



THE INSTITUTE OF CHARTERED ACCOUNTANTS

**GHANA**

**2012**  
ANNUAL REPORT &  
FINANCIAL STATEMENTS



## THE INSTITUTE OF CHARTERED ACCOUNTANTS, GHANA

### ***Our Mission*** \_\_\_\_\_

To produce professional accountants of the highest quality, ready to provide cutting edge services to their clients at all times and upholding the ethical values of the accountancy profession.

### ***Our Vision***: \_\_\_\_\_

To be premier institute of Chartered Accountants in Africa by:

- Having a technically competent and appropriate membership;
- Providing services of the highest professional standards to industry, commerce and government;
- Being recognised for highest standards of competencies, integrity and excellence;
- Providing the best services to members and students; and
- Being accepted as an authoritative body in accountancy and financial matters.

### ***Our Core Values***: \_\_\_\_\_

- **Competency**: to display the highest professional competency in the technical services rendered to the public matching worldwide standards and measurable through benchmarking with in class institutes.
- **Integrity**: to serve as trustworthy, dependable and respected in the conduct of our duties, services and pronouncements relating to the profession.
- **Excellence**: to strive at all times to achieve excellence through continuous improvement, benchmarking, research, technology, knowledge and expertise in various fields and services provision to clients, members and students.
- **Versatility**: to proactively respond to changing times and challenges that are faced by the profession, clients, members and students by maintaining a forward looking posture that learns from the past and strives to anticipate and plan for future developments.

### ***Our Motto***: \_\_\_\_\_

Integrity and Excellence



**THE INSTITUTE OF CHARTERED ACCOUNTANTS**

**GHANA**

**49<sup>th</sup> AGM 2013**

**2012 Annual Reports & Financial Statements**



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## NOTICE OF MEETING

**NOTICE** is hereby given that the Annual General Meeting of the Members of the Institute of Chartered Accountants (Ghana) will be held at the College of Physicians and Surgeons, Ridge, Accra on Wednesday, 26th June 2013 at 10.00 a.m. for the following business:

1. To receive and consider the report of Council and the Report of the Auditor and the Financial Statements of the Institute for the year ended 31st December, 2012.
2. To consider appointment of Auditor for the Institute.
3. To authorize Council to fix the remuneration of the Auditor.

By Order of the Council

Dated this 23rd day of May 2013



**Mrs. Angela Peasah**  
President

## **1.0 PRESIDENT'S STATEMENT**

### **1.1 Welcome**

On behalf of the 2012-2014 Council of the Institute of Chartered Accountants (Ghana) and on my own behalf, I welcome you to the 49th Annual General Meeting (AGM) of the General Assembly of our Institute. I am happy to announce that our Institute, in the year 2012, made giant strides to enhance its visibility and relevance in Ghana and beyond. This year marks the 50th birthday of the Institute and we have every cause to be proud of the modest achievements we have so far accomplished.

### **1.2 National Relevance**

The members of the Institute continue to play significant roles in the economy of Ghana by providing services in areas such as auditing, taxation, financial management, insolvency, information technology, assurance services, financial reporting, etc.

At the corporate level, the Institute made essential inputs into the preparation of the national budget, and recommended some members to serve on some Boards and Committees.

### **1.3 Regional Relevance**

Our Institute continues to be a key member of ABWA. ICAG leads the technical capacity-building effort of ABWA. Through the efforts of ICAG and ICAN, the ATSWA Scheme has moved frontiers and is now conducted in four Anglophone West African countries made up of Nigeria, Ghana, Liberia and Sierra Leone. The ICAG and Liberia Institute of Certified Public Accountants [LICPA] mentoring arrangement for the ATSWA scheme has resulted in LICPA students writing ICAG's professional examinations. Following from this arrangement, some universities in Liberia have adopted the ICAG examinations syllabus and are preparing their students to enter into ICAG studentship.

### **1.4 Growth in Membership**

During the year under review, 290 new members were admitted into the Institute. Out of this number, 186 wrote and passed ICAG qualifying examinations while the remaining were admitted through their membership of other recognized professional bodies. At the close of 2012, active members registered by the Institute stood at 2,975 (two thousand nine hundred and seventy five).

Studentship has also increased appreciably. In 2012, 2,329 students were enrolled into the Institute. The number of students registered from 2006-2012 totaled 7,074. It is gratifying to note that majority of the newly-admitted students are university graduates.

### **1.5 Education and Training**

The Institute puts premium on quality education



for members and students. It has therefore institutionalized continuous professional education programmes which require every member to satisfy at least 35 credit hours of post-qualification education annually. We are working toward making this requirement mandatory.

The Institute will continue to organise CPD programmes for members. Members are encouraged to attend these programmes to update their knowledge.

Learning and teaching facilities in the ICAG School have been expanded and improved to make for easy learning.

The Institute has also sought to collaborate with the universities to improve upon accountancy education in Ghana and also to encourage post-graduate students to sign up for the professional accountancy programmes. In line with this agenda, a Memorandum of Understanding (MoU) was signed with University of Cape Coast (UCC) in 2011. Under the MoU, the syllabus of UCC's MBA/M.COM [Accounting Option] programme and the syllabus of ICAG's Part 3 and Part 4 qualifying examination syllabus have been harmonized. Graduates of UCC MBA/M.COM [Accounting Option] programme are therefore exempted from ICAG's Part 3 examinations and should be prepared adequately to write the Part 4 of the qualifying examinations. Similar discussions have been initiated with University of Ghana Business School, University of Professional Studies, Accra, KNUST Business School and Pentecost University College.

### 1.6 Registration of firms

As a first step to exercising its supervisory role over the accounting firms to ensure adherence to professional standards, and to take the appropriate steps and measures to maintain such standards, the Institute has registered the practising firms of Chartered Accountants and

categorised them based on a matrix of criteria (number of partners, number of professional staff and fee revenue). 155 firms were registered by the end of the year under review, 2012.

### 1.7 Audit Quality Monitoring (AQM) Unit

The Institute has established an Audit Quality Monitoring Unit. The Unit is staffed with experienced audit practitioners who conduct reviews of audit assignments carried out by licensed members. This is an important landmark achievement in the regulatory function of the institute and it is expected that all auditors would lend their support to the Unit.

The Head Reviewer, Mr Charles Egan [Immediate Past Country Leader, PricewaterhouseCoopers (PwC)] visited the Institute of Chartered Accountants England and Wales (ICAEW) to study the system of audit quality monitoring in the United Kingdom. Sensitisation seminars were organised for the practising firms and initial assessment visits to the firms commenced in August 2012.

The Private Company Audit System (PCAS), with the kind support of ICAEW, was launched on 1st October, 2012 at the Golden Tulip Hotel to offer Small Medium-Scale Practitioners (SMPs) the opportunity of using a well-structured system in their auditing assignments.

### 1.8 Infrastructure

The construction works and the furnishing of the office complex was virtually completed by the end of the year. The loan of GH¢1,300,000 (one million, three hundred thousand Ghana Cedis) obtained from HFC Bank Ghana Ltd. has been paid off.

We are grateful to HFC Bank Ghana Ltd. for their support and, also, seize the opportunity to express our profound appreciation to you for your





kind consideration and cooperation.

Largely, the desired office equipment has also been secured to enhance administrative work at the Secretariat.

The Kumasi office is now fully-functional and the officer-in-charge also takes care of the needs of members and students in Brong Ahafo Region and some parts of the Eastern and Western Regions.

Plans are far advanced for the opening of an office in Wa. Wa Polytechnic has offered office accommodation. The building that would house the office is yet to be handed over by the contractor.

### 1.9 World Bank/IDF Grant

In 2011, the Institute benefited from two World Bank financial support arrangements.

These were the:

- |      |                   |           |
|------|-------------------|-----------|
| (i)  | First Initiative: | \$310,000 |
| (ii) | IDF Grant:        | \$497,000 |

#### 1.9.1 First Initiative

The first initiative was disbursed directly from the World Bank Office in U.S.A.

The main objective of the technical assistance was to strengthen the capacity of ICAG. The disbursement resulted in a Twinning Partnership Arrangement with the Institute of Chartered Accountants - England and Wales.

This resulted in

- Preparing a mid-term strategy and developing its implementation arrangement for full compliance with the SMO's.
- Establishing of Audit Quality Monitoring Unit and Implementing Practical

Knowledge transfer arrangements for improving the quality of audit in Ghana, specifically focusing on strengthening of capabilities of audit firms to comply with international standards and related pronouncements issued by IFAC.

- Developing a training scheme to update the knowledge of members in IFRS and ISAs.
- Enhancing the quality of curriculum examinations and practical training arrangements for ICAG qualifications.

The Twinning Partnership Arrangement with ICAEW formally ended on 31st December, 2012. It is gratifying to note that there is continuing relationship with ICAEW in respect of reviewing the syllabus and strengthening the capacity of the Audit Quality Monitoring Unit.

#### 1.9.2 The IDF Grant

The World Bank approved an IDF Grant of USD\$497,000 to the Institute of Chartered Accountants – Ghana (ICAG) to be disbursed to improve the operational capacity of the Institute as well as improving the financial reporting framework in both the private sector and the public sector of Ghana.

The grant had four main components, namely:

- Design, develop and implement training programme on practical application of IFRS.
- Develop and deliver training programs on implementation of IPSAS.
- Develop e-learning and online resource centres.
- Develop web-based online databases for students and members.

By the end of the year the e-learning and online resource centres had virtually been completed. The members and students databases have also been completed.





ICAEW was engaged to organize a ten-day Training of Trainers workshop on IFRS for some members.

ICAG held an IPSAS Stakeholders Meeting in February 2012. In attendance were representatives of Ministry of Finance and Economic Planning [MOFEP], Controller and Accountant-General's Department [CAGD], Ghana Audit Service [GAS], Internal Audit Agency [IAA] and Ghana Revenue Authority [GRA].

- i) Consequently, ICAG invited Mr. Patrick Kabuya, Senior Financial Management Specialist of the World Bank in South Africa to Ghana to facilitate a 2-day workshop on 'IPSAS Adoption and Implementation: Challenges and Roadmap.'

The stakeholders who participated in the workshop were:

- Ministry of Finance and Economic Planning [MOFEP]
- Controller and Accountant-General's Department [CAGD]
- Ghana Audit Service [GAS]
- Internal Audit Agency [IAA]
- Ghana Revenue Authority [GRA]
- Bank of Ghana [BOG], and
- National Development Planning Commission [NDPC]

An IPSAS Implementation Task Force has since been constituted to draw up a roadmap for IPSAS adoption in Ghana.

### **1.10 2ND AFRICA CONGRESS OF ACCOUNTANTS (ACOA) – 14TH -16TH MAY 2013**

(Event after the Reporting Period)

ICAG in collaboration with the Pan African Federation of Accountants (PAFA), under the auspices of the International Federation of Accountants (IFAC) successfully hosted the 2nd

Africa Congress of Accountants (ACOA) at the Accra International Conference Centre (AICC) from 14th to 16th May 2013. Over 900 delegates participated in the conference from 23 African countries, The United Kingdom, The Netherlands, India and United States of America.

