



Central Bank of The Gambia

Annual Report and Financial Statements

For the year ended 31 December 2006

Deloitte & Touche
Audit, Tax, Consulting, Financial Advisory
1 Paradise Beach Place, Bertil Harding Highway
P O Box 268
Banjul
The Gambia

Deloitte.

Central Bank of The Gambia

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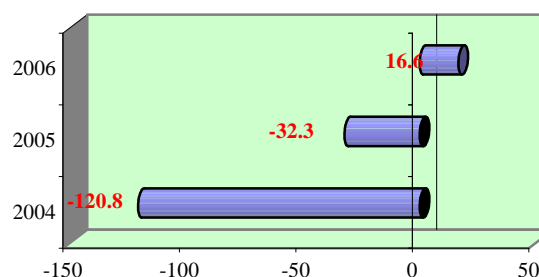
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FINANCIAL HIGHLIGHTS

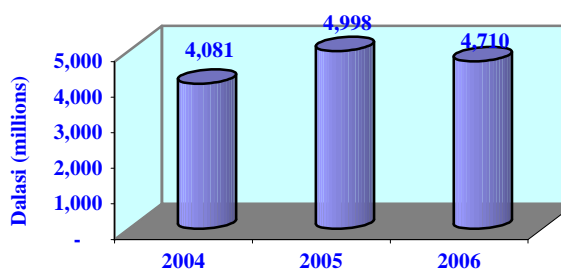
Net surplus for the year (Dalasi millions)

2004	2005	2006	Change vs. 2005
-120.8	-32.3	16.6	151%



Total Assets (Dalasi Millions)

2004	2005	2006	Change vs. 2005
4,081	4,998	4,710	-6%



Structure of total assets (Dalasi Million)

	2004	2005	2006	Change against 2005
Cash and bank balances (Foreign Assets)	2067	2,386	2531	6%
Government securities	669	891	764	-14%
Foreign securities	173	163	558	242%
Other investments	283	280	349	25%
Loans and advances	724	1065	223	-79%
Other assets	124	145	207	43%
Tangible fixed assets	41	68	78	14%
Total	4081	4998	4710	-6%

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Other investments	283	280	349	25%
Loans and advances	724	1065	223	-79%
Other assets	124	145	207	43%
Tangible fixed assets	41	68	78	14%
Total	4081	4998	4710	-6%

Structure of total liabilities (Dalasi Millions)

	2004	2005	2006	Change against 2005
Deposit liability	1,713	2,506	1799	-28%
Other liabilities	106	113	67	-41%
Long-term liabilities	749	866	723	-16%
Currency in circulation	1486	1537	2,087	36%
Equity	27	(24)	34	241%
Total	4,081	4,998	4,710	6%

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GENERAL INFORMATION

EXECUTIVE DIRECTORS	Mr. Famara Jatta Mr. Momodou Bamba Saho	<i>Governor & Chairman (up to June 07)</i> <i>Governor & Chairman (from July 07)</i>
NON-EXECUTIVE DIRECTORS	Mr. Benjamin Carr Permanent Secretary DOSFEA Mrs. Juka Fatou-Jabang Mr. Mustapha A. Kah Geoffrey M. Renner	<i>Director</i> <i>Director</i> <i>Director (up to June 07)</i> <i>Director</i> <i>Director (from October 07)</i>
FIRST DEPUTY GOVERNOR	Mr. Basiru AO Njai (from August 07)	
SECOND DEPUTY GOVERNOR	Mrs. Oumie Savage Samba (from August 07)	
DIRECTOR OF FINANCE Officer in Charge	Mrs. Oumie Savage Samba (up to August 07) Mr. Ousainou Corr (from August 07)	
COMPANY SECRETARY	Mrs. Ebronke Janneh-Jagana (up to September 07) Haddy Joof (from October 07)	
AUDITORS	Deloitte & Touche Audit, Tax, Consulting, Financial Advisory 1 Paradise Beach Place Bertil Harding Highway P O Box 268 Banjul, The Gambia	
REGISTERED OFFICE	1-2 ECOWAS Avenue Banjul The Gambia	
BANKERS	Bank of England International Monetary Fund Federal Reserve Bank of New York Banque De France Bank of International Settlements HSBC Standard Chartered Bank Plc Union Des Banque Arabes Et Francaises	

