Central Bank of The Gambia

Annual Report and Financial Statements

for the year ended 31 December 2012

Contents

Financial Highlights

	2009 D'000	2010 D'000	2011 D'000	**2012** **D'000**	**Increase/ (Decrease) 2012v2011** **D'000**
Net deficit for the year	(27,032)	(65,146)	(47,674)	**(738)**	(46,936)
Structure of Total Assets					
Foreign currency cash balances and deposits	1,689,632	1,847,256	2,373,202	**3,142,857**	769,655
Receivable from IMF	58,878	62,114	69,310	**71,349**	2,039
Investment in securities	3,964,028	4,918,082	5,332,623	**5,689,811**	357,188
Loans and advances	138,364	261,171	49,577	**62,348**	12,771
Other assets	395,041	340,576	358,393	**307,999**	(50,394)
Property, plant and equipment	327,390	332,063	328,366	**330,578**	2,212
Intangible assets	25,908	25,371	50,320	**83,839**	33,519
Structure of Equity and Reserves					
Share capital and other reserves	85,315	105,315	105,315	**331,688**	226,373
Retained earnings	286,732	221,586	173,912	**173,174**	(738)
Structure of Total Liabilities					
Currency in circulation	2,216,721	2,436,394	2,700,503	**3,183,810**	483,307
Deposits of Government and financial institutions	1,702,735	2,857,845	3,063,578	**3,041,637**	(21,941)
Long term loan from IMF	1,904,981	2,053,454	2,397,848	**2,894,712**	496,864
Other payables	402,757	112,039	120,635	**63,760**	(56,875)

General Information

Executive Director	Mr. Amadou A. Colley	Governor & Chairman
Non Executive Directors	Mr. Mustapha A.B. Kah	Director
	Permanent Secretary - Ministry of Finance and Economic Affairs (MOFEA)	Director
	Mr. Benjamin J. Carr	Director
	Mr. Rene Geoffrey Renner	Director
Audit Committee	Mr. Mustapha A.B. Kah	Chairman
	Mr. Benjamin J. Carr	Member
	Mr. Rene Geoffrey Renner	Member
	Mr. Momodou B. Mboge	Secretary

First Deputy Governor — Mr. Basiru A.O. Njai

Second Deputy Governor — Mrs. Oumie Savage Samba

Director of Finance — Mr. Ousainou Corr

Legal Secretary — Mr. Momodou B. Mboge

Auditors

PKF
Accountants and business advisers
33 Bijilo Layout Annex
Bijilo

Bankers

Bank of England
International Monetary Fund
Federal Reserve Bank of New York
Banque De France
Bank of International Settlements
Standard Chartered Bank Plc
Union Des Banque Arabes Et Francaise
Credit Suisse
Deutsche Bundesbank
Crown Agents
Banco Santander

Registered office

1-2 Ecowas Avenue
Banjul
The Gambia

Directors' Report

The directors present their report and the audited financial statements of Central Bank of The Gambia for the year ended 31 December 2012.

Statement of Directors' responsibilities

Central Bank of The Gambia Act 2005 requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the bank and of its net profit or loss for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the bank and to enable them to ensure that the financial statements comply with the Central Bank of The Gambia Act 2005. They are also responsible for safeguarding the assets of the bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

Central Bank of The Gambia was established to carry on business in accordance with the constitution and provisions of Central Bank of The Gambia Act 2005 with the following objectives:

- achieve and maintain price stability;
- promote and maintain the stability of the currency of The Gambia;
- direct and regulate the financial, insurance, banking and currency systems in the interest of the economic development of The Gambia; and
- encourage and promote sustainable economic development and the efficient utilization of the resources of The Gambia through the effective and efficient operation of a financial system.

In achieving the above objectives, the bank is allowed to perform the following functions:

- formulate and implement monetary policy aimed at achieving the objectives of the bank;
- promote, by monetary measures, the stabilization of the value of the currency within and outside The Gambia;
- institute measures which are likely to have a favourable effect on the balance of payments, the state of public finances and the general development of the national economy;
- license, regulate, supervise and direct the financial system and ensure the smooth operation of the financial system;
- promote, regulate and supervise payment and settlement system;
- issue and redeem the currency notes and coins of The Gambia;

- licence, regulate and supervise non banking financial institutions;
- act as banker and financial advisor to the Government and guarantee Government loans;
- promote and maintain relations with international banking and financial institutions and subject to the Constitution or any other relevant enactment, implement international monetary agreements to which The Gambia is a party;
- own, hold and manage its official international reserves;
- promote the safe and sound development of the financial system including safeguarding the interest of depositors;
- collect, analyse and publish statistical data; and
- do all other things that are incidental and conducive to the efficient performance of its functions under the Act.

Results for the year

Results for the year are as presented in the accompanying financial statements.

Employees

The number of employees and the costs associated with these employees is as detailed in note 19.

Donations

The bank made charitable donations amounting to D210, 300 during the year. (2011: D400, 000).

Directors and directors' interest

The directors who held office during the year are shown on page 3.

The Central Bank of The Gambia Act requires Non-Executive Directors to serve a maximum term of 2 years so far as possible and that not more than one director's term of office shall expire in any one year. An appointed director shall be eligible for reappointment.

Auditors

The National Audit Office is mandated to appoint the Bank's auditors. PKF has been appointed for a three year period with effect from the 31st December 2011 financial year.

By order of the board of directors

Secretary

Dated this 9th day of April 2013

PKF

Accountants &
business advisers

Independent Auditor's Report
To the Members of Central Bank of The Gambia

We have audited the accompanying financial statements of Central Bank of The Gambia, which comprise the statement of financial position as at 31st December 2012, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the financial statements

The directors are responsible for the preparation and the fair presentation of these financial statements in accordance with the Central Bank of the Gambia Act 2005, International Financial Reporting Standards issued by the International Accounting Standard Board and for such internal controls as the Directors determine necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion: conflict between International Financial Reporting Standards and the Central Bank of The Gambia Act 2005

In preparing the financial statements in accordance with International Financial Reporting Standards, the following conflict with the requirements of Central Bank of The Gambia Act 2005 was noted:

- IAS 21; The Effects of Changes in Foreign Exchange Rates requires that exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period shall be recognised in the Statement of Comprehensive Income in the period in which they arise. However, net unrealized foreign exchange gain of D297.051 million arising from converting the bank's monetary assets and liabilities denominated in foreign currency were accounted for through equity in the statement of financial position, in accordance with section 9 (1) of the Central Bank of The Gambia Act 2005, which requires such effects of changes in foreign currency to be excluded from the statement of comprehensive income.

Qualified Opinion: in accordance with International Financial Reporting Standards

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the bank as of 31st December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of the Central Bank of The Gambia's Act 2005.

PKF

PKF
Accountants and business advisers
Registered Auditors
Bijilo, The Gambia

Date: 31st March 2013

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PKF | Noble House | 33 Bijilo Layout Annex | Bijilo | The Gambia

Statement of financial position

as at 31st December 2012

	Notes	31st December 2012 D '000	31st December 2011 D '000
Assets			
Foreign currency cash balances and deposits	4	**3,142,857**	2,373,202
Receivable from IMF	5	**71,349**	69,310
Investment in securities	6	**5,689,811**	5,332,623
Loans and advances	7	**62,348**	49,577
Other assets	8	**307,999**	358,393
Property, plant and equipment	9	**330,578**	328,366
Intangible assets	10	**83,839**	50,320
Total assets		**9,688,781**	8,561,791
Liabilities			
Currency in circulation	11	**3,183,810**	2,700,503
Deposits of Government and financial institutions	12	**3,041,637**	3,063,578
Long term loan from IMF	13	**2,894,712**	2,397,848
Other payables	14	**63,760**	120,635
Total liabilities		**9,183,919**	8,282,564
Equity and reserves			
Share capital		**100,000**	100,000
Other reserves		**231,688**	5,315
Retained earnings		**173,174**	173,912
Total equity and reserves	15	**504,862**	279,227
Total equity and liabilities		**9,688,781**	8,561,791

These financial statements were approved by the board of directors on 27TH MARCH 2013 2013 and were signed on its behalf by:

.... Governor

.... Deputy Governor

.... Director

The attached notes form part of these financial statements.

