



# Central Bank of The Gambia

## *Annual Report and Financial Statements*

*For the year ended 31 December 2005*

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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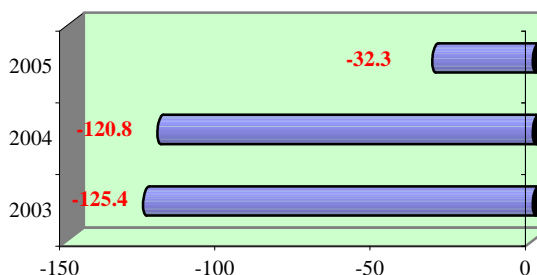
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## FINANCIAL HIGHLIGHTS

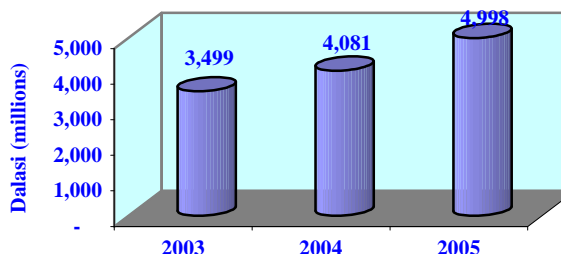
### Net loss for the year (Dalasi millions)

2003	2004	2005	Change vs. 2004
-125.4	-120.8	-32.3	-73%



### Total Assets (Dalasi Millions)

2003	2004	2005	Change vs. 2004
3,499	4,081	4,998	22%



### Structure of total assets (Dalasi Million)

	2003	2004	2005	Change against 2004
Cash and bank balances	1330	2067	2,386	15%
Government securities	660	669	891	33%
Foreign securities	179	173	163	-6%
Other investments	126	283	280	-1%
Loans and advances	1081	724	1065	47%
Other assets	99	124	145	17%
Tangible fixed assets	24	41	68	66%
<b>Total</b>	<b>3,499</b>	<b>4,081</b>	<b>4,998</b>	<b>22%</b>

### Structure of total liabilities (Dalasi Millions)

	2003	2004	2005	Change against 2004
Deposit liability	987	1,713	2506	46%
Other liabilities	45	106	113	6%
Long-term liabilities	995	749	866	16%
Currency in circulation	1251	1486	1,537	3%
Equity	221	27	(24)	-189%
<b>Total</b>	<b>3,499</b>	<b>4,081</b>	<b>4,998</b>	<b>22%</b>

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## GENERAL INFORMATION

<b>EXECUTIVE DIRECTORS</b>	Mr. Famara Jatta	<i>Governor &amp; Chairman</i>
<b>NON-EXECUTIVE DIRECTORS</b>	Mr. Benjamin Carr	<i>Director</i>
	Permanent Secretary DOSFEA	<i>Director</i>
	Mrs. Juka Fatou-Jabang	<i>Director</i>
	Mr. Mustapha A. Kah	<i>Director</i>
<b>FIRST DEPUTY GOVERNOR</b>	Mr. Momodou B Saho	
<b>DIRECTOR OF FINANCE</b>	Mrs. Oumie Savage Samba	
<b>COMPANY SECRETARY</b>	Mrs. Ebronke Janneh-Jagana	
<b>AUDITORS</b>	Deloitte & Touche Chartered Accountants 1 Paradise Beach Place Bertil Harding Highway P O Box 268 Banjul, The Gambia	
<b>REGISTERED OFFICE</b>	1-2 ECOWAS Avenue Banjul The Gambia	
<b>BANKERS</b>	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 2005.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Central Bank of The Gambia Act 1992 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 1992. 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 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, 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.

**By order of the Board of Directors**

**Secretary**

Date:.....2006



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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 13 to 15.

#### **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.

However, our opinion was limited due to the following:

- Included within Government Deposits in note 14 is an amount of D1.2 billion representing Special Deposit Treasury bill account. Adequate records were not maintained to facilitate audit procedures to ascertain the completeness of this liability which represents the Gambia Government's liability to the general public arising from the issue of Treasury Bills.

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 1992.