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DIRECTORS' REPORT

The Directors present the audited financial statements and results of The Central Bank of The Gambia for the year ended 31st December 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Central Bank of The Gambia Act 2005 requires the directors to prepare the 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 income or deficit for that 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;

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 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 OF THE BANK

The principal activities of the bank are as follows:

- Regulate the issue, supply, availability and international exchange of money, promote monetary stability and sound financial structure, credit and exchange conditions conducive to the orderly and balanced economic development of the country;
- Act as the banker for the Commercial Banks, Government Departments and Projects;
- Issuing of currency notes and coins;
- Managing the overall monetary and financial affairs of the country by being the banker, financial advisor and fiscal agent of the Government;

RESULTS

The results of the bank are as detailed in the accompanying financial statements.

EMPLOYEES

The number of employees and the costs associated with these employees is as detailed in note 5.

DONATIONS

During the year the bank made charitable donations amounting to D227,300 (2005: D309,850).

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DIRECTORS AND THEIR INTERESTS

The directors who held office during the year are as shown on page 4. The Central Bank Act requires non executive directors to serve a maximum term of 3 years so far as possible, and that not more than one director's term of office shall expire in any one year. An appointive director shall be eligible for reappointment.

AUDITORS

The auditors, Deloitte & Touche who were appointed by the National Audit Office will continue in office until the end of their 5 year term of office which expires after the conclusion of the audit of the financial statements for the year ending 31 December 2007.

By order of the Board of Directors

Secretary

Date:.....2007

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AUDITOR'S REPORT

Deloitte.

1 Paradise Beach Place
Bertil Harding Highway
P O Box 268, Banjul
The Gambia

TO THE MEMBERS OF THE CENTRAL BANK OF THE GAMBIA

We have audited the financial statements on pages 9 to 24, which have been prepared under the historical cost convention and the accounting policies, set out on pages 12 to 14.

Respective responsibilities of directors and auditors

As described on page 5 the directors of the bank are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the bank's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the possible effect of material non compliance with the Central Bank of The Gambia Act 2005.

Opinion

In our opinion, proper books of account were maintained and the financial statements give a true and fair view of the state of the bank's affairs as at 31 December 2006 and of its surplus for the year then ended and have been properly prepared in accordance with generally accepted accounting principles and the requirements of the Central Bank of The Gambia Act 2005.

Deloitte & Touche

Chartered Accountants

Registered Auditors

Dated:.....2007

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INCOME STATEMENT

For the year ended 31 December 2006

	Notes	31-Dec-06 D'000	31-Dec-05 D'000
Interest income	2.	143,989	113,998
Interest expense	3.	(10,422)	(8,465)
Net interest income		133,567	105,533
Other income	4.	1,941	5,135
Total operating revenue less interest expense		135,508	110,668
Personnel costs	5a	(30,542)	(22,256)
General and administration cost	5b	(82,572)	(116,465)
Depreciation and amortisation	13.	(5,761)	(4,282)
		(118,875)	(143,003)
Net Income (Deficit) on ordinary activities	6.	16,633	(32,335)
Provisions for credit losses		-	-
Net Surplus for the Financial year		16,633	(32,335)

In accordance with section 8 of the Central Bank Act 2005, one-third of the net profit of the Bank shall be allocated to the General reserve, one-quarter of the remainder shall be applied to the redemption of Government securities held by the Bank and the residue shall be paid into the Consolidated Fund within six months after the end of the financial year.

The notes on pages 12 to 24 form an integral part of these financial statements.

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BALANCE SHEET

As at 31 December 2006

	Notes	31-Dec-06 D'000	31-Dec-05 D'000
ASSETS			
Cash and bank balances	7.	2,531,008	2,385,521
Government securities	8.	764,456	891,048
Foreign securities	9.	557,560	162,992
Other investments	10.	348,730	279,908
Loans and advances	11.	222,632	1,064,837
Other assets	12.	207,462	145,198
Tangible fixed assets	13.	78,118	68,357
TOTAL ASSETS		4,709,966	4,997,861
LIABILITIES			
Deposits	14.	1,798,642	2,506,015
Other liabilities	15.	67,095	112,564
Long-term liabilities	16.	723,202	865,755
Currency in circulation	17.	2,087,169	1,537,548
		4,676,108	5,021,882
EQUITY			
Share capital	18.	21,000	1,000
Statutory reserves	18.	8,544	3,000
Revaluation reserves	18.	-	-
Other reserves	18.	4,314	4,314
Accumulated Surplus		-	(32,335)
		33,858	(24,021)
TOTAL EQUITY AND LIABILITIES		4,709,966	4,997,861