Statement of comprehensive income

for the year ended 31st December 2012

	Notes	31st December 2012 D '000	31st December 2011 D '000
Interest income	*16*	**206,048**	164,251
Interest expense and other similar expense	*17*	**(1,811)**	(3,115)
Net interest income		**204,237**	161,136
Other income	*18*	**8,199**	4,536
Total operating revenue less interest expense		**212,436**	165,672
Operating expenses			
Personnel cost	*19*	**(62,759)**	(84,350)
General and administration expenses	*20*	**(135,290)**	(113,306)
Depreciation	9	**(14,526)**	(14,808)
Amortisation	*10*	**(599)**	(882)
Total operating expenses		**(213,174)**	(213,346)
Loss for the year		**(738)**	(47,674)

The attached notes form part of these financial statements.

Statement of changes in equity

for the year ended 31st December 2012

	Share Capital D'000	Other Reserves D'000	Retained Earnings D'000	Total D'000
Balance as at 1 January 2011	101,000	4,315	221,586	326,901
Transfer	(1,000)	1,000	-	-
Loss for the year	-	-	(47,674)	(47,674)
Exchange gain	-	57,665	-	57,665
Redemption of RNIB Securities Section 9 (5)	-	(57,665)	-	(57,665)
Balance at 31 December 2011	100,000	5,315	173,912	279,227
Balance as at 1 January 2012	100,000	5,315	173,912	279,227
Loss for the year	-	-	(738)	(738)
Exchange gain	-	297,051	-	297,051
Redemption of RNIB Securities Section 9 (5)	-	(70,678)	-	(70,678)
Balance at 31 December 2012	**100,000**	**231,688**	**173,174**	**504,862**

The attached notes form part of these financial statements.

Statement of cash flows

for the year ended 31st December 2012

	Notes	31st December 2012 D'000	31st December 2011 D'000
Operating activities			
Loss from operations		**(738)**	(47,674)
Depreciation and amortisation		**15,125**	15,690
Interest Income		**(206,048)**	(164,251)
Interest expense		**1,811**	3,115
Revaluation gains		**226,373**	-
Net cash generated from/ (used) in operating activities before changes in working capital		**36,523**	(193,120)
Increase in receivable from IMF		**(2,039)**	(7,196)
Decrease/ (increase) in loans and advances		**(12,771)**	211,594
Decrease in other assets		**100,500**	24,065
(Decrease)/ increase in provisions and other liabilities		**(53,202)**	7,194
(Decrease)/ increase in deposit of Government and Financial Institutions		**(21,941)**	205,733
Increase in currency in circulation		**483,307**	264,109
Cash generated from operations		**530,377**	512,379
Interest paid		**(5,484)**	(1,713)
Interest received		**155,942**	122,369
Net cash generated by operating activities		**680,835**	633,035
Investing activities			
Purchase and sale of securities		**(357,188)**	(414,541)
Acquisition of property, plant and equipment	*9 &10*	**(52,274)**	(36,916)
Fair value adjustment	*9*	**847**	-
Disposal receipt	*9*	**571**	(26)
Cash flows from investing activities		**(408,044)**	(451,483)
Financing activities			
Long term loan from IMF		**496,864**	344,394
Cash flows from financing activities		**496,864**	344,394
Net increase in cash and cash equivalents		**769,655**	525,946
Cash and cash equivalents at 1 January		**2,373,202**	1,847,256
Cash and cash equivalents at 31 December		**3,142,857**	2,373,202

The attached notes form part of these financial statements.

Notes (forming part of the financial statements)

1. Statute and Principal Activities

Central Bank of The Gambia ("the Bank") was established in 1971 by Government of The Gambia under Central Bank of The Gambia Act 1971 (superseded by the Central Bank of The Gambia Act 1992 and Central Bank of The Gambia Act 2005 "the Act"). The registered office is: 1-2 Ecowas Avenue, Banjul, The Gambia.

Principal objectives of the bank are to regulate the issue, supply, availability and international exchange of money, promote monetary stability, promote sound financial structure and credit exchange conditions conducive to the orderly and balanced economic development of the country. Responsibilities of the Bank also include acting as the banker for commercial banks, government departments and projects and issuing of currency notes and coins.

In accordance with the Act, the Board of directors determines the monetary policy, instruments for its implementation and decides on the Bank's monetary policy operations. The Bank ensures the implementation of the monetary policy mainly by using the following instruments- base interest rate, issues of treasury bills and other Gambian government bonds, direct purchase or direct sale of government securities and foreign exchange operations, overnight refinancing and overnight money withdrawing operations, minimum reserves requirements and the exchange rate regime for the country. The Bank ensures the administration of foreign exchange reserves especially by means of financial operations related to securities denominated in foreign currencies, acceptance of loans from foreign entities, purchase of foreign currency from banks and branches of foreign banks, and financial transactions with foreign currencies.

All the costs necessary for the Bank's activities are covered from its revenues or from transfers of Redeemable Interest- Bearing Notes issued by The Gambia Government. Over the accounting period the Bank generates either a profit or loss. Profits generated is allocated to the reserve fund and to other profit reserves, or used to settle losses from previous years. The remaining profit is transferred to the Consolidated Revenue Fund (CRF) as stipulated in Section 8 (5) of the Act. The Bank may settle the loss for the current period from the reserve fund or from other reserves; alternatively, the Board may decide to transfer the outstanding loss to the next accounting period. The bank is expected to submit an annual report on its financial results to the Parliament of The Gambia within six months of the end of the calendar year.

As a member, The Bank is also obliged to certain reporting requirements of the International Monetary Fund (IMF) under the terms of various agreements with the IMF under the current Poverty Reduction Growth Facility (PRGF) and Extended Credit Facility (ECF) program through a Technical Memorandum of Understanding (TMU).

During the year ended 31st December 2012, the Bank's executive and non-executive directors were as follows:

Executive Director:

Mr. Amadou A. Colley — Governor;

Non- Executive Directors:

Mr. Mustapha A.B. Kah — Director;

Mr. Banjamin J. Carr	Director;
Permanent Secretary MOFEA	Director;
Mr. Rene Geoffrey Renner	Director.

2. Basis of preparation

2.1 Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and current interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and the Central Bank of The Gambia Act 2005. A material departure from the provisions of IFRS in the financial statements as a result of compliance with the provisions of the Central Bank of The Gambia Act 2005, is disclosed in note 21.

2.2 Basis of measurement

The financial statements are presented in Dalasi which represents the functional currency of the Bank, being the currency of the economic environment in which the Bank operates, rounded to the nearest thousand. The financial statements have been prepared under the assumption that the Bank will continue as a going concern.

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain financial instruments to fair value and the option chosen by the Bank to revalue certain items of property to fair value.

2.3 Use of estimates and judgement

In application of the Bank's accounting policies which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 year in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, the significant areas of estimation of uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 3 (k) and 24.

3. Significant Accounting Policies

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

a) Revenue Recognition

Fair value gains and losses

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

Dividend received

Dividends are recognised in the statement of comprehensive income when the Bank's right to receive payment is established.

b) 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 statement of comprehensive income 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 statement of comprehensive income in the period they arise.

c) Fees and commission

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.

d) Foreign currency

Transactions in currencies other than Dalasi are recorded at the rates prevailing on the date of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated to Dalasi at the rates prevailing on the date. Non- monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are recognised directly in the revaluation reserve account.

e) Special drawing rights and International Monetary Fund Related Activities

Receivables from and liabilities to the International Monetary Fund ('IMF'), excluding any long-term interest- bearing borrowings, are stated at their nominal amounts using the net method, i.e. receivables and liabilities are offset. Interest- bearing borrowings from the IMF are recorded as a financial liability under the amortised costs method.

f) Financial assets

(i) Classification of financial assets and liabilities

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available- for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified at fair value through profit and loss, which are initially measured at fair value.