The Conference was preceded by a Welcome Cocktail reception held at the plush, Moevenpick Ambassador hotel in Accra on Monday, 13th May 2013. A high point of the 2nd ACOA 2013 was the Gala Dinner held at the Beach front of La Palm Royal Beach hotel on Wednesday, 15th May 2013. The conference programme of activities included three plenary sessions and 48 concurrent sessions which were presided over by 48 speakers, 5 discussants and 20 chairpersons.

The Local Organizing Committee (LOC) responsible for the planning and organisation of the conference was chaired by Mr. Joseph F.O. Blankson, a Past President. Other members of the committee are Mr. Kwasi Asante, Mr. Anthony Minlah, Mr. Willie Orhin, Mr. Robert Donaldy, Barima Agyenim Boateng, Mrs. Doris Anum-Dorhuso, Mrs. Comfort Ocran, Ms. Abigail Armah, Mr. John Hansen and Ms. Selina Bentoom. The Event Coordinator for the conference was Mrs. Comfort Ocran, Legacy & Legacy and Hotel Accommodations Coordinator was Ms. Evelyn Nikabs, Cedi Travel and Hospitality Services.

PAFA held its Board meeting for the first time in Accra on Sunday, 12th May 2013 as well as the Annual General Assembly on Friday, 17th May 2013 both at the Moevenpick Ambassador Hotel.

### **Professional Accountancy Organisation Development Committee (PAODC)**

The Institute also hosted PAODC, a sub-committee of IFAC at a dinner at the Golden Tulip hotel. The PAODC held a 2-day meeting from 12th and 13th May 2013 at the Moevenpick Ambassador Hotel. As part of the meeting, the CEO, Mr. Kwasi Asante,



presented a paper on the Institute highlighting some of the provisions of the enabling Act, vision, the status of the Institute and its challenges.

### 1.11 ICAG's Finances

Total income grew from GH¢4,345,896 in 2011, to GH¢6,704,143 in 2012 an increase of 54%. Members and Students subscription, practice license fees and graduation fees increased from GH¢1,222,007 to GH¢2,085,540 representing 70% growth. The growth is due partly to the introduction of Fees from Practising Firms and the Chartered Diploma Course.

Gross expenditure rose from GH¢3,926,474 in 2011 to GH¢5,380,103, an increase of 37%. The increase was due to increased student outreach programmes, professional body activities, revision of employee benefits and increase in the number of staff at the Secretariat.

Net surplus after investment income grew from GH¢440,102 in 2011 to GH¢1,324,040 in 2012, a growth rate of over 200%.

### 1.12 Bereavements

The Institute regrettably announces the death of the following:

#### Members:

- Mr. Clement Ayimbire Apinaba - 3rd January, 2012
- Mr. Kofi Nyame - 8th March, 2012
- Mr. Francis Wussar-Narh - 20th March, 2012
- Mr. Chris Nii Noi Nartey - 14th April, 2012
- Mr. David Mawusi Tutu - 9th May, 2012
- Mr. Bright Selorm Dogbey - 22nd May, 2012
- Mr. Patrick Obed Ampadu - July, 2012

#### Staff and Ex-Staff:

- Ms. Helen Boafo - 22nd December, 2012

### 1.13 Conclusion

Our Institute has made progress in its capacity development efforts thanks to the support of members. We are hopeful that the growth rate achieved will be accelerated in the years ahead.

I also wish to express my sincere gratitude to my colleagues on Council, and those on the various Committees for their support throughout the year under review and for being a reliable backbone in all our endeavours. My special appreciation is also extended to the management and staff at the Secretariat who have contributed immensely to the successes chalked so far. It is my fervent hope that you will all continue to whole-heartedly support Council to enhance the growth of the Institute,



strengthen its brand presence across the country and continue to project it as the nationally-acclaimed and esteemed professional accountancy body.

It is my hope that you will at all times rally behind the Council with your wise counsel, suggestions and recommendations to enable Council build on our modest achievements to greater heights.

May I also thank you and all other stakeholders who have always cooperated with Council in various ways for the purpose of strengthening and consolidating the accountancy profession in Ghana.

Let us all resolve to redouble our efforts to sustain with pride, our membership of this august profession.

Thank you and May God bless you all.

**Angela Peasah [Mrs]**  
**PRESIDENT**



## 2.0 COUNCIL OF THE INSTITUTE

The Institute is run by an eleven-member Council for a two-year term. In accordance with section 7 (2) of the Chartered Accountants Act 1963, Act 170, seven members are elected by the members at an AGM while four members are nominees of the Minister of Education.

### 2.1 The first Council (1963)

Dr. R. S. Amegashie	President
Mr. D. A. W. Hewson	Vice President
Mr. P. F. Wollen	Secretary
Mr. Harry Dodoo	Member
Mr. D. W. Simmonds	Members
Mr. F. W. Wilson	Member
Mr. J. D. Barnes	Member
Mr. S. W. Awuku-Darko	Member
Mr. J. Adabie	Member

### 2.2 Past Presidents (1963 – 2010)

1963 – 1967	Dr. R. S. Amegashie
1967 – 1969	Mr. S. W. Awuku-Darko
1969 – 1974	Nana Aninkora Ababio (Mr. S. I. K. Boakye-Agyeman)*
1974 – 1976	Mr. H. A. Dodoo*
1976 – 1978	Mr. J. K. Dadson*
1978 – 1980	Mr. D. H. Simpson*
1980 – 1982	Prof. B. C. F. Lokko
1982 – 1984	Mr. J. K. Forson*
1984 – 1986	Mr. E. M. Boye
1986 – 1988	Mr. S. O. Annan
1988 – 1990	Mr. K. N. Owusu*
1990 – 1992	Nii Quaye Mensah*
1992 – 1994	Mr. P. A. Abotsie*
1994 – 1996	Mr. John Sey
1996 – 1996	Hon. A. K. Dapaah
1996 – 1998	Mr. J. N. A. Hyde
1998 – 2000	Mr. F. D. Tweneboa
2000 – 2002	Ms. Aurore Lokko
2002 – 2004	Mr. J. A. Y. Klinogo
2004 – 2006	Mr. D. T. Acquaye
2006 – 2008	Nana Prof. J. B. Ato Ghartey
2008 – 2010	Mrs. Cecilia Nyann*
2010 – 2012	Mr J.F. Blankson

\*Deceased



### 2.3.1 Members of Council 2012–2014

The composition of Council and members attendance at meetings since the last Annual General Meeting is detailed below:

MEMBERS	TITLE	COUNCIL MEETING	
		2012- 2014	
		MAXIMUM	ATTENDED
Mrs. Angela Peasah	President	16	16
Prof. K. B. Omane-Antwi	Vice- President	16	14
Mr. Christian T. Sottie	Member	16	13
Maj. Rtd. D. Ablorh-Quarcoo	Member	16	11
Mr. R. K. Tufour	Member	16	1
Mr. Anthony E. Minlah	Member	16	11
Mr. Michael Asiedu-Antwi	Member	16	11
Ms. Rebecca A. Lomo	Member	16	15
Mr. Blessed Baafour-Atta	Member	16	11
Prof K. Adom-Frimpong	Member	16	14
Dr. Williams A. Atuilik	Member	16	14



## Members Of Council 2012–2014



*Mrs. Angela Peasah,  
[President]*



*Prof. K.B. Omane-  
Antwi [Vice President]*



*Maj. Rtd. Daniel  
Ablorh-Quarcoo  
[Member]*



*Rebecca Lomo  
[Member]*



*Michael Asiedu-Antwi  
[Member]*



*Anthony E. Minlah  
[Member]*



*Mr. Christian Sottie  
[Member]*



*R.K. Tufuor  
[Member]*



*Prof. Kwame  
Adom-Frimpong  
[Member]*



*Blessed Baffour-Atta  
[Member]*



*Williams A. Atuilik  
[Member]*



### **3. REPORTS OF STANDING COMMITTEES**

#### **3.1 PUBLICATION AND PUBLIC RELATIONS COMMITTEE**

##### **3.1.1 Introduction**

2012 was filled with activities that enhanced the visibility of the Institute.

##### **3.1.2 Induction Course**

The 2012 Induction Course was held from 28th to 30th March 2012 at the Ridge Arena, Alisa Hotel for 290 inductees. The inductees were taken through such topics as:

- The History of the Institute
- The Chartered Accounts Act (1963) Act 170
- The Structure of the Institute
- Code of Ethics for Professional Accountants
- The Role of the Professional Accountant in Nation Building
- Overview of the Ghanaian Business Environment
- Stress Management
- Career Guidance & Development, and
- Managing a Professional Office

##### **3.1.3 Graduation & Admission Ceremony**

Graduation and Admission Ceremony was held on Saturday, 14th April 2012 at the Accra International Conference Centre (AICC). 290 members were admitted into membership.

##### **3.1.4 2012 Annual Accountants' Week**

The theme for last year's Accountants' week was, Regional Economic Growth and Stability.

##### **a) Health Walk and Aerobic Exercise:**

The Health Walk was held on Saturday, 26th May 2012 at the Aviation Social Centre. The walk began at 6.45 am from Aviation Social Centre through the Ako Adjei Interchange to Danquah Circle and back to Aviation Social Centre, almost 8km. 212 members participated in the walk which was followed by a round of aerobic exercises.

##### **b) Thanksgiving Service**

On Sunday, 27th May 2012, One Hundred and Thirty-Seven (137) members and staff of ICAG attended the thanksgiving service at the International Central Gospel Church, at Christ Temple, Abossey Okai.

##### **c) Press Conference**

A press conference was held on Monday, 28th May 2012 at 10.00 am at the Accountancy Village complex with the President, Mr. J.F.O. Blankson, addressing the press conference. He highlighted the activities to be held as part of the week's celebration and mentioned the twinning arrangement between ICAG and ICAEW.

In attendance were Council members, some ICAG members and staff, ICAEW representatives, and the media.

##### **d) 2-Day Accountants' Conference**

The 2-day Accountants' conference was held at AICC. 574 members registered for the conference. The theme for the conference was Regional Economic Growth and Stability.

In fulfillment of corporate social responsibility, the Institute made a donation of GH¢10,000 (Ten Thousand Cedis) to Ghana Heart Foundation at the Cardio Thoracic Centre, Korle Bu, Accra.





#### f) Annual General Meeting

The annual General Meeting (AGM) was held on Friday, 1st June 2012. 559 members were present including Council members, some past presidents and past council members.

The agenda focused on the receipt and consideration of the financial statements for 2012, the appointment of auditors and election of Council Members.

