Arkfund

ANNUAL REPORT

2022

Databank
Leadership

DATABANK ARK FUND PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2022

DATABANK ARK FUND PLC

REPORT AND FINANCIAL STATEMENTS

INDEX

	Page
Corporate Information	2
Statement of Directors' Responsibilities and Approval	3
Report of the Directors	4
Independent Auditor's Report	7
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to the Financial Statements	16

DATABANK ARK FUND PLC
CORPORATE INFORMATION

BOARD OF DIRECTORS	Joyce R. Aryee (*Chairperson, Non-Executive Director)* Kojo Addae-Mensah *(Executive Director)* Kwadwo Asante-Abedi *(Non-Executive Director)* Adelaide Kastner (*Non-executive Director*) Naomi A. K. Adjepong (*Non-Executive Director)*
REGISTERED OFFICE	61 Barnes Avenue, Adabraka Private Mail Bag Ministries Post Office Accra
CUSTODIAN	Stanbic Bank Ghana Limited Stanbic Heights 215 South Liberation Link, Airport City P. O. Box 2344 Cantonments Accra
FUND MANAGER	Databank Asset Management Services Limited 61 Barnes Avenue, Adabraka Private Mail Bag Ministries Post Office Accra
SECRETARY	Accra Nominees Limited 2nd Floor, Cedar House No. 13 Samora Machel Road Asylum Down P. O. Box GP 242 Accra
AUDITORS	KPMG Chartered Accountants Marlin House 13 Yiyiwa Drive Abelemkpe Accra-Ghana
BANKERS	Access Bank (Ghana) Plc GCB Bank Limited Fidelity Bank Ghana Limited Guaranty Trust Bank (Ghana) Limited Stanbic Bank Ghana Limited United Bank for Africa (Ghana) Limited Zenith Bank Ghana Limited

DATABANK ARK FUND PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Directors are required in terms of the Companies Act, 2019 (Act 992) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Fund and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across the Fund. While operating risk cannot be fully eliminated, the Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion that, based on the information and explanations given by management, the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Fund's cash flow forecast for the year to 31 December 2022 and, in light of this review and the current financial position, they are satisfied that the Fund has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Fund's annual financial statements. The annual financial statements have been examined by the Fund's external auditors and their report is presented on pages 7 to 11.

The annual report and financial statements set out on pages 3 to 48, which have been prepared on the going concern basis, were approved by the Board of Directors on ..31...May...2023. and were signed on their behalf by:

....	....
JOYCE R. ARYEE	**KOJO ADDAE-MENSAH**
CHAIRMAN	**DIRECTOR**
...31 MAY........ **2023**	...31 MAY........ **2023**

DATABANK ARK FUND PLC

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report and the audited financial statements of Databank Ark Fund PLC for the year ended 31 December 2022.

1. Incorporation

The Fund was incorporated on 27th April 2007 under the then Companies Act, 1963 (Act 179), now Companies Act, 2019 (Act 992). The Fund is domiciled in Ghana where it is licensed by the Securities and Exchange Commission, Ghana as a Mutual Fund. The address of the registered office is set out on page 2.

2. Nature of Business

The principal activity of the Fund is to invest the monies of its members for their mutual benefit and to hold and arrange for the management of securities and other assets acquired with such monies in accordance with the provisions of the Companies Act, 2019 (Act 992), Securities Industry Act, 2016 (Act 929), and the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695).

There has been no material changes to the nature of the Fund's business from the prior year.

3. Review of Financial Results and Activities

The annual report and financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2019 (Act 992), Securities Industry Act, 2016 (Act 929), and the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695). The accounting policies have been applied consistently compared to the prior year.

The Fund recorded distributable comprehensive shareholders' earnings for the year ended 31 December 2022 of GH¢250,110. This represents a decrease of 95% from the prior year of GH¢4,911,881.

The Fund's total income increased by 45% from GH¢3,038,635 in the prior year to GH¢4,408,585 for the year ended 31 December 2022.

The Fund's cash flows from operating activities increased by 47% from GH¢ 1,480,701 in the prior year to GH¢ 2,172,240 for the year ended 31 December 2022.

4. Events After the Reporting Period

Events subsequent to the Statement of Financial Position date are reflected in the financial statements only to the extent that they relate to the period under review and the effect is material. There were no subsequent events at the reporting date, 31 December 2022.

5. Going Concern

The Directors believe that the Fund has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Fund is in a sound financial position and that revenue from the assets under management would be enough to meet its foreseeable cash requirements. The Directors are not aware of any new material changes that may adversely impact the Fund. The Directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Fund.

DATABANK ARK FUND PLC

REPORT OF THE DIRECTORS

6. Litigation Statement

The Fund is not currently involved in any claims or lawsuits, which individually or in the aggregate are expected to have a material adverse effect on the business or its assets.

7. Secretary

The Fund's Secretary is Accra Nominees Limited with business address: 2nd Floor, Cedar House, No. 13 Samora Machel Road, Asylum Down.

8. Statement of Disclosure to the Fund's Auditors

With respect to each person who is a Director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the Fund's Auditors are unaware; and
- the person has taken all the steps that he/she ought to have taken as a Director to be aware of any relevant audit information and to establish that the Fund's auditors are aware of that information.

9. Corporate Social Responsibility

The Fund did not undertake any corporate social responsibility within the financial year.

10. Audit Fees

Included in the general and administrative expenses for the year is the agreed Auditors' remuneration of GH¢56,600 (2021: GH¢42,500) exclusive of VAT and NHIL and GETFund Levy.

11. Capacity of Directors

The Fund ensures that only fit and proper persons are appointed to the Board after obtaining the necessary approval from the regulator, Securities and Exchange Commission (SEC). Relevant training and capacity building programs, facilitated by a SEC approved training institution was undertaken during the period.

12. Assets Under Management

The Fund is managed by Databank Asset Management Services Limited (DAMSEL). Assets Under Management (AUM) as at December 31, 2022 stood at GH¢ 21,435,490 representing a 15% decrease compared to prior year of GH¢25,070,928.

13. Acknowledgements

Thanks, and appreciation are extended to all of our Shareholders, Directors and staff for their continued support of the Fund.

