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AN ASSESSMENT OF THE STOCK MARKET. A CASE STUDY OF GHANA STOCK EXCHANGE

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ABSTRACT
The study provides an assessment of the stock market with a case study of Ghana Stock Exchange. The study attempts to establish the major criteria for successful stock /equity market, importance, behaviour problems, underlying the stock market and offer some lessons, reforms and recommendations. The study took into account the period from 2010 to 2016 in the assessment of GSE. Secondary data of information was sourced from the website, from published GSE Annual Reports and financial textbooks. The study adopted theoretical information of the Efficient Market and adopted a descriptive data collection method/approach. A number of theories underlying the stock market were examined at broader details. The findings of the study indicated that market capitalization, market competition and the financial statement of the listed companies demonstrate that stock market offers indication to investors from within and external concerning their potential in terms of their investment and the projected return derived. For example, specifically, the findings in terms of the study revealed that the market capitalization of GSE has gone up.

KEYWORDS: Stock Exchange, Market Efficiency, Capitalization, Earnings Per Share, Financial Statement.

INTRODUCTION
Stock market is seen as the most important market in modern capitalist economies. Of recent, the performance of a country's economy is assessed on the fundamental principles of increase and fragility of its financial market.

The stock demonstrates the output of the respective companies, and the index reflects the general trend of the whole market. This assists in gauging the health in respect to the economy generally.

The stock market has received widespread attention from government, business leaders, financial analysts, bankers, brokers, students and the general public who have interest in stock market investment. What makes this research different from the others is that most of the studies is concentrated on only one main area of the stock market. The research interest is broad with GSE as reference.

The integration of the stock markets, however, has been studied since 1987. The contribution of this research is to fill the gap carried out by other researchers in the area of stock market by making great strides of the deficiency.

The world capital industry sustained stock capitalization of $136,482.2 billion in 2009, representing a compound yearly growth level of 8.4%.

The performance of the industry is predicted to jump up, with the focus on compound yearly growth level reaching 14. 9% for the 5-year time span of 2009-2014, that is projected to stimulate to an aggregate stock market capitalization of $ 273,715.3billion by the close of 2014.

Significance of the Study
Stock Market is seen as the most significant market of modern capitalist economy. In recent studies, the performance of a country's economy is assessed on the fundamental principles of increase and fragility of its financial market. This study takes into account the listed companies of Ghana Stock Exchange in mobilizing the needed resources and directing such resources to the development of the economy. Moreover, the findings from this research are expected to assist academicians and researchers further improve on the GSE Stock Market not only in Ghana but also in other parts of African states. The study also serves as blueprints for future reference for policy makers, practitioners and academicians who would research on similar topic.

The period covers 2010 to 2016 investigating the contributions, problems, and recommendations to transform the GSE listed companies.

Research Objectives
The study examines the following objectives.
- to examine factors that determine the stock markets.
- to examine the importance of the stock markets.

- to assess some of the problems facing Stock Exchange.
- make recommendations for the improvement in the efficient performance of the stock markets.

Research Questions

The study attempts to answer, among other things, the following several questions.

(i) What are the factors in determining the stock markets?

(ii) What importance does the stock markets play in national development

(iii) What are some of the problems and challenges facing stock market with reference to Ghana Stock Exchange?

(iv) How can the recommendations for the improvement and efficient performance to the markets be meaningful?

Statement of the Problem

Stock markets have contributed immensely within the investment process in under-developing economies. The literature attests to the fact that stock markets have played a huge role in shaping the markets of Ghanaian economy since its inception some years back. The government has been initiating strategies to enhance its performance. Despite its developments, a growing proportion of studies have indicated that the performance of GSE Stock Market still had a long way to go to chalk the expected success.

Scope of the Study

The study will cover an assessment of stock market with a case study of Ghana Stock Exchange. The study investigates how the GSE listed companies facilitates its performance. Moreover, this study attempt to spot the factors, importance, reforms and recommendation necessary to facilitate the stock market for that matter GSE.The study took into consideration secondary data source such as newspapers, textbooks on finance, websites and GSE reports etc.

Constraints of the Study

An access to data and availability was a huge constraint in obtaining the information within the GSE headquarters. There was little time issue in the period of obtaining the source of data in the study; particularly with this sort of study that entails the class of stakeholders who are likely sometimes with a tight schedule and unwilling to respond to some pressing demands to enrich the research process.