The elected members were:

- 1] Mrs. Angela Peasah
- 2] Prof. K. B. Omane-Antwi
- 3] Prof. K. Adom-Frimpong
- 4] Dr. Williams A. Atuilik
- 5] Ms. Rebecca A. Lomo
- 6] Mr. Christian T. Sottie
- 7] Mr. Michael Asiedu-Antwi

The Minister for Education, Mr. Lee Ocran, in accordance with Section 7(2) of Chartered Accountant Act 1963, Act 170, appointed the following as government's nominees to Council:

Mr. R. K. Tufuor, Controller & Accountant-General  
Mr. Anthony E. Minlah, Commissioner, Support Services, GRA

Mr. Blessed Baffour-Atta, Deputy Auditor-General  
Maj. (Rtd.) Daniel Ablorh-Quarcoo, former Commissioner for GRA

#### g) Dinner Dance

Dinner dance was held to crown the week's activities.

#### 3.1.4 2012 Presidential Luncheon

The 2012 Presidential Luncheon was held at the Banquet Hall, State House on 7th September 2012 at 12.00 noon.

The Chairman for the occasion was Nana Prof. Ato Ghartey. The Guest Speaker was Prof. Cletus K. Dordunoo, Chief Executive Officer of ClayDord Consult and a renowned consultant and academician in Economics, Finance and Management.

The theme for the luncheon was entitled, Democracy, Integrity and Stability. In all Five Hundred and Eighty persons attended the luncheon.

#### 3.1.5 African Congress of Accountants (ACOA)

The Institute was selected to host the second African Congress of Accountants (ACOA) in May 2013. The Council immediately constituted a Local Organizing Committee [LOC], chaired by the immediate past President, Mr. J.F.O. Blankson. The Committee was tasked to plan activities for the Congress as well as the 50th anniversary celebration which falls this year.

Four sub-committees were also constituted to support the work of the Steering Committee, namely:

- Accommodation and Transport Committee
- Registration and Protocol Committee
- Publicity Committee
- Finance Committee

#### 3.1.6 Professional Journal – the Professional Accountant

Three professional journals were published and distributed to members in 2012. Members are encouraged to present articles for publication in the Journal.

#### 3.2 TECHNICAL AND RESEARCH COMMITTEE

The Technical and Research Committee of ICAG, in the past year, executed the following tasks in order to garner success for the Institute in



technical and research matters.

### 3.2.1 Revision of Action Plan for IFAC SMO Compliance

The International Federation of Accountants (IFAC), to which ICAG is affiliated, issued Statements of Membership Obligations (SMOs) in 2004 which were revised in 2006. The SMOs establish requirements for members and associates to promote, incorporate, and assist in implementing international standards issued by IFAC and the International Accounting Standard Board (IASB).

The seven SMOs are on the following topics:

- SMO-1 Quality Assurance
- SMO-2 Auditing Standard and other International Auditing and Assurance Standards Board (IAASB) pronouncements
- SMO-3 Ethics Standards
- SMO-4 Education Standards
- SMO-5 Public Sector Accounting Standard
- SMO-6 Investigation and Discipline
- SMO-7 International Financial Reporting Standards

A revised Action Plan was completed and posted at the IFAC website in February 2012.

### 3.2.3 Adoption of International Accounting Standards (IASs, IPSAS and IFRS for SMEs)

IFRSs were adopted in Ghana in 2007. All the public interest entities [PIEs] fully adopted IFRSs in their financial reporting in 2012.

IPSASs are yet to be officially adopted in Ghana. Meanwhile, the main stakeholders:

- Ministry of Finance and Economic Planning [MOFEP],

- Controller and Accountant General's Department [CAGD],
- Ghana Audit Service [GAS],
- Internal Audit Agency [IAA],
- Ghana Revenue Authority [GRA]
- Bank of Ghana [BoG], and
- National Development Planning Commissioner [NDPC]

have held preliminary meetings to set an agenda for the adoption. It is hoped that the IPSASs would be adopted before the end of 2013.

ICAG officially adopted IFRS for SMEs in January 2012. It is expected that the non-PIEs would apply the standard to prepare their 2013 financial statements.

ICAG adopted the clarified International Standard on Auditing in January 2012. All audit and assurance engagements are to be executed in compliance with ISAs effective 2012.

### 3.3 PROFESSIONAL STANDARDS AND ETHICS COMMITTEE [PSEC]

Professional standards and ethical issues that engaged the attention of the PSEC in 2012 were as follows:

- Audit Monitoring and Quality Assurance Review
- Adoption of IFAC Code of Ethics for Professional Accountants
- Complaints and Disciplinary Procedures
- SME/SMP Development and Capacity Building

#### 3.3.1 Audit Monitoring and Practice Quality Assurance Review

- ICAG established an Audit Quality Monitoring Unit in March 2012. The Unit is staffed with experienced audit practitioners who would conduct reviews



of audit assignments executed by licensed members and firms.

- The Head Reviewer completed a one-week orientation programme on audit quality monitoring at the Institute of Chartered Accountants England and Wales in the United Kingdom.
- Two managers were engaged to support the Head Reviewer and the two managers were also given adequate training by ICAEW's consultants and the Head Reviewer.
- Sensitisation seminars were organised for the practising firms.
- The practising firms have been profiled and categorised using criteria such as fee income, strength of professional staff, etc.
- A meeting was held in May 2012 for the Regulatory Bodies [BoG, NIC, SEC, Ghana Audit Service, ARB Apex Banks, NPRA, GRA and the Stock Exchange] to be briefed on the AQM and also to seek their input into the scheme.
- A seminar on successful audit (covering application of ISAs, Audit Quality Control, Client Management, Practice Management, etc.) was organised for all the registered auditing firms. The seminar was facilitated by ICAEW consultants and the Head Reviewer.
- Initial audit quality review visits were made to some auditing firms.
- Private Company Audit System [PICAS] in practical terms was adopted for use by some of the audit firms. It was launched in October 2012.

### 3.3.2 Adoption of IFAC Code of Ethics for Professional Accountants

ICAG has adopted IFAC's Code of Ethics for Professional Accountants and has charged the District Societies and Practice Society to organise seminars to educate members on the content and practical application of the Code.

Following the ABWA Seminar on Code of Ethics organised in Lagos, ICAG has intensified dissemination of the Code. Resource persons were drawn from the Accounting Firms.

Briefing new members on the IFAC Code of ethics has also become a permanent feature in the orientation programme.

### 3.3.3 Complaints and Disciplinary Procedures

A just and effective investigative and disciplinary regime provides a means of bringing to account those who misconduct themselves or fail to maintain high professional standards.

Misconduct includes all and any of the following:

- criminal activity;
- acts or omissions likely to bring the accountancy profession into disrepute;
- breach of professional standards;
- breach of ethical requirements;
- gross professional negligence;
- a number of less serious instances of professional negligence that, cumulatively, may indicate unfitness to exercise practicing rights; and
- unsatisfactory work.

ICAG has institutionalized an effective investigative and disciplinary regime which imposes a range of penalties, including:

- reprimand;
- loss or restriction of practice rights;



- fine/payment of costs;
- loss of professional title (designation); and
- exclusion from membership.

ICAG urges each member to be fully aware of all provisions of the ethical code and other applicable professional standards, rules and requirements (and any amendments), whether issued by IFAC or ICAG, and the consequences of non-compliance.

Members should ensure that they comply with all obligations under local laws requiring them to:

- (a) report possible involvement in serious crimes and offences by members or member firms to the appropriate public authority; and
- (b) disclose related information to that authority.

In 2012, PSEC, acting as an investigating panel, handled various complaints against members. The complaints included attempting to influence public officials, conflict of interest, unfaithfulness to partners, non-compliance with fundamental

ethical principles and non-performance.

Two professional students/audit trainees who fraudulently accessed a client's bank account were dismissed from the Institute [and for that matter lost their studentship].

They are:

Mr. Daniel Twum-Boafo, and  
Mr. Kingsley Dardey

### **3.3.4 SME/SMP Development and Capacity Building**

The Institute recognises the immense role the SMEs and SMPs play in the nation's economic development and is more poised now than before to help them develop the requisite capacity.

The Institute persists in encouraging SMEs to adopt proper financial record-keeping and apply appropriate reporting standards. The programme for adoption of IFRS covers SMEs and a training programme for adoption of IFRS for SMEs has been drawn up for implementation in 2013.



### 3.4 EXECUTIVE COMMITTEE

#### 3.4.1. GROSS Income

Gross Income grew from GH¢4,345,896 in 2011 to GH¢6,704,143 in 2012, representing an increase of 54%.

The breakdown of the income for the period is as follows:

	<b>2012</b> <b>GH¢</b>	<b>2011</b> <b>GH¢</b>
General Income	2,085,540	1,222,007
Examination/Other Students Activities	3,445,775	2,300,737
Continuing Professional Development	345,526	445,008
Professional Body Activities	464,100	328,724
Other Operating Activities	312,228	32,942
Investment	50,974	16,478
	-----	-----
Total Income	<b>6,704,143</b>	<b>4,345,896</b>
	=====	=====

General income represents fees from Members – Subscription, Practice License, Graduate Fees and Entrance Fees and Students (Subscription and Registration Fees). It grew from GH¢1,222,007 in 2011 to GH¢2,085,540 in 2012 representing a 71% growth.

Members Income, which forms the largest component of General Income, grew from GH¢878,395 in 2011 to GH¢1,562,275 in 2012, representing an increase of 77.8%. Income from students also grew from GH¢343,612 in 2011 to GH¢523,265, representing a 52% growth.

The considerable increase in students' income was due mainly to the increase in the number of students registered in 2012. A total of 2,329 students enrolled as against 1,730 in 2011.

Examination and Other Students Income Increased from GH¢2,300,738 in 2011 to GH¢3,445,775 in 2012, a growth of 49.8%.

The increase was due, partly, to the fact that the number of scripts (papers written by students) increased by 24% (2012:17,695, 2011:14,198). The volume of scripts determines the income generated from examinations.

Also the number of students who sat for the Examination grew from 6,513 in 2011 to 7,768 in 2012, representing an increase of 19%.



### 3.4.2 New Income Streams

Two new income streams, Chartered Diploma fees and Practising Firms Registration fee were added to the traditional sources of income to the Institute. An amount of GH¢481,500 was received from the registration of practice firms. The two sessions of Chartered Diploma courses also fetched GH¢138,700.

These new income sources contributed to the growth in Net Surplus which increased from GH¢440,102 in 2011 to GH¢1,324,040 in 2012.

### 3.4.3 Expenditure

Gross Revenue Expenditure grew from GH¢3,926,474 in 2011 to GH¢5,380,103 in 2012 resulting in a 37% increase.

The increase in Revenue Expenditure was due in part to Staff cost which grew from GH¢1,008,108 in 2011 to GH¢1,678,500, representing an increase of 66%.

A new department – Audit Quality Monitoring (AQM) was established to review and monitor audit and assurance work by members in practice.

Four highly skilled personnel including Mr. Charles Egan, immediate past Country Leader, (Lead Consultant for AQRM) were employed during the year. This accounted partly for the increase in revenue expenditure.