(ii) Financial assets at fair value through profit and loss

Financial assets at fair value through the statement of comprehensive income are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as hedges. Assets in this category are classified as current assets. Subsequent to initial recognition, these assets are measured at fair value.

(iii) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method.

Loans and receivables include loans to government which are recorded at amortised costs.

(iv) Held to maturity investment

Instruments with fixed or determinable payments and fixed maturity dates that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Foreign treasury bills, Gambia Government Bonds and foreign deposits placements are recognised as Held-to-maturity investments and are recorded at amortised cost using the effective interest method, less any impairment, with revenue recognised on an effective yield basis.

(v) Available for Sale financial assets (AFS)

Subscriptions to associate regional institutions such as the ECOWAS second Monetary zone (WAMZ) through its implementing Agency WAMI (equity contributions) are recorded at cost as there is no active market or reliable basis to determine their fair value. However during the year, the Bank reviewed their carrying value based on the currency (US Dollar) in which they are held in accordance with Section 9 (1) of the CBG Act 2005.

Equity investments made to Africa Export Import Bank and Africa Re-insurance are classified as AFS and recorded at cost as these equity investments are not publicly traded and the Bank has assessed that there is no reasonable basis for estimating their fair value. However, these investments are held in foreign currencies and the Directors have applied Section 9(1) of the CBG Act 2005 to their carrying value at the current rate of exchange.

Dividends on these equity instruments are recognised in the statement of comprehensive income when the Bank's right to receive the dividends are established.

(vi) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been impacted.

For unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, previously recognised impairment loss is reversed through the statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(vii) De-recognition of financial assets

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

(viii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period.

g) Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

De-recognition of financial liabilities

The Bank de-recognises financial liabilities when and only when the Bank's obligations are discharged, cancelled or they expire.

h) 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 f (iii) above.

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

i) Securities

(i) Domestic securities

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

(ii) Foreign securities

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

(iii) Long Term Government securities

This represents interest bearing securities issued by the Government of The Gambia to cover the Bank in respect of net exchange losses arising on holdings of Foreign Securities recognised in the Revaluation Account in accordance with Section 9 (1) of the Central Bank of The Gambia Act, 2005. The interest bearing securities are stated at cost to fairly present the substance of these securities.

j) Equity Shares and participation Interest

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

k) Property, plant and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and labour and 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.

Properties in the course of construction for rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss.

Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Bank' accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

At each reporting date, the Bank reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. in assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of comprehensive income. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss

been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in statement of comprehensive income.

(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 Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the statement of comprehensive income as incurred.

(iii) Depreciation

The estimated useful lives of property, plant and equipment and intangible fixed assets are as follows:

	Number of Years
Buildings	100
Furniture and equipment	10
Office machines	5
Computer equipment	5
Vehicles	5
Computer software	5
Right to use land	99

Residual values and estimated useful lives are assessed on an annual basis. Surpluses or deficits on the disposal of property and equipment are recognised in the statement of comprehensive income. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

l) Intangible assets

Leasehold land (right to use of land) is recognised as intangible assets carried at cost less accumulated depreciation. Leasehold land is depreciated over 99 years.

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

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is four years.

m) Deposits

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

n) Employee benefits

The Bank operates a defined benefit scheme which provides benefits based on final pensionable pay. The Bank's obligation for contribution to the scheme is recognised as an expense in the statement of comprehensive income. The Bank's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service costs. The calculation is performed by a qualified actuary using the projected unit credit method. Changes in the present value of the plan liabilities are recognised in the statement of comprehensive income. When the calculation results in a benefit to the Bank, the recognised asset is limited to the net total of any unrecognised actuarial losses, unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Short-Term Benefits

Short-Term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under Short-Term cash bonus or profit-sharing plans if the Bank 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.

o) Currency in circulation

The Bank administers the issue of bank notes and coins and their withdrawal from circulation. Currency in circulation represents the Bank's liability arising from issued bank notes and coins. The liability is decreased by the Bank notes and coins in the Bank's cash desk. The liability due to currency in circulation is stated at face value.

The stock of currency notes and coins are amortised when issued into circulation and the proportionate cost is recognised as an expense through the statement of comprehensive income. The stock is issued on a first in first out basis and cost is determined based on the value of the order including cost of insurance and freight. The receipt of new notes and coins are recorded in the vault register as an off balance sheet item to account for the movement of stock through

receipts and issues of notes and coins. The Bank creates an asset when payment is made to the printing and minting firms, which forms part of the stock of currency notes and coins.

p) Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that 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 flow at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

q) Cash and cash equivalent

Cash and cash equivalents include foreign currency notes and foreign currency deposits, unrestricted balances held with foreign 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 in the management of short-term commitments.

4. Foreign currency cash balances and deposits

	31st December 2012 D'000	31st December 2011 D'000
USD deposits	**930,239**	540,659
EUR deposits	**942,039**	553,107
GBP deposits	**29,261**	57,895
SDR deposits	**1,149,381**	1,129,159
Other deposits	**41,059**	43,354
Foreign currency cash balance held	**50,878**	49,028
	3,142,857	2,373,202

Foreign currency deposits are made primarily with foreign central banks.

5. Receivable from IMF

Receivables:		
-IMF quotas (deposits of Dalasi currency at IMF)	**1,466,987**	1,429,045
Liabilities:		
IMF account 1	**(1,391,150)**	(1,355,362)
IMF account 2	**(4,488)**	(4,373)
	71,349	69,310

The Bank is a member of the International Monetary Fund (IMF) and a designated fiscal agent and the depository for the IMF's holdings of local currency. The IMF quota receivable holdings of SDR 31,100,000 (2011: SDR 31,100,000). IMF local holdings equivalent to SDR 29,493770 (2011: SDR 29,493,770) and SDR 95,154 (2011: SDR 95,154) are held in the IMF's No.1 and No. 2 liability accounts respectively. These are deposit accounts of the IMF with Central Bank of The Gambia.

6. Investments in securities

	31st December 2012 D'000	31st December 2011 D'000
Current		
Held- to- maturity investments carried at amortised cost:		
US Treasury bills	**237,429**	211,676
Fixed term investment Euro	**678,087**	929,302
Fixed term investment USD	**1,610,685**	1,123,046
Fixed term investment GBP	**386,443**	412,590
Gambia Government treasury bills	**357,387**	90,090
Gambia Government Sukuk Al Salam	**-**	17,036
	3,270,031	2,783,740
Non-current		
Held- to- maturity investments carried at amortised cost:		
5% Gambia Government Bond	**250,000**	250,000
Redeemable Interest-Bearing Notes	**-**	70,679
6.5% Gambia Government Bond	**1,703,320**	1,764,160
6% 10 Year Gambia Government Bond	**166,767**	187,612
	2,120,087	2,272,451
Available- for- sale investments carried at fair value or cost		
Equity investments	**299,693**	276,432
	5,689,811	5,332,623

The Bank held Gambia Government treasury bills and Sukuk Al Salam to maturity as at 31st December 2012 of D357.39 million (2011: 107.13).

5% Government Bond

Financing of D250 million was provided for an economic recovery programme with IMF in the mid eighties. Interest is applied half yearly every June and December. The Bond is held in perpetuity and may be redeemed in whole or in part at any time.

Redeemable Interest-Bearing Notes

Under section 9(4) of the Act, the Government of The Gambia is required to issue and grant Redeemable Interest Bearing Notes to the Bank in the amount of the net loss incurred for the year for exchange rate revaluations of monetary assets and liabilities. These grants are recognised as income in the year the loss is incurred in order to match them with the related costs. If the Bank makes a gain on revaluation, in accordance with section 9(5) of the Act the Notes are redeemed in the amount of the gain and are recorded as an expense in the period that the gain is recognised at the year end. The RIBN has been fully redeemed in accordance with CBG Act 2000.