LITERATURE REVIEW

Development of the Ghana Stock Exchange (GSE)

The setting up of the Ghana Stock Exchange in 1990 was part of a series of stock exchange development providing the springboard through structural reforms within Africa supervised by the International Monetary Fund (IMF) as well as the World Bank. The Washington Consensus" framework included financial liberalization, competitive exchange rates, liberalization of inward foreign exchange, privatization of state enterprises, and cancellation of regulations which limit market penetration or constraints competition and legal security for property rights. Provided that a colossal of structural adjustment policies aligned so well with the prevalence of formal capital markets, an increasingly donors, taking their aspirations from IMF, given financial backing and technical support for the setting up of stock exchanges. Ghana's penetration into a ERP/SAP in the 1980s established an enabling landscape for strengthening the stock exchange project.

The Ghana stock market, even though relatively not broad, is one of the powerful and dynamic stock markets in Africa (Dewortor&Gborglah, 2004). Under the trend of the International Monetary Fund (IMF), economic reforms were put into place at the start of the 1980's which had economic liberalization as well as private enterprise as its key emphasis. This normally offered a stimulus to develop a vibrant stock exchange in Ghana (Dewortor&Gborglah, 2004). The Ghana Stock Market was set up in July 1989 and started its trading activities in 1990 with 11 listed companies and one government bond (Frimpong, 2008). Since its opening, the GSE has designed a number of reforms thereby raising efficiency, improving liquidity and positioning the exchange in a more attractive and competitive perspective in order to woo issuers and investors (Bowers, 2008). For instance, in 2009, the GSE moved into a fully automated electronic system so as to uplift and facilitate huge trading volumes. Moreso, in 2013, the GSE Securities Depository Ltd merged with Bank of Ghana's Central securities Depository for a rather more efficient and coordinated system of operations. As evidenced by the GSE's official website, Secondary listing of Government of Ghana's ten year Eurobond of US$1billion was successfully completed in August 2013 and GH¢101.57million 17.5% seven year bond also listed for the first time. A New Market dedicated for small and medium size companies and start-ups (Ghana Alternative Market) was also launched in that same year. As a result of years of operations, the GSE today is the main and only capital market in Ghana and is dubbed one of the best exchanges in Sub-Sahara Africa (Mensah et al. 2016).There has been growing scale in market capitalization on the Ghana Stock exchange since its setup due to external capital transmissions.

In 1990 market capitalization stood at GH¢ 6.4 million and in over 26 years period, market capitalization of the exchange stood at GH¢61,158.29 million as at December 2014 market data from the

Ghana Stock Exchange. Currently, the number of listed firms on the exchange is 38 with two corporate bonds. There are two key indices for the exchange such as, the GSE All Share Index and the Databank Stock Index. Other indices that supplement the key ones entail the Strategic African Securities Limited (SAS) index, the SAS financial Index and the SAS manufacturing Index. A firm listed on the exchange emerges from many major sectors of the economy. These involve banking, manufacturing companies, oil, brewing and mining. In recent times, notwithstanding policies to uplift institutional development is seen to be the key emphasis because of the positive impact which the GSE contributes in situation of increasing internal and international capital for economic development (Frimpong, 2008). The manufacturing, brewery sectors recently occupy the exchange. Third on the banking sector while other listed companies.

DEFINITION OF STOCK MARKET

A stock market, or equity market, is a private or public market for the trading of company's stock as well as derivatives of a business organization stock within an accepted price. These are securities listed on the stock exchange and those only traded fundamentally.

According to Fabozzi (2008:126-127), ''an exchange is often defined as a market where intermediaries meet to deliver and execute customers' orders. 'According to the Oxford Dictionary of Business, (2003:486), ''stock exchange is a market in which securities are bought and sold, process being controlled by supply and demand..

As eloquently explained by Madura (2010:242),''each organized exchange has a trading floor where floor traders execute transactions in the secondary market for their clients''.

As pointed out by Brown (2009:331),''as market index measures the overall performance of the stocks included in the index. As index can be used to evaluate how well a specific stock or mutual fund is performing relative to the stocks represented in the index. 'Nearly 100 indexes monitor stock prices. Thus, the Dow Jones industrial Average (The Dow) measures movements in respect to stock prices of 30 of the biggest companies in that country.

Curry and Winfield(1994:25),'' provided a brief definition of the Stock exchange, 'as an institution where quoted investment may be exchanged between buyers and sellers''.