### 3.4.4 Net Surplus

As noted above Net Surplus grew from GH¢440,102 in 2011 to GH¢1,324,040 in 2012 representing over 200% increase. Though the two new income streams contributed to the significant growth in Net Surplus, Examination Income which grew from GH¢1,750,113 in 2011 to GH¢2,550,759 in

2012, representing 46% also contributed to the growth in Net Surplus. The 2012 Accountants Conference also showed a surplus of GH¢119,457 as against that of 2011 of GH¢21,039. This also contributed to the increase in Net Surplus.

## 3.5 EXAMINATIONS COMMITTEE REPORT

### 3.5.1 Introduction

In the year 2012, the Examinations Department engaged in a number of activities. Prominent among which were the following;

- Conduct of ICAG professional examinations in May and November
- Conduct of ATSWA examinations in March and September
- Moderation of questions
- Examination Committee Meetings
- Co-ordination and conference marking programmes
- Organizing of a Students' Forum
- Training of Examiners

### 3.5.2 March 2012 ATSWA Examination

The examination was held in collaboration with the ABWA Secretariat from Tuesday 20th to Wednesday 21st March, 2012. The examination was written at three centres in Ghana (Accra, Kumasi, and Sunyani) and one centre in Liberia. A total of 64 candidates wrote the examination in Ghana with 39 candidates writing at the Liberian centre. Marking of ATSWA March 2012 examination scripts took place at Marina Hotel, Dodowa from Friday 30th March to Sunday 1st April, 2012. Examination results were released to candidates on 19th of April, 2012.

Performance statistics for the March 2012 ATSWA examination (Ghanaian candidates) is given below:



### Performance Statistics for March 2012 Examination.

	PART ONE		PART TWO		PART THREE	
	No of candidates	%	No of candidates	%	No of candidates	%
Fully Passed (All papers)	07	53.85	07	36.84	13	52
Partially Passed (Not all papers)	06	46.15	12	63.18	12	48

### 3.5.3 May 2012 Professional Examination

The May 2012 examination was conducted from Tuesday 8th to Friday 11th May at all designated ICAG examination centres including Liberia, New York and London. Examination results were released to candidates on 10th of June, 2012.

Total candidature for the examination was 3,633. Performance statistics for all the parts are given below:

### Performance Statistics for May 2012 Examination

	PART ONE		PART TWO		PART THREE		PART FOUR	
	No. of candidates	%	No. of candidates	%	No. of candidates	%	No. of candidates	%
PASSED (All papers)	176	32.96	133	21.56	240	13.36	94	14.48
One Paper Referral	-	-	-	-	-	-	239	36.82
Two Paper Referral							116	17.87
PARTIALLY PASSED	358	67.04	484	78.44	1,556	86.64	200	30.82
<b>TOTAL</b>	<b>534</b>	<b>100</b>	<b>617</b>	<b>100</b>	<b>1,796</b>	<b>100</b>	<b>649</b>	<b>100</b>

### 3.5.4 September 2012 ATSWA Examination

The examination was conducted from Tuesday September 18th to Wednesday September 19th 2012 at three centers in Ghana and Liberia. Performance statistics for the examination are presented below:





### Performance Statistics for September 2012 ATSWA Examination

	PART ONE		PART TWO		PART THREE	
	No. of Candidates	%	No of Candidates	%	No. of Candidates	%
PASSED (All subjects)	14	35.90	07	26.92	21	58.33
PARTIALLY PASSED (Not all papers)	25	64.10	19	73.08	15	41.67
<b>TOTAL</b>	<b>39</b>	<b>100</b>	<b>26</b>	<b>100</b>	<b>36</b>	<b>100</b>

### 3.5.5 November 2012 Professional Examination

The November 2012 professional examination was successfully held at all ICAG designated examination centres in Ghana and Liberia. A total of 4,136 candidates registered to write the examination. Examination results were released to candidates on 17th of December, 2012.

Performance statistics for the various parts are given below:

### Performance Statistics for the November 2012 Examination

	PART ONE		PART TWO		PART THREE		PART FOUR	
	No. of candidates	%	No. of candidates	%	No. of candidates	%	No. of candidates	%
PASSED (All papers)	108	18.95	227	30.80	189	09.33	134	16.94
One Paper Referral	-	-	-	-	-	-	296	37.42
Two Paper Referral							82	10.37
PARTIALLY PASSED	462	81.05	510	69.20	1,837	90.67	279	35.27
<b>TOTAL</b>	<b>570</b>	<b>100</b>	<b>737</b>	<b>100</b>	<b>2,026</b>	<b>100</b>	<b>791</b>	<b>100</b>

### 3.5.6 Moderation of Questions

Moderation of questions took place from Friday, 14th September to Sunday, 16th September 2012 at Marina Hotel, Dodowa. About 40 examiners took part in the exercise.

### 3.5.7 Coordination and Conference Marking

The meetings for ATSWA were held from 30th March to 1st April 2012 for the March examination and from 28th to 30th September 2012 for the September examination. All conference markings for the



ATSWA were done at Marina Hotel, Dodowa.

The coordination meetings for the professional examinations were held at the Miklin Hotel. Full coordination for the May examination was held on 12th and 13th May 2012 and that for the November examination was held on 17th and 18th November 2012. The conference markings for the professional examinations took place from 15th to 21st May 2012 and from 21st to 26th November 2012 for the May and November examinations respectively. Both meetings took place at the Capital View Hotel, Koforidua.

### **3.5.8 Examination Committee Meetings**

The Examinations Committee held six meetings in the course of the year. Two of the meetings were held to discuss the March and September ATSWA examination results respectively. The Committee also held two other meetings to discuss the May and November professional examinations results. Two meetings were also held to select test items for the May and November examination

### **3.5.9 Students' Forum**

A Students' Forum was organized on 10th February, 2012 at the GNAT Hall, Accra. Issues discussed included the disclosure of students' examination marks and introduction of two paper referral in Part 4. About 150 students attended the forum.

### **3.5.10 Training of Examiners**

In collaboration with ICAEW, the Institute organized a training seminar for the examiners. The first part was a review of the syllabus of the Institute's qualifying examination. The review was meant to update the content of the syllabus in line with current global demands of accountancy and practice. The programme was held on 19th to 21st July at Miklin Hotel, Accra.

The second part of the programme was a 10-day training in IFRS. The training was to facilitate the implementation of IFRS in Ghana. The programme was held on 6th to 10th August 2012 and 24th to 28th September, 2012.

## **3.6 EDUCATION AND TRAINING COMMITTEE**

### **3.6.1 Saturday Revision Classes**

The patronage of this programme increased tremendously in 2012. Two sessions were held in 2012. The first one started in January 2012 and ended in April 2012. It was directed towards preparing candidates for May 2012 examination. The second session which was directed towards November 2012 examination started in July 2012 and ended in October 2012. Accra Polytechnic was the venue for both sessions. Students came from Accra, Kumasi, Tarkwa, Ho, Koforidua, Takoradi and Cape Coast to participate in the programme.

Attempts to have sessions in Kumasi and Takoradi failed mainly due to the inability to secure lecturers for all the subjects. Efforts are being made to remedy the situation by establishing contacts with the lecturers from the Business Schools in UCC, KNUST and UEW-K.

### **3.6.2 Interventions**

Special intervention sessions were held in April and October 2012 in Kumasi and Accra to offer guidance on examination techniques to students. These sessions were designated 'Meet the Subject Experts'. Chief Examiners and other experienced lecturers were engaged to explain the techniques of answering examination questions to students and to offer explanations on difficult topics. Attendance to the sessions was quite good.

### **3.6.3 Outreach Programme**

A number of Outreach programmes were organised



during the year. Visits were made to almost all the universities and polytechnics in Ghana and to some second cycle institutions to market ICAG and the professional accountancy programme to the students. This may have positively contributed to the increased studentship enrolment.

#### **3.6.4 Educational Fair**

The Institute participated in two (2) educational fairs organised by I-Texon Ghana in Tamale and Takoradi from 16th to 18th February 2012 and 1st to 3rd March, 2012 respectively.

As part of the programme, opportunities were given to exhibitors to talk to about 700 students at a time from about six (26) Senior High schools from the Northern, Upper East, at the Tamale fair and Central and Western Regions at the Takoradi fair respectively, in addition to presentations and distribution of flyers to visitors at the ICAG stand.

We also participated in the International Education fair organised by the University of Ghana as part of its 2011 Home Coming programme held from November 14 – 18, 2012.

#### **3.6.5 Continuing Professional Development Programmes**

Continuing professional development refers to learning programmes that develop and maintain capabilities to enable professional accountants to perform their roles competently.

ICAG's mission is to serve the public interest, strengthen the nation-wide accountancy profession, and contribute to the development of a strong national economy by establishing and promoting adherence to high quality professional standards, furthering the international convergence of such standards, and speaking out

on public interest issues where the profession's expertise is most relevant.

A professional accountant has a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receives the advantage of competent professional service based on current developments in practice, legislation and techniques. A professional accountant should act diligently and in accordance with applicable technical and professional standards in all professional and business relationships.

The knowledge needed to function effectively as a professional accountant in public practice, industry, commerce, education and the public sector continues to expand and change at a rapid rate. Professional accountants face increased knowledge and skill expectations. They also face unprecedented scrutiny about the quality of internal control, governance, financial statements and independent audits.

In addition, the need to be competitive in a worldwide economy has prompted a more intense focus on the role and responsibilities of professional accountants in entities of all types. Continued development of professional competence and lifelong learning are critical if the professional accountant is to meet these expectations.

ICAG, as a professional body, has a responsibility to ensure that its members continue to develop and maintain the competence demanded by their professional roles and the users of their services. Consequently, in 2012, the Member Services Directorate organised thirteen Continuing Professional Development (CPD) programmes. The table below provides further highlights:



NO.	(TOPICS) ACCRA	PARTICIPANTS
1	Working Capital Management	53
2	Basic Auditing Skills for Accountants and Auditors	41
3	International Public Sector Accounting Standards – 2012 Update	51
4	Forensic Audit Conference	28
5	Financial Modeling for Accountants	29
6	Strategic and Business Risk Management	23
7	Effective Proposal and Report Writing	32
8	Treasury Management	31
9	Budgeting and Budgetary Control	32
10	Oil and Gas Conference	19
<b>Sub-Total</b>		<b>539</b>

NO.	KUMASI	PARTICIPANTS
11	International Financial Reporting Standards – 2012 Update	21
NO.	TAKORADI	
12	Financial Modeling for Accountants	23
13	Auditing Skills for Accountants and Auditors	24
<b>Sub-Total</b>		<b>68</b>
<b>Grand Total</b>		<b>607</b>

### 3.6.6 Appointment of Liaison Officers

As part of the programme of reaching more students in the tertiary institutions in Ghana, liaison officers have been appointed in all the Public Tertiary Institutions in Ghana.

## 3.7 ADMISSION COMMITTEE

### 3.7.1 Introduction

The focus of the Admissions Committee during the year under review was to streamline the admission procedure and to encourage the many who pass the qualifying examinations (and have acquired the relevant practical experience) to seek membership.