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## **Qualified opinion: Limitation in scope**

Except for the possible effect of the limitation in evidence available to us discussed in the preceding paragraph, relating to the completeness of the public debt liability arising from Treasury Bills, in our opinion the financial statements give a true and fair view of the state of the bank's affairs as at 31 December 2005 and of its loss for the year then ended. In all other respects, in our opinion, the financial statements have been properly prepared in accordance with generally accepted accounting principles and the requirements of the Central Bank of The Gambia Act 1992.

## **Deloitte & Touche**

*Chartered Accountants*

*Registered Auditors*

Dated:.....2006



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## INCOME STATEMENT

For the year ended 31 December 2005

	Notes	31-Dec-05 D'000	31-Dec-04 D'000
Interest income	2.	113,998	74,352
Interest expense	3.	(8,465)	(15,387)
<b>Net interest income</b>		<b>105,533</b>	<b>58,965</b>
Other income	4.	5,135	9,916
<b>Total operating revenue less interest expense</b>		<b>110,668</b>	<b>68,881</b>
Personnel costs	5.	(22,256)	(21,872)
General and administration cost		(116,465)	(118,177)
Depreciation and amortisation	13.	(4,282)	(3,103)
		(143,003)	(143,152)
<b>Net Income/(Deficit) on ordinary activities</b>	6.	<b>(32,335)</b>	<b>(74,271)</b>
Provisions for credit losses		-	(46,519)
<b>Net Deficit for the financial year</b>		<b>(32,335)</b>	<b>(120,790)</b>

The notes on pages 13 to 24 form an integral part of these financial statements.

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## BALANCE SHEET

As at 31 December 2005

	Notes	31-Dec-05 D'000	31-Dec-04 D'000
<b>ASSETS</b>			
Cash and bank balances	7.	2,385,521	2,067,170
Government securities	8.	891,048	668,897
Foreign securities	9.	162,992	172,735
Other investments	10.	279,908	283,258
Loans and advances	11.	1,064,837	723,688
Other assets	12.	145,198	124,301
Tangible Fixed Assets	13.	68,357	41,130
<b>TOTAL ASSETS</b>		<b>4,997,861</b>	<b>4,081,179</b>
<b>LIABILITIES</b>			
Deposits	14.	2,506,015	1,713,109
Other liabilities	15.	112,564	105,912
Long-term liabilities	16.	865,755	749,243
Currency in circulation	17.	1,537,548	1,485,569
		<b>5,021,882</b>	<b>4,053,833</b>
<b>EQUITY</b>			
Share capital	18.	1,000	1,000
Statutory reserves	18.	3,000	3,000
Revaluation reserves	18.	-	528,790
Other reserves	18.	4,314	4,314
Accumulated loss		(32,335)	(509,758)
		<b>(24,021)</b>	<b>27,346</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,997,861</b>	<b>4,081,179</b>

These financial statements were approved by the Board of Directors on ..... 2006,  
and were signed on their behalf by:

..... *Governor*

..... *First Deputy Governor*

..... *Director*

*The notes on pages 13 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 2005

	Share capital D000.	Statutory reserves D000.	Revaluation reserves D000.	Other reserves D000.	Accumulated loss D000.	Total D000.
At 1 January 2004	1,000	3,000	602,439	4,314	(388,198)	<b>222,555</b>
Loss for the year	-	-	-	-	(120,790)	<b>(120,790)</b>
Transfers	-	-	(73,649)	-	-	<b>(73,649)</b>
At 1 January 2005	1,000	3,000	528,790	4,314	(508,988)	<b>28,116</b>
Loss for the year	-	-	-	-	(32,335)	<b>(32,335)</b>
Transfers [(Sec 32 (2))]	-	-	(528,790)	-	508,988	<b>(19,802)</b>
<b>At 31 December 2005</b>	<b>1,000</b>	<b>3,000</b>	<b>-</b>	<b>4,314</b>	<b>(32,335)</b>	<b>(24,021)</b>

In accordance with Section 32 (2) of the Central Bank Act, the Government of The Gambia is required to issue NIB Notes in the form of Promissory notes to the Central Bank to cover for foreign exchange revaluation and operational losses. The NIB notes of D 198,963,000 as detailed in note 8, which were last issued in 1999 were redeemed and now new notes amounting to D503,303,000 issued to cover the net aggregate revaluation gains and losses and operational losses between the years 2000 and 2004 to safeguard the bank's capital according to section 32 (2).