Jonhson (1983:32),'' hinted that '' the stock markets are a complex of institutions and mechanisms through which funds for purposes longer than one year are pooled and made available to business, governments, and individuals and through which instructions already understanding are transferred. The stock markets are well organized and are local, regional, national, and world-wide in stage''.

The growing importance of stock market around the world has recently opened a new avenue of research into the relationship between financial development and economic growth, which focuses on the effect of stock market development (Arestis, Demetriades, and Luintel, 2001,p.16).

GLOBAL STOCK MARKET STATISITCS

The statistics demonstrates the yearly development of the Euro Stock 50 index from 1995 to 2015. This index offers the representation of the Eurozone blue-chips performance. The year-end value of the Euro Stock 50 index estimated at 3267.52 in 2015.

Market capitalization is defined "as the value of a company obtained by multiplying the number of its issues shares by their market price'' (Oxford Dictionary of Business, 2003,pp.318).

World stock market capitalization has increasingly seen growth double as depicted by the Federal Reserve when it initiated its quantitative easing program in 2008.

Of the global $294 trillion in financial assets, global stock market capitalization has grown to $69 trillion dollars from $34 trillion in 2008, according to Sanjeev Sanyal, a global strategist with Deutsche Bank. That's greater as compared to 2007, just prior to the economic recession, when the value of global stocks was estimated at $65 trillion.

The world market cap for stocks as a percentage of world GDP, notwithstanding, is lesser than it projected in 2007. The valuation in terms of financial assets is estimated at 378% of global GDP, with 89 percentage score or mark of that in global stocks.

In 2016, the combined market caps of entire world stocks traded on every globe exchange had exceeded USD$70 trillion.

CRITERIA FOR SUCCESSFUL EQUITY MARKET:

The fundamental prerequisites for the setting up and continued success for equity markets are involved the following:

Political & Economic Environment

Investors are very rational to political uncertainty. In countries associated with internal key border conflicts or engaged in war, there is the likelihood of small interest in pushing up for the setting up stock market and investing in shares. Thus when an exits, trading operation as well prices are normally in the downward trend. Political disruption quite often influence economic operation, for that reason companies called off their investment and therefore pruned down considerably their growth estimations.

In sharp difference, accelerated economic growth brings about a sense of confidence within investors as well as entrepreneurs and opens way for new markets, offering companies with solid stimulant to broaden their activities. Others include demand side features- individual versus institutional investors, spread of ownership, overseas remittances, and foreign direct investment among others.

Macro Economic Policies

Unfavorable or unstable macro-economic policies for instance, rising inflation, negative interest rates, frequent devaluation, discriminatory tax treatment of shares are seen a key factor for the absence of operation of securities market in many less-developed countries. Erratic monetary policies bring in its wakes a suspicion of overall sort of financial paper, constant devaluations as well as negative real interest rates domestically compelled investors to invest externally. Inflation seemed to have washed away return in respect to equity in growing proportion of both developed and emerging countries. Recently in BBC news, the stock market of Italian, Spain’s and London was 3% wiped off of stocks. The market was seriously affected.
Source (IFC Emerging Markets Data Base)

Importance of the Stock Market/Equity Markets
Accumulating Savings for Investment

The exchange makes it possible in mobilizing savings for investment. This is carried out through individuals and businesses who withdrawn their savings and channel it to shares, and thereby bringing about more rational allocation of resources, so that funds that could be used in other aspect of life or alternatively reserved as a white elephant at the banks as idle savings can now be utilized and redirected to enhance business operations for pressing economic sectors such as commerce and trade, industry, agriculture and thereby boosting economic growth and rising levels of productivity and income.

The Allocative Efficiency of Investment

Effective equity markets compelled corporations to compete on a same wave-length for the finance of investors. Stock prices stand in the position to explore as ‘price tags’ in terms of value investors accumulate in their stock

Instrument of the Economy

Furthermore, the stock exchange serves as the barometer of the overall economy. The institution brings in its wake share prices moving up or declining seemed to depend heavily on the market situation. That is demand and supply principle. Shares prices will move up or remain stable in situations when the companies or the general economy indicates signs of uniform stability.

Set-Up Investment Opportunities for small Investors

The stock exchange offers additional sources of funds for medium and small savers to build up their businesses for growth and expansion for national development efforts.

The Behaviour Underlying the Stock Markets
Market Efficiency
Definition:

Efficient market hypothesis traced its roots from the assumption of the existence regarding the perfect capital market.
Ross (2002)puts efficient market hypothesis into three types namely; weak form of efficiency, semi-strong form of efficiency and strong form of efficiency.