14. Approval

The annual report and financial statements set out on pages 3 to 48, which have been prepared on the going concern basis, were approved by the Board of Directors on 31 May 2023, and were signed on its behalf by:

JOYCE R. ARYEE	**KOJO ADDAE-MENSAH**
CHAIRMAN	**DIRECTOR**
31 MAY **2023**	31 MAY **2023**

KPMG

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DATABANK ARK FUND PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Databank Ark Fund PLC ("the Fund"), which comprise the statement of financial position at 31 December 2022, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 48.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992) and the Securities Industry Act, 2016 (Act 929).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, together with the ethical requirements that are relevant to our audit of the financial statements in Ghana and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DATABANK ARK FUND PLC (CONT'D)

Key Audit Matters (cont'd)

Impairment losses on financial instruments GH¢ 2,189,523

Refer to Note 9a to the financial statements

The key audit matter

Investments in financial instruments amounted to GH¢ 17.6 million consisting of government securities of GH¢ 13.91 million and other securities of GH¢ 3.69 million at 31 December 2022, which represent 81% of the total amount of the Fund's total assets. The Fund recognised an impairment loss of GH¢2.19 million on these balances as of 31 December 2022. The impairment on government securities amounted to GH¢ 2,136,117 and the one on the other securities amounted to GH¢ 53,406.

Government Securities

The government securities have become credit-impaired due to adverse macroeconomic conditions and unsustainable debt levels of the country. These conditions prompted the rollout of the Ghana Domestic Debt Exchange Programme (GDDEP) by the government of Ghana to achieve debt sustainability.

The impairment testing of government securities is considered to be a key audit matter due to the complexities involved in determining the estimated future cashflows arising from these instruments.

- The future cashflows of the eligible bonds to be issued under the GDDEP is based on the estimated fair value of the new bonds to be issued on 21 February 2023. The fair value is based on the cashflows as outlined in the exchange memorandum discounted using an estimated yield to maturity at 21 February 2023.
- The future cashflows of government securities not included in the GDDEP is based on the assumption of estimated cash short falls to be experienced.

The quality of disclosures required by IFRS 9 are complex and need to provide insights to the key judgments and material inputs to the IFRS 9 ECL results.

Due to the significance of the investment in government securities to the financial position of the Fund and significant measurement uncertainty involved in the impairment of qualifying investments, this was considered a key audit matter in our audit.

How the matter was addressed in our audit

Based on our risk assessment, we have examined the impairment of government securities based on the description of the key audit matter.

In addressing the key audit matter the following procedures were performed:

Government Securities

- Assessed the completeness and accuracy of key data inputs used in the ECL calculation through testing relevant data.
- Performed an overall assessment of the ECL provision levels by stage to determine if they were reasonable considering the Fund's portfolio, risk profile, credit risk management practices and management assumptions used in determining management overlay.
- Remained alert to the most recent government communication on the GDDEP, the fund's communication as to whether it will participate in the programme and meeting minutes of board to assess whether the fund have applied the right terms of the valuation and impairment of these instruments.
- Assessed the appropriateness of staging for eligible investments to be exchanged under the GDDEP (qualifying investments) and other sovereign-related exposures.
- Involved our valuation specialist in assessing the appropriateness of the yield-to-maturities applied in determining the fair value of the new bonds under the GDDEP.
- Assessed the appropriateness of the Fund's methodology for determining the ECL.
- Assessed whether the disclosures of the key judgements and assumptions made were appropriate in terms of IFRS 9.

KPMG

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DATABANK ARK FUND PLC (CONT'D)

Other Securities	**Other Securities**
The measurement of impairment under IFRS 9 is deemed a key audit matter as the determination of assumptions for the measurement of impairment requires management to apply significant judgments about future events. The key areas where we identified significant levels of management judgement and therefore increased levels of audit focus in the implementation of IFRS 9 is the timing and measurement of expected credit losses (ECL) in determining the allocation of assets to stage 1, 2, or 3 brackets. Given the high degree of estimation uncertainty and significance of the balance, we considered impairment allowances on other securities to be a key audit matter	• Assessed the completeness and accuracy of key data inputs used in the ECL calculation through testing relevant data. • Performed an overall assessment of the ECL provision levels by stage to determine if they were reasonable considering the Fund's portfolio, risk profile, credit risk management practices and management assumptions used in determining management overlay. • Assessed the appropriateness of the Fund's methodology for determining the ECL. Assessed whether the disclosures of the key judgements and assumptions made were appropriate in terms of IFRS 9.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 2019 (Act 992) and Corporate Information but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Securities Industry Act, 2016 (Act 929), and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Fund's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DATABANK ARK FUND PLC (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DATABANK ARK FUND PLC (CONT'D)

Report on other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992)

We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, so far as appears from our examination of those books. The statements of financial position and profit or loss and other comprehensive income are in agreement with the accounting records and returns.

We are independent of the Fund under audit pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The engagement partner on the audit resulting in this independent auditor's report is Frederick Nyan Dennis (ICAG/P/1426).

KPMG
....
For and on behalf of:
KPMG: (ICAG/F/2023/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

2 June
.... 2023

DATABANK ARK FUND PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 GH¢	2021 GH¢
INCOME			
Dividend Income	4	569,707	517,493
Interest Income calculated using the Effective interest method	5	3,541,152	2,716,403
Exchange Gain	6	(4,615)	3,895
Loss/Gain on Disposal of Securities	7	302,341	(337,183)
Bad Debt Recovered		-	138,027
TOTAL INCOME		4,408,585	3,038,635
EXPENSES			
Management Fees		(405,005)	(347,182)
Custody Fees		(54,868)	(45,974)
General and Administrative Expenses	8	(443,208)	(357,517)
Impairment Charge	9	(2,126,017)	(25,186)
TOTAL EXPENSES		(3,029,098)	(775,859)
Distributable Shareholders' Earnings before		**1,379,487**	2,262,776
Other Comprehensive Income for the Year			
Other Comprehensive Income:			
Fair Value Gain/Loss	13	(1,129,377)	2,649,105
Distributable Comprehensive Shareholders' Earnings for the Year		**250,110**	4,911,881

The notes on pages 16 to 48 form an integral part of these financial statements.