6.5% Government Bond

An agreement was signed in September 2010 for a period of 30 years. The Initial amount of the bond was D1.825 billion with a tenor of 30 years. Interest is paid half yearly in March and September.

6% 10 Year Government Bond

There is a signed agreement with Government of The Gambia for a period of 10 years. Initial financing of D208 million was provided as Bridge loan in the event that European Union (EU) support is not received. Interest is applied half yearly that is June and December.

Available for sale investments include the following equity investments:

a. Shareholding in Africa Export- Import Bank for an amount of D11.292 million (2011: D11.292 million), representing 0.13% holding.
b. Shareholding in Africa Re-insurance Company Limited for an amount of D57.726 million (2011:D57.725 million) representing 0.62% holding.
c. Shares in West African Central Bank for an amount of D186.218 million (2011: 186.218 million) representing 6.6% holding. Interest accrued on this investment has been applied against the final instalment payment towards the capital of the proposed West African Central Bank.

These equity investments which were recorded at cost have now been reviewed and carried at fair value. Since the investments are held in foreign currencies, the directors have decided that the investments should be adjusted with effects of movements in exchange rates to factor impairment arising if the investments were liquidated at the end of the reporting period.

7. Loans and advances

	31st December 2012 D'000	31st December 2011 D'000
Current		
Staff loans	**-**	-
Loans to financial institutions	**8,608**	8,008
	8,608	8,008
Non-current		
Loans to Gambia Government	**-**	-
Staff loans	**53,740**	41,569
	53,740	41,569
	62,348	49,577

8. Other assets

	31st December 2012 D'000	31st December 2011 D'000
Current		
Stock of notes not yet issued	**101,817**	56,485
Commemorative coins	**1,230**	1,230
W. African Monetary Agency	**4,518**	6,636
WAMZ Payment System	**26,750**	23,000
Accrued interest receivables	**42,624**	136,246
Prepayments	**873**	765
Others	**1,048**	4,892
	178,860	229,254

	31st December 2012 D'000	31st December 2011 D'000
Non-current		
African bank for investment & commerce receivables	**36,030**	36,030
WAMI stabilisation fund	**93,109**	93,109
	129,139	129,139
Total	**307,999**	358,393

The final closure of the West African Monetary Agency clearing mechanism was agreed by the Committee of Governors of Ecowas member states at the 38th ordinary meeting, held in Banjul on the 29th July 2010. There has been protracted delay in the final settlement due mainly to the lack of documentation from the Agency since the office was ransacked during the civil war in Sierra Leone and disagreement on the modalities for the final settlement positions of member Central Banks.

Consequently members' positions were only validated on the production of their own documentation which dated back in the 1970s and 80s. The Central bank of The Gambia was able to validate WAUA227, 377.38 against our book balance of WAUA418, 276.03. This has resulted in the write off WAUA190, 899 equivalents to D8.423 million. Included in the receivables is the amount due from the Central Bank of Liberia equivalent to USD 353, 981.11 of which USD 133,207.11 was received.

The WAMZ payment system represents the bank's counterpart funding under the modernisation of the payment system in the WAMZ currently being implemented by WAMI at a cost of USD 23 million which is funded from the African Development Bank (ADB) through a grant.

9. Property, plant and equipment

	Buildings at fair value as deemed costs	Furniture & Equipment	Motor Vehicles	Computer Equipment	Work in progress	Total
	D'000	D'000	D'000	D'000	D'000	D'000
Cost / Fair value at deemed cost						
At the beginning of the year	297,253	34,289	26,900	22,346	19,270	400,058
Additions	4,112	1,074	1,937	3,967	-	11,090
Transfers	19,270	-	-	-	(19,270)	-
Fair value adjustment for deemed cost	-	(53)	74	-	-	21
At 31 December 2011	320,635	35,310	28,911	26,313	-	411,169
Additions	1,216	5,872	5,355	5,713	-	18,156
Disposal	-	-	(3,221)		-	(3,221)
Fair value adjustment for deemed cost	-	-	-	(847)	-	(847)
At 31 December 2012	**321,851**	**41,182**	**31,045**	**31,179**	-	**425,257**
Depreciation and impairment						
At the beginning of the year	15,900	20,603	16,106	15,386	-	67,995
Charge for the year	3,314	4,460	4,676	2,358	-	14,808
Other (Disposal)	-	-	-	-	-	-
At 31 December 2011	19,214	25,063	20,782	17,744	-	82,803

9. continued - Property, plant and equipment

Charge for the year	3,467	4,183	4,935	1,941	-	14,526
Other (Disposal)	-	-	(2,650)	-	-	(2,650)
At 31 December 2012	**22,681**	**29,246**	**23,067**	**19,685**	**-**	**94,679**
Carrying value						
At 31 December 2012	**299,170**	**11,936**	**7,978**	**11,494**	**-**	**330,578**
At 31 December 2011	301,421	10,247	8,129	8,569	-	328,366

MAJ CONSULTS, an independent appraiser, re-valued the administrative building as of September 2008. Their revaluation was based on the observed assets' condition and asset replacement cost by reference to market evidence of recent transactions for similar properties and replacement cost estimation methodologies. Replacement cost estimates are based on estimated cost of Equivalent Assets (EA) and estimating the residual asset value from the EA cost, useful life and age of existing assets (Depreciated Replacement Cost Methodology). On the basis of the September valuation, management of the Bank estimated that the fair value of the building as at 31 December 2012 will not be significantly different.

Since an impairment review was carried out in the financial year 2011,the directors estimated that the carrying value is not materially different from the current carrying value of property, plant and equipment.

10. Intangible assets

	Right for use of land D'000	Software D'000	Work In Progress D'000	Total D'000
Cost				
At the beginning of the year	25,000	3,761	25,831	54,592
Additions	-	-	34,118	34,118
Adjustment	-	(562)	-	(562)
At 31 December 2012	**25,000**	**3,199**	**59,949**	**88,148**
Amortisation				
At the beginning of the year	1,003	3,269	-	4,272
Charge for the year	250	349	-	599
Adjustment	(3)	(559)	-	(562)
At 31 December 2012	**1,250**	**3,059**	**-**	**4,309**
Carrying value				
At 31 December 2012	**23,750**	**140**	**59,949**	**83,839**
At 31 December 2011	23,997	492	25,831	50,320

Rights of use of land were acquired as leasehold land for a period of 99 years and have been re-valued as at date of transition to IFRS. The fair value of these rights now represent the deemed costs for the rights of use of land. The valuation was performed by an independent appraiser together with the valuation of the administrative building. Refer to note 10. The previous carrying amount of these rights represented a nominal amount.

As part of the implementation of the Strategic Plan 2006-2010 and the objects of the Bank in a bid to mitigate the risk posed to a sound financial system, the Bank signed for the procurement of the V-Regcoss software with Valtech of India Systems (Private) Limited. This is a regulatory compliance and supervisory system for the electronic submission of returns through an interface with all commercial banks for financial analysis and surveillance. This will involve the design of the return rendition and compliance system following the successful conclusion of requirements specification document. The finalisation phase is now in progress and would be concluded in early 2013.

11. Currency in circulation

The liability for currency in circulation represents that part of the Bank's activity which relates to the issuing of notes and coins to the general public amounting to D3,183,810 (2011: D2, 700,503). Changes in the level of liability are mainly influenced both by Government's fiscal policies and monetary policies of the Bank.

12. Deposits of Government and financial institutions

	31st December 2012 D '000	31st December 2011 D '000
Deposits of Government and financial institutions comprises:		
Deposits of commercial banks	**1,019,139**	1,233,942
The Gambia Government deposits	**1,939,649**	1,776,526
Other deposits	**82,849**	53,110
	3,041,637	3,063,578
Deposits in Dalasis	**2,155,038**	2,322,710
Deposits in foreign currency	**886,599**	740,868
	3,041,637	3,063,578

As stipulated under the provisions of the Central Bank of The Gambia Act 2005, one of the principal objectives of the Bank are acting as banker and adviser to the Government. Relying on this provision, the Bank receives deposits which represent all receipts accruing to the Government through the Consolidated Revenue Fund (CRF) account. The Bank also facilitates the operation of the Government's cash management system through the Treasury Main Account (TMA) as the expenditure account with maintenance holding accounts which fund the TMA.