Weak Form of Efficiency

The weak type of efficiency outlines that, the stock prices ought to demonstrate any information regarding former prices. This is seen as the weakest form of efficiency because in the financial market it is very simple to obtain information concerning historic prices.. Haugen (2001) echoed stating that with this kind of behaviour, it emerges reflects some difficulties to forecast future stock prices by assessing historic prices.

Semi-Strong Form of Efficiency

This form of efficiency proves or shows entire available information. It involves such as annual reports from competing companies. . Ross (2002) highlighted that Semi-Strong form of efficiency in one viewpoint is a suitable level of market efficiency. That is, entire publicly available information ought to be shown in a stock price.

Strong-Form of Efficiency

It outlines that entire information, involving insider information, information concerning historic prices and overall publicly available information ought to fully demonstrate in a security’s price. Investors who have that form of information will analyzed it to know if it is certainly to purchase or sell the security based on their research. Another kind of information which exhibits the strong form of efficiency concerns information which is available to actors in managerial positions. In case of a manager having access to any sort of new information, only prior to when this is just seen as theoretical case and there is lack of proof to back it up.

Problems Facing Global Stock Markets

Irrational Behaviour

At some point in the period of the stock market, it tends to react insensibly to economic broadcast, even if the news seems to show no sign of repercussion in terms of the technical worth of the securities itself. Hence, the stock market is seen to be swayed greatly in some other trend by press releases, rumours, euphoria and mass panic.

Earning/ Price Ratio

It has been suggested that earning/price ratio has untold consequences on a company share price as compared to its earnings. The stock seemed to be under priced when the price of the share is seen to be less as compared to the earnings of the company. However, if this is the issue, then it has the potential to jump up in some time to come. The stock seen to be increasingly valued when the price is seen to be greater as compared to the real earning. Hence, these are the key reasons that has untold consequences on the movement of stock price.

Market Cap

It is important to point out that market cap is another reason which adversely has an effect on stock price. Market capitalization of the company is a determining factor . It has been suggested that it is the value of a company in respect to its share. Put it into simply explanation, if one is to purchase the entire shares of a specific company, only to provide you an idea, for instance, LSE has a market cap of over £1 billion. To easily work out market cap of a specific company, you need to multiply the current share price to the number of share issued by the company.

Market Cycles

Although markets react hastily to many situations, the cause and effect relationship seemed not to be often obvious. This has an effect on continuous imbalance, particularly for the reason that markets tend to over-act. The repercussions of the market cycles are specifically pronounced in times of early stages of equity markets when the supply of stocks is seen short, manipulations relatively simple, investors unsophisticated, underwriters and brokers' lack of experienced, and securities Act always insufficient.
Main booms and busts within the secondary market undermine the confidence of investors and have a negative impact on the capacity to accumulate new funds within the primary markets. That is, security markets are not able to be counted on smooth sources of flesh capital.

Interest Rate Fluctuations

The likelihood regarding interest rates float pave the way for financial planning to become very cumbersome, however, offers state with a platform for monetary policy across open market operations. An increased in favour of cut in interest rate policies are that they served as a catalyst for investment, while increased interest rates pushes up the projected rates of return needed to cushioned up investment profit. This argument put forward probably is seen as illusory.

Despite the fact that positive real interest rates are likely to bring about inroads to longer period of time, the experience of countries; for example, Argentina, Brazil, Chile and many other emerging countries such as South Africa, Singapore, Malaysia, Korea, India and Indonesia shows that, prior to times of huge negative real rates, rising positive real interest rates seemed to be projected in periods of adjustment aftermath liberalization.

Intermediation Costs

An organized or arranged securities market needs a securities exchange, a securities commission or other regulatory agency, therefore intermediation for instance dealers, brokers, underwriters, investment managers and securities analysts. This seen as very expensive, but, virtually general costs are shouldered directly by those who enjoy the privilege. The intermediaries obtain their fees from the issuers, alternatively investors to whom they offer a service; the stock exchange is usually financed in the fees paid by investors and issuers: but the expenditures of the securities commission probably be partially paid for by registration fees instead of being a main obstacles on the government tight budget.

Legislative Barriers

There seemed to legislation bottlenecks in some of emerging countries stock operations. Since they differ broadly from country to country, the presumption that barriers are associated with imperfection for a host of the fifteen biggest transitional markets.