These financial statements were approved by the Board of Directors on 2007,
and were signed on their behalf by:

..... *Governor*

..... *Second Deputy Governor*

..... *Director*

The notes on pages 12 to 24 form an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2006

	Share capital	Statutory reserves	Revaluation reserves	Other reserves	Accumulated Profit	Total
	D000.	D000.	D000.	D000.	D000.	D000.
At 1 January 2005	1,000	3,000	528,790	4,314	(508,988)	28,116
Loss for the year	-	-	-	-	(32,335)	(32,335)
Transfers [(Sec 9 (5)]	-	-	(528,790)	-	508,988	(19,802)
<hr/>						
At 1 January 2006	1,000	3,000	-	4,314	(32,335)	(24,021)
Surplus for the year	-	-	116,789	-	16,633	133,422
Additional Capital	20,000	-	-	-	-	20,000
Transfers in accordance with Sec 9 (5)	-	-	(116,789)	-	-	(116,789)
Transfers in accordance with Sec 9 (5)	-	-	-	-	32,335	32,335
Transfers in accordance with Sec 8 (2)	-	5,544	-	-	(5,544)	-
Transfers in accordance with Sec 8 (3)	-	-	-	-	(2,772)	(2,772)
Transfers in accordance with Sec 8 (5)	-	-	-	-	(8,317)	(8,317)
At 31 December 2006	21,000	8,544	-	4,314	-	33,858

In accordance with Section 9(4) of the Central Bank Act 2005, the Government of The Gambia is required to issue Redeemable Negotiable Interest Bearing (RNIB) Notes in the form of Promissory notes to the Central Bank to cover for foreign exchange revaluation and operational losses. Redeemable Interest Bearing (RNIB) notes amounting to D534,937,000 were issued to cover the net aggregate revaluation gains and losses and operational losses between the years 2000 and 2005 to safeguard the bank's capital.

However, in accordance with section 9(5) of the Central Bank Act, a credit balance in the revaluation reserve account at the end of a financial year of the bank shall be applied to redeem the outstanding securities issued under section 9(4).

In accordance with section 8 (2), (3) and (5) of the Central Bank Act 2005, one-third of the net profit of the Bank shall be allocated to the General reserve, one-quarter of the remainder shall be applied to the redemption of Government securities held by the Bank and the residue shall be paid into the Consolidated Revenue Fund within six months after the end of the financial year.

The notes on pages 12 to 24 form an integral part of these financial statements.

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CASH FLOW STATEMENT

As at 31 December 2006

	Notes	31-Dec-06 D'000	31-Dec-05 D'000
Cash inflow from operating activities			
Cash generated from operations	19.	70,541	389,592
Cash inflow from investing activities			
Acquisition of property and equipment		(15,522)	(31,509)
Proceeds from the disposal of fixed assets		198	835
Net increase (decrease) in Government securities		126,592	(222,151)
Net (decrease) increase in foreign securities		(394,568)	9,743
Net (decrease) Increase in other investments		(68,822)	3,350
<i>Cash outflow (inflow) from investing activities</i>		(281,581)	149,860
Cash inflow from financing activities			
Additional Capital		20,000	-
Net (decrease) increase in long term liabilities		(142,553)	116,512
Net increase in currency in circulation		549,621	51,979
<i>Cash inflow from investing activities</i>		427,068	168,491
Increase in cash and cash equivalent		145,487	318,351
Cash and cash equivalents at the beginning of the year		2,385,521	2,067,170
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER 2006		2,531,008	2,385,521
REPRESENTED BY:			
Foreign Reserves		2,515,772	2,371,089
Cash holdings		15,236	14,432
	7.	2,531,008	2,385,521

The notes on pages 12 to 24 form an integral part of these financial statements.



NOTES – forming part of the financial statements

1. ACCOUNTING POLICIES

The bank adopted the following accounting policies which have been consistently applied during the year, and which are consistent in all material respects to those applied in the previous year, in accounting for items that are considered material in relation to the financial statements.