*The notes on pages 13 to 24 form an integral part of these financial statements.*

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## CASH FLOW STATEMENT

As at 31 December 2005

	Notes	31-Dec-05 D'000	31-Dec-04 D'000
<b>Cash inflow from operating activities</b>			
Cash generated from operations	19.	389,592	929,452
<b>Cash inflow from investing activities</b>			
Acquisition of property and equipment		(31,509)	(20,961)
Proceeds from the disposal of fixed assets		835	159
Net decrease in Government securities		(222,151)	(8,712)
Net decrease in foreign securities		9,743	6,480
Net increase in other investments		3,350	(157,375)
<i>Cash Inflow from investing activities</i>		<b>149,860</b>	749,043
<b>Cash inflow from financing activities</b>			
Net increase/(decrease) in long term liabilities		116,512	(246,170)
Net increase in currency in circulation		51,979	234,716
<b>Increase in cash and cash equivalent</b>		<b>318,351</b>	737,589
Cash and cash equivalents at the beginning of the year		2,067,170	1,329,581
<b>CASH AND CASH EQUIVALENTS AT 31ST DECEMBER 2005</b>		<b>2,385,521</b>	2,067,170
<b>REPRESENTED BY:</b>			
Cash holdings		14,432	23,760
Foreign Reserves		2,371,089	2,043,410
	7.	<b>2,385,521</b>	2,067,170

The notes on pages 13 to 24 form an integral part of these financial statements.



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*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 1992. 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 32 of the Central Bank of The Gambia Act 1992. Losses that cannot be covered by gains are converted to non-negotiable, non interest bearing securities under section 32(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 59 of the Central Bank of The Gambia Act 1992, 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 netted off against 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-05 D'000	31-Dec-04 D'000
Interest on securities USD	391	381
Interest on deposits GBP	15,485	3,390
Interest on deposits USD	40,709	11,248
Discount on treasury bills USD	4,787	854
Interest on deposits EURO	5,194	2,930
Interest on deposits SDR	361	492
Interest on deposits CHF	273	1,920
Interest on securities GMD	13,552	12,500
Interest on loans and Advances	686	212
Discount on treasury bills GMD	32,478	40,057
Discount on CBG Bills GMD	82	368
	<b>113,998</b>	<b>74,352</b>

## 3. INTEREST EXPENSE

	31-Dec-05 D'000	31-Dec-04 D'000
Interest payments to IMF	7,743	7,344
Interest payments on CBG bills	722	8,043
	<b>8,465</b>	<b>15,387</b>

## 4. OTHER INCOME

	31-Dec-05 D'000	31-Dec-04 D'000
Profit on sale of investments	3,854	952
Rental income	80	-
Miscellaneous income	1,155	8,932
Sale of commemorative coins	46	32
	<b>5,135</b>	<b>9,916</b>



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## 5. PERSONNEL COSTS

The average number of staff employed (including directors) during the year were 221(2004: 221)

	31-Dec-05 D'000	31-Dec-04 D'000
Salaries	12,418	13,143
Transport Allowance	3,611	3,572
Leave Allowance	225	264
Cashier's Allowance	24	9
Directors fees and Allowances	79	48
Contribution to Provident Fund	1,156	1,077
Medical Expenses	2,958	2,056
Other Pension Cost	1,785	1,703
	<b>22,256</b>	<b>21,872</b>

## 5a. DIRECTORS' EMOLUMENTS

	31-Dec-05	31-Dec-04
<b>EXECUTIVE</b>		
D5,000-D10,000	1	1
<b>NON-EXECUTIVE</b>		
D5,000-D45,000	4	4

## 6. NET INCOME/(DEFICIT) BEFORE LOAN LOSSES

	31-Dec-05 D'000	31-Dec-04 D'000
Profit/(loss) before loan losses is stated after charging:		
Auditor's remuneration: local	600	550
overseas	-	3,997
Directors fees and sitting allowances	79	48
Gains on disposal of investments assets	(3,854)	(952)
Depreciation	4,282	3,103

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<b>7. CASH AND BANK BALANCES</b>	<b>31-Dec-05</b>	<b>31-Dec-04</b>
	<b>D'000</b>	<b>D'000</b>
Balances with foreign banks (Nostros)	<b>2,371,089</b>	2,043,410
Foreign currency cash holdings	<b>14,432</b>	23,760
	<b>2,385,521</b>	2,067,170
<b>8. GOVERNMENT SECURITIES</b>	<b>31-Dec-05</b>	<b>31-Dec-04</b>
	<b>D'000</b>	<b>D'000</b>
5% Bonds	<b>250,000</b>	250,000
Gambia Government treasury bills	<b>137,545</b>	219,934
Non interest bearing notes (NIB notes)	<b>503,503</b>	198,963
	<b>891,048</b>	668,897

### *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 purposes 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 netted off against 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. Subsequent to the year-end, the Central Bank has given approval to financial institutions to act as primary dealers for Gambia Government Treasury Bills market.