Hong Kong, Malaysia, Philippines, Jordan and Thailand are astonishing exemptions from main restriction but there probably be some red tape. Korea, Brazil and Taiwan currently provide mutual funds accessible to international investors, although are still near for investment in every stock institution.

Tax Barriers

Unlike advanced economies such as USA, UK, Canada, Germany, Spain, Italy, Japan and China, withholding taxes regarding dividends do not exist in Hong Kong, Singapore, Malaysia, Chile and Jordan, are nearly 15-20 % that feature in many of the mature markets. In a growing proportion of transitional markets, there are lack of withholding taxes on capital gains in a majority of the other relatively open markets.

Currency Risk

The underlying devaluation risk in many parts of transitional markets with rising inflation rates far exceeds that of many affluent markets. Major devaluations occurred in Latin America; than in exchange rates in substantial part of Asia and the Middle East were relatively stable, but a number of them have lost their credibility against the US dollar in current episode. However, the risk of devaluation, the rebound of the US dollars can be seen as an attractive in a host of transitional markets.

Political Risk

A host of the countries with key transitional equity markets have a liberalized enterprise orientation. This direction to cut political risk, particularly if the function of private initiative and the constraints of government intervention are being reassessed.

THEORIES UNDERLYING STOCK MARKETS

Random Walk

The first particular statement was that share prices need to adhere to a random walk. This was provided by Bachelier (1900) during his doctoral thesis, an English dimension that happens to have carried out by Cootner (1964).Bachelor presented small attention in terms of the justification for the model; however, saw certain properties relating of share prices movements.

The second model was carried out by Working (1930). This study was given some sort of empirical evidence in respect to the study of commodities prices. But, Working took deaf ears of noticing Bachelier major impact.

The third key examination into the behaviour of stock market prices was investigated by Cowles (1933) who made an inquiry as to whether examination could perfectly forecast prices. His findings yield little proof that they could rely on. The study was based on advice of sixteen top financial services during a period of four and half years to a period of 1932.Just six out of the sixteen achieved a bigger profit as compared to if one had invested in the entire market and discharged an immature buy-and-hold policy. The general average move beyond the profit stood at 1.43%. However, there seemed to be considerable differences within firms. Cowles proposed that there is lack of vivid explanation for perceiving that the optimum service had performed so extraordinary due to good management practice instead of just good opportunity. Cowles (1933).

In another development, Cowles and Jones (1973) applied the runs analysis to examine the behaviour of Share prices. The findings demonstrate absolute failure on the part of coming out at a turning point in respect to the random walk model.

Similarly, Working (1960), clarified the error in applying a transformed version in terms of the model and the review version of the findings and therefore offer support to the model.

Kendall (1953), examined the behaviour in respect to the commodity prices and his findings indicated that his results supported the model. However, Roberts (1959) and Osborne (1959) put forward their research and the model was given the green light as a true representative of the stock prices. This result brought about continuous investigation of the research area. For instance, Alexander (1961).The overall research of their findings by and large obliged the reliability and validity of the model. But , the initial particular of the efficient market and the underlying relationship to the randomness of share prices is characterized by Samuelson (1965) and Alexander (1961) again examined certain mechanical approach underlying stock trading called the ‘’filter rules and proposed that the application of such guideline offered value profits exceeding that accrued within a single buy-and hold policy.

Furthermore, Fama (1965) demonstrated that Alexander’s methodology was flawed in that, dividend was not taken into consideration. Specifically, Fama (1965), showed that under the buy- and- policy, the aggregate obtained profit is seen as price alteration in addition to dividends, however, absorbing the rule encompassing small sales the borrower in terms of the securities is normally required to reimburse the lender for any dividends paid while the small positions is creditably.

There are a number of flaws in Kendall’s study.
Firstly, the price series seemed not to have made any adjustment in order to take out trend.

Secondly, he was unable to take into consideration variations in respect to prices during the broad time covered within the research.

Thirdly, his study was just on single approach of analysis, that is, serial correlation approach.

Lastly, daily stock prices in terms of securities seemed not to be truly representative of the degree by which bargaining were carried out and therefore the prices are just useful within a certain specific time frame.

Despite the underlying fault of the study, Lawrence’s work seemed to offer, particularly in terms of price movements and the accompanying serial correlation in stock exchanges in developing economies.

METHODOLOGY

According to Saunders, Lewis and Thornhill (2009, p.595), ''methodology is the theory of how research should be undertaken including the theoretical assumptions upon which research is based and the implications of these for the method or methods adopted''

The data sources of information collected for the development of this study has been derived from-statistical sources of GSE Annual report books.