The admissions are in three levels, namely:

- Admission of students
- Admission of members, and
- Issuing of Practise Licenses



### 3.7.2 Admission of Students

The year 2012 recorded the highest number of studentship admission since the inception of the Institute. A record number of 2,329 students were enrolled. What is more gratifying is that most of the students admitted were university graduates, some holding academic qualifications other than accounting/business administration. The year also recorded the largest number of admitted students who migrated from other professional accountancy bodies.

The trend of studentship admission for the last five years is as shown below:

Year	Admitted Students	% Increase over previous year
2008	683	
2009	909	32.7
2010	1423	56.5
2011	1730	21.5
2012	2329	34.6
<b>TOTAL</b>	<b>7074</b>	

### 3.7.3 Admission of Members

The membership of the Institute increased by 272 during the year under review. The new members were admitted at the Graduation and Admission Ceremony held on 14th April 2012 at the Accra International Conference Centre, Accra.

In accordance with Act 170 the new members were admitted as follows:

Description	Number
Under Section 4(a)	172
Under Section 4(b)	100
<b>Total</b>	<b>272</b>

The Admission Ceremony was preceded by a 3-day Induction Course held at Alisa Hotel in Accra from 28th to 30th March 2012. The list

of newly-admitted members was printed in last year's Annual Report.

### 3.7.4 Subscription and Levies

As at the end of December, 2012, Two thousand one hundred and thirty (2,130) members had paid their annual subscription. Two hundred and eighty seven (287) practising members had also renewed their practice certificate.

Two hundred and seventy two members (272) paid their Building Levy.

### 3.7.4 Practise Licenses

Thirty (30) members were issued their first practising certificates in 2012.

### 3.7.5 Membership Applications

After the March 2012 induction, sixty one (61) membership applications were approved; thirty six (36) are yet to be vetted by the Admissions Committee and eighty two (82) were in process with either single or no reference letters.

## 3.8 MEMBER SERVICE COMMITTEE

### 3.8.1 District Societies

The Member Service Committee worked closely with the District Societies in the year under review. The District Societies circulated copies of their programmes of activities to the Committee. Some of the Societies also visited the Secretariat to offer helpful suggestions on how best to advance the course of the Institute and the profession. We urge all members to develop interest in the District Societies' activities.

### 3.8.2 Registration of Auditing Firms

As at the end of the year 150 auditing firms had been registered by audit quality monitoring unit.



The AQM unit visited about 100 of the firms on 'Initial Assessment Visits' during the year.

The Unit discussed the reports on the visits with the respective firms. The actual monitoring scheme will commence in the second quarter of 2013.

### 3.8.3 Members Services Committee

The Members Services Committee held three meetings in the course of the year. Some pertinent issues arose out of the meetings such as:

- Members Welfare
- Building rapport with elderly members through visits and regular interaction
- Increasing attendance at district society meetings
- The Secretariat maintaining an updated members' database
- Including participation in district society meetings as a criteria for members seeking to run for council elections.

## 3.9 THE SECRETARIAT

### 3.9.1 Staff Training

During the year two training programmes were organized for managers and directors. They were:

1. Managing Discipline in an Organization. The law and practice.
2. Modern approach to performance appraisal and monitoring skills.

A two-day training programme was also organized for about ten (10) of the unionized staff on the topic, Modern office management for secretaries and office support staff.

### 3.9.2 Use of NHIS Card to Access Medical Care

Since March 2012, staff and their dependants have

being using NHIS Card to access medical care at Cocoa Clinic and other health institutions. Health care needs of staff that are not covered by NHIL are directly financed by the Institute. This has greatly reduced the medical bill of the Institute.

### 3.9.3 Staff Recruitment

A consultant and a number of staff members were engaged in 2012 including the following:

- Mr. Charles Egan, Head Reviewer, Audit Quality Monitoring [AQM]
- Nii Akwei Tetteh, Manager, Audit Quality Monitoring [AQM]
- Miss Belinda Odonkor, Manager, Audit Quality Monitoring [AQM]
- Miss Patience Antwi, Secretary, Audit Quality Monitoring [AQM]
- Mr. Ernest Yaw Denkyira, ICT Manager
- Mr. David Teye, ICT Officer

### 3.9.5 Retirement

The Librarian, Mr. Daniel Amankrah, retired in December 2012.

### 3.9.6 Bereavement

We announce with deep sorry the death of Ms. Helen Boafo, former Director of Students Services on 22nd December 2012. She has since been buried.

## 3.10 ICAG SCHOOL REPORT

### 3.10.1 Introduction

The Institute experienced a high level of growth in the year under review justifying the rationale behind establishing ICAG School in order to make quality accountancy education readily available to students. It must be emphasized that apart from quality tuition and a congenial learning environment, no special privilege is enjoyed



by students who attend ICAG school because a Chinese wall stands between the school and the Examinations Department.

### **3.10.2 Growth in studentship**

The tremendous growth in student enrollment experienced resulted in an appreciable increase in the engagement of lecturers. It is worth mentioning that the students' enrolment at the school increased to over four hundred (400). The increase in studentship necessitated increase of the school's lecturers from 19 to 23.

### **3.10.3 Lecturers**

Lecturers were assessed based on their regularity, punctuality and their ability to facilitate learning. All the lecturers received positive commendation from the students. There is also the need to look at the possibility of engaging some full-time lecturers in the near future.

### **3.10.4 Facilities**

The school's facilities were highly rated by both students and visitors to the school. Students were able to access recommended text books as well as other reference materials given to them by their lecturers. Parking lights have been sited at vantage points on the compound to provide students with maximum security in the evenings. Air conditioners were also provided in all the lecture halls to create a congenial learning environment.

A reservoir had been installed as well as a pumping machine to pump water to the upper part of the block.

### **3.10.5 The Way Forward**

Perhaps, the time has come for the school to engage permanent core faculty members.

## **3.11 THE CHARTERED DIPLOMA PROGRAMME**

The Chartered Diploma programme is a unique course introduced by the Institute to enhance the work efficiency and professionalism of members as well as to improve their competence in specialized areas. The programme has eight modules, namely:

- Forensic Audit
- Oil and Gas Accounting
- Corporate Financial Management
- Treasury and Risk Management
- Internal Auditing and Governance
- Charity Accounting and Finance
- Public Sector Accounting, and
- Legal Accounting





Two of the modules, Forensic Audit and Oil and Gas were rolled out twice in 2012 for a period of ten and twelve weeks respectively.

### 3.12 MEMBERS OF STANDING COMMITTEES

#### 3.12.1 EXECUTIVE COMMITTEE

- |    |                               |   |                         |
|----|-------------------------------|---|-------------------------|
| 1. | Mrs. Angela Peasah            | - | Chairman                |
| 2. | Prof. K.B. Omane-Antwi        | - | Vice Chairman           |
| 3. | Mr. Kwasi Asante              | - | Chief Executive Officer |
| 4. | Mr. Christian Sottie          | - | Member                  |
| 5. | Maj. (Rtd.) D. Ablorh-Quarcoo | - | Member                  |

#### 3.12.2 Members Services Committee

- |     |                           |   |                            |
|-----|---------------------------|---|----------------------------|
| 1.  | Ms. Rebecca Lomo          | - | Chairman                   |
| 2.  | Mr. Blessed Baffour-Atta  | - | Vice Chairman              |
| 3.  | Dr. Joe France            | - | Member                     |
| 4.  | Mr. Emmanuel Forson       | - | Member                     |
| 5.  | Mrs. Victoria Nipah       | - | Member                     |
| 6.  | Mr. Eben Baddoo           | - | Member                     |
| 7.  | Mr. Jonas Quaye           | - | Member                     |
| 8.  | Mr. Richard Owusu-Afriyie | - | Member                     |
| 9.  | Mr. Richard S. Quarshie   | - | Member                     |
| 10. | Mr. Kofi Abaidoo          | - | Member                     |
| 11. | Mrs. Perpetual Tawiah     | - | Member                     |
| 12. | Barima Agyenim Boateng    | - | Member                     |
| 13. | Mr. Richard Kwagbenu      | - | Member                     |
| 14. | Mrs. Joyce Opoku-Duodu    | - | Member                     |
| 15. | Mr. Osei Adjaye-Gyamfi    | - | Director, Members Services |
| 16. | Ms. Abigail Armah         | - | Member/Secretary           |

#### 3.12.3 ADMISSIONS COMMITTEE

- |     |                             |   |               |
|-----|-----------------------------|---|---------------|
| 1.  | Mr. Christian Sottie        | - | Chairman      |
| 2.  | Mr. R.K. Tufuor             | - | Vice Chairman |
| 3.  | Mr. E.K. Abossey            | - | Member        |
| 4.  | Mr. J.E.K.A. Parry          | - | Member        |
| 5.  | Mr. A. Amporful             | - | Member        |
| 6.  | Mr. David Annan Bonney      | - | Member        |
| 7.  | Mr. Kwaku Andah             | - | Member        |
| 8.  | Mr. Francis Nsiah-Afriyie   | - | Member        |
| 9.  | Mrs. Adokarley Okpoti-Paulo | - | Member        |
| 10. | Mr. Anaamoatulim Anab       | - | Member        |
| 11. | Mr. Stephen Senyo Sapati    | - | Member        |



12. Mr. Patrick Mensah - Manager, Student Services
13. Mr. Osei Adjaye-Gyamfi - Director, Members' Services

#### 3.12.4 PROFESSIONAL STANDARDS AND ETHICS COMMITTEE

1. Mr. Michael Asiedu-Antwi - Chairman
2. Mr. Blessed Baffour-Atta - Vice Chairman
3. Mr. Idris Egala - Member
4. Mr. Joe Winful - Member
5. Nana Sackey - Member
6. Mrs. Joyce Opoku-Duodu - Member
7. Mrs. Nana Abena Adu-Gyamfi - Member
8. Mr. Kwadwo Mpeani-Brantuo - Member
9. Mr. John Klinogo - Member
10. Mr. Francis S.O. Koranteng - Member
11. Ms. Yaa Tiwaa Addo Danquah - Member
12. Mr. Augustine Addo - Director, Technical & Research

#### 3.12.5 EDUCATION AND TRAINING COMMITTEE

1. Prof. Kwame Adom-Frimpong - Chairman
2. Ms. Rebecca Lomo - Vice Chairman
3. Mr. Richard Owusu-Afriyie - Member
4. Ms. Mary Larmie - Member
5. Mr. Divine Tetteh Matey - Member
6. Mr. Joseph K. Addo - Member
7. Mr. James Baidoo Sagoe - Member
8. Mr. Ebenezer Duncan - Member
9. Mr. Patrick Kweku Sam - Member
10. Mr. Patrick Mensah - Manager, Students Services
11. Mr. Osei Adjaye-Gyamfi - Director, Members' Services

