1,022,503	-	-	-	-	1,022,503
Deposits	6,321,278	-	-	-	-	6,321,278
Liabilities to IMF	-	-	-	1,329,197	1,066,238	2,395,435
Derivative financial liability	-	-	1,002,488	-	-	1,002,488
BIS bridging facility	-	-	633,150	-	-	633,150
Liabilities under Money Market Operations	793,283	-	-	862,834	-	1,656,117
Total	8,137,064	-	1,635,638	2,192,031	6,621,710	18,586,443
Assets-Liability Gap	5,774,648	2,418,506	-908,227	1,927,391	-4,969,612	4,242,706

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

The Bank 2012 .

ASSETS	3 mths or less GHC'000	B/n 3 & 12 mths GHC'000	Over 1 yr GHC'000	Non-Interest bearing GHC'000	TOTAL GHC'000	2012 GHC'000
Cash and Amounts due from Banks	1,896,399	-	-	54,552	1,950,951	886,444
Balances with IMF	-	1,815,448	-		1,815,448	1,550,897
Securities	6,198,517	4,603	4,502,369	111,655	10,817,144	9,100,014
Loans and Advances	-	-	-	3,330,704	3,330,704	1,167,664
Derivative asset	-	-	-	1,019,673	1,019,673	-
Other Assets	-	-	-	864,887	864,887	753,168
Property, Plant and Equipment	-	-	-	250,599	250,599	184,890
Development Loans and Investments	-	-	-	176,739	176,739	157,823
Total Assets	8,094,916	2,320,174	4,502,369	6,185,698	21,103,157	14,480,943
LIABILITIES						
Currency in Circulation	-	-	-	5,555,472	5,555,472	4,244,268
Allocations of Special Drawing Rights	-	-	-	1,022,503	1,022,503	845,003
Deposits	-	-	-	5,820,247	5,820,247	4,570,720
Liabilities to IMF	-	2,395,435	-		2,395,435	1,754,123
Liabilities under Money Market Operations	-	1,657,867	-		1,657,867	1,134,025
Other Liabilities	-	562,800	-	393,705	956,505	659,509
Derivative liability	-	891,100	-	-	891,100	
Total Liabilities	-	5,507,202	-	12,791,927	18,299,129	13,207,648
Assets-Liability Gap	8,094,916	(3,187,028)	4,502,369	(6,606,229)	2,804,028	1,273,295

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

33. RISK MANAGEMENT DISCLOSURES (CONT'D)

Interest Rate Risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets (including investments) and interest bearing liabilities mature or re-price at different times or in differing amounts.

In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference between re-pricing characteristics of the various floating rate indices, such as the savings rate and six months LIBOR and different types of interest. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Group's strategies.

Asset-liability risk management activities are conducted in the context of the Group's sensitivity to interest rate changes. The actual effect will depend on a number of factors, including the extent to which repayments are made earlier or later than the contracted dates and variations in interest rate sensitivity within re-pricing periods and amongst currencies.

The following show the extent to which the Bank's interest rate exposures on assets and liabilities are matched. These are allocated to time bands by reference to the earlier of the next contractual interest rate re-pricing date and maturity.

The Bank 2013

	3 mths or less GH¢'000	B/n 3 & 12 mths GH¢'000	Over 1 yr GH¢'000	Non-Interest bearing GH¢'000	TOTAL GH¢'000	2012 GH¢'000
ASSETS						
Cash and Amounts due from Banks	1,099,020	-	-	65,798	1,164,818	1,950,951
Balances with IMF	-	2,050,748	-		2,050,748	1,815,448
Securities	8,471,079	100,691	6,311,413	111,655	14,994,838	10,817,144
Loans and Advances	3,224,059	250,400	2,098,808	29,538	5,602,805	3,330,704
Derivative asset	-	2,625,232	-		2,625,232	1,019,673
Other Assets	-	-	-	1,345,494	1,345,494	864,887
Property, Plant and Equipment	-	-	-	287,142	287,142	250,599
Development Loans and Investments	-	-	-	180,736	180,736	176,739
Total Assets	12,794,158	5,450,995	8,410,221	2,339,753	28,995,127	21,103,157
LIABILITIES						
Currency in Circulation	-	-	-	6,197,407	6,197,407	5,555,472
Allocations of Special Drawing Rights	-	-	-	1,195,297	1,195,297	1,022,503
Deposits	-	-	-	7,342,466	7,342,466	5,820,247
Liabilities to IMF	-	2,733,252			2,733,252	2,395,435
Liabilities under Money Market Operations	-	3,924,219			3,924,219	1,657,867
Other Liabilities	-	-		1,726,026	1,726,026	956,505
Derivative liability	-	2,906,255	-	-	2,906,255	891,100
Total Liabilities	-	9,563,726	-	16,461,196	26,024,922	18,299,129
Assets-Liability Gap	12,794,158	(4,112,731)	8,410,221	(14,121,443)	2,970,205	2,804,028