The data collection method, or approach for this study made use of qualitative. One argument for using qualitative data is that it is quite appropriate for studying organizations and for that matter, Ghana Stock Exchange.

Sample selection in this study comprises the entire listed companies on the Ghana Stock Exchange.

In this study, the population comprises the management and staff of the Ghana Stock Exchange, some listed companies, and individual investors on the market as well as unlisted companies.

Ghana Stock Exchange	Population
Staff of the exchange	6
Listed Companies	38
delisted	5
M & A Listed companies	5
Total	54

Source: (GES Annual Reports Ghana)

FINDINGS AND DISCUSSIONS

TABLE 1: Half year Market Capitalization of GSE

Half- Year	Mkt. Cap Yr-Yr Change	%	Mkt. Cap (USD Billion)
2010	18,239.73	-	1.425412,796,219
2011	20,351.22	11.58	1.507413, 500.876
2012	55,097.22	170.73	1.898929, 015.335
2013	55,924.82	1.5	1.988228, 128.367
2014	57,264.22	2.3	3.001619, 077.898
2015	64,616.48	12.84	4.336414, 900.950
2016	54,521.24	-15.64	3.925913, 887.58

Source: Ghana /GN Research

The market capitalization, with regard to Ghana Stock Exchange, in respect of credit has seen a jump improvement from 2010 to 2012. With related rise in the dollar component as demonstrated from 12.796 billion to USD 29.015 billon within the same pace concerning the GSE.

The study collected that in value perspective, the exchange arrived on quick rise of 170. 73% in the six- month period, however, documented falls in continuous years. The findings witnessed half –year in terms of 2015 a double digit of the same market capitalization fallen since 2012 standing at USD 14.9 billion.

The findings of the study demonstrated half year of 2016 being seen as worst year of GSE in respect of market value. The aggregate value in respect of the exchange sunk by -15.62%.

Furthermore, the study argued that weak performance of growing proportion of listed companies, particularly, listed manufacturing firms as well as financial institutions, primarily due to aftermath of the energy problems and the fall in terms of the local currency for instance in 2015 has impacted negatively on the fragility in terms of the exchange.

Factors like the relatively powerful cedi performance as well as sustainable electric supply of power in the latter first half of year could assist an increasingly listed company's result in constructive outcomes in respect of the exchange.

But, the rise in market participants with fixed income market due to outcome of relatively exciting interest rate has the tendency or likelihood of a deficiency of the study projection of 2016.

The study analyzed the market competition of the top seven listed companies in the Ghana Stock Exchange between 2010 - 2016 under review. The research under investigation assessed that Ecobank. Trans Incorporated had the highest market capitalization accounting for 2,647.45 m with a price of 0.10 and a change of -0.01.As compared to Cal Bank Limited, its market capitalization is estimated at 433.13 m with price of 0.85 and a change of +0.00. This demonstrates a a short fall in their stocks, dividend and yield respectively. On the average, Standard Chartered Bank (SCB) is doing well. This is evidenced from its market capitalization of 15,500,46 m with a price of 12.59 and change of -0.6.The least performing listed company is UTB Bank Limited. With a market capitalization of 13,689,650 with a price of 0.03 and +0.00 change

TABLE 2: Industrial Stock Market Competitors. Table below gives you an overview of the Market Standing.

SYMBOL	COMPANY	Mkt.CAPITALIZATION	PRICE	CHANGE
ETI	Ecobank Trans. Incorporated	2,647.45m	0.10	-0.01
SCB	Standard Chartered Bank (Gh) Limited	1,500.46m	12.59	-0.6
GCB	GCB Bank Ltd.	927.50m	3.50	+0.00
CAL	CAL Bank Ltd.	433.13m	0.85	+0.00
SOGEGH	Societe Generale Ghana Ltd.	287.47m	0.70	+0.00
HFC	HFC Bank (Ghana) Ltd	52,000,000	0.26	+ 0.00
UTB	UT, Bank Ghana Limite	13,689,650	0.03	+0.00

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TABLE 3: Financial Statement Of Comprehensive Income Of Fan Milk Ghana Limited And Unilever Ghana Limited. Period; 2010-2016

FAN MILK

COMPANY PROFILE:

Fan Milk was incorporated in 6th January 1960 and listed in 18th October, 1991. It stated capital and authorized currently stand at 10,000,000.00 and 200000000 respectively.