#### 3.12.6 TECHNICAL AND RESEARCH COMMITTEE

1. Dr. Williams A. Atuilik - Chairman
2. Mr. Michael Asiedu-Antwi - Vice Chairman
3. Mr. Ben Korley - Member
4. Mrs. Juliana Asante - Member
5. Mr. Owusu Donkor - Member
6. Mr. Alexander Aryeetey - Member
7. Mr. Isaac Nyame - Member
8. Ms. Joyce Nkansah - Member
9. Dr. Amediku Settor - Member
10. Mr. Prosper Dickson Dagadu - Member
11. Mr. Charles Ofori Owusu - Member



12. Mr. Augustine Addo - Director, Technical & Research

### 3.12.7 EXAMINATIONS COMMITTEE

1. Prof. B. Omane-Antwi - Chairman  
2. Prof. Kwame Adom-Frimpong - Vice Chairman  
3. Mr. Edward Marfo-Yiadom - Member  
4. Mr. Ali-Nakyea Abdallah - Member  
5. Mr. Emmanuel Kwaku Ofosu Offei - Member  
6. Ms. Sena Dake - Member  
7. Mr. Sammy Kwamla Tsahey - Member  
8. Dr. Kwame Aveh - Member  
9. Mr. Augustine Addo - Director, Tech. & Research  
10. Mr. Emmanuel Arthur - Manager, Examinations  
11. Mr. P.T.A. Tsawe - Manager, Examinations

### 3.12.8 PUBLICATIONS AND PUBLIC RELATIONS COMMITTEE

1. Mr. Anthony E. Minlah - Chairman  
2. Mr. Joe Hyde Jr. - Vice Chairman  
3. Mr. Eric Oduro Osae - Member  
4. Rev. Nicholas Darko - Member  
5. Mrs. Perpetual Tawiah - Member  
6. Mr. Theophilus V.A. Mensah - Member  
7. Mr. Victor Akakpo - Member  
8. Mrs. Esther Kenyenso - Member  
9. Mr. David Twum Antwi - Member  
10. Mr. Samuel Petterson Larbi - Member  
11. Mr. George Quarshie - Member  
12. Ms. Cecilia Karikari - Member  
13. Ms. Abigail Armah - Manager, PPR

### 3.13 CONCLUSION

2012 was a remarkable year for the Institute. We saw growth in students and members, an influx indicating that the effort to branding of ICAG is slowly and steadily paying off. The Institute has done tremendously well and in 2012 was able to achieve one of its cardinal regulatory functions which translated into the establishing of the Audit Quality Monitoring Unit.

This move would not have been possible without the support of our strategic partners like the World Bank and ICAEW. We owe both institutions a debt of gratitude for their support, transfer of knowledge and skill and willingness to support our goals and aspirations of strengthening the accountancy profession in Ghana.



The results posted in our financials could not have materialized without the commitment and support of our members who have been a continued source of encouragement with their suggestions, comments and recommendations. All these have culminated into these positive results posted in the financials and we continue to hope that we can always count on your support professionally and financially.

To the indefatigable staff of the Secretariat, it is a big ayeeko for an excellent job done in 2012. All the departments without exception put their muscles to the wheel and ensured that the daily grind was not merely a duty or responsibility but an aspiration and a goal to work toward and it has all paid off.

## Secretariat Management



*Mr. Kwasi Asante  
[CEO]*



*Mr. Osei Adjaye-Gyamfi  
[Director, Members  
Services]*



*Mr. Augustine Addo  
[Director, Technical &  
Research]*



*Mr. Eric Ofori  
[HR Manager & ICAG  
School]*



*Mr. Patrick K. Mensah  
[Manager, Students  
Services]*



*Mr. Philip K. Sarfo  
[Finance Manager]*



*Mr. O. Frimpong Henneh  
[Manager, Technical &  
Research]*



*Ms. Belinda Odonkor  
[Manager, Audit Quality  
Monitoring]*



*Miss Abigail Armah  
[Marketing & Public  
Relations Manager]*



*Mr. Emmanuel Arthur  
[Manager,  
Examinations]*



*Mr. P.T.A. Tsawe,  
[Manager,  
Examinations]*



*Mr. Ernest Denkyira  
[Manager, ICT]*



*Mr. Nii Akwei Tetteh  
[Manager, Audit Quality  
Monitoring]*



*Mr. Nicholas Ocloo  
[Snr. Supervisor, Library  
Services]*



*Mrs. Pat Mankatah  
[Asst. Manager,  
Student Services]*



*Mr. Samuel Ofori  
[Asst. Manager, ICAG,  
Kumasi]*



**THE INSTITUTE OF CHARTERED ACCOUNTANTS**

**GHANA**

# **Financial Statements**

**For the year ended 31st December, 2012**



## CORPORATE INFORMATION

### MEMBERS OF COUNCIL

Angela Peasah (Mrs)	President
K. B. Omane-Antwi (Prof)	Vice-President
Christian T. Sottie	Member
D. Ablorh-Quarcoo (Major Rtd)	Member
R. K. Tuffour	Member
Rebecca A. Lomo (Ms)	Member
Michael Asiedu-Antwi	Member
Anthony E. Minlah	Member
K. Adom Frimpong (Prof)	Member
Blessed Barffour-Atta	Member
Williams A. Atuilik	Member

### PRINCIPAL PLACE OF BUSINESS

Accountancy Village  
Okponglo, East Legon  
P O Box 4268, Accra

### Telephone

0544336701/2, 0277801422-5

### E-mail

info@icagh.com

### Website

www.icagh.com

### Auditor

Harold K. A. Richardson  
11, First Close  
South Tesano  
P O Box AN 5023  
Accra

### Bankers

Standard Chartered Bank Ghana Ltd  
HFC Bank Ltd  
Merchant Bank Ghana Ltd  
Barclays Bank Ghana Ltd  
Ghana Commercial Bank Ltd  
Bank Of Ghana





## REPORT OF COUNCIL

The Council has the pleasure in submitting its annual report together with the audited financial statements of the Institute for the year ended 31st December, 2012 showing an Accumulated Fund of GH¢4,419,073 made up as follows:

	<b>2012 GH¢</b>	<b>2011 GH¢</b>
Balance as at 1ST January	<b>3,095,033</b>	2,654,931
Add Surplus for the year	<b>1,324,040</b>	440,102
Balance as at 31st December	<b>4,419,073</b>	<b>3,095,033</b>

## STATEMENT OF RESPONSIBILITY OF THE COUNCIL

The Council is responsible for the preparation of the Financial Statements

### Results

The Statement of Comprehensive Income for the year ended 31st December 2012 is set out on page 35 - 57.

### Activities of the Institute

The Institute carried out its main functions as enshrined in the Chartered Accountants Act, 1963, (Act 170.)

By Order of the Council

.....  
President

.....  
Vice-President

Date: 4th June, 2013



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF CHARTERED ACCOUNTANTS, GHANA**

### **REPORT ON THE FINANCIAL STATEMENTS**

I have audited the Financial Statements of The Institute of Chartered Accountants, Ghana which comprise the Statement of Financial Position as at 31st December 2012, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, together with the summary of significant accounting policies and other explanatory information as set out on pages 35 to 57.

### **Council's Responsibility for the Financial Statements**

The Council is responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the Chartered Accountants Act 1963 (Act 170) and for such internal control as the Council determines as necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these Financial Statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of 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 of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's Internal Control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the Financial Statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements give a true and fair view of the financial position of The Institute of Chartered Accountants, Ghana as at 31st December 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Harold Richardson  
ICAG No. 100557  
Date: 5th June, 2013

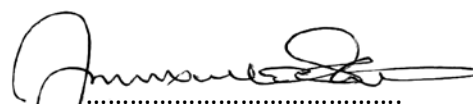
**STATEMENT OF COMPREHENSIVE INCOME  
YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 GH¢	2011 GH¢
<b>GENERAL INCOME</b>			
Members Subscription and Fees	4.1	1,562,275	878,395
Students Subscription and Fees	4.2	523,265	343,612
		<b>2,085,540</b>	<b>1,222,007</b>
<b>Operating Activities</b>			
Examinations & Other Student Activities	5.1	2,105,103	1,279,059
Continuing Professional Development	5.2	116,312	163,465
Professional Body Activities	5.3	(272,038)	(218,336)
Other Operational Activities	5.4	299,734	69,236
Council/Committee Expenses	5.5	(89,200)	(54,549)
Employment Cost	6	(1,678,500)	(1,008,108)
General Administrative Expenses	7	(1,293,885)	(1,029,150)
		<b>(812,474)</b>	<b>(798,383)</b>
		<b>1,273,066</b>	<b>423,624</b>
<b>Net Surplus before Investment Income</b>			
Investment Income	8	50,974	16,478
		<b>1,324,040</b>	<b>440,102</b>
<b>Net Surplus for the Year</b>			
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>1,324,040</b>	<b>440,102</b>

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012**

	Notes	2012 GH¢	2011 GH¢
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property Plant & Equipement	9	4,558,044	3,999,696
Intangible Asset	9b	31,682	2,485
		<u>4,589,726</u>	<u>4,002,181</u>
<b>Current Assets</b>			
Inventories	10	189,701	175,841
Sundry Receivables & Prepayments	11	368,407	160,368
Cash & Cash Equivalent	12	685,598	232,582
		<u>1,243,704</u>	<u>568,791</u>
<b>TOTAL ASSETS</b>		<u><b>5,833,430</b></u>	<u><b>4,570,972</b></u>
<b>MEMBERS' FUNDS AND LIABILITIES</b>			
<b>Members' Funds</b>			
Accumulated Fund	15	4,419,073	3,095,033
Building Fund		713,372	626,022
Prize Fund	14	11,655	8,418
<b>Total Funds</b>		<u><b>5,144,100</b></u>	<u><b>3,729,473</b></u>
<b>Current Liabilities</b>			
Subscription in Advance		133,750	50,437
Sundry payables	13	167,282	180,384
Deffered Income	18	388,298	115,506
HFC Loan	17	-	495,172
		<u>689,330</u>	<u>841,499</u>
<b>Total Liabilities</b>		<u><b>689,330</b></u>	<u><b>841,499</b></u>
<b>TOTAL MEMBERS' FUNDS AND LIABILITIES</b>		<u><b>5,833,430</b></u>	<u><b>4,570,972</b></u>

The Council approved the 2012 Financial Statements set out on pages 35 to 57 on 5th June, 2013.