### *Non Interest Bearing Notes*

Non Interest Bearing Notes have been issued in terms of The Central Bank of Gambia Act 1992 Section 32(2). The Investments in Non Interest Bearing Notes represents non negotiable, non interest bearing bonds that the Government of The Gambia issue to cover any operating or foreign exchange losses that the Bank incurs. Non Interest Bearing Notes are also issued to account for any shortfall in Capital that may occur during the financial year in accordance with Section 6(2) of the CBG Act 1992.

The Non Interest Bearing Notes are issued on request of the Governor of the Bank.

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<b>9. FOREIGN SECURITIES</b>	<b>31-Dec-05</b>	<b>31-Dec-04</b>
	<b>D'000</b>	<b>D'000</b>
US Treasury bills	162,992	172,735
	<b>162,992</b>	<b>172,735</b>
<b>10. OTHER INVESTMENTS</b>	<b>31-Dec-05</b>	<b>31-Dec-04</b>
	<b>D'000</b>	<b>D'000</b>
<b>FIXED</b>		
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	158,813	158,813
	<b>220,858</b>	<b>220,858</b>
<b>CURRENT</b>		
WAMI Stabilization Co-op fund	49,350	52,150
ECOWAS credit guarantee scheme	9,700	10,250
	<b>59,050</b>	<b>62,400</b>
<b>Total Foreign securities</b>	<b>279,908</b>	<b>283,258</b>

## FIXED ASSET INVESTMENTS

### *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 Buildings

This represents 3 instalments of \$1,750,000 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 balance sheet date.

### *WAMI Stabilisation Co-op fund*

This represents first payment of \$1.750 million of the required amount 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 balance sheet date. Retranslated gains and losses are transferred to the revaluation reserve account.

## 11. LOANS AND ADVANCES

		31-Dec-05	31-Dec-04
	Notes	D'000	D'000
Loans to Government	11a	753,082	711,712
Loans to Forex bureaus	11b	183,290	183,290
Fixed loans to banks		33,625	33,625
Overdrawn Government deposit accounts		311,755	11,976
Overdrawn sundry deposit accounts		3,443	5,438
		<b>1,285,195</b>	946,041
<i>Less:</i>			
Provision for sundry deposit and Government accounts		(3,443)	(5,438)
Provision for credit losses (Forex Bureaus)		(183,290)	(183,290)
Provision for credit losses (fixed loans to Banks)		(33,625)	(33,625)
		<b>1,064,837</b>	723,688

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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 loan is repayable over 15 years commencing 31 December 2005 at an interest rate of 4%. In advancing the loan facility equivalent to \$28million in the prior year and \$1.5million in the current year, the Bank applied to the Department of State for Finance and Economic Affairs and obtained a waiver under section 51(4) of the Central Bank of The Gambia Act in respect of the limitation imposed by section 51(2) of the same Act. Section 51(4) 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. However, additional advances to Government relating to overdrawn deposit accounts have exceeded this limit.

**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-05	31-Dec-04
	D'000	D'000
Accrued interest receivable	4,744	812
Treasury Bills accrued interest	5,547	5,547
Miscellaneous treasury bills	21,834	9,121
West African Monetary Agency	16,865	22,295
International Monetary Fund	65,004	52,710
Staff loans	30,960	28,923
Others	7,246	7,330
	<b>152,200</b>	126,738
<i>Less:</i>		
Provision for doubtful debts	(7,002)	(2,437)
<i>At end of year</i>	<b>145,198</b>	124,301

### *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 intersettlement 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 D65Million is the net effect of the IMF quota account and other IMF liabilities.