Fan Milk limited is set up in the manufacturing as well as distribution of dairy products as well as fruit drinks. The company's key product comprises variety of frozen ice cream, chocolate and yoghurt.

(In millions)

YEARS	REVENUE	COST OF SALES	PROFIT
2010	103,77548,293	19,370	
2011	109,280 51,908	18,819	
2012	147,212	69,799	27,198
2013	138,96961,451	21,722	
2014	177,492	95,131	15,049
2015	315,409	156,34536,539	
2016	275,271	138,520	45,918

Findings in respect of Fan Milk Limited study demonstrated a jump from 315,409 in 2015 compared to the same period in 2014 of 177,492. The difference was 137,917. The sharp rise in revenue in 2015 was partly assessed by strong management team of the year under review. Cost of sales rose from 156,345 in 2015 as compared to 2014 of 95,131 boosting an increase of profit in 2015 to be 36,539 to that of 15,049 in 2014.

The findings investigated that 2010 recorded the poorest revenue for the industry, but also recorded the least in terms of cost of sales standing at 48,293.

The findings of the study could not offer any assessment of the third quarter of unaudited comprehensive income statement under review.

UNILEVER

Unilever Ghana Limited was incorporated July, 1992 as mergers with United Africa Company Ghana (UAC) Limited and Lever Brothers Ghana Limited. The company manufactures household goods and home construction-Unilever Market Capitalization (mil) is currently 529.38, share outstanding (Mil) is 62.50, Dividend and Yield are 0.40 and 4.72 respectively.

YEARS	REVENUE	COST OF SALES	PROFIT
2010	181,153129,973	22,814	
2011	239,005	176,332	35,571
2012	282,138	218,665	16,082
2013	323,407	236,803	14,073
2014	410,450	317,610	710
2015	518,731	370,985	35,071
2016	373,565	259,246	23,937

Source (Business & Finance, 2016)

The study assessed Unilever 7-year stock market performance. The best performance year in terms of revenue was 518,731 with a profit of 35,710.This partly due stimulus strategy through vigorous in the market. Despite the increase profit, that year under review recorded huge cost of sales of 370,985. This was attributed to serious environmental difficulties such as power cost, advertising and labour overheads. The poorest revenue receipts was 2010 of 181,153

and weakest profit year was 2014 that accounting for 710. A school of thought perceived that the coming months of October to Novemeber,2016 will remain very difficult assessing the current economic direction. But, continuous savings initiative measures could offer the necessary support to remove the negative repercussions.

CONCLUSION

The study took into account the criteria for successful equity markets. It does demonstrates an analysis of the political and economic environment, macroeconomic policies-rising inflation, negative interest rates, treatment of devaluation, disseminating tax treatment of shares are seen as a key factor for the lack of operations of security market in less developed countries legal framework. The research investigated the demand features such as foreign portfolio investment, investment alternatives tax holidays among others. The supply incentives analyzed financial intermediaries and host of others. The study critically examined the stages in development of stock market, listing requirements, primary and secondary markets.

Interestingly, the research investigated the determinants of the stock markets as well as the importance of the stock markets/equity markets such as accumulating savings for investment, a more competitive and solvency for financial system, the allocation efficiency of investment and solvency of the corporate sector for instance redistribution of wealth, buffer capital for business and accelerating company growth for example acquisitions as an opportunity to broaden their product lines increased channels, hedge against volatility and furthermore, the stock market served as catalyst for government to raise funds for national development and as an investment of the economy were highlighted. The study established investment opportunities for small investors and building up their business for growth and expansion for national development efforts were highlighted.

The study investigated the underlying problems such as financial risk, irrational behaviour, technical problems, demand and supply side, earning /per ratio issues, market cap, market cycles, interest rate, legislative barriers, tax burdens, currency risk problems such as Euro zone debt crisis were comprehensively analyzed.

The research examined the various theories and critically offers balanced arguments. For example Fama (1965) indicated that Alexander methodology was flawed in that demand was taken into consideration. This, he showed that under buy-out policy the aggregate accrued profits are seen as price changes in extra to dividends.

GSE have limited investor participation: The CSD reports 80,000 equity accounts as at the end of 2014. Greater detail and intrusive supervision will utilize as a regulated business meets the higher levels: moderate, material and imminent risk, appropriate to the most important stage for regulated businesses within the listed companies currently experiencing resolution or winding up.

A highly moderate risk regulated business probably, for instance, constraint by extra reporting requirements.