  
.....  
PRESIDENT  
.....  
VICE PRESIDENT



**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER, 2012**

<b>2012</b>	<b>Accumulated Fund GH¢</b>	<b>Building Fund GH¢</b>	<b>Prize Fund GH¢</b>	<b>Total GH¢</b>
Balance at 1 January	3,095,033	626,022	8,418	<b>3,729,473</b>
Surplus for the year	1,324,040			<b>1,324,040</b>
Building Fund		87,350		<b>87,350</b>
Increase in Prize Fund			3,237	<b>3,237</b>
<b>Balance 31 December</b>	<b>4,419,073</b>	<b>713,372</b>	<b>11,655</b>	<b>5,144,100</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER, 2011**

<b>2011</b>	<b>Accumulated Fund GH¢</b>	<b>Building Levy GH¢</b>	<b>Prize Fund GH¢</b>	<b>Total GH¢</b>
Balance at 1 January	2,654,931	497,702	10,471	<b>3,163,104</b>
Surplus for the year	440,102			<b>440,102</b>
Increase in Building Fund		128,320		<b>128,320</b>
Increase in Prize Fund			(2,053)	<b>(2,053)</b>
<b>Balance 31 December</b>	<b>3,095,033</b>	<b>626,022</b>	<b>8,418</b>	<b>3,729,473</b>



**STATEMENT OF CASHFLOW  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 GH¢	2011 GH¢
<b>Operating Activities</b>			
Net Cash Inflow from Operation	16	1,632,643	626,588
<b>Investing Activities</b>			
Proceeds from Disposal	8	-	1,800
Purchase of Property and Equipment	9	(998,999)	(312,713)
Purchase of Intangible Asset		(48,934)	
		<b>(1,047,833)</b>	<b>(310,913)</b>
<b>Financing Activities</b>			
Repayment of Borrowings	17	(495,172)	(500,066)
Deffered Income (Grant)	18	272,790	115,506
Movement in Prize Fund	14	3,237	(2,053)
Building Fund		87,350	128,320
Net Cash generated from financing activities		<b>(131,795)</b>	<b>(258,293)</b>
<b>Increase in Cash and Cash Equivalents</b>	12	<b>453,015</b>	<b>57,382</b>
<b>Movement in cash and cash equivalent</b>			
At start of the year		232,582	175,200
Increase		453,015	57,382
At the end of year		<b>685,597</b>	<b>232,582</b>



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2012**

### **1. Regulatory Framework**

The Institute of Chartered Accountants, Ghana is a statutory body established under the Chartered Accountants Act 1963 (Act 170) for the regulation of the profession of accountants in Ghana. The Institute is an approved non-profit organization operating under the Ministry of Education.

The address of the Institute is Accountancy Village, Okponglo, East Legon, Accra.

### **2. Summary of Significant accounting policies**

The principal accounting policies which have been consistently applied in the preparation of these financial statements are set out below:

#### **2.1 Basis of preparation**

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention except for certain financial instruments classified as loans and receivables and carried at amortised cost.

#### **2.1b Critical accounting estimates and judgments**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Institute's accounting policies. All estimates and underlying assumptions are based on historical experience and various other factors that management believes are reasonable under the circumstances. The results of these estimates form the basis of judgments about the carrying value of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and any affected future periods.

Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are:

- Useful life of Property and equipment
- Net realizable value of inventories
- Recoverability of receivables
- Classification of financial assets





### 2.1.1 New and amended standards adopted by the Institute

The amendments to existing standards below are relevant to the Institute's operations

Standard	Title
IAS 1	Presentation of financial statements
IFRS 7	Financial instruments: Disclosures

- The amendment to IAS 1, 'Presentation of financial statements' is part of the 2010 Annual Improvements and clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment has no significant impact on the presentation of Institute's current financial statements.
- The amendments to IFRS 7, 'Financial Instruments - Disclosures' are part of the 2010 Annual Improvements and emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment has also removed the requirement to disclose the following;
  - Maximum exposure to credit risk if the carrying amount best represents the maximum exposure to credit risk;
  - Fair value of collaterals; and
  - Renegotiated assets that would otherwise be past due but not impaired.

The application of the above amendment has simplified financial risk disclosures made by the Institute.

Other amendments and interpretations to standards became mandatory for the year beginning 1 January 2011 but had no significant effect on the Institute's financial statements.

### 2.1.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Institute

Various new standards, amendments and interpretations to existing standards have been issued but are not yet effective. Below is a list of new standards that are likely to be relevant to the Institute. However, Council is yet to assess their impact on the Institute's operations.

Standard	Title	Applicable for financial years beginning on/after
IAS 1	Presentation of financial statements	1 July 2012
IFRS 9	Financial instruments	1 January 2015
IFRS 13	Fair value measurement	1 January 2013



- **IAS 1, 'Presentation of financial statements'**

The amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income. Entities will be required to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled will be presented separately from items that may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

The title used by IAS 1 for the statement of comprehensive income has changed to 'statement of profit or loss and other comprehensive income', though IAS 1 still permits entities to use other titles.

- **IFRS 9, 'Financial instruments'**

IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow characteristics of the financial asset.

An instrument is subsequently measured at amortised cost, only and if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity instruments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.

IFRS is effective for periods beginning on or after 1 January 2015. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012.

- **IFRS 13, 'Fair value measurement'**

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use



across all IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Institute.

### 2.1.3 Foreign Currency translation

#### a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Institute operates ('the functional currency'). The financial statements are presented in Ghana cedis which is the Institute's functional and presentation currency.

#### b) Transactions and balances

Foreign currency transactions are translated into Ghana cedis using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlements of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

## 2.2 Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The annual rates in use are as follows:

Furniture and equipment	20%
Motor Vehicles	20%
Fittings	20%
Library Books	20%
Leasehold land and buildings	over the period of the lease

Full year's depreciation provision is made irrespective of the date of purchase. Normal repairs and maintenance expenses are charged to operating expenses during the financial period in which they are incurred.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted



prospectively if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other gains/(losses)-net' in the statement of comprehensive income.

### **2.3 Intangible assets-Computer software**

Acquired computer software licenses are capitalized on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised on the straight-line basis over the estimated useful lives of the assets (three to five years).

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software program controlled by the Institute and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software development costs recognised as assets are amortised over their estimated useful lives (three years).

### **2.4 Impairment of non-financial assets**

The Institute assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Institute makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of the fair value less cost to sell and value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market conditions of the time value of money and the risk specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. Other than for goodwill, a previously recognised impairment loss is reversed if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.



## 2.5 Inventories

Stock of publications held for sale is stated at lower of cost and net realizable value. Cost is determined on first-in-first-out basis. Cost incurred in producing members' journals is expensed in the year the journals are produced.

Net realizable value represents estimated selling price less expenses incidental to make the sale.

## 2.6 Accounts receivable

Accounts receivable are recognised initially at fair value. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the Institute will not be able to collect all amounts due according to the original terms of the receivables.

## 2.7 Cash and Cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents comprise cash on hand, balances with banks and other short-term highly liquid investments with original maturities of three months or less.

## 2.8 Borrowings

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the lender, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs. Borrowings are classified as current liabilities unless the Institute has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

## 2.9 Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 2.10 Provisions

Provisions are recognised when the Institute has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle



the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

### **2.11 Employee benefits obligations**

The Institute has a defined contribution plan for its employees in respect of which the institute pays contributions to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. Under the plan the Institute pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

### **2.12 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the institute's activities. Revenue is shown net of value-added tax. The Institute recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Institute's activities.

### **2.13 Taxation**

The Institute is not a taxable entity. No provision is therefore made in the financial statements.

### **2.14 Leases**

Leases are divided into finance leases and operating leases.

#### **(a) The Institute as the lessee**

##### **(i) Operating lease**

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including pre-payments, made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The total payments made under operating leases are charged to 'general administrative expenses' on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.



**(ii) Finance lease**

Leases of assets where the Institute has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The leases entered into by the Institute are primarily operating leases.

**(b) The Institute as the lessor**

There were no lease arrangements at the reporting date in which the Institute was the lessor.

**2.15 Financial assets**

**2.15.1 Classification, Recognition and Measurement**

The Institute classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value including direct and incremental transaction costs. They are subsequently arrived at amortised cost, using the effective interest method. Loans and receivables are derecognized when the rights to receive cash flows from the asset have expired or seized to exit or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred.

**2.15.2 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously.





### **2.15.3 Impairment of financial assets**

The Institute assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

### **2.16 Financial liabilities**

Financial liabilities, other than trading liabilities and financial liabilities designated at fair value, are carried at amortised cost using the effective interest method. Financial liabilities are derecognized when they are redeemed or otherwise extinguished.

### **2.17 Building Fund**

Building fund is in respect of amounts contributed by members of the Institute to support the construction of the Accountancy Village. Contributions to the fund are recognised separately in equity when received.

Since we have transferred this to income and accumulated fund respectively, it will be necessary to amend this.

### **2.18 Prize fund**

Prize fund relates to amounts received from individuals and organizations purposely to support the Institute's Prize awards scheme. Amounts received are placed in interest-bearing instruments and voluntary contributions used in financing the awards.

Contributions to the prize fund are recognised separately in reserves when received. Interest earned on investment of contributions to the prize fund is included in the fund in the statement of financial position. The costs of prizes awarded are charged to the prize fund in the year of the award.

### **2.19 Deferred Income**

Grants are assistance provided by government by transfer of resources (either monetary or non-monetary) to entities. Grants are provided in return for past or future compliance with certain conditions. Thus grants should not be recognized until there is reasonable assurance that both the entity will comply with the conditions attaching to the grant and that the grant(s) will be received.

"Grants should be recognized as income, on a systematic and rational basis, over the periods necessary to match them with the related costs. Grants in recognition of specific costs are



recognized as income over the same period as the relevant expense. Grants in recognition of specific costs should be taken to income over the period which matches the costs using a systematic and rational basis.

Grants relating to revenue expenditure is applied to reduce the related expenditure. Capital grants are applied on a systematic basis over the useful life of the related asset.

### **3.0 FINANCIAL RISK MANAGEMENT**

The Institute's activities expose it to certain financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Institute's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Institute does not hedge any of its risk exposures.

Financial risk management is carried out by the Finance Committee under policies approved by the Council of the Institute.

#### **3.1 Interest rate risk management**

The Institute has floating interest bearing financial liabilities which may expose it to cash flow interest rate risk. To manage this risk, the Institute's policy is to contract for borrowings when terms offered are attractive.

The Institute has used sensitivity analysis technique to measure the estimated impact on the statement of comprehensive income from an instantaneous increase or decrease of 1% (100 basis points) in market interest rates.

The sensitivity analysis for interest rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date.

At the reporting date, a hypothetical 1% increase/ decrease in interest rates would have resulted in a reduction/ increase of GH¢4,952 (2010: GH¢9,952) in net surplus for the year.

#### **3.2 Liquidity risk management**

The Institute evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Council of the Institute devises strategies to manage liquidity risk.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available through an adequate amount of committed credit facilities.

The Institute had a credit facility with its bankers amounting to GH¢1.3 million all of which had been utilized at the reporting date.



Cash of the Institute is placed in interest bearing current accounts to provide sufficient funding to meet its debt financing plan. At the reporting date cash and cash equivalents amounted to GH¢ 232,582 (2011: GH¢175,200). This is expected to readily generate cash inflows for managing liquidity risk.

Details of the Institute's borrowings are shown in note 18.