DATABANK ARK FUND PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 GH¢	2021 GH¢
ASSETS			
Cash and Cash Equivalents	10	186,562	577,994
Financial Assets at Amortised Cost	11	15,406,484	16,686,654
Financial Assets at FVOCI	12	6,049,050	7,955,418
Trade and Other Receivables	15	500	-
TOTAL ASSETS		**21,642,596**	25,220,066
SHAREHOLDERS' EQUITY			
Shareholders' Principal	17b	4,560,205	8,445,752
Distributable Shareholders' Earnings		16,412,875	15,033,388
Other Distributable Earnings		462,410	1,591,788
TOTAL SHAREHOLDERS' EQUITY		21,435,490	25,070,928
LIABILITIES			
Trade and Other Payables	16	207,106	149,138
TOTAL LIABILITIES		**207,106**	149,138
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**21,642,596**	25,220,066

The financial statements of Databank Ark Fund PLC were approved by the Board of Directors on ..31 May.......... 2023 and signed on their behalf by:

....
JOYCE R. ARYEE
CHAIRMAN

....
KOJO ADDAE-MENSAH
DIRECTOR

The notes on pages 16 to 48 form an integral part of these financial statements.

DATABANK ARK FUND PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Shareholders' Principal GH¢	Distributable Shareholders' Earnings GH¢	Other Distributable Earnings GH¢	Total GH¢
2022				
Opening Balance	8,445,752	15,033,388	1,591,788	25,070,928
Proceeds from Issue of Shares	6,251,552	-	-	6,251,552
Distributable Shareholders' Earnings before Other Comprehensive Income for the Year	-	1,379,487	-	1,379,487
Fair Value Gain	-	-	(1,129,378)	(1,129,378)
Redemption of redeemable shares	(10,137,099)	-	-	(10,137,099)
	4,560,205	16,412,875	462,410	21,435,490
2021				
Opening Balance	7,354,871	12,770,612	(1,057,317)	19,068,166
Proceeds from Issue of Shares	6,879,837	-	-	6,879,837
Distributable Shareholders' Earnings before Other Comprehensive Income for the Year	-	2,262,776	-	2,262,776
Fair Value Gain	-	-	2,649,105	2,649,105
Redemption of redeemable shares	(5,788,956)	-	-	(5,788,956)
	8,445,752	15,033,388	1,591,788	25,070,928

The notes on pages 16 to 48 form an integral part of these financial statements.

DATABANK ARK FUND PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31DECEMBER 2022

	Note	2022 GH¢	2021 GH¢
Cash Flows from Operating Activities			
Distributable Shareholders' Earnings before Other Comprehensive Income for the Year		1,379,487	2,262,776
Adjustments for:			
Interest income calculated using the effective interest method		(939,399)	(2,716,403)
Profit from Disposals of Securities	7	(302,341)	337,183
Exchange Loss/(Gain)		4,615	(3,895)
Amortization (Gain)/Loss		(37,671)	(21,455)
Impairment charge	9	2,126,017	25,186
		2,230,708	(116,608)
Changes in:			
Trade and Other Payables	16	(57,968)	71,270
Accounts and other receivables		(500)	1,526,039
Net Cash Generated from Operating Activities		**2,172,240**	1,480,701
Cash Flows from Investing Activities			
Purchase of Financial Assets at Amortised Cost		(1,319,865)	(5,434,789)
Purchase of Financial Assets at FVOCI		(690,000)	(1,840,594)
Proceeds from Disposal of Securities		3,331,740	4,861,355
Net Cash from/(Used in) Investing Activities		**1,321,875**	(2,414,028)
Cash Flows from Financing Activities			
Proceeds from issue of redeemable shares	17b	6,251,552	6,879,837
Payments on redemption of redeemable shares	17b	(10,137,099)	(5,788,956)
Net Cash Generated (Used in)/from (Financing Activities		**(3,885,547)**	1,090,881
Net (Decrease)/Increase in Cash and Cash Equivalents		(391,432)	157,554
Cash and Cash Equivalents at the Beginning of the Year		577,994	420,440
Cash and Cash Equivalents at the End of the Year	10	186,562	**577,994**

The notes on pages 16 to 48 form an integral part of these financial statements.

1. GENERAL INFORMATION

Databank Ark Fund is a limited liability company incorporated in Ghana. The address of its registered office and principal place of business is 61 Barnes Avenue, Adabraka, Private Mail Bag, Ministries Post Office, Accra.

1.1. Description of Fund

Ark Fund is licensed as Mutual Fund. The Fund was incorporated under Ghana Law on 27th April 2007. Ark Fund is an open - ended long term equity Mutual Fund which seeks to achieve capital growth and income by integrating social, ethical and environmental considerations in the investment process. The Fund does not purchase shares in companies involved in the production of tobacco, arms and alcoholic beverages as well as companies whose activities are considered harmful to the environment

The principal activity of the Fund is to invest the monies of its members for their mutual benefit and to hold and arrange for the management of money market securities acquired with such monies.

The investment activities of the Fund are managed by Databank Asset Management Services Limited (the Fund Manager). The custodian and administrator of the Fund is Stanbic Bank Ghana Limited.

Most of the equity investments of the Fund are listed and traded on the Ghana Stock Exchange, although the Fund also invests in unquoted equity securities.

The shares of the Fund are redeemable at the holder's option. The shares are not listed on the Ghana Stock Exchange.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and in a manner required by the Companies Act, 2019 (Act 992) and the Securities Industry Act 2016 (Act 929).

2.2. Basis of Measurement

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The financial statements are presented in Ghana Cedi (GH¢), which is the Fund's functional currency. All amounts have been rounded to the nearest Ghana cedi, unless otherwise indicated.

The Fund presents its statement of financial position in order of liquidity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuatiőn techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.2 Revenue Recognition

Under IFRS 15, the revenue recognition process involves:

1. Identification of the contract with the customer,
2. Identification of performance obligation in the contract,
3. Determination of the transaction price,
4. Allocation of the transaction price to the performance obligation in the contract,
5. Recognition of the revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, as and when the Fund satisfies a performance obligation. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

3.2.1 Interest Revenue and Expense

Interest revenue and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

3.2.2 Dividend Revenue and Expense

Dividend revenue is recognised on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the right of the Fund to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income. Dividend expense relating to equity securities sold short is recognised when the right of the shareholders to receive the payment is established.

3.2.3 Fees and Commissions

Fees and commissions are recognised on an accrual basis. Fees and commission expenses are included in general and administrative expenses.

3.2.4 Net Gain or Loss on Financial Assets and Liabilities at Fair Value through Profit or Loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon recognition as at fair value through profit or loss and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified as at fair value through profit or loss are calculated using the first-in, first-out (FIFO) method. They represent the difference between an instrument's initial carrying amount and disposal amount.

3.3 Taxation

Under the current legislation, mutual funds are not subject to taxes on income or capital gains, nor to any taxes on income distributions.