The deposits of Commercial banks' also includes their minimum required reserves. Currently, commercial banks are required to maintain 14% of their total demand deposits as a minimum reserve requirement.

Deposits accounts (The Gambia Government and Commercial Banks) do not bear interest and are repayable on demand, except for the minimum reserve requirement of commercial banks.

13. Long term loan from IMF

Interest- bearing borrowings from the IMF include amounts for the Gambia's Poverty Reduction Growth Facility (PRGF) and the Extended Credit Facility (ECF) in the amount of SDR31.6 million (2011:SDR 22.5 million). In addition, the Bank accessed the Extended Credit Facility being granted by the fund during the year resulting in total disbursement under the program of SDR 11.66 million.

The PRGF and the ECF are repayable in 39 instalments of SDR 0.2 million, 20 instalments of SDR 0.511 million, 10 instalments of SDR 1.995, 10 instalments of SDR 0.233 and 10 instalments of SDR0.933. (2011: 40 instalments: SDR 0.2 million 20 instalments: SDR 0.511 million, 10 instalments: DR 0.1995) respectively. Final instalment repayment is scheduled in 2021. The Gambia reached HIPC initiative decision point in December 2000 and qualified for debt relief in December 2007. On 31 December 2007, the IMF Executive Board approved a relief of SDR 9.4165 million for the Gambia representing PRGF loan balance due under the PRGF facility. This amount was classified under provisions and other liabilities which have now been fully disbursed to government in 2011. In January 2010, the IMF interest charges on all concessional loans were waived through to 31st December 2012.

As a response to the Global crises, the IMF increased members' SDR allocation in August 2009 in order to finance the impact of the crises. The Gambia's original SDR 29.77 million allocations have been increased by SDR 24.65 million resulting in total SDR allocations of SDR 29.77 million. Quarterly charges are levied and payable to the IMF on an average annual interest rate of 0.43 % (2010:0.27%). The SDR allocations have no specific maturity dates.

The PRGF amount has the following repayment schedule:

	31st December 2012 D'000	31st December 2011 D '000
Within 1 year	**43,383**	12,230
After 2 years	**99,388**	48,900
After 3 years	**180,993**	99,769
After 4 years	**201,410**	179,002
5 years and after	**965,379**	690,105
	1,490,553	1,030,006
SDR allocations	**1,404,159**	1,367,842
	2,894,712	2,397,848

14. Other payables

	31st December 2012 D'000	31st December 2011 D'000
Current		
Accrued interest payable	**3,626**	8,475
Provisions and other liabilities	**43,621**	44,545
	47,247	53,020
Non-current		
Provisions and other liabilities	**16,513**	67,615
Total	**63,760**	120,635

15. Share capital

Share capital represents contributions by the sole shareholder (The Government of The Gambia) and may not be distributed under current legislation. Under the recapitalization policy of the Bank, Government undertook to increase the share capital to D100 million over a period of 5 years starting in 2007 which has now been fully paid up (2011:D100 million).

Statutory reserves include the General Reserve Fund, the use of which is subject to the Central Bank Act rules. Under this Act, any net loss incurred by the Bank under the accounting standards of the Act shall be charged to the General Reserve Fund. In cases where the General Reserve Fund is inadequate to cover the entire amount of the loss, the balance of the loss shall be carried forward under retained earnings or accumulated losses.

Retained earnings include amounts resulting from the revaluation of certain items of property, plant and equipment and intangible assets under the adoption of IFRS for the first time. These amounts do not represent statutory reserves and are therefore not subject to the requirements of the Act and are therefore not distributable.

16. Interest income

	31st December 2012 D '000	31st December 2011 D '000
Interest and other similar income for the year ended consists of:		
Interest on Government Bonds	**160,240**	121,578
Interest on USD deposits	**18,536**	11,461
Interest on EUR deposits	**11,277**	12,979
Interest on GBP deposits	**1,287**	6,107
Interest on other foreign currency deposits	**14,052**	4,669
Other interest income	**656**	7,457
	206,048	164,251

17. Interest expense

Interest and other similar expense for the year ended consists of:

Interest on IMF loan	**1,933**	438
Commission to primary dealers	**(3,744)**	(3,553)
	(1,811)	(3,115)

18. Other income

Other income is summarized as follows:

Gain on sale of investment	**2,313**	2,230
Miscellaneous income	**5,754**	2,117
Sale of commemorative coins	**99**	189
Rental income	**33**	-
	8,199	4,536

19. Staff numbers and cost

The average number of staff employed during the year (including directors) analysed by category, is as follows:

	Number of employees	
	2012	2011
Directors and Management Staff	**20**	24
General Staff	**269**	243
	289	267

The aggregate payroll costs of these persons were as follows:

	31st December 2012 D '000	31st December 2011 D '000
Salaries	**34,597**	26,019
Transport allowances	**10,600**	6,463
Contribution to provident fund	**2,634**	2,205
Professional allowances	**2,326**	2,470
Other pension costs	**7,273**	42,059
Other	**5,329**	5,134
	62,759	84,350

20. General and administrative expenses

General and administration expenses comprises of:

Contributions to regional organisation	**28,018**	22,481
Amortisation of currency cost	**53,199**	39,470
Training expenses	**14,882**	11,474
Travel and transport operating expenses	**13,907**	11,628
Software license fees	**2,894**	3,178
Telecommunication expenses	**2,258**	2,540
Other costs and expenses	**20,132**	22,535
	135,290	113,306

21. Exchange rate gains and losses

	31st December 2012 D '000	31st December 2011 D '000
Exchange rate gains and losses can be summarised as follows:		
Net exchange rate differences on foreign currency deposits	**334,913**	184,136
Net exchange rate differences on foreign currency on IMF	**4,092**	22,270
Net exchange differences on SDR accounts with IMF	**(41,954)**	(148,741)
	297,051	57,665

As stated in note 3 (d) the net unrealised foreign exchange gain of D297.051 million was partly used to redeem Interest Bearing Notes issued by Government of The Gambia in previous years to redeem the Central Bank's interest bearing securities as shown in the statement of changes in equity.

22. Taxation

The Bank is exempt from payment of income taxes in accordance with section 70 of the Central Bank of The Gambia Act 2005. Consequently, no provisions have been made in respect of income and deferred taxes.

23. Provisions and other liabilities

Provisions and other liabilities include Pension fund reserves of D70.522 million in line with the actuarial valuation carried as at 31 December 2011. The IAS 19 disclosure requirements are as detailed below.

Amounts recognized in the statement of financial position

	31st December 2012 D'000	31st December 2011 D '000
Benefit obligation at end of the year	**70,522**	97,203
Fair value of plan assets at end of the year	**(54,009)**	-
Unrecognised transition liability	**-**	(26,776)
Unrecognised actuarial gains / (loss)	**-**	(2,812)
Recognised plan asset/ (liability)	**16,513**	67,615

	31st December 2012 D'000	31st December 2011 D '000
Movement in the statement of financial position/ provision		
Opening net liability	**67,615**	29,111
Expenses recognised in the Income statement	**7,273**	42,059
Payment directly to members	**(4,366)**	(3,555)
Fair value of plan assets	**(54,009)**	-
Closing net liability	**16,513**	67,615

Net expense recognised in the statement of comprehensive income		
Current service cost	**1,308**	6,640
Actuarial losses	**5,965**	35,419
	7,273	42,059

Actual return on plan assets		
Expected return on plan assets	**4,860**	-
Actuarial losses/ gains	-	-
	4,860	-

The Bank contracted Muhanna and Co. Limited based in Nicosia, Cyprus a qualified actuary to calculate the obligation for the purposes of the 31st December 2011 financial statements and as a follow up to the actuarial valuation done as at 31st December 2009.

