MINISTRY OF LOCAL GOVERNMENT & RURAL DEVELOPMENT (MLGRD)

GHANA SOCIAL OPPORTUNITIES PROJECT (GSOP)

JAPAN SOCIAL DEVELOPMENT FUND (JSDF)
GRANT NO. 017344

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2018

GHANA AUDIT SERVICE

DECEMBER 2018
MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT (MLGRD)
GHANA SOCIAL OPPORTUNITIES PROJECT (GSOP)
JAPAN SOCIAL DEVELOPMENT FUND (JSDF)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

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GHANA SOCIAL OPPORTUNITIES PROJECT (GSOP)
JAPAN SOCIAL DEVELOPMENT FUND (JSDF)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

CORPORATE INFORMATION

National Coordination Office:  
Robert E. Austin  
National Coordinator
Henry A. Bosompem  
Financial Controller
George Kwadwo Osei Ababio  
Chief Infrastructure Engineer
Desmond Duametu  
National Capacity Building Specialist

Registered Office:  
Ghana Social Opportunities Project  
National Coordination Office  
Ministry of Local Government & Rural Development

Postal Address:  
P. O. Box CT 3742  
Cantonments – Accra

Bankers:  
GCB Bank Limited  
High Street Branch  
P. O. Box 2971  
Accra
INDEPENDENT AUDITORS REPORT ON THE FINANCIAL STATEMENTS
TO THE MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT
(MLRGD)

Report on the Financial Statements

We have audited the accompanying financial statements of Ghana Social Opportunities Project (GSOP) - Japan Social Development Fund (JSDF) for the year ended 31st December 2018 as set out on pages 4 to 12. These financial statements comprise the Statement of Financial Position as at 31st December 2018, Statement of Sources and Uses of Funds, the Project Cost Summary and summary of significant Accounting Policies and other explanatory notes.

Project Management's responsibility for the financial statements

The National Coordinating Office (NCO) of GSOP under the Ministry of Local Government & Rural Development (MLRGD) is responsible for the preparation and fair presentation of these financial statements in accordance with World Bank financial reporting guidelines. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors’ responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance 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 auditors’ judgement, including the assessment of the risks of material misstatements, whether due to fraud or error.
In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, proper books of account have been kept and the accompanying financial statements, which are in agreement therewith, give a true and fair view of the state of the Project's Financial Affairs as at 31st December 2018 and of its Cost Summary, Sources and Uses of Funds for the year then ended in accordance with World Bank financial reporting guidelines and are in compliance with Grant Number TF017344 and accounting policies.

**Signature:**

BLESSED BAFFOUR-ATTA  
DEPUTY AUDITOR-GENERAL/EIDA  

**Date:** 30th July 2019
MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT (MLGRD)
GHANA SOCIAL OPPORTUNITIES PROJECT (GSOP)
JAPAN SOCIAL DEVELOPMENT FUND (JSDF)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Sources</th>
<th>Uses</th>
<th>Balance of Project Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>606,333</td>
<td>775,290</td>
<td>(288,416)</td>
</tr>
<tr>
<td>2018</td>
<td>2,510,394</td>
<td>2,390,935</td>
<td>27</td>
</tr>
<tr>
<td>2018</td>
<td>1,904,061</td>
<td>1,904,061</td>
<td>288,443</td>
</tr>
<tr>
<td>2017</td>
<td>1,904,061</td>
<td>1,362,175</td>
<td>1,615,618</td>
</tr>
</tbody>
</table>
## PROJECT COST SUMMARY (BY CATEGORY)

FOR THE YEAR ENDED 31st DECEMBER 2018

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants</td>
<td>136,111</td>
<td>329,772</td>
<td>193,661</td>
</tr>
<tr>
<td>Sub - Projects</td>
<td>449,959</td>
<td>1,574,063</td>
<td>1,124,103</td>
</tr>
<tr>
<td>Training</td>
<td>154,482</td>
<td>392,554</td>
<td>238,072</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>34,737</td>
<td>94,519</td>
<td>59,782</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>775,290</strong></td>
<td><strong>2,390,908</strong></td>
<td><strong>1,615,618</strong></td>
</tr>
</tbody>
</table>
ANALYSIS OF EXPENDITURE BY PROJECT ACTIVITY (CUMMULATIVE) FOR THE YEAR ENDED 31ST DECEMBER 2018