A material risk regulated business ought to require alter it top management personnel, cut business operations, alternatively tougher capital and liquidity requirements.

RECOMMENDATIONS

Firstly, quick exit, in a situation of just three years when the GSE listed index have moved up by only 10% or more. Investors are in the position to exit the plan quickly and receive a fixed return of about 50% in addition to the repayment of their initial investment.

Secondly, the research investigated the growth potential within maturity. That is, at the early exit characteristics is not sparked off by ,investors gets 110 % of any growth within the GSE listed index during a period of 6 years investment condition, with absence of upper limit.

Thirdly, safeguarding from a declining market. At maturity, for as far as the GSE listed index is seen as not 50% or more below its rate at the beginning of the plan, investors will obtain the maximum repayment in terms of their initial investment. In a situation of declining by 50% or high, the repayment of investment will be cut through the amount that the GSE listed companies index seemed to have shown a drop. It should be emphasized that this recommendation seemed not to provide 100 % unconditional safeguard of capital.

A sound, adequate and comprehensive program of education regarding the stock market should be rolled out regularly to improve upon the overall awareness of the benefits of our stock market among stakeholders including investors, intermediaries, investment advisors, regulators and the general public. Financial education should be more impounded in the curriculum of our educational institutions especially at the secondary level to help young ones and by extension future investment advisors appreciate the complexities of the stock market and thus develop the desire to analyze complex financial concepts such as options and futures.

Moreso, there should be some kind of fiscal incentive like a differential taxation favoring listed firms who want to be listed on the GSE. This will encourage more businesses to be listed on the exchange and will go a long way to improve liquidity, market capitalization and turnover and eventually help the market to move towards efficiency.

A recommendation was to discuss the mind gap. That is, in a circumstance of the GSE listed companies indexes were to discharge solidly during the early stage of the exit time table, the returns investors received probably be low as compared to the one they perhaps who have obtained from an investment connected straight away to the index. The fact is that 3-year returns are capped at a 50% in a situation of the exit characteristic is sparked off.

Again, there should be some sort of fiscal incentives, for instance a differential taxation favoring listed firms who want to list on the GSE. This will stimulate huge business to list on the exchange and will go a long way to improve liquidity, market capitalization and turnover and surely assist the market to move towards efficiency.

The dissemination of information through the GSE has been very slow and unresponsive. Therefore there should be a practical way through which information could be disseminated effectively and widely. For example stock market reports should be released on a regular and timely fashion through the print and electronic media and not only on the a few websites or communication media. An exclusive news service for the exchange could be setup to ensure high quality and reliable information which will help investors and fund managers to be better equipped to take spur-of –the moment decisions that will benefit investors and investment firms alike.

Several policy changes intended to make the stock exchange more vibrant and efficient should be carried out and these include regulatory bodies ensuring the facilitation of increased memberships on the GSE, reducing the restrictions on trading of securities on the exchange, reducing the transactional cost and other fees that come with listing on the exchange. This will influence more companies to readily list on the bourse thus helping to make the market more liquid and active.

Again to foster investor confidence and instill discipline, the regulatory bodies like the Securities and Exchange Commission (SEC), need to firmly enforce standard regulatory requirements including market surveillance and rigorous investigations to root out companies that may not be contributing to the overall efficiency of the market through their operations.

The government needs to take care to implement macroeconomic policies that seek to instill investor confidence in the markets. Policies should be implemented to reduce the current high interest and inflation rates and high public debts since it create doubts on the minds of both domestic and international investors as to the stability of the economy, eventually affecting the development and efficiency of the stock market and the overall economic welfare of the nation. _ Increasing public awareness and public interest in the company and its product.

Giving companies with opportunities to implement share option scheme for their employee is laudable and in the right direction.

Giving the existing shareholders a ready means of realizing their investments.

Raising the position and financial standing of the company could project the image of GSE.

Facilitating acquisition opportunities by the use of the company's shares.

Increasing a market for the company shares.

Accessing extra fund and raising in the future by means of new issues of shares or other securities issues of the Listed Companies market fragmentation, trading and reporting delays and absence of official market makers

The second problem is the limited number of listings: Since inception, the GSE has gone from 11 listings to 38 listed companies, an average of one new listing every year. Next we have a Limited number of instruments – the GSE is primarily an equity market. There is limited trading activity in bonds.

GSE have Limited investor participation: The CSD reports 80,000 equity accounts as at the end of 2014.

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