3.4 Foreign Currencies

In preparing the financial statements of the Fund, transactions in currencies other than the Fund's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.5 Financial Instruments – Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, financial assets at amortised cost and financial assets at fair value through other comprehensive income. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

Classification and Measurement

For purposes of classification and measurement, financial assets are classified into three categories:
- Financial Assets at Amortised Cost
- Financial Assets at Fair Value through Other Comprehensive Income (OCI)
- Financial Assets at Fair Value through Profit or Loss

Financial Assets at Amortised Cost

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as financial assets at amortised cost when the Fund has the positive intention and ability to hold to collect contractual cash flows. After initial measurement, financial assets at amortised cost are measured at amortised cost using the Effective Interest Rate (EIR), less impairment.

The Fund classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within the business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

Financial Assets at Fair Value through Other Comprehensive Income include equity investments and debt securities. Equity investments classified as financial assets at FVOCI are those that are neither classified as financial assets at amortised cost nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held and be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, financial assets at FVOCI are subsequently measured at fair value with unrealised gains or losses recognised in OCI and recognised in the financial assets at FVOCI reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the financial assets at FVOCI reserve to the statement of profit or loss in finance costs. Interest earned whilst holding financial assets at FVOCI is reported as interest income using the EIR method.

The Fund evaluates whether the ability and intention to sell its financial assets at FVOCI in the near term is still appropriate. When, in rare circumstances, the Fund is unable to trade these financial assets due to inactive markets, the Fund may elect to reclassify these financial assets if the Management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the financial assets at FVOCI category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss and other comprehensive income.

Financial Assets at Fair Value through Profit or Loss

Any financial assets that are not Financial Assets at Amortised Cost or Financial Assets at FVOCI are measured at fair value through profit or loss. As such, fair value through profit or loss represents a 'residual' category.

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Financial Assets that qualify to be classified as Financial Assets at Fair Value through Profit or Loss (FVPL) are:

- Debt investments that do not qualify for measurement at either amortised cost or FVOCI
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

The Fund has not designated any financial assets at fair value through profit or loss.

Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

  i. the Fund has transferred substantially all the risks and rewards of the asset, or
  ii. the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Derecognition of Financial Assets (cont'd)

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Impairment of Financial Assets

The Fund recognises expected credit losses on all financial assets at amortized cost or at fair value through other comprehensive income (other than equity instruments).

The Fund measures loss allowance at amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e., the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund is full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to the credit risk.

Measurement of ECL

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive in respect of not-credit impaired financial assets and as the difference between the gross carrying amount and the present value of estimated future cash flows for credit impaired financial assets).

ECLs are discounted at the effective interest rate of the financial assets.

Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Fund determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of comprehensive income. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Fund's procedures for recovery of amounts due.

Financial Liabilities

Initial Recognition and Measurement

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs. The financial liabilities of the Fund include trade and other payables.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

A financial liability is initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Financial liabilities measured at amortised cost include trade payables.

Borrowings

The Fund has not designated any financial liability as borrowings. On initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing borrowings.

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.6 Shareholders' Equity

Shares in the Fund are owned by members of the Fund.

- The value of the Shares (owned by members of the Fund) is represented by the Shareholders principal and interest earned. Shares entitle the holder to a *pro rata* share of the Fund's net assets in the event of a shareholder liquidating his or her investment.
- The Shares of the Fund are not listed on the Ghana Stock Exchange. Applicants may set up a new account with the Fund to buy Shares of the Fund. When applicants buy Fund shares, the Shares are purchased at the last published price.
- A Shareholder wishing to redeem his or her investment with the Fund can do so by submitting a request for redemption to the Fund. Redemptions are priced at the last published price.

3.7 Dividend Policy

The Fund does not pay dividend. All dividends paid to the holdings in the Fund are reinvested back into the Fund.

3.8 Cash and Cash Equivalents

Cash and Cash Equivalents in the statement of financial position comprise cash at banks and on hand and short-term investment with a maturity of three months or less.

3.9 Changes in significant accounting policies

A number of new standards are effective from 1 January 2022, but they do not have a material effect on the Fund's financial statements.

The Fund has consistently applied the accounting policies to all periods presented in these financial statements.

3.9.1 Standards and interpretations issued but not yet effective.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Fund has not early adopted the new and amended standards in preparing these financial statements.

The following new and amended standards are not expected to have a significant impact on the Fund's financial statements.

a. Definition of accounting estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Fund is yet to determine the impact of this standard on its financial statements.

b. Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board (the Board).

The Board has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;

— accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
— the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The amendments are effective from 1 January 2023 but may be applied earlier.

The Fund is yet to determine the impact of this standard on its financial statements.

c. Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendment to IAS 12)

The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The Fund is yet to determine the impact of this standard on its financial statements.

The amendments are effective from 1 January 2023 but may be applied earlier.

d. Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. After reconsidering certain aspects of the 2020 amendments, the IASB reconfirmed that only covenant with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Additional disclosure is also required for non-current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares. The Fund is yet to assess the impact of this standard.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

DATABANK ARK FUND PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

e. Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

— The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
— Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
— Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
— The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
— A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

f. Lease Liability in a Sale and Leasebacks (Amendments to IFRS 16)

The amendments confirm the following.

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease
- liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

3.10. Critical Accounting Judgment, Estimates and Assumptions

The preparation of the Fund's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the accounting policies of the Fund, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Fair Value of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility.

Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument (without modification or repackaging) when available. To assess the significance of a particular input to the entire measurement, the Fund performs sensitivity analysis or stress testing techniques.

3.11 Capital Management

As a result of the ability to issue, repurchase and resell shares, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Fund's Scheme Particulars.

The Fund's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in its prospectus;
- To achieve consistent returns while safeguarding capital by investing in diversified portfolio;
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise;
- To maintain sufficient size to make the operation of the Fund cost-efficient.