The report for the actuarial valuation revealed an unfunded liability of D65.007 million. The directors based on the actuarial valuation decided to recognize the unfunded liability by maintaining the banks contribution as 19.3% of basic salaries plus additional level allocation of D 5,965,000 over fifteen years. The directors estimate that with the current investment of the funds at average Treasury bill rate. The bank should be able to fully fund the pension fund under the existing arrangement. Consequently the directors recommend another actuarial valuation during 2013.

However an investment in treasury bills of D54.009 million was made during the year to mature in 2013.

Key assumptions used

Assumptions used on last valuation of December 2011.

Mortality and pre-retirement is determined based on:

Distribution of active members by age

	Number	Number
20 - 25	**4**	5
25 - 30	**34**	26
30 - 35	**47**	30
35 - 40	**48**	54
40 - 45	**55**	43
45 - 50	**37**	38
50 - 55	**38**	48
55 - 60	**26**	25

Distribution of pensioner members by age

	Number	Number
35 - 40	**3**	3
40 - 45	**7**	7
45 - 50	**6**	6
50 - 55	**11**	11
55 - 60	**13**	13
60 - 65	**16**	15
65 - 70	**11**	11
70 - 75	**7**	7
75 - 80		-
Discount rate	**5%**	5%
Inflation rate	**5%**	5%
Salary scales used		
Expected rate of return on plan assets	**9%**	-

24. Financial Instruments

24.1 Capital risk management

The bank manages its capital to ensure that it fulfils its role as the Central Bank of The Gambia by applying appropriate structures, systems and procedures. These structures, systems and procedures evolve continuously in response to changes in the financial and economic environment in which the bank operates. An integral part of the Bank's strategy is to maintain its equity under the requirements of the Act which ensures that the Government makes grants of

Redeemable Interest Bearing Notes to cover losses from revaluation of monetary assets and liabilities denominated in foreign currencies.

The capital structure of the Bank consist of deposits of the Government and minimum reserves of the commercial banks and the long- term loan obtained from the IMF, deposits of the Bank in foreign banks, foreign cash held at the bank and equity, comprising share capital, reserves and retained earnings as disclosed in Note 15 .

24.2 Gearing ratio

The Bank's board of directors reviews the capital structure on an annual basis, as ensured by the requirement of the government to grant Interest- Bearing notes to cover losses relating to foreign currency denominated monetary assets and liabilities.

The gearing ratio at the year end was as follows:

Debt (i)	**6,054,118**	5,582,061
Equity (ii)	**504,862**	279,227
Debt to equity ratio (times)	**11.99**	19.99

(i) Debt comprises all liabilities excluding currency in circulation.

(ii) Equity comprises all capital, retained earnings and reserves of the Bank.

The significant decrease is mainly caused by the revaluation of surplus. Additionally the loss for the financial year also impaired shareholders' funds resulting in a reduction but shows improvement compared with the previous year.

24.3 Categories of financial instruments

	31st December 2012 D'000	31st December 2011 D '000
Financial assets		
Held-to-maturity investments	**5,390,118**	5,056,191
Loans and receivables (including cash and cash equivalents)	**3,638,795**	2,850,482
Available-for-sale financial assets	**299,693**	276,432
	9,328,606	8,183,105

	31st December 2012 D'000	31st December 2011 D '000
Financial liabilities		
Liabilities at amortised value	**1,490,553**	1,030,006
Other liabilities	**7,676,853**	7,184,943
	9,167,406	8,214,949

24.4 Financial risk management objectives

The Bank's board monitors and manages the financial risks relating to the operations of the Bank through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include operational risk, market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Bank does not engage in any derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Bank's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non- derivative financial instruments. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The bank does not enter into or trade financial instruments, including derivatives financial instruments, for any purpose.

24.5 Operational risk

This is the risk of loss due to factors such as inadequate systems, management failure, ineffective controls, misappropriation, human errors or other external events. The bank is strengthening its risk management capabilities through the formation of an enterprise Risk Management framework currently being developed and deployed during the current year.

24.6 Market risk

The Bank's activities is primarily exposed to the financial risk of changes in foreign currency exchange rate and interest rates. The Bank does not manage its exposure to interest rate and foreign currency risk except for the government grants of Interest-bearing redeemable notes to cover foreign currency exchange rate losses on monetary assets and liabilities.

24.7 Foreign currency risk management

Exchange rate exposures are covered through the government grant or redemption of redeemable Interest- bearing notes to cover losses or to offset gains relating to exchange rate differences on monetary assets and liabilities.

The carrying amounts of the Bank's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Liabilities		Assets	
	31st December 2012 D'000	31st December 2011 D'000	**31st December 2012 D'000**	31st December 2011 D'000
EUR	**-**	-	**1,636,978**	1,504,608
USD	**-**	-	**2,816,916**	1,895,862
GBP	**-**	-	**413,980**	476,761
SDR	**2,894,714**	2,397,848	**1,149,381**	1,129,158
Other	**-**	-	**41,059**	43,355
	2,894,714	2,397,848	**6,058,314**	5,049,744

24.8 Foreign currency sensitivity analysis

The Bank is mainly exposed to the USD, EUR, GBP and IMF SDR currencies.

The following table details the Bank's sensitivity to a 5% increase and decrease in the Dalasi against the USD, EUR and GBP currencies respectively. +-5% is tolerable sensitivity rate used when reporting foreign currency risk internally to the Board and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A negative number below indicates an increase in exchange loss where the Dalasi weakens 5% against the relevant

currency for assets and an increase in exchange gains for liabilities. For a 5% strengthening of the Dalasi against the relevant currency, there would be an equal and opposite impact on the exchange gains and the balances below would be negative for asset and positive for liabilities.

	USD impact		**Euro impact**		**GBP impact**		**SDR impact**	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Exchange gain/(loss)	**(140,846)**	(94,793)	**(81,849)**	(75,230)	**(20,699)**	(23,838)	**62,423**	63,434

Currency

Currency	Exchange rate
European Union	44.77
United States	33.92
Great Britain	55.02
Switzerland	31.66
SDR	47.17

24.9 Interest rate risk management

The bank is exposed to interest rate risk as it borrows funds primarily from the IMF at fixed interest rates. The Bank does not enter into any derivatives transactions to manage its exposure to interest rate risk.

The Bank's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

24.10 Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure of the Bank primarily to interest rates on assets and liabilities at the date (comprising primarily foreign currency deposits with foreign commercial and central banks, Redeemable interest-bearing Notes, the 5% Gambia Government bond and the IMF long interest bearing borrowing. for floating rate assets, the analysis is prepared assuming the amount of asset outstanding at the end of the reporting was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to the Board of Directors and represents the Bank's assessment of the reasonably possible change in the interest rates. However, the current Global financial crisis has made it much more difficult to predict interest rate movements. There is a general decline in interest rate in developed economies which encourages more borrowing with a view to stimulate their economies. Considering that interest rates are at their lowest-virtually zero, the near term outlook is that it will remain the same at least for now.

Loss for the year ended 31 December 2012 would therefore not increase as a result of interest rate (2011:D(47.67) million) since rates are virtually zero. This is mainly attributable to the Bank's exposure to interest rates on its variable rate deposits with foreign commercial and Central Banks and the IMF long-term interest- bearing borrowings which are currently at their lowest.

24.11 Other price risks

The bank is not exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes in regional bodies for the purpose of facilitating the harmonisation and integration of Central Banks in the Africa sub-region and promotion of intra regional trade. The Bank does not actively trade in these investments.

24.12 Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Bank. Given the nature of the Bank's role and responsibility, transactions are made with the Gambia Government, other Central Banks and with reputable foreign commercial banks. Therefore, the Bank's credit risk exposure is mitigated with acceptable levels of the Bank's risk management policy. The carrying amount of financial assets recorded in the financial statements as at 31 December 2012 represents the Bank's maximum exposure to credit risk. The bank's risk appetite is risk averse and its priority is liquidity and safety.