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

33. RISK MANAGEMENT DISCLOSURES (CONT'D)

Currency Risk

The Bank is exposed to currency risk through transactions in foreign currencies. It owns a foreign subsidiary and therefore it is also exposed to foreign currency conversion risk.

The Bank prepares and presents its financial statements in Ghana cedi. As a result movement in the exchange rates of the various foreign currencies in which the Bank maintains selected assets and liabilities impacts these financial statements.

The Group's foreign currency denominated transactions and balances give rise to exchange gains and losses that are recognised in the financial statements in accordance with note 3(f).

The foreign currency exposures are as follows:

CURRENCY EXPOSURE ANALYSIS

The Bank

	December 2013	December 2012
	GH¢'000	GH¢'000
ASSETS		
Cedi	16,399,030	10,593,885
US Dollar	9,981,147	8,928,847
Pound Sterling	312,575	86,842
Euro	69,363	103,871
Special Drawing Rights	2,101,990	1,815,448
Others	131,022	129,362
Total	28,995,127	21,658,255
LIABILITIES & EQUITY		
Cedi	(19,102,955)	(15,601,106)
US Dollar	(7,105,139)	(3,697,058)
Pound Sterling	(68,445)	(61,181)
Euro	(139,885)	(132,176)
Special Drawing Rights	(2,502,719)	(2,088,741)
Others	(75,984)	(77,993)
Total	(28,995,127)	(21,658,255)
NET POSITION		
Cedi	(2,703,925)	(5,007,221)
US Dollar	2,876,008	5,231,789
Pound Sterling	244,130	25,660
Euro	(70,522)	(28,305)
Special Drawing Rights	(400,730)	(273,293)
Others	55,039	51,370

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

33. RISK MANAGEMENT DISCLOSURES (CONT'D)

Interest Rate Risk (cont'd)

The Group 2013	3 mths or less GH¢'000	B/n 3 & 12 mths GH¢'000	Over 1 yr GH¢'000	Non-interest bearing GH¢'000	TOTAL GH¢'000	2012 GH¢'000
ASSETS						
Cash and Amounts due from Banks	385,286	-	-	65,968	451,254	958,700
Balances with IMF	-	2,050,748	-	-	2,050,748	1,815,448
Securities	8,837,368	100,691	6,311,413	111,657	15,361,129	11,233,222
Loans and Advances	4,408,459	821,461	2,365,972	29,538	7,625,430	4,803,494
Derivative asset	-	-	-	2,625,232	2,625,232	1,019,673
Other Assets	-	-	-	1,362,528	1,362,528	877,207
Property, Plant and Equipment	-	-	-	306,686	306,686	277,316
Development Loans and Investments	-	-	-	38,181	38,181	38,000
Deferred Tax Assets	-	-	-	-	-	581
Total Assets	13,631,113	3,396,824	8,677,385	4,859,180	30,564,502	21,900,653
LIABILITIES						
Currency in Circulation	-	-	-	6,197,407	6,197,407	5,555,472
Allocations of Special Drawing Rights	-	-	-	1,195,297	1,195,297	1,022,503
Deposits	823,834	-	-	7,712,048	8,535,882	6,321,278
Liabilities to IMF	-	2,733,252	-		2,733,252	2,395,435
Provision for corporation tax	-	-	-	7,187	7,187	5,417
Liabilities under Money Market Operations	-	3,920,894	-	-	3,920,894	1,656,117
Derivative liability	-	2,906,255	-		2,906,255	891,100
Other Liabilities	-	-	-	1,765,695	1,765,695	998,588
Deferred Income	-	-	-	-	-	-
Total Liabilities	823,834	9,560,401	-	16,877,634	27,261,869	18,845,910
ASSETS-LIABILITY GAP	12,807,279	(6,163,577)	8,677,385	(12,018,454)	3,306,633	3,054,743