4. DIVIDEND INCOME

	2022 GH¢	2021 GH¢
StanChart Ghana Limited	70,100	66,290
MTN Ghana Limited	123,263	149,700
GCB Bank Limited	91,150	45,575
Cal Bank Ghana Limited	17,227	44,430
Société General Ghana Limited	47,374	90,551
Total Petroleum Ghana Limited	133,329	38,120
Ecobank Ghana Limited	49,042	-
Intravenous Infusions Limited	10,858	-
Ghana Oil Company Limited	11,234	21,631
Enterprise Group Limited	16,130	43,505
Axis Pension Trust Limited	-	7,679
Benso Oil Palm Plantation Limited	-	10,012
	569,707	517,493

5. INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST METHOD

	2022 GH¢	2021 GH¢
Interest on Government Securities	2,238,489	1,603,951
Interest on Corporate Bonds	1,080,046	862,242
Interest on Bank Fixed Deposits	-	-
Interest on Non-Bank Fixed Deposits	202,494	219,953
Interest on Call Deposit	20,123	30,257
	3,541,152	2,716,403

6. EXCHANGE GAIN

	2022 GH¢	2021 GH¢
Forex Gain	(4,615)	3,895

7. PROFIT ON DISPOSAL OF SECURITIES

	2022 GH¢	2021 GH¢
Profit on Sale of Financial Instruments	302,341	(337,183)

8. GENERAL AND ADMINISTRATIVE EXPENSES

	2022 GH¢	2021 GH
Marketing & Business Promotion	119,784	71,181
Fund Administration Fees	132,324	100,355
Directors' Emolument	74,709	81,210
Board Expenses	-	23,505
Directors' Liability Insurance	8,250	8,250
Audit Fees	70,570	49,488
AGM Expenses	9,534	-
Storage & Warehousing	6,433	4,287
Stationery	2,246	-
Printing, Publications & Stationery	7,337	8,523
Statutory Fees	500	1,120
Bank Charges	11,521	9,598
	443,208	357,517

9. IMPAIRMENT CHARGE

The impairment charge shown in the Statement of Comprehensive Income relates to a provision made for impairment in accordance with IFRS and the Fund's Policy on provisioning.

		2022 GH¢	2021 GH¢
Impairment Provision at 1 January		63,506	178,320
Impairment Provision at 31 December	9(a)	(2,189,523)	(63,506)
Bad Debt Recovered		-	(138,027)
Provision written-off		-	(1,973)
Impairment Charge		(2,126,017)	(25,186)

9a. Impairment Allowance

	2022	2021
Stage 1	(53,406)	(63,506)
Stage 3	(2,136,117)	-
	(2,189,523)	(63,506)

10. CASH AND CASH EQUIVALENTS

	2022 GH¢	2021 GH¢
Cash at Bank	186,562	577,994

Cash at Bank comprises bank ledger balance of GH¢ 237,199 and subscription receivable of GH¢ (50,637). At the reporting date, the Fund recorded a bank ledger balance of GH¢ 186,562 in its statement of financial position as compared to the bank statement balance of GH¢ 613,936. The transactions making up the difference between the bank ledger balance and the bank statement balance totalling GH¢ 427,374 were reflected as reconciling items in the bank reconciliation statements.

11. FINANCIAL ASSETS AT AMORTISED COST

	2022 GH¢	2021 GH¢
Investment in Government Securities	11,310,720	10,927,584
Investment in Corporate Bonds	4,111,171	4,373,747
Investment in Non-Bank Fixed Deposit	1,234,717	790,000
	16,656,608	16,091,331
Accrued interest	939,399	658,829
	17,596,007	16,750,160
Impairment Allowance – General	(2,189,523)	(63,506)
	15,406,484	16,686,654

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 GH¢	2021 GH¢
Listed Equity Securities	5,194,080	7,205,689
Unlisted Equity Securities	649,963	649,963
Collective Investment Schemes	205,007	99,766
	6,049,050	7,955,418

13. FAIR VALUE (LOSS)/ GAIN

	2022 GH¢	2021 GH¢
Market Value of Investment	6,049,050	7,955,418
Cost of Investment	(5,586,640)	(6,363,630)
Current Period Gains	462,410	1,591,788
Prior Period Gains	(1,591,788)	1,057,317
Fair Value Loss	(1,129,378)	2,649,105

14. PORTFOLIO SUMMARY

Description	Shares	Price 31-Dec-22 (GH¢)	Market Value (GH¢)
Listed Shares			
Financial Services			
GCB Bank	149,500	3.9400	589,030
Standard Chartered Bank Ghana	38,098	20.1600	768,056
Ecobank Ghana	79,100	6.6400	525,224
Société General Ghana	592,785	1.0000	592,785
Enterprise Group	216,800	3.2000	693,760
Consumer staples			
Fan Milk	128,030	3.0000	384,090
PBC	359,800	0.0200	7,196
Telecommunications			
Scancom (MTN Ghana)	870,734	0.8800	766,246
Energy			
Total Petroleum Ghana Limited	76,830	4.0000	307,320
GOIL Company Limited	239,025	1.7200	411,123
Health Care			
Intravenous Infusions	3,731,250	0.0400	149,250
Total Listed Shares			**5,194,080**
Unlisted Shares			
Axis Pension Group Limited	11,162	58.2300	**649,963**
Collective Investment Schemes			
Databank MFund PLC	94,924	2.1597	**205,0**
Fixed Income Securities			
Government Securities			11,310,720
Listed Corporate Bonds			4,111,171
Non-Bank Fixed Deposits			1,234,717
			16,656,608
Grand Total Investment			**22,705,658**

Note: **Prices of shares have been limited to 4 decimal places for conciseness in presentation. In computing the market values however, full prices were used.**

15. TRADE AND OTHER RECEIVABLES

	2022 GH¢	2021 GH¢
Debtors & Prepayments	500	-
	500	-

16. TRADE AND OTHER PAYABLES

	2022 GH¢	2021 GH¢
Load Commission	2,334	5,929
Audit Fees	68,996	50,736
Fund Administration Fees	11,563	9,563
Withholding Tax	8,766	8,198
Management Fees	36,414	36,728
Custody Fees	28,260	9,819
Audit Reimbursable	-	-
Sundry Payable	50,773	23,505
Directors Emoluments	-	4,660
	207,106	149,138

No interest is charged on the trade payables. The Fund has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

17. SHAREHOLDERS' EQUITY

A reconciliation of the number of shares outstanding at the beginning and at the end of each of the reporting periods is provided below.

17a. Number of Shares in Issue	2022 Number of Shares	2021 Number of Shares
Issued During the Year	7,468,899	9,363,630
Redeemed During the Year	(12,025,941)	(7,888,421)
Net Issue	(4,557,042)	1,475,209
Beginning of Period	31,306,295	29,831,086
End of Period	26,749,253	31,306,295

17b. Value of Shares in Issue

	2022 GH¢	2021 GH¢
Proceeds from Shares Issued	6,251,552	6,879,837
Shares Redeemed	(10,137,099)	(5,788,956)
Net Proceeds from Capital Transactions	(3,885,547)	1,090,881
Beginning of Period	8,445,752	7,354,871
End of Period	4,560,205	8,445,752

18. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICY

The Fund's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement, management and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

18.1 Risk Management Structure

The Fund's Manager is responsible for identifying and controlling risks. The Board of Directors supervises the Fund Manager and is ultimately responsible for the overall risk management of the Fund.