1.1) Basis of presentation

The financial statements have been prepared in accordance with generally accepted accounting principles using an accruals basis of accounting based on historical cost in compliance with accounting provisions outlined in the Central Bank Act 2005. Except where stated the financial report does not take into account changing money values or current valuations of non current assets. Cost is based on the fair value of the consideration given in exchange for assets plus the cost of bringing assets to their present condition and location.

1.2) Financial instruments

Financial assets and financial liabilities are recognised on the Bank's balance sheet when the Bank has become a party to contractual provisions of the instrument.

a) Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

b) Investments

Fixed asset investments are accounted for at cost less provision for impairment in value, where it is considered to be permanent in nature.

Current asset investments are translated to dalasi at the year end.

US Treasury Bills are accounted for at cost. The difference between the cost price and the anticipated face value of the bills is recognised as income over the life of the instrument.

Non interest bearing notes are accounted for at the originated cost.

c) Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

The interest expense on the liability component is calculated by applying the interest rate as agreed upon.

Deposits are shown in the books of the bank at cost being the proceeds received.

d) Trade payables

Trade and other payables are stated at their nominal value.

e) Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

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1.3) *Tangible fixed assets*

Property, plant and equipment are stated at cost less any depreciation accumulated to the balance sheet date.

Depreciation of tangible fixed assets is calculated and charged to the profit and loss account on a straight line basis by reference to the expected useful lives of the assets at the following rates:

	<u>Rate</u>
Land & Buildings	1%
Furniture and equipment	10%
Office machines	20%
Computer equipment	20%
Vehicles	20%

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure is capitalised and depreciated when the asset becomes operational. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of the assets. All other expenditure of a revenue nature are charged to the profit and loss account as incurred. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

1.4) *Foreign currency activities*

Monetary assets and liabilities in foreign currencies are converted to Dalasi at the rates ruling at the close of the financial year. Exchange profits and losses of the Bank are for the account of the Government and are transferred to the foreign exchange revaluation reserve account in accordance with section 9 of the Central Bank of The Gambia Act 2005. Losses that cannot be covered by gains are converted to redeemable negotiable interest bearing securities under section 9(2) of the Act after the issue of the statutory accounts for the year.

Transactions in foreign currencies are translated to Dalasi at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Dalasi at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account. Non-monetary assets and liabilities denominated in foreign currencies, are translated to Dalasi at the foreign exchange rate ruling at the date of the transaction.

1.5) *Taxation*

In terms of section 70 of the Central Bank of The Gambia Act 2005, the Bank is exempt from all forms of taxation. Accordingly, there is no provision for taxation in these financial statements.

1.6) *Pension and retirement funds*

The expected costs of post-retirement benefits under the defined benefit schemes are charged to income over the expected service lives of the employees entitled to these benefits according to the projected unit benefit method.

1.7) *Provisions*

Provisions are recognised when the bank has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation



1.8) Revenue recognition

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity.

Interest on the 5% government bonds is accrued half yearly and is charged to the Government's treasury main account.

Discount on treasury bills is recognised on the maturity of the bills. If the bills are resold before maturity, the difference between the purchase and the selling price is recognised as income at the date of sale.

1.9) Impairment of assets

The carrying amount of the bank's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment, in which case their recoverable amounts are estimated.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. A previously expensed impairment loss will be reversed if the recoverable amount increases as a result of a change in the estimates used previously to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised.

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2. INTEREST INCOME

	31-Dec-06 D'000	31-Dec-05 D'000
Interest on securities USD	299	391
Interest on deposits GBP	18,856	15,485
Interest on deposits USD	59,754	40,709
Discount on treasury bills USD	11,045	4,787
Interest on deposits EURO	11,984	5,194
Interest on deposits SDR	485	361
Interest on deposits CHF	1,351	273
Interest on securities GMD	24,362	13,552
Interest on loans and Advances	4,659	686
Discount on treasury bills GMD	11,194	32,478
Discount on CBG Bills GMD	-	82
	143,989	113,998

3. INTEREST EXPENSE

	31-Dec-06 D'000	31-Dec-05 D'000
Interest payments to IMF	10,422	7,743
Interest payments on CBG bills	-	722
	10,422	8,465

4. OTHER INCOME

	31-Dec-06 D'000	31-Dec-05 D'000
Profit on sale of investments	200	3,854
Rental income	-	80
Miscellaneous income	1,705	1,155
Sale of commemorative coins	36	46
	1,941	5,135