The Group 2012	3 mths or less GH¢'000	B/n 3 & 12 mths GH¢'000	Over 1 yr GH¢'000	Non-interest bearing GH¢'000	TOTAL GH¢'000	2011 GH¢'000
Cash and Amounts due from Banks	904,148	-	-	54,552	958,700	88,129
Balances with IMF	-	1,815,448			1,815,448	1,550,897
Securities	6,614,596	4,603	4,502,368	111,655	11,233,222	9,346,070
Loans and Advances	-	-	-	4,803,494	4,803,494	2,619,245
Derivative asset	-	-	-	1,019,673	1,019,673	
Other Assets	-	-	-	877,207	877,207	766,029
Property, Plant and Equipment	-	-	-	277,316	277,316	213,594
Development Loans and Investments	-	-	-	38,000	38,000	56,186
Deferred Tax Assets	-	-	-	581	581	459
Total Assets	7,518,744	2,320,174	4,879,257	7,182,478	21,900,653	15,320,652
Currency in Circulation	-		-	5,555,472	5,555,472	4,244,268
Allocations of Special Drawing Rights	-		-	1,022,503	1,022,503	845,003
Deposits	-		-	6,321,278	6,321,278	5,227,019
Liabilities to IMF	-	2,395,435	-		2,395,435	1,754,123
Provision for corporation tax	-		-	5,417	5,417	4,030
Liabilities under Money Market Operations	-	1,656,117	-		1,656,117	1,132,478
Derivative liability	-	891,100	-		891,100	-
Other Liabilities	-	562,800	-	435,788	998,588	694,852
Deferred Income	-	-	-	-	-	-
Total Liabilities	-	5,505,452	-	13,340,458	18,845,910	13,901,773
ASSETS-LIABILITY GAP	7,518,744	(3,185,278)	4,879,257	(6,157,980)	3,054,743	1,418,879

33. RISK MANAGEMENT DISCLOSURES (CONT'D)

Sensitivity Analysis

A 10% strengthening of the Ghana Cedi against the following currencies at 31 December will have an increase/(decrease) on profit or loss by the amount shown below.

This analysis assumes that all other variables, in particular interest rates remain constant. The analysis is performed on the same basis for 2012.

31 December 2013	Profit or (Loss)/Equity GH¢'000
US Dollar	(287,601)
GBP	(24,413)
EURO	7,052
SDR	40,073

31 December 2012	Profit or (loss)/Equity GH¢'000
US Dollar	(523,179)
GBP	(2,566)
EURO	2,830
SDR	27,329

A 10% weakening of the Ghana cedi against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

- **Capital Management**

The Bank does not have any regulator that sets and monitors its capital requirements. The subsidiary's banking operations are directly supervised by its local regulators.

There is no regulation for the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets, for example. The Bank of Ghana Act stipulates the authorised number of shares to be seven hundred billion of no par value to be taken up from time to time by the Government, which may be increased from time to time. The Act further stipulates that the shares shall not be transferable or subject to any encumbrance. There has not been any noncompliance with capital management requirements of the Bank of Ghana Act.

The provisions of the Act seek to ensure that the Government of Ghana continues to own a hundred percent stake to bear all financial risks and rewards.

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

33. RISK MANAGEMENT DISCLOSURES (CONT'D)

CURRENCY EXPOSURE ANALYSIS

The Group

	December 2013 GH₵'000	December 2012 GH₵'000
ASSETS		
Cedi	17,966,808	11,391,381
US Dollar	9,980,922	8,928,847
Pound Sterling	314,313	86,842
Euro	69,438	103,871
Special Drawing Rights	2,101,989	1,815,448
Others	131,030	129,362
Total	30,564,500	22,455,751
LIABILITIES & EQUITY		
Cedi	(20,670,732)	(16,398,602)
US Dollar	(7,105,123)	(3,697,058)
Pound Sterling	(69,975)	(61,181)
Euro	(139,958)	(132,176)
Special Drawing Rights	(2,502,719)	(2,088,741)
Others	(75,993)	(77,993)
Total	(30,564,500)	(22,455,751)
NET POSITION		
Cedi	(2,703,924)	(5,007,221)
US Dollar	2,875,799	5,231,789
Pound Sterling	244,338	25,660
Euro	(70,520)	(28,305)
Special Drawing Rights	(400,730)	(273,293)
Others	55,037	51,370