### **3.3 Credit Risk**

Credit risk arises from cash and cash equivalents as well as credit exposures to members and students, including outstanding receivables and committed transactions. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Institute.

Credit risk is managed by the Finance Committee. The Institute does not have any significant concentrations of credit risk. The Finance Committee exercises strict credit control through monitoring of cash received from counterparties and, when necessary, provision is made for specific doubtful accounts. As at December 31, 2012, the Council was unaware of any significant un-provided credit risk.

### **3.4 Fair value of financial instruments**

Management considers that the carrying amount of all financial assets and financial liabilities in the financial statements approximate their fair values as the impact of discounting is considered not significant. Fair value, which is determined for disclosure purposes is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest at the statement of financial position date. There are no financial assets and/ or liabilities recognised at fair value through profit and loss.

### **3.5 Capital risk management**

The Institute's objective when managing capital is to safeguard the Institute's ability to continue as a going concern in order to carry out its mandate as enshrined in the Chartered Accountant's Act (1963, Act 170). The capital structure of the Institute consists of accumulated funds, Building Fund and Prize Fund. In order to maintain or adjust the capital structure, the Institute from time to time reviews the subscription payable by members and students and may request members to pay special levies as appropriate.



<b>4 General Income</b>			<b>2012</b>	<b>2011</b>
			<b>GHC</b>	<b>GHC</b>
<b>4.1 From Members</b>				
Fees from Practising Firms			<b>401,500</b>	-
Entrance Fees			<b>89,485</b>	55,755
Subscription			<b>871,787</b>	730,640
Practice Licence			<b>119,503</b>	92,000
			<b>1,562,275</b>	878,395
<b>4.2 From Students</b>				
Registration			<b>155,145</b>	94,709
Subscription			<b>368,120</b>	248,903
			<b>523,265</b>	343,612
<b>5. Operating Activities</b>				
	<b>Income</b>	<b>Expenditure</b>	<b>Net Result</b>	<b>Net Result</b>
	<b>GHC</b>	<b>GHC</b>	<b>GHC</b>	<b>GHC</b>
<b>5.1 Exams &amp; Other Student Activities</b>				
Examinations	2,550,759	462,133	2,088,626	1,285,676
Other Student Activities	648,012	608,064	39,948	(39,677)
Profit on Manuals/Souvenir	247,004	270,475	(23,471)	33,060
	<b>3,445,775</b>	<b>1,340,672</b>	<b>2,105,103</b>	<b>1,279,059</b>
<b>5.2 Continuing Professional Development</b>				
CDP Activities	206,826	122,494	84,332	163,465
Chartered Diploma	138,700	106,720	31,980	-
	<b>345,526</b>	<b>229,214</b>	<b>116,312</b>	<b>163,465</b>
<b>5.3 Professional Body Activities</b>				
Accountants' Week	383,160	263,703	119,457	21,039
ABWA Expenses	-	32,339	(32,339)	(50,580)
Journal Expenses	-	30,312	(30,835)	(49,053)
Subscription Affiliate	-	97,045	(97,045)	(35,416)
Other Prof. Body Activities	80,940	312,739	(231,799)	(104,327)
	<b>464,100</b>	<b>734,138</b>	<b>(272,038)</b>	<b>(218,337)</b>
<b>5.4 Other Operating Activities</b>				
Rental Income	13,680		13,680	23,608
Exchange Difference	24,756		24,756	1,473
Miscellaneous Income	46,154	12,494	33,660	7,861
Government Grant	227,638		227,638	34,494
Profit from Disposal			-	1,800
	<b>312,228</b>	<b>12,494</b>	<b>299,734</b>	<b>69,236</b>





**8. Investment Income**

Discount on Treasury Bills	<b>43,614</b>	11,314
Interest on Call Accounts	<b>7,360</b>	5,164
	<b>50,974</b>	<b>16,478</b>

**9. Property & Equipment**

	Leasehold Land and Buildings GH¢	Motor Vehicle GH¢	Equipment Furn/Fittings GH¢	Library Books GH¢	TOTAL GH¢
<b>Cost</b>					
At 1 January 2012	3,741,070	265,309	779,447	21,495	4,807,321
Additions	123,105	162,830	712,964	-	998,899
<b>At 31 December 2012</b>	<b>3,864,175</b>	<b>428,139</b>	<b>1,492,411</b>	<b>21,495</b>	<b>5,806,220</b>
<b>Depreciation</b>					
At 1 January 2012	164,487	141,186	490,064	11,888	807,625
Charge for the year	132,906	43,577	260,234	3,834	440,551
<b>At 31 December 2012</b>	<b>297,393</b>	<b>184,763</b>	<b>750,298</b>	<b>15,722</b>	<b>1,248,176</b>
<b>Net Book Value</b>					
<b>At 31 December 2012</b>	<b>3,566,782</b>	<b>243,376</b>	<b>742,113</b>	<b>5,773</b>	<b>4,558,044</b>
<b>At 31 December 2011</b>	<b>3,576,583</b>	<b>124,123</b>	<b>289,383</b>	<b>9,607</b>	<b>3,999,696</b>
<b>Cost</b>					
At 1 January 2011	3,600,783	188,811	722,222	12,111	4,523,927
Additions	140,287	104,081	58,961	9,384	312,713
Disposal		(27,583)	(1,736)		(29,319)
<b>At 31 December 2011</b>	<b>3,741,070</b>	<b>265,309</b>	<b>779,447</b>	<b>21,495</b>	<b>4,807,321</b>
<b>Depreciation</b>					
At 1 January 2011	41,156	138,004	371,850	9,311	560,321
Charge for the year	123,331	30,765	119,950	2,577	276,623
Disposal		(27,583)	(1,736)		(29,319)
<b>At 31 December 2011</b>	<b>164,487</b>	<b>141,186</b>	<b>490,064</b>	<b>11,888</b>	<b>807,625</b>
<b>Net Book Value</b>					
<b>At 31 December 2011</b>	<b>3,576,583</b>	<b>124,123</b>	<b>289,383</b>	<b>9,607</b>	<b>3,999,696</b>
<b>At 31 December 2010</b>	<b>3,559,627</b>	<b>50,807</b>	<b>350,372</b>	<b>2,800</b>	<b>3,963,606</b>



<b>9b. Intangible Assets</b>	<b>Computer Software 2012 GH¢</b>	<b>Computer Software 2011 GH¢</b>
<b>Cost</b>		
At 1 January 2012	38,326	38,326
Additions	48,934	-
<b>At 31 December 2012</b>	<b>87,260</b>	<b>38,326</b>
<b>Depreciation</b>		
At 1 January 2011	35,841	33,220
Charge for the Year	19,737	2,621
<b>At 31 December 2011</b>	<b>55,578</b>	<b>35,841</b>
<b>Net Book Value</b>		
At 31 December	31,682	2,485
	<b>2012 GH¢</b>	<b>2011 GH¢</b>
<b>10. Inventories</b>		
ICAG Souvenir Items	22,117	30,604
Study Manual	167,584	145,237
	<b>189,701</b>	<b>175,841</b>
<b>11. Sundry Receivables &amp; Prepayments</b>		
Staff Debtors	40,113	36,139
Sundry Amounts Receivable	241,350	103,505
Prepayments	86,943	20,724
	<b>368,406</b>	<b>160,368</b>
<b>12. Cash &amp; Cash Equivalents</b>	<b>2012 GH¢</b>	<b>2011 GH¢</b>
<b>Closing Balance 31 December</b>		
Cash and Bank Balances	62,464	52,469
Marketable Securities	623,134	180,112
	<b>685,598</b>	<b>232,581</b>
<b>13. Sundry Payables &amp; Accruals</b>		
Sundry payables	90,249	59,188
Accrued Liabilities	77,033	121,196
	<b>167,282</b>	<b>180,384</b>





#### 14. Prize Fund

Prize Fund is in respect of amounts contributed by specified persons and entities which have been invested to provide yield to fund prizes for candidates who excel in various subjects. The movements during the year are shown below:

	Funds at 1 Jan. 2012 GH¢	Additions 2012 GH¢	Cost of Awards GH¢	Interest 2012 GH¢	Funds at 31 Dec. 2012 GH¢
<b>Donated By:</b>					
H. A. Morrison	63	1,000	600	15	478
J. N.A Hyde	5,251		600	1,208	5,859
KPMG	2,271		200	522	2,593
Ato Gharthey (Prof)	282	1,000	800	65	547
Oko Nikoi Dzani	67	1,000	200	15	882
Ben Baah	90	500	300	21	311
J. D. Barnes	72	1,000	600	17	489
Ms Aurore Lokko	322	500	400	74	496
	<b>8,418</b>	<b>5,000</b>	<b>3,700</b>	<b>1,937</b>	<b>11,655</b>

#### 15. Accumulated Fund

Balance at 1 January  
Surplus for the Year  
**Balance at 31 December**

2012 GH¢	2011 GH¢
3,095,033	2,654,931
1,324,040	440,102
<b>4,419,073</b>	<b>3,095,033</b>

#### 16 Cash Generated from Operation

Net Surplus for the year  
Depreciation and Amortization  
Profit on Disposal  
**Working Capital Movement**  
Increase in Inventories  
(Increase)/Decrease in Debtors/Prepayment  
Increase/(Decrease) in Payables & Accruals

1,324,040	440,102
460,289	279,244
-	(1,800)
<b>(151,686)</b>	<b>(90,958)</b>
<b>(13,860)</b>	<b>(19,401)</b>
<b>(208,038)</b>	<b>22,508</b>
<b>70,211</b>	<b>(94,065)</b>
<b>1,632,643</b>	<b>626,588</b>

**Net Cash Inflow from Operating Activities**

#### 17. Borrowings

The Institute obtained a loan facility of GH¢1,300,000 from HFC Bank Limited in 2009 to finance the completion of the office building at 33.5% per annum and repayable over three years commencing in 2009. The interest rate was re-negotiated to 20% in 2011. The loan which was secured with the administration building has been fully repaid by the end of the year.



### Borrowing

Balance at 1 January	495,172	995,238
Draw down	-	-
Repayments	(495,172)	(500,066)
Balance at 31 December	-	495,172
Current Portion	-	495,172
Non-Current Portion	-	495,172

### 18. Deferred Income

The World Bank approved a grant of USD497,000 in 2010. The first tranche of USD100,000 was received 2011. The grant ends in September, 2013.

	2012 GH¢	2011 GH¢
Balance as January 1	115,506	-
Amount received	500,429	150,000
Amount utilised	(227,637)	(34,494)
Balance as at December 31	388,298	115,506

### 19. Disposal of Asset

	2012 GH¢	2011 GH¢
Cost of Assets	-	29,319
Less Accumulated Depreciation	-	29,319
Proceeds on Disposal	-	1,800
Profit on Disposal	-	1,800

### 20 Contingencies

There were no contingent liabilities as at the reporting date (2011: Nil)

### 21. Capital Commitment

There were no capital commitments as at the reporting (2011: Nil)



## Notes



## Notes



## Notes



