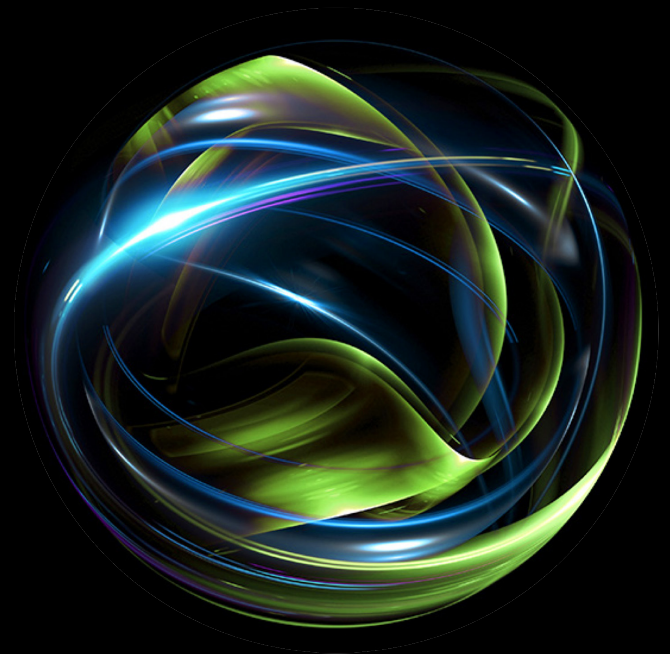


The Companies Act 2019 (Act 992) and its Financial Reporting Implications

A new Companies Act, 2019 (Act 992) was assented by the president on 2nd August 2019 to replace Act 1963. Financial Statements prepared on and after this date are to comply with the presentation and disclosure requirements as provided in the new Companies Act.

The table below provides a summary of these requirements;



| Section | Key highlights |
|--|---|
| Section 68 Meaning of Stated capital | Issue shares for cash plus non-cash consideration plus transfer to stated capital from reserves including credit balance on share deals accounts |
| Section 70 Meaning of reserves | Any other equity related balance apart from stated capital |
| Section 71 Meaning of retained Earnings | Accumulated Profit or loss |
| Section 125 Publication of name of company | Company name with the related abbreviation should be clearly shown <ul style="list-style-type: none"> • Public Limited Company – PLC • Private Limited Company – LTD • Limited By Guarantee – LBG • Private Unlimited Company - PRUC • Public Unlimited Company - PUC |
| Section 136 Report of directors | The following should be disclosed; <ul style="list-style-type: none"> • Details on the state of affairs of the company • Steps taken to build the capacity of directors • Corporate Social Responsibility and amounts spent during the year • Amounts payable by way of Audit fees • Material change in the nature of the business of the company • Name and country of incorporation of holding company (if any) • Register of interest held by directors |
| Section 127 Keeping of accounting records and preparation of financial statements | <ul style="list-style-type: none"> • Records can be maintained manually or Electronically • Records shall be kept at the registered office and in Ghana • Financial statements shall comply with International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants (Ghana) - ICAG • New companies must prepare accounts within 18months |

Section

Key highlights

Section 130
Statement of financial position Comply with the relevant International Financial Reporting Standards (IFRSs) and the Sixth schedule of the Companies Act

Section 131
Consolidated Financial Statements

- To be prepared to comply with IFRS i.e. IFRS 10 (consolidated financial statement)
- Comply with Sixth schedule part three of the Companies Act

Section 132
Particulars of emoluments and pensions of directors Disclose individual and in aggregate amounts, all emoluments and pensions amounts paid to directors including fees, salaries, percentages, expenses, allowances, contributions paid for pension schemes and estimated value of benefit in kind

Section 133
Particulars of amounts due from officers

- Disclose the individual and aggregate amounts of money due to the company or associated company but only disclose if loan to officer is more than 2% of states capital of the company
- The maximum amount of money due to the company and associated company at any time during the year
- Any amount guaranteed or security for any officer by the company

Section 145
Major transactions

- Major transactions are transactions whose value is more than 75% of the asset value of the company
- Such transactions must be approved by special resolution by the board
- Disclosures will be required in the financial statement

Section 19
Disclosure of interest by Directors Required to disclose the nature and extent of the interest held by directors

Section 210
Register of holding of directors Required to disclose the number and descriptions of shares held by any director in the company or debenture held by any Director

Section 334 – Financial Statements of external company

- Comply with section 127 and sixth schedule part two of the Company's Act
- The financial statement shall be in English

As you prepare your 2019 Financial Statements, keep these disclosure requirements in mind to ensure that they are compliant with the new Companies Act.

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