<table>
<thead>
<tr>
<th>Component 1:</th>
<th>Consultants</th>
<th>Training</th>
<th>Sub-Projects</th>
<th>Operating Costs</th>
<th>Cumulative Expenditure</th>
<th>Cumulative Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Management Support and Capacity Building for Income Generation Activities</td>
<td>-</td>
<td>392,554</td>
<td>1,574,063</td>
<td>-</td>
<td>1,966,617</td>
<td>1,362,175</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Component 2:</th>
<th>Consultants</th>
<th>Training</th>
<th>Sub-Projects</th>
<th>Operating Costs</th>
<th>Cumulative Expenditure</th>
<th>Cumulative Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Management and Administration, Monitoring/Evaluation and Knowledge Dissemination</td>
<td>329,772</td>
<td>-</td>
<td>-</td>
<td>94,519</td>
<td>424,291</td>
<td>253,443</td>
</tr>
</tbody>
</table>

Total | 329,772 | 392,554 | 1,574,063 | 94,519 | 2,390,908 | 1,615,618 |
# Statement of Financial Position

**As at 31st December, 2018**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>1,966,617</td>
<td>1,362,175</td>
</tr>
<tr>
<td>Recurrent Project Expenditure</td>
<td>390,750</td>
<td>219,901</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>33,541</td>
<td>33,541</td>
</tr>
<tr>
<td></td>
<td><strong>2,390,908</strong></td>
<td><strong>1,615,618</strong></td>
</tr>
</tbody>
</table>

**Current Assets**

| Cash and Bank Balance  | 288,443 |
| Net Assets             | 288,443 |

**Current Liabilities**

| Net Current Assets     | 2,390,935 | 1,904,061 |

**Represented By:**

Japanese Social Development Fund (JSDF) Grant No.017344

| 2,390,935 | 1,904,061 |
| 2,390,935 | 1,904,061 |

The financial statements on Pages 4 to 12 were approved on behalf of the Project Management on .............................................. 2018 and signed on its behalf by:

![Signature]

*National Coordinator*

GSOP

![Signature]

*Financial Controller*

GSOP
MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT (MLGRD)
GHANA SOCIAL OPPORTUNITIES PROJECT (GSOP)
JAPAN SOCIAL DEVELOPMENT FUND (JSDF)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2018

1. Japan Social Development Fund

   a) Financing Agreement

      This is a grant provided by Japan under the Japan Social Development Fund. The Grant Agreement Number TF017344 was signed between the Government of Ghana and the International Development Association (IDA) of the World Bank on 18th August 2014 for a grant not to exceed two million, seven hundred and fifty two thousand, five hundred United States Dollars (US$2,752,500.00) to support income generation activities of the extreme poor households located in eight (8) pilot districts of Upper East Region where the Ghana Social Opportunities Project (GSOP) operates.

   b) Project Description

      The objective of the project is to improve incomes of the extreme poor households by enabling them to manage their small farm and non-farm activities more productively and sustainably.

      The Project consists of the following components:

      **Component One: Business Management Support and Support to Community Interest Groups for their Income Generation Activities.**

      Component One would provide support through;

      (i) Carrying out awareness promotion activities for income generation opportunities.

      (ii) Providing necessary training for business management and business advisory services to the Community Interest Groups.

      (iii) Providing follow-up business advisory services to Community Interest Groups.

      (iv) Providing sub-grants to Community Interest Groups and selected beneficiaries for carrying out sub-projects.
Component Two: Project Management and Administration, Monitoring and Evaluation, and Knowledge Dissemination

This component involves;

a) Project management and Administration which includes;
   (i) Financial Management
   (ii) Procurement
   (iii) Auditing
   (iv) Participatory strategic planning for sustainability and mainstreaming
   (v) Environmental assessment
   (vi) Administrative costs including coordination with the implementing partners

b) Carrying out monitoring and evaluation and knowledge dissemination activities to cover project monitoring and reporting and conducting an impact evaluation of the project.

c) End of Project

In accordance with the Grant Document the project implementation shall start on March 15, 2014 and end on August 18, 2018. In accordance with the Disbursement Letter, the Disbursement Deadline Date is four (4) months after the closing date specified in the Financing Agreement, hence there were further eligible disbursements till December 18, 2018. After this date, undocumented balance in the Designated Account of USD119,458.82 was transferred to the IDA on 21st December, 2018.

2. Accounting Policies

The following are the significant accounting policies adopted in the preparation of these financial statements.

a) Basis of Preparation

   (i) Statement of Compliance

   The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

   (ii) Basis of Measurement
The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, financial assets and financial liabilities at fair value.