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5a. PERSONNEL COSTS

The average number of staff employed (including directors) during the year were 221(2005: 221)

	31-Dec-06 D'000	31-Dec-05 D'000
Salaries	20,562	12,418
Transport Allowance	3,295	3,611
Leave Allowance	166	225
Cashier's Allowance	26	24
Directors fees and Allowances	105	79
Contribution to Provident Fund	1,554	1,156
Medical Expenses	2,516	2,958
Other Pension Cost	2,318	1,785
	30,542	22,256

5b. GENERAL ADMINISTRATION COSTS

	31-Dec-06 D'000	31-Dec-05 D'000
Bank Transport Operating Cost	1,062	799
Contribution to Regional Organisations	16,202	17,934
Replacement of Currency	18,525	50,673
Electricity and Water	3,317	3,747
Training Expenses	12,741	15,570
Travel Expenses	9,765	7,844
Telephone, Telex and Fax	2,212	2,332
Miscellaneous	6,022	5,855
Software Licence Fees	1,827	1,504
Commission to Primary Dealers	1,066	-
Audit Fees	970	600
Other Operating Cost	8,863	9,607
	82,572	116,465

5c. DIRECTORS' EMOLUMENTS

	31-Dec-06	31-Dec-05
EXECUTIVE		
D5,000-D10,000	1	1
NON-EXECUTIVE		
D5,000-D45,000	4	4

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6. NET INCOME/(DEFICIT) BEFORE LOAN LOSSES

	31-Dec-06	31-Dec-05
	D'000	D'000
Profit (loss) before loan losses is stated after charging:		
Auditor's remuneration:		
Annual Audit	600	600
Quarterly Audit	370	-
Directors fees and sitting allowances	105	79
Gains on disposal of investments assets	(200)	(3,854)
Depreciation	5,761	4,282

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7. CASH AND BANK BALANCES	31-Dec-06	31-Dec-05
	D'000	D'000
Balances with foreign banks (Nostros)	2,515,772	2,371,089
Foreign currency cash holdings	15,236	14,432
	2,531,008	2,385,521
8. GOVERNMENT SECURITIES	31-Dec-06	31-Dec-05
	D'000	D'000
5% Bonds	250,000	250,000
Gambia Government treasury bills	99,080	137,545
Redeemable interest bearing notes (RNIB notes)	415,376	503,503
	764,456	891,048

5% Government bonds

In 1993, The Central Bank of The Gambia converted D250,000,000 worth of Non Interest Bearing Notes into 5% Interest bearing Government Bonds. The Bonds were solely issued for the purpose of the Central Bank and not traded publicly.

The conversion was done in order to relieve the liquidity stricken position of the Bank at that state. Interest on the bonds accrues at 5% on a half yearly basis, and is charged to the Government's Treasury Main Account.

GG Treasury bills

The money market in The Gambia is undeveloped and there is no secondary securities exchange market as yet. The lack of the secondary market forces the Central Bank of The Gambia to act as the secondary market and to purchase any unsubscribed or redeemed Government Treasury Bills in the market place. The resulting effect is that CBG is a holder of Government Treasury Bills until they are resold, or held until maturity. The Central Bank has given approval to financial institutions to act as primary dealers for Gambia Government Treasury Bills market.

Redeemable Interest Bearing Notes (RNIB)

Redeemable Interest Bearing Notes have been issued in terms of The Central Bank of Gambia Act 2005 Section 9(4). The Redeemable Interest Bearing Notes represents interest bearing bonds that the Government of The Gambia issue to cover any operating or foreign exchange losses that the Bank incurs.

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9. FOREIGN SECURITIES	31-Dec-06	31-Dec-05
	D'000	D'000
US Treasury bills	557,560	162,992
	557,560	162,992
10. OTHER INVESTMENTS	31-Dec-06	31-Dec-05
	D'000	D'000
FIXED		
Africa Export Import Bank	12,388	12,388
Africa Re-insurance	13,627	13,627
Africa Bank for Development Commerce	36,030	36,030
West African Central Bank	175,203	158,813
	237,248	220,858
CURRENT		
WAMI Stabilization Co-op fund	101,232	49,350
ECOWAS credit guarantee scheme	10,250	9,700
	111,482	59,050
Total Other Investments	348,730	279,908

FIXED ASSET

Central Bank of The Gambia Subscription to Africa Export Import Bank

This represents settlement of 40 per cent of 100 shares of US\$10,000 each allocated to the Bank. This investment is denominated in foreign currency and is retranslated at historical cost in accordance with the accounting policy set out in note 1.2b.