Foreign currency cash balances and deposits

2012

USD deposits

Current accounts	**Carrying amount D'000**	**Maximum exposure D'000**	**Held in Denomination**	**Type of collateral**	**Credit rating**
Standard Chartered	**13,516**	**13,516**	USD	none	AA-
HSBC London	**-**	**-**	USD	none	AA
HSBC New York	**-**	**-**	USD	none	AA
UBAF	**12,467**	**12,467**	USD	none	A-
Federal Reserve	**904,256**	**904,256**	USD	none	n/a
	930,239	**930,239**			

HSBC withdrew its operations in The Gambian market during the financial year 2012 and consequently all Bank accounts with HSBC in London and US have now been closed.

Euro deposits

Cash	**Carrying amount D'000**	**Maximum exposure D'000**	**Held in Denomination**	**Type of collateral**	**Credit rating**
Banque de France	**778,718**	**778,718**	Euros	none	n/a
BIS	**4,929**	**4,929**	Euros	none	n/a
UBAF	**16,760**	**16,760**	Euros	none	A-
Deutsche Bundesbank	**141,632**	**141,632**	Euros	none	n/a

	942,039	**942,039**

GBP deposits

Cash	Carrying amount D'000	Maximum exposure D'000	Held in Denomination	Type of collateral	Credit rating
Standard Chartered London	**19,282**	**19,282**	GBP	none	AA-
HSBC London	**-**	**-**	GBP	none	AA
Bank of England	**9,979**	**9,979**	GBP	none	n/a
	29,261	**29,261**			

SDR deposits

Cash	Carrying amount D'000	Maximum exposure D'000	Held in Denomination	Type of collateral	Credit rating
International Monetary Fund	**1,149,381**	**1,149,381**	SDR	none	n/a
	1,149,381	**1,149,381**			

Other deposits

Cash	Carrying amount D'000	Maximum exposure D'000	Held in Denomination	Type of collateral	Credit rating
Standard Chartered London	**10,805**	**10,805**	CHF	none	AA-
BIS	**30,254**	**30,254**	CHF	none	n/a
	41,059	**41,059**			

Foreign currency cash balance held

Cash	**Carrying amount D'000**	**Maximum exposure D'000**	**Held in Denomination**	**Type of collateral**	**Credit rating**
GBP	**5,089**	**-**	GBP	none	n/a
USD	**29,845**	**-**	USD	none	n/a
Euros	**15,944**	**-**	Euros	none	n/a
	50,878	**-**			

2011

USD deposits

Current accounts	**Carrying amount D'000**	**Maximum exposure D'000**	**Held in Denomination**	**Type of collateral**	**Credit rating**
Standard Chartered	84,867	84,867	USD	none	AA-
HSBC London	4,119	4,119	USD	none	AA
HSBC New York	69,044	69,044	USD	none	AA
UBAF	5,922	5,922	USD	none	A-
Federal Reserve	376,707	376,707	USD	none	n/a
	540,659	540,659			

Euro deposits

Cash	**Carrying amount D'000**	**Maximum exposure D'000**	**Held in Denomination**	**Type of collateral**	**Credit rating**
Banque de France	411,963	411,963	Euros	none	n/a
BIS	4,513	4,513	Euros	none	n/a
UBAF	11,224	11,224	Euros	none	A-
Deutsche Bundesbank	125,407	125,407	Euros	none	n/a
	553,107	553,107			

GBP deposits

Cash	**Carrying amount D'000**	**Maximum exposure D'000**	**Held in Denomination**	**Type of collateral**	**Credit rating**
Standard Chartered London	31,564	31,564	GBP	none	AA-
HSBC London	21,041	21,041	GBP	none	AA
Bank of England	5,290	5,290	GBP	none	n/a
	57,895	57,895			

SDR deposits

Cash	**Carrying amount D'000**	**Maximum exposure D'000**	**Held in Denomination**	**Type of collateral**	**Credit rating**
International Monetary Fund	1,129,158	1,129,158	SDR	none	n/a
	1,129,158	1,129,158			

Other deposits

Cash	**Carrying amount D'000**	**Maximum exposure D'000**	**Held in Denomination**	**Type of collateral**	**Credit rating**
Standard Chartered London	13,549	13,549	CHF	none	AA-
BIS	29,805	29,805	CHF	none	n/a
	43,354	43,354			

Foreign currency cash balance held

Cash	**Carrying amount D'000**	**Maximum exposure D'000**	**Held in Denomination**	**Type of collateral**	**Credit rating**
GBP	6,276	-	GBP	none	n/a
USD	20,498	-	USD	none	n/a
Euros	22,254	-	Euros	none	n/a
	49,028	-			

Investment in securities

2012

Treasury Bills

	Carrying amount D'000	Maximum exposure D'000	Held in Denomination	Type of collateral	Credit rating
United States	**237,429**	**237,429**	USD	none	n/a

Fixed term investment USD - Current

Bank	Carrying amount D'000	Maximum exposure D'000	Held in Denomination	Type of collateral	Credit rating
UBAF France	**84,145**	**84,145**	USD	none	A-
Credit Suisse	**-**	**-**	USD	none	A
Crown Agents	**-**	**-**	USD	none	n/a
	84,145	**84,145**			

Fixed term investment USD - Non Current

Bank	Carrying amount D'000	Maximum exposure D'000	Held in Denomination	Type of collateral	Credit rating
UBAF France	**358,419**	**358,419**	USD	none	A-
Credit Suisse	**204,924**	**204,924**	USD	none	A
Banco Santander	**351,497**	**351,497**	USD	none	B
SCB London	**102,359**	**102,359**	USD	none	AA-
Crown Agents	**509,341**	**509,341**	USD	none	n/a
	1,526,540	**1,526,540**			
Total	**1,610,685**	**1,610,685**			
	========	=======			

Fixed term investment Euro Non-Current

UBAF	**215,951**	**215,951**	Euro	none	A-
Credit Suisse	**462,136**	**462,136**	Euro	none	A
	678,087	**678,087**			
	========	=======			

Fixed term investment GBP - Non Current

Bank	**Carrying amount D'000**	**Maximum exposure D'000**	**Held in Denomination**	**Type of collateral**	**Credit rating**
SCB-London	**386,443**	**386,443**	GBP	none	AA-
	386,443	**386,443**			
	========	=======			

2011

Treasury Bills

	Carrying amount D'000	**Maximum exposure D'000**	**Held in Denomination**	**Type of collateral**	**Credit rating**
United States	211,676	211,676	USD	none	n/a

Fixed term investment USD - Current

Bank	**Carrying amount D'000**	**Maximum exposure D'000**	**Held in Denomination**	**Type of collateral**	**Credit rating**
UBAF	75,628	75,628	USD	none	A-
Credit Suisse	90,735	90,735	USD	none	A
Crown Agents	152,615	152,615	USD	none	n/a
	318,978	318,978			

Fixed term investment USD - Non Current

Bank	Carrying amount D'000	Maximum exposure D'000	Held in Denomination	Type of collateral	Credit rating
UBAF	151,376	151,376	USD	none	A-
UBAF	121,021	121,021	USD	none	A-
UBAF	45,550	45,550	USD	none	A-
Credit Suisse	90,770	90,770	USD	none	A
Banco Santander	304,489	304,489	USD	none	B
SCB	90,862	90,862	USD	none	AA-
	804,068	804,068			
Total	1,123,046	1,123,046			
	========	========			

Fixed term investment Euro - Current

Bank	Carrying amount D'000	Maximum exposure D'000	Held in Denomination	Type of collateral	Credit rating
BOF	248,400	248,400	Euro	none	n/a
BOF	164,595	164,595	Euro	none	n/a
BOF	82,074	82,074	Euro	none	n/a
	495,069	495,069			
UBAF	103,776	103,776	Euro	none	A-
UBAF	206,686	206,686	Euro	none	A-
Banco Santander	123,771	123,771	Euro	none	B
	929,302	929,302			
	========	=======			

Fixed term investment GBP - Non Current

Bank	Carrying amount D'000	Maximum exposure D'000	Held in Denomination	Type of collateral	Credit rating
SCB	412,591	412,591	GBP	none	AA-
	412,591	412,591			
	========	=======			

AAA - Obligations are judged to be of the highest quality with minimal credit risk;
AA- - Obligations are judged to be of a high quality with minimal credit risk;

A - Obligations are judged to be of a quality with minimal credit risk;
A- Obligations are judged to be of quality with still minimal credit risks;
N/A - Cash and reserve banks do not have a credit rating.