18.2 Risk Measurement and Reporting System

The risks of the Fund are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss.

Limits reflect the business strategy including the risk that the Fund is willing to accept and the market environment of the Fund. In addition, the Fund monitors and measures the overall risk in relation to the aggregate risk exposure across all risk types and activities.

18.3 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and equity prices. The Fund's strategy for the management of market risk is driven by the Fund's investment objective. The primary investment objective of the Fund is to seek growth and create value for shareholders by investing in government bills and bonds, or treasury backed securities. The Fund's market risk is managed on a daily basis by the Fund Manager in accordance with the policies and procedures in place. The Fund diversifies its portfolio with the approval of its Board of Directors.

18. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICY (CONT'D)

Foreign Currency Risk Management

The Fund's currency risk is managed on a daily basis by the investment manager in accordance with the policies and procedures in place. At 31 December 2022, all assets and liabilities of the Fund were denominated in the presentation and functional currency therefore there is no currency mismatch.

Equity Price Risk

The Fund is exposed to equity securities price risk because of investments in quoted and unquoted shares classified as available-for-sale. To manage its price risk arising from investments in equity and debt securities, the Fund diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Fund. All quoted shares held by the Fund are traded on the Ghana Stock Exchange (GSE).

The following table demonstrates the sensitivity of the Fund's profit or loss for the year to a reasonably possible change in equity price, with all other variables held constant.

The sensitivity of the other comprehensive income for the year is the effect of the assumed changes in equity price.
The sensitivity analyses impact on equity is the same as the impact on profit or loss. In practice, the actual trading results may differ from the below sensitivity analysis and the difference could be significant.

Sensitivity Analysis

Increase/(Decrease)	**Change in Basis Points**	**Sensitivity of Changes in Fair Value of Investments GH¢**
Other comprehensive income	+100/-100	11,194/(11,194)

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Exposure to interest rate risk can result from a variety of factors, including:

- differences between the timing of market interest rate changes and the timing of cash flows (repricing risk);
- changes in the shape of market interest rate curves producing different effects on yields on similar instruments with different maturities (yield curve risk); and
- changes in the level of market interest rates producing different effects on rates received or paid on instruments with similar repricing characteristics (basis risk).

18. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICY (CONT'D)

Exposure to interest rate risk

The Fund does not account for any fixed rate financial instruments at fair value through profit or loss therefore a change in interest rates at the reporting date would not affect profit or loss. No interest rate sensitivity analysis has thus been disclosed.

The Fund did not have variable-rate financial instruments and interest-bearing liabilities in 2022 (2021: GH¢ Nil).

The table below summarises the repricing profiles of the Fund's financial instruments as at 31 December 2022. Items are allocated to time periods by reference to the earlier of the next contractual interest rate repricing and maturity dates.

At 31 December 2022

	Up to 1mth GH¢	1-3mths GH¢	3-12mths GH¢	Above 1 year GH¢	Total GH¢
Financial assets at amortised cost	-	-	1,000,000	14,406,484	15,406,484

At 31 December 2021

	Up to 1mth GH¢	1-3mths GH¢	3-12mths GH¢	Above 1 year GH¢	Total GH¢
Financial assets at amortised cost	-	-	1,802,864	14,883,790	16,686,654

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities with financial instruments, either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

Substantially all of the assets of the Fund are held by Guarantee Trust Bank (Ghana) Limited. The bankruptcy or insolvency of the Fund's Custodian may cause the Fund's rights with respect to the securities held by the Custodian to be limited. The Investment Manager monitors the credit ratings and capital adequacy of its Custodian on a regular basis.

18. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICY (CONT'D)

18.4. Liquidity Risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its shares earlier than expected. The Fund is exposed to cash redemptions of its shares on a regular basis. Shares are redeemable at the holder's option based on the Fund's Net Asset Value (NAV) per share at the time of redemption, calculated in accordance with the Fund's scheme particulars.

The Fund manages its obligation to repurchase the shares when required to do so and its overall liquidity risk by:

- Requiring a 5-day notice period before redemptions

The Fund's policy is to satisfy redemption requests by the following means (in decreasing order of priority):

- Withdrawal of cash deposits
- Disposal of highly liquid assets (i.e., short-term, low-risk debt investments)
- Disposal of other assets

The Fund invests primarily in marketable securities and other financial instruments which, under normal market conditions, are readily convertible to cash. In addition, the Fund's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

Non-derivative financial assets held for managing liquidity risk

The table below presents the assets held for managing liquidity risk by remaining contractual maturities at the balance sheet date.

2022	Up to 1mth GH¢	1-3mths GH¢	3-12mths GH¢	>12 mths GH¢	Total GH¢
Liabilities					
Trade and other payables	207,106	-	-	-	207,106
	207,106	-	-	-	207,106
Assets					
Financial assets at amortised cost	-	-	1,000,000	14,406,484	15,406,484
Cash and cash equivalents	186,562	-	-	-	186,562
Assets held for managing liquidity risk	186,562	-	1,000,000	14,406,484	15,593,046
Liquidity gap	(20,544)	-	1,000,000	14,406,484	15,385,940

18. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICY (CONT'D)

Non-derivative financial assets held for managing liquidity risk (cont'd)

2021	Up to 1mth GH¢	1-3mths GH¢	3-12mths GH¢	>12 mths GH¢	Total GH¢
Liabilities					
Trade and other payables	149,138	-	-	-	149,138
	149,138	-	-	-	149,138
Assets					
Financial assets at amortised cost	-	-	1,802,864	14,883,790	16,686,654
Cash and cash equivalents	577,994	-	-	-	577,994
Assets held for managing liquidity risk	577,994	-	1,802,864	14,883,790	17,264,648
Liquidity gap	428,856	-	1,802,864	14,883,790	17,115,510

18.5. Credit Risk

18.5.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within financing relationships, and other transactions. It is the Fund's policy to enter into financial instruments with reputable counterparties.

The Fund Manager's policy is to closely monitor the creditworthiness of the Fund's counterparties (e.g. third-party borrowers, brokers, custodian and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis.