Africa Re insurance

The investment of shares in Africa Re- Insurance is the holding that the Central Bank of The Gambia has in the Africa -Re, a reinsurance Company incorporated in Nigeria. This amount represents 4,400 shares of US\$100 each. The investment is retranslated and carried at historical cost in accordance with the accounting policy set out in note 1.2b.

African Bank for Development Commerce

The ABDC was formed in order to promote Economic and Commercial Development in the surrounding geographical area. The Republic of The Gambia was asked to join the Bank with a 5% shareholding in 2001. The total value of the 5% stake holding amounts to €5,000,000. During 2001, the Central Bank paid an amount of €1,000,000 to the organisation. The amount already paid is retranslated and carried at historical cost.

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West African Central Bank Building

This represents 4 instalments of \$2,336,000 as part contribution from Central Bank of The Gambia to the construction of The West African Central Bank Building. This amount has been retranslated using the rate of exchange ruling when the payments were effected and subsequently carried at cost.

CURRENT ASSET INVESTMENTS

Ecowas Community of West African States (ECOWAS)

The Ecowas credit guarantee fund was set up in August 1997 by the Committee of Governors of Ecowas Central Banks to provide short term credit facilities to member central banks to enable them to settle their debt positions within the clearing system. The above amount represents the Central Bank of The Gambia's contribution to the initial paid up capital of the fund and is retranslated using the rate of exchange ruling at the transaction dates.

WAMI Stabilisation Co-op fund

This represents full payment of \$3.5 million made on behalf of the Gambia Government for the stabilisation and co operation fund. This amount has been retranslated using the rate of exchange ruling at the transaction dates.

11. LOANS AND ADVANCES

		31-Dec-06	31-Dec-05
	<i>Notes</i>	D'000	D'000
Loans to Government	<i>11a</i>	211,653	753,082
Loans to Forex bureaus	<i>11b</i>	183,290	183,290
Fixed loans to banks		33,625	33,625
Overdrawn Government deposit accounts		10,979	311,755
Overdrawn sundry deposit accounts		3,443	3,443
		442,990	1,285,195
<i>Less:</i>			
Provision for sundry deposit and Government accounts		(3,443)	(3,443)
Provision for credit losses (Forex Bureaus)		(183,290)	(183,290)
Provision for credit losses (fixed loans to Banks)		(33,625)	(33,625)
		222,632	1,064,837

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11a. Related Party Transactions

The loan to Government arose through various disbursements made on behalf of the Government of The Gambia. The loans are repayable over 15 years commencing 31 December 2005 at an interest rate of 4%. In advancing the loan facilities equivalent to \$28 million in 2004 and \$1.5 million in 2005, the Bank applied to the Department of State for Finance and Economic Affairs and obtained a waiver under section 51(4), subject to limitations imposed by section 51(2), of the Central Bank of The Gambia Act 1992. Section 51(4) of the Central Bank Act 1992 stipulates that although the Minister may direct the Bank to permit further increases that cause the outstanding advances to exceed fifty percent of the bank's average demand liabilities, these further increases may not exceed a period of six months. Similar provisions are also in the Central Bank Act 2005. However, advances to Government have reduced significantly but is still not in full compliance with the provisions of the Central Bank Act.2005.

11b. The loans to forex bureaus represent advances to various foreign bureaus in respect of spot foreign exchange deals for Swiss franc. The remaining balance of CHF 7.8 million has been fully provided for as these advances were unsecured.

12. OTHER ASSETS

	31-Dec-06	31-Dec-05
	D'000	D'000
Accrued interest receivable	6,082	4,744
Treasury Bills accrued interest	-	5,547
Miscellaneous treasury bills	-	21,834
West African Monetary Agency	16,903	16,865
International Monetary Fund	100,982	65,004
Staff loans	30,779	30,960
Stock of currencies	52,455	-
Others	7,263	7,246
	214,464	152,200
<i>Less:</i>		
Provision for doubtful debts	(7,002)	(7,002)
<i>At end of year</i>	207,462	145,198

West African Monetary Agency

The West African Monetary Agency was set up as an autonomous specialized agency of the ECOWAS to serve as a multi-lateral facility to improve sub regional trade in West Africa. The balance of WAUA 648,547.92 (\$1,003,823) is the Central Bank of The Gambia's inter settlement account balance within the region which has been retranslated using the rates of exchange ruling at the balance sheet date.