The following significant exchange rates applied during the year:

Currency	Average rate 2013 GH₵	Average rate 2012 GH₵	Closing Rate 2013 GH₵	Closing Rate 2012 GH₵
US Dollar	1.9497	1.78473	2.1934	1.87600
GBP	3.0546	2.83790	3.6336	3.04990
EURO	2.5927	2.30041	3.0211	2.47400
SDR	2.9343	2.73339	3.4622	2.88950

35. DEPARTURES FROM IFRS

The following represent material departure from IFRS to comply with Bank of Ghana Act, 2002 (Act 612).

(a) Treatment of Exchange Differences on Specified Balances

As discussed in Note 2(f), net unrealised foreign exchange gain on gold, Special Drawing Rights (SDRs) with the International Monetary Fund or holdings of foreign securities were charged directly to other reserves under note 30 in accordance with requirement under Section 7 of the Bank of Ghana Act, 2002 (Act, 612) instead of profit or loss. The impact of the departure stated above on the financial statements is shown below:

	The Bank		The Group	
	2013	2012	2013	2012
	GH¢	GH¢	GH¢	GH¢
Income Statement				
Surplus for the year	897,204	1,536,576	936,354	1,562,949
Exchange gain/(loss) charged to Revaluation Account	(169,629)	(106,138)	(169,629)	(106,138)
Exchange gain/(loss) charged to NFA Reserve	(271,016)	49,993	(271,016)	49,993
Surplus for the year restated	456,559	1,480,431	495,709	1,506,804
Equity/Net Assets				
Net assets reported	2,908,555	2,804,028	3,032,694	2,888,693
Exchange gain/(loss) charged to Revaluation Account	(169,629)	(106,138)	(169,629)	(106,138)
Exchange gain/(loss) charged to NFA Reserve	(271,016)	49,993	(271,016)	49,993
Net assets re-stated	2,467,910	2,747,883	2,592,049	2,832,548

36. Events after reporting date

The directors have declared a dividend of GH¢400,000,000 subsequent to the reporting date which would be used to offset government indebtedness in the books of the Bank in accordance with Section 6 of the Bank of Ghana Act, 2002 (Act 612).

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

34. NOTES TO CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

(a) The Bank

Reconciliation of Operating Profit to Net Cash Outflow from Operating Activities

	2013 GH¢'000	2012 GH¢'000
Operating profit for the year	897,204	1,536,576
(Increase) in securities	(4,177,694)	(1,717,130)
Increase in deposit accounts	1,522,219	1,249,526
(Increase) in advances	(2,272,101)	(2,163,040)
	(4,030,372)	(1,094,068)
Non-cash items included in profit before tax		
Change in other assets	(1,531,068)	(1,686,489)
Change in other liabilities	2,269,567	1,729,508
Depreciation	15,542	25,875
Movement in reserves	(771,017)	7,843
Price change in gold	133,698	(196,969)
Change in balances with IMF	(235,300)	(264,551)
Effect of exchange rate fluctuations on cash held	(120,564)	(73,274)
Loss on disposal of PPE	455	-
Net cash inflows from operating activities	(4,269,059)	(1,552,125)

(b) The Group

Reconciliation of Operating Profit to Net Cash Outflow from Operating Activities

	2013 GH¢'000	2012 GH¢'000
Operating profit for the year	949,327	1,562,949
(Increase) in securities	(4,127,904)	(1,887,154)
Decrease in deposit accounts	2,214,604	1,094,260
(Increase) in advances	(2,821,936)	(2,184,247)
	(3,785,909)	(1,414,192)
Non-cash items included in profit before tax		
Change in other assets	(1,535,783)	(1,685,949)
Change in other liabilities	2,267,154	1,736,248
Change in reserves	(695,888)	19,857
Depreciation	24,822	30,746
Loss on sale of property, plant & equipment	627	(1)
Price change in gold	133,698	(196,969)
Effect of exchange rate fluctuations on cash held	(120,564)	121,799
Change in balances with IMF	(235,300)	(264,551)
Net cash (outflows) from operating activities	(3,947,143)	(1,653,012)

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