The carrying value of interest-bearing investments, money market funds and similar Securities, loan to related party, trade and other receivables and cash and cash equivalents, as disclosed in the statement of financial position represents the maximum credit exposure, hence, no separate disclosure is provided.

Accounting policy for Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

18.5.1.1: **Ghana Domestic Debt Exchange Programme**

Ghana is facing a very challenging economic situation amid an increasingly difficult global economic environment. These adverse developments have exposed Ghana to a surge in inflation, a significant exchange rate depreciation and increased stress on the financing of the government's budget. The latest debt sustainability analysis demonstrated that Ghana is faced with a significant financing gap over the coming years and that the country's public debt is unsustainable. The country was downgraded by ratings agencies several times in 2022. During the last quarter of 2022, negotiations took place between the government of Ghana and the International Monetary Fund (IMF) to establish a support programme. According to the IMF's press release No. 22/427, a staff level agreement was reached in mid-December of 2022. However, the execution of this support programme is contingent on the implementation of a debt restructuring plan, which is intended to restore Ghana's macroeconomic stability. In response, the Government of Ghana on 5 December 2022 launched the Ghana Domestic Debt Exchange Programme (GDDEP).

The GDDEP is an arrangement through which registered bondholders in Ghana exchanged their eligible domestic bonds (all locally issued bonds and notes of the Government and E.S.L.A. Plc and Daakye Trust Plc bonds excluding Treasury bills(T-bills)) for new benchmark bonds with the same aggregate principal amount (plus applicable capitalized accrued and unpaid interest).

The terms of the exchange are set out in the GDDEP memorandum issued on 5 December 2023 which was updated several times with changes to the number of bonds, maturity, and coupon rates of the new "replacement" bonds. The final exchange memorandum was issued on 3 February 2023 with an offer expiration date set to 7 February 2023 and shifted to 10 February 2023 to cater for technical glitches and the Settlement Date to 14 February 2023 and shifted to 21 February 2023.

Only Eligible Bonds listed under "Eligible Bonds" in the Exchange Memorandum were eligible for exchange for New Bonds in the Invitation to Exchange. This includes bonds issued be the Republic of Ghana and bonds issued by E.S.L.A. Plc ('ESLA') and Daakye Trust Plc ('Daakye'), which are both special purpose entities set up by the government of Ghana.

Eligible Holders were split into three different categories depending on whether they are Collective Investment Schemes (CIS) Holders or Individual Holders below the age of 59 years eligible as of 31 January 2023 (Category A), Individual Holders aged 59 years or older as of 31 January 2023 (Category B) or other Eligible Holders (General Category). The Fund falls within the Category A group.

In exchange for Eligible bonds maturing in 2023, General Category Holders received two(2) New Bonds, maturing in 2027 and 2028.

The amount eligible for the exchange was the principal amount of the eligible bonds outstanding after 31 January 2023 and accrued interest up to the Settlement Date which was due for payment after 31 January 2023. Interest on the New Bonds will be paid in cash ("Cash Interest"), The coupon rates on the two New Bonds is 10%.

Coupon rates for all eligible bonds were substantially changed, and the maturity of the new bonds (replacing the respective old bonds) were significantly extended compared to the old bonds.

Bonds eligible for exchange

Arkfund participated in the exchange programme on 14th Feb 2023 and received the new bonds on 21 February 2023. The Fund tendered an offer for exchange for GHS13.92million worth of eligible bonds and received the equivalent amount of 2 new bonds on the settlement date.

The table below details the bonds held by the Arkfund which were eligible for the exchange programme. There were no maturities prior to the exchange in February 2023.

Bond Type	**Maturity Bucket**	**Value of Bonds Exchanged at 21 Feb 2023**	**Gross Carrying Amount at 31 Dec 2022**
GOG Bond	2023	211,648.35	200,000.00
GOG Bond	Post 2023	11,116,124.40	11,126,887.07
ESLA Bond	Post 2023	1,177,622.10	1,116,486.98
Daakye Bond	Post 2023	1,564,533.67	1,471,292.93
		14,888,556.30	**13,914,666.98**

The table below details the bonds held by the Fund which were eligible for the exchange programme based on the classification at which they are held in these financial statements. This table includes the carrying amounts held as at 31 December 2022, the impairment losses arising from the exchange programme (refer to Note 9) recognised for the year ended 31 December 2022.

Bond	Value of Bonds Exchanged at 21 Feb 2023	Gross Carrying Amount at 31 Dec 2022	Impairment Allowance at 31 Dec 22	Carrying Amount at 31 Dec 2022	Impairment Release for the y.e. 31 Dec 22
Amortised Cost	**14,888,556.30**	13,914,667	(2,136,117)	11,778,550	(2,136,117)

Impairment of eligible bonds measured at amortised cost and FVOCI

As at 31 December 2022, it is evident that Ghana is facing financial difficulties, with its sovereign debt trading at significant discounts. The announcement of the GDDEP and the downgrade of the country's rating to 'selective default' (Standard & Poors) by the rating agencies in 2022 further evidences the country's financial challenges. In this regard, exposures to Government of Ghana (including T-Bills, Cocoa bills, Local US$ Bonds and Eurobonds), ESLA and Daakye are considered credit-impaired at the reporting date and was downgraded from stage 1 to stage 3.

For bonds eligible for exchange and measured at amortised cost and FVOCI, impairment is assessed based on the fair value of the new bonds issued under the debt exchange programme at the settlement date discounted to the reporting date using the effective interest rate of the eligible bonds (see accounting policy under Note 3). The fair value of the new bonds is estimated using discounted cash flow techniques, applying rates from the yield curve that was constructed from market information and data available at the date of measurement to discount the expected cash flows from the new bonds as outlined in the exchange memorandum.

The data considered in the construction of the yield curve includes traded prices, indicative broker quotes and evaluated prices from pricing services over the period from 30 December 2022 to 3 March 2023. The weighted-average yield-to-maturity applied in discounting the cashflows of the new bonds to be issued under the exchange programme on 21 February 2023 is 18% resulting in a fair value of GHS 12.3 million for bonds held at amortised cost. The weighted average original effective interest rate of the eligible bonds used to discount the fair value from 21 February 2023 to 31 December 2022 is 19.71%.