Loans and advances

2012

	Carrying amount D'000	Maximum exposure D'000	Held in Denomination	Type of collateral	Credit rating
Housing loans	**23,493**	**23,493**	GMD	Mortgage	n/a
Car loan	**25,624**	**25,624**	GMD	Bill of Sale	n/a
Personal	**7,914**	**7,914**	GMD	Insurance	n/a
Staff loan amortised	**(3,291)**	**(3,291)**	GMD		
	53,740	**53,740**			
Micro finance institutions	**8,608**	**8,608**	GMD	Mortgage	n/a
	62,348	**62,348**			
	========	=======			

2011

	Carrying amount D'000	Maximum exposure D'000	Held in Denomination	Type of collateral	Credit rating
Housing loans	18,949	21,531	GMD	Mortgage	n/a
Car loan	18,618	18,618	GMD	Bill of Sale	n/a
Personal	4,002	4,002	GMD	Insurance	n/a
	41,569	41,569			
Micro finance institutions	8,008	8,008	GMD	none	n/a
	49,577	49,577			
	========	=======			

24.13 Liquidity risk management

Liquidity risk refers to the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities. The ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Bank’s short, medium and long-term funding and liquidity management requirements. The Bank manages liquidity risk by maintaining adequate amounts on very short term deposits with foreign commercial and central banks, by having the ability to draw down on the IMF facilities up to the approved limits, by continuously monitoring forecast and actual cash flows related primarily to Government projects and matching the maturity profiles of financial assets and liabilities. Included in note 5 is a summary of amounts not drawn under the approved IMF facilities that the Bank has as its disposal.

The Bank's liabilities represent primarily deposits of commercial banks in the amount of D1,019,139 (2011: D1, 233,723) (Including the minimum reserve requirement) and deposits of The Gambia government in the amount of D1, 939,649 million (2011: D1, 776 million). These amounts bear no specific maturity date and are repayable on demand. The Bank's only interest bearing liabilities are in respect of the IMF facilities that are repayable as outlined in note 13.

The following table details the Bank's expected maturity for its non-derivative financial assets that are the primary tool for liquidity risk management. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Bank anticipates that the cash flow will occur in a different period.

	Less than 1 month D'000	1-3 months D'000	3 months to 1 year D'000	1-5 years D'000	5+ years D'000	Total D'000
2012						
Non- interest bearing	**-**	**-**	**-**	**-**	**-**	**-**
Valuable interest rate instruments	**3,142,857**		**3,270,031**	**-**	**-**	**6,412,888**
Fixed interest rate instrument	**-**	**-**	**-**	**-**	**2,120,087**	**2,120,087**
	3,142,857	**-**	**3,270,031**	**-**	**2,120,087**	**8,532,975**
2011						
Non- interest bearing	-	-	-	-	-	-
Valuable interest rate instruments	2,373,202	-	2,783,740	-	-	5,156,942
Fixed interest rate instrument	-	-	-	-	2,201,772	2,201,772
	2,373,202	-	2,783,740	-	2,201,772	7,358,714

24.14 Fair value of financial instruments

The fair value of the Redeemable Interest-Bearing Notes and The Gambia Government 5% bond are determined as follows:

- There is no secondary market in The Gambia for trading of these or any other similar long- term instruments and therefore, the Directors of the Bank have applied non-market valuation techniques to determine the estimated fair value of these instruments;
- As the instruments have a fixed rate of interest without a fixed maturity date, a valuation technique was applied similar to fixed rate in-perpetuity instruments;
- The market rate used to derive the estimated fair value, included significant assumptions as the Gambia financial markets do not currently trade in any instruments with extended maturities;
- The significant assumptions used included:

1. There is little or no credit risk for government securities;

2. The risk free rate as at 31 December 2009 was adjusted downwards to reflect the virtual lack of risks associated with an interest income cash flows in perpetuity;

3. The directors of the Bank have also assumed that the discount rate that would be applied would approximate the nominal interest on the instruments;

The directors consider that the carrying amounts of other financial assets and liabilities recorded at amortised cost or at their nominal values in the financial statements approximate their fair values, given the short term nature, economic environment the Bank is operating in and the relationship of the Bank with government of The Gambia, the IMF and the commercial banks.
Therefore, no detailed fair value analysis of the Bank's other financial assets and liabilities were performed.

24.15 Related party transactions

The Bank's related parties includes The Gambia Government as the sole shareholder of the Bank, the Board of Directors and directors of functions (senior management) of the Bank.

Transactions with related parties in 2012 can be summarised as follows:

Name	**Receivables D'000**	**Payables D'000**	**Revenues D'000**	**Expenses D'000**
The Government of Gambia:				
Ministry of Finance	**2,120,087**	**1,939,649**	**-**	**297,051**
Other Government departments	**-**	**-**	**-**	**-**
Directors of the Bank	**5,510**	**-**	**-**	**-**
	2,125,597	**1,393,649**	**-**	**297,051**

Transactions with related parties in 2011 can be summarised as follows:

Name	**Receivables D'000**	**Payables D'000**	**Revenues D'000**	**Expenses D'000**
The Government of Gambia:				
Ministry of Finance	2,201,772	1,776,526	-	57,665
Other Government departments	-	-	-	-
Directors of the Bank	5,499	-	-	-
	2,207,271	1,758,020	-	57,665

Related party transactions represent primarily the deposits of The Gambia Government and other financial instruments, including the grants of Redeemable Interest- Bearing Securities. Transactions with Directors of the Bank represent primarily loans provided for financing housing, car and other personal effects.

Remuneration of board of directors and Function Directors

Remuneration paid to directors and senior management of the Bank for the period are as follows:

	31st December 2012 D'000	31st December 2011 D '000
Board of directors:		
Directors fees and sitting allowances	**444**	363
Senior management:		
Salary	**4,021**	4,183
Other benefits	**3,083**	2,779
	7,548	7,325

25. Capital commitments

Capital expenditure budget for 2012 and 2013 can be summarised as follows:

	D'000
2012	167,974
2013	120,354
	288,328

Capital expenditure mainly relates to costs to be incurred as there are future plans to introduce and harmonize a single West African currency, replacement of currency and the new software for the E-Fass CRMS module and Oracle Licence 11g for Support. The Bank has entered into binding contractual arrangements in respect of the realisation of these projects for the total amounts budgeted. The Bank does not prepare capital expenditure budgets for longer periods.

26. Contingent liabilities and assets

A contingent liability is defined as:

a) 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 Bank; or

b) A present obligation that arises from past events but not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is defined as a possible asset 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 Bank.

The Directors of the Bank have assessed the existence of contingent assets and contingent liabilities and have concluded on the basis of their valuation that the Bank has no significant contingent assets or liabilities.

27. Events after the reporting date

The Directors of the Bank have concluded that no events have occurred since the date that requires adjustments or disclosures in the financial statements.

28. Adoption of new and revised standards

The Bank has adopted all the new, revised and amended standards and interpretations issued by the IASB and IFRIC applicable to the Bank's operations and to annual reporting periods beginning on or after 1 January 2008. The adoption of new, revised or amended standards and interpretations did not result in the Bank's accounting principles affecting the figures disclosed in the financial statements of previous years and the current year.