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## 13. TANGIBLE FIXED ASSETS

	Land & Building	Furniture & Equipment	Computer equipment & software	Motor vehicles	Work in progress	Total
	D'000	D'000	D'000	D'000	D'000	D'000
<i>Cost</i>						
At 01-Jan-05	32,536	19,184	13,956	4,048	-	<b>69,724</b>
Additions	1,032	1,014	5,029	4,434	20,000	<b>31,509</b>
Disposals	-	(8,698)	(8,385)	-	-	<b>(17,083)</b>
Write off	(325)	325	-	-	-	-
<b>At 31-Dec-05</b>	<b>33,243</b>	<b>11,825</b>	<b>10,600</b>	<b>8,482</b>	<b>20,000</b>	<b>84,150</b>
<i>Accumulated depreciation</i>						
At 01-Jan-05	4,764	11,536	9,687	2,607	-	<b>28,594</b>
Charge for the year	194	1,705	1,620	763	-	<b>4,282</b>
Disposals	-	(8,698)	(8,385)	-	-	<b>(17,083)</b>
<b>At 31-Dec-05</b>	<b>4,958</b>	<b>4,543</b>	<b>2,922</b>	<b>3,370</b>	<b>-</b>	<b>15,793</b>
<i>Net book value</i>						
<b>At 31-Dec-05</b>	<b>28,285</b>	<b>7,282</b>	<b>7,678</b>	<b>5,112</b>	<b>20,000</b>	<b>68,357</b>
At 31-Dec-04	27,772	7,648	4,269	1,441	-	41,130

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<b>14. DEPOSITS</b>	<b>31-Dec-05</b>	<b>31-Dec-04</b>
	<b>D'000</b>	<b>D'000</b>
Government deposits	<b>1,702,044</b>	1,104,465
World Bank deposits	<b>340</b>	340
Local commercial banks	<b>769,040</b>	579,018
Sundry deposits	<b>34,464</b>	29,286
Credit institutions deposits	<b>127</b>	-
	<b>2,506,015</b>	1,713,109

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.

<b>15. OTHER LIABILITIES</b>	<b>31-Dec-05</b>	<b>31-Dec-04</b>
	<b>D'000</b>	<b>D'000</b>
Accrued interest payable	<b>1,890</b>	12,249
Staff pension fund	<b>6,647</b>	6,471
Staff welfare fund	<b>348</b>	348
Payment orders	<b>82,717</b>	86,667
Miscellaneous others	<b>190</b>	177
Payments on account	<b>20,772</b>	-
	<b>112,564</b>	105,912

<b>16. LONG-TERM LIABILITIES</b>	<b>31-Dec-05</b>	<b>31-Dec-04</b>
	<b>D'000</b>	<b>D'000</b>
Central Bank bills	<b>2,048</b>	-
Special drawing rights allocations	<b>224,634</b>	182,153
IMF E.SAF (1998-2000)	<b>-</b>	125,455
International Monetary Fund [Poverty Reduction Growth Facility]	<b>639,073</b>	441,635
	<b>865,755</b>	749,243

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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>	<b>Total D'000</b>
	D.000	D.000	D.000	D.000	
Balance at beginning of year	1,000	3,000	528,790	4,314	<b>537,104</b>
Transfers	-	-	(528,790)	-	<b>(528,790)</b>
<i>Balance as at end of year</i>	<b>1,000</b>	<b>3,000</b>	-	<b>4,314</b>	<b>8,314</b>

## 19. CASH GENERATED FROM OPERATIONS

	<b>31-Dec-05 D'000</b>	31-Dec-04 D'000
Net loss for the year	<b>(32,335)</b>	(120,790)
<i>Adjusted for the following:</i>		
Depreciation	<b>4,282</b>	3,103
Loss/(profit) on disposal of assets	<b>(65)</b>	597
Transfer to revaluation	<b>(19,802)</b>	(73,649)
Movement in bad debt provision	<b>(4,565)</b>	4,594
<b>Changes in working capital</b>		
Net (decrease)/ increase in loans and advances	<b>(341,149)</b>	356,914
Net increase in accounts receivable	<b>(16,332)</b>	(29,484)
Net increase in deposits	<b>792,906</b>	726,715
Net increase in accounts payable	<b>6,652</b>	61,452
<b>Cash inflow from operating activities</b>	<b>389,592</b>	929,452