Sensitivity of ECL on Eligible Bonds to Yield-to-Maturity Rates

The ECL on the eligible bonds are sensitive to judgements and assumptions made regarding the choice of yield-to-maturity rate applied in discounting the cashflows of the new bonds to be issued under the exchange programme. Management performs a sensitivity analysis on the ECL recognised on these assets. A 100bp parallel rise in the yield curve at the measurement date, holding other assumptions constant, would have increased the loss allowance on the eligible bonds by GHS 364,950. A 100bp fall in the yield curve would have decrease the loss allowance on the eligible bonds by GHS 382,480.

Subsequent events

The exchange will be considered a substantial modification of the eligible bonds requiring derecognition at the settlement date of these assets for the following reasons:

- Each individual bond eligible and participating in the exchange programme will be replaced by a uniform series of identical new bonds with the same relative proportion in terms of maturities and in sum the same aggregate amount of the respective old bond.
- Coupon rates for all eligible bonds will be substantially changed; and
- The maturity of the new bonds (replacing the respective old bonds) will be significantly extended compared to the old bonds

Subsequent to the yearend but before the financial statements were authorised for issue, the Fund derecognised the existing bonds eligible for exchange and recognised the new bonds at fair value in its 2023 financial period. The Fund is yet to assess impact of the derecognition with respect to additional/ a reversal of impairment losses on bonds classified at amortised cost.

Other Government Exposures

The Fund has no other government exposures such as treasury bills, USD denominated local notes, cocoa bills and Eurobonds.

18. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICY (CONT'D)

18.5.2 Amounts arising from ECL

Impairment of cash and cash equivalents, and investment in fixed deposits have been measured on a 12-month expected credit loss basis and reflects the maturities of the exposures. The Fund considers that these exposures have low credit risk because they are held with reputable regulated banks.

The Fund monitors changes in credit risk on these exposures by tracking published external credit ratings of the Government of Ghana. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published ratings, the Fund supplements it by reviewing changes in bond yields, where available together with available press and regulatory information about counterparties.

12-month and lifetime probabilities of default are based on historical data supplied by rating agency for each credit rating. Loss given default parameters generally reflect an assumed recovery rate of 60%. However, if the asset were credit-impaired, then the estimate of loss would base on a specific assessment of expected cash shortfalls and on the original effective interest rate.

Impairment loss recognised for financial assets at the end of the year was GH¢ 2,126,017 (2021: GH¢ 63,506).

18.6. Fair Value of Financial Instruments

Fair value of financial instruments carried at amortised cost

As detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Financial Assets	**Carrying Amounts 2022 GH¢**	**Fair Value 2022 GH¢**	**Carrying Amounts 2021 GH¢**	**Fair Value 2021 GH¢**
Cash and Cash Equivalents	186,562	186,562	577,994	577,994
Financial Assets at Amortised Cost	15,406,484	15,787,223	16,686,654	16,686,654
Financial Assets at FVOCI	6,049,050	6,049,050	7,955,418	7,955,418
Trade and Other Receivables	500	500	-	-
Total Financial Assets	21,642,596	22,023,335	25,220,066	25,220,066
Financial liabilities				
Trade and Other Payables	207,106	207,106	149,138	149,138

19. CONTINGENCIES AND COMMITMENTS

19.1. Legal Proceedings and Regulations

The Fund operates in the financial services industry and is subject to legal proceedings in the normal course of business. There are no contingencies associated with the Fund's compliance or lack of compliance with regulations.

19.2. Capital Commitments

The Fund has no capital commitments at the reporting date.

20. RELATED PARTY TRANSACTIONS

The following parties are considered related parties of the Fund:

Fund Manager

Databank Asset Management Limited (the Fund Manager) is entitled to receive a management fee for its respective services in terms of the agreement between the Fund and the Fund manager. These fees amount to 1.5% per annum of the daily net assets of the Fund, (calculated in accordance with the scheme particulars of the Fund). Management fees are payable monthly in arrears. Total management fees for the year amounted to GH¢405,005 (2021: GH¢347,182), the management fees payable as at December 31, 2022 is GH¢36,414 (2021: GH¢ 36,728).

Brokers

The transactions of the Fund were made through the Databank Brokerage Services Limited.

Transactions with Directors and key Management Personnel

Directors and key Management personnel refer to those personnel with authority and responsibility for planning, directing and controlling the business activities of the Fund. These personnel are the Directors of the Fund.

During the period, there were no significant related party transactions with companies or customers of the Fund where a Director or any connected person is also a Director or key Management members of the Fund. The Fund did not make any loans to Directors or any key Management member during the period under review.

	2022 GH¢	2021 GH¢
Directors Emoluments	74,709	81,210

Directors Shareholdings
The Directors below held the following number of shares in the Fund at December 31, 2022

	Shares	% of Fund
Kojo Addae-Mensah	130,498	0.4879
Joyce R. Aryee	122,788	0.4590
Adelaide Kastner	146,419	0.5474
Naomi A. K. Adjepong	84,243	0.3149
Kwadwo Asante-Abedi	20,486	0.0766

21. CUSTODIAN

Stanbic Bank Ghana Limited
Stanbic Bank Ghana Limited is the Custodian of the Fund. The custodian carries out the usual duties regarding custody, cash and security deposits without any restriction. This means that the custodian is, in particular, responsible for the collection of dividends, interest and proceeds of matured securities, the exercise of options and, in general, for any other operation concerning the day-to-day administration of the securities and other assets and liabilities of the Fund.

The custodian is entitled to receive from the Fund fees, payable monthly, equal to an average of 0.25%. The total custodian fee for the year amounted to GH¢54,868 (2021: GH¢45,974), the custodian fees payable as at December 31, 2022 was GH¢28,260 (2021: GH¢ 9,819).

22. Events After the Reporting Period

Events subsequent to the Statement of Financial Position date are reflected in the financial statements only to the extent that they relate to the period under review and the effect is material. There were no subsequent events at the reporting date, 31 December 2022.

23. Going Concern

The Directors believe that the Fund has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Fund is in a sound financial position and that revenue from the assets under management would be enough to meet its foreseeable cash requirements. The Directors are not aware of any new material changes that may adversely impact the Fund. The Directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Fund.

24. CONTINGENT ASSETS AND LIABILITIES

There were no contingent liabilities as at 31 December 2022. (2021: Nil).

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Databank is Ghana's leading investment bank and one of the first to emerge from West Africa. Established in 1990, Databank has been instrumental in the development of the Ghanaian capital market and has built a strong reputation for its pioneering works in the industry. Driven by the goal of helping Ghanaians achieve financial independence, Databank is committed to promoting financial literacy and offering a diverse range of investment products and services to suit the investment styles of different investors.

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