(iii) Use of Estimate and Judgement

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects both current and future periods.

b) Presentation of Financial Statements

(i) Functional and Presentation Currencies

The financial statements are presented in United States Dollars (US$) which is the reporting currency for the financial statements.

(ii) Transactions and Balances

Transactions in foreign currencies are converted at the rate ruling on the day the transaction took place. Current assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and property, plant and equipment translated at the rate of exchange ruling at the time of acquisition.

Gains and losses arising on foreign currency transactions are credited to or charged against recurrent expenditure in the period in which they arise.

c) Property, Plant and Equipment

(i) Recognition and Measurement

Property, plant and equipment represents the expenditure incurred mainly in acquiring office equipment and motor vehicles for use by the National and Regional Coordinating Office, Bolgatanga.
MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT (MLGRD)
GHANA SOCIAL OPPORTUNITIES PROJECT (GSOP)
JAPAN SOCIAL DEVELOPMENT FUND (JSDF)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

This is measured at the actual contracted cost of purchase. Cost includes expenditures that are directly attributable to bringing the asset to the location and working condition necessary for it to be capable of operating in the manner intended by management.

(ii) Subsequent Costs

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, when it is probable that the future economic benefits associated with the item will flow to the Project and the cost of the item can be measured reliably.

(iii) Depreciation

No depreciation is charged in the financial statements.

d) Investment

The expenditure incurred in providing business support to community interest groups other than recurrent expenditure is capitalized as investment. This comprises expenditure incurred on Promoting Awareness of Income Generation Opportunities and Skills Training.

e) Recurrent Project Expenditure

The administrative expenditure incurred by the National Coordinating Office in Accra and the Regional Coordinating Office, Bolgatanga are classified as recurrent project expenditure. Recurrent project expenditure comprises salaries and wages of project staff, occupancy cost, motor vehicle running and maintenance expenses, post and telecommunications, utilities, printing and stationery expenses.

f) Income

Income is recognized on cash basis and credited directly to the respective donors account.

<table>
<thead>
<tr>
<th>Notes</th>
<th>Balance as at 31/12/2018</th>
<th>Balance as at 31/12/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 INVESTMENTS</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Promoting Awareness of Income Generation Opportunities</td>
<td>47,699</td>
<td>47,699</td>
</tr>
<tr>
<td>Business Management Training</td>
<td>344,855</td>
<td>190,373</td>
</tr>
<tr>
<td>Grants for Households</td>
<td>1,574,063</td>
<td>1,124,103</td>
</tr>
</tbody>
</table>
## MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT (MLGRD)

**GHANA SOCIAL OPPORTUNITIES PROJECT (GSOP)**  
**JAPAN SOCIAL DEVELOPMENT FUND (JSDF)**  

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,966,617</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,362,175</td>
</tr>
<tr>
<td><strong>4 RECURRENT PROJECT EXPENDITURE</strong></td>
<td></td>
</tr>
<tr>
<td>Staff Salary</td>
<td>205,158</td>
</tr>
<tr>
<td>Utilities</td>
<td>5,730</td>
</tr>
<tr>
<td>Office Consumables/Stationery</td>
<td>7,151</td>
</tr>
<tr>
<td>Contract Photocopying</td>
<td>876</td>
</tr>
<tr>
<td>Travel Allowance and Fuel</td>
<td>29,002</td>
</tr>
<tr>
<td>Maintenance of Official Vehicle</td>
<td>31,431</td>
</tr>
<tr>
<td>Maintenance of Equipment, Furniture</td>
<td>6,275</td>
</tr>
<tr>
<td>M&amp;E Field Survey</td>
<td>91,073</td>
</tr>
<tr>
<td>Financial Charges</td>
<td>14,054</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>390,750</td>
</tr>
<tr>
<td><strong>5 FIXED ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Motor Vehicle</td>
<td>27,746</td>
</tr>
<tr>
<td>Computer and Equipment</td>
<td>4,248</td>
</tr>
<tr>
<td>Furniture and Fittings</td>
<td>1,547</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>33,541</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>BOG JSDF Grant Designated Account -</td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td></td>
</tr>
<tr>
<td>GCB JSDF Bank Account - Accra</td>
<td>27</td>
</tr>
<tr>
<td>GCB Bolga JSDF Bank Account</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>10,178</td>
</tr>
</tbody>
</table>