International Monetary Fund

The International Monetary Fund is an organisation working to foster global monetary cooperation, secure financial stability, facilitate international trade amongst other things. The balance of D100 Million is the net effect of the IMF quota account and other IMF liabilities.

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13. TANGIBLE FIXED ASSETS

	Land & Building D'000	Furniture & Equipment D'000	Computer equipment & software D'000	Motor vehicles D'000	Work in progress D'000	Total D'000
<i>Cost</i>						
At 01-Jan-06	33,243	11,825	10,600	8,482	20,000	84,150
Additions	3,966	6,868	2,344	2,344		15,522
Transfers	20,000	-	-	-	(20,000)	-
At 31-Dec-06	57,209	18,693	12,944	10,826	-	99,672
<i>Accumulated depreciation</i>						
At 01-Jan-06	4,958	4,543	2,922	3,370	-	15,793
Charge for the year	354	2,308	1,963	1,136		5,761
At 31-Dec-06	5,312	6,851	4,885	4,506	-	21,554
<i>Net book value</i>						
At 31-Dec-06	51,897	11,842	8,059	6,320	-	78,118
At 31-Dec-05	28,285	7,282	7,678	5,112	20,000	68,357

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14. DEPOSITS	31-Dec-06	31-Dec-05
	D'000	D'000
Government deposits	981,418	1,702,044
World Bank deposits	340	340
Local commercial banks	779,298	769,040
Sundry deposits	37,196	34,464
Credit institutions deposits	390	127
	1,798,642	2,506,015

The Central Bank of The Gambia receives deposits from the Government of The Gambia, local commercial banks, the International Monetary Fund and the World Bank. Interest is not paid on these deposits nor are bank charges levied on these accounts. The Central Bank is not allowed to receive deposits from persons other than those mentioned above.

15. OTHER LIABILITIES	31-Dec-06	31-Dec-05
	D'000	D'000
Accrued interest and Accounts payable	7,543	1,890
Staff pension fund	7,017	6,647
Staff welfare fund	348	348
Payment orders	43,194	82,717
Miscellaneous others	555	190
Payments on account	7,211	20,772
Miscellaneous treasury bills	1,227	-
	67,095	112,564

16. LONG-TERM LIABILITIES	31-Dec-06	31-Dec-05
	D'000	D'000
Central Bank bills	-	2,048
Special drawing rights allocations	220,451	224,634
International Monetary Fund [Poverty Reduction Growth Facility]	502,751	639,073
	723,202	865,755

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17. CURRENCY IN CIRCULATION

The liability represents that part of the banks' activity which relates to the issuing of notes and coins to the general public. Changes in the level of the liability is dictated by Government's monetary policy which is managed by the Central Bank.

18. STATEMENT OF RESERVE MOVEMENT

	<i>Share Capital reserve</i>	<i>Statutory reserve</i>	<i>Revaluation reserve</i>	<i>Other reserves</i>	Total
	D.000	D.000	D.000	D.000	D'000
Balance at beginning of year	1,000	3,000	-	4,314	8,314
Surplus	-	-	116,789	-	116,789
Transfers	20,000	5,544	(116,789)	-	(91,245)
<i>Balance as at end of year</i>	21,000	8,544	-	4,314	33,858

19. CASH GENERATED FROM OPERATIONS

	31-Dec-06	31-Dec-05
	D'000	D'000
Net surplus (deficit) for the year	16,633	(32,335)
<i>Adjusted for the following:</i>		
Depreciation	5,761	4,282
Profit on disposal of assets	(198)	(65)
Net increase (decrease) in reserves	21,246	(19,802)
Movement in bad debt provision	-	(4,565)
Changes in working capital		
Net increase (decrease) in loans and advances	842,205	(341,149)
Net decrease in accounts receivable	(62,264)	(16,332)
Net (decrease) increase in deposits	(707,373)	792,906
Net (decrease) increase in accounts payable	(45,469)	6,652
Cash inflow from operating activities	70,541	389,592