

 **Bfund**  
Annual Report **2016**



Reports and Financial Statements for  
the year ended December 31, 2016

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**DATABANK BALANCED FUND LIMITED**  
**BOARD OF DIRECTORS, OFFICIALS AND REGISTERED OFFICE**

**BOARD OF DIRECTORS**

Kojo Addae-Mensah (*Chairman, Executive Director*)  
Stephen Adei (*Non-Executive Director*)  
Adelaide Ahwireng (*Non-Executive Director*)  
Elizabeth N. Zormelo (*Non-Executive Director*)  
Kwadwo Asante-Abedi (*Non-Executive Director*)

**SECRETARY**

Dela Obeng-Sakyi  
61 Barnes Avenue, Adabraka  
Private Mail Bag  
Ministries Post Office  
Accra

**REGISTERED OFFICE**

61 Barnes Avenue, Adabraka  
Private Mail Bag  
Ministries Post Office  
Accra

**CUSTODIAN**

Standard Chartered Bank (Ghana) Limited  
P. O. Box 768  
High Street  
Accra

**FUND MANAGER**

Databank Asset Management Services Limited  
61 Barnes Avenue, Adabraka  
Private Mail Bag  
Ministries Post Office  
Accra

**AUDITORS**

Baker Tilly Andah + Andah  
C645/3, Borsue Lane  
Asylum Down  
P. O. Box CT 5443  
Cantonments, Accra

**BANKERS**

Barclays Bank Ghana Limited  
Ghana International Bank Limited  
Guaranty Trust Bank (Ghana) Limited  
Standard Chartered Bank Ghana Limited  
United Bank for Africa Limited  
Zenith Bank Ghana Limited

**REPORT OF THE DIRECTORS TO THE SHAREHOLDERS OF  
DATABANK BALANCED FUND LIMITED**

The Directors present herewith their report together with the audited Financial Statements of the Fund for the year ended December 31, 2016.

**Statement of Directors' responsibilities**

The Directors are responsible for the preparation of Financial Statements for each financial year which give a true and fair view of the state of affairs of the Fund and of the statement of comprehensive income and statement of cash flows for that period. In preparing these Financial Statements, the Directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS) and complied with the requirements of the Companies Act, 1963 (Act 179), the Securities Industry Law, 1993 (PNDCL 333), the Securities Industry Act, 2016 (Act 929), and the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695).

The Directors are responsible for ensuring that the Fund keeps proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Fund. The Directors are also responsible for safeguarding the assets of the Fund and taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Principal activities**

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.

**Financial results**

The results for the year are shown in the statement of comprehensive income in the Financial Statements. The Fund recorded a net distributed unitholders' earnings of **GHC 2,105,465** as against a net distributed unitholders' earnings of GHC 2,043,616 in 2015. The increase in net distributed unitholders' earnings can be attributed to higher volume of business during the year.

**Auditors**

Messrs Baker Tilly Andah + Andah have indicated their willingness to continue in office as auditors of the Fund and in accordance with *Section 134(5) of the Companies Act, 1963 (Act 179)* they so continue.



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**KOJO ADDAE-MENSAH**  
CHAIRMAN



.....  
**KWADWO ASANTE-ABEDI**  
DIRECTOR

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DATABANK BALANCED FUND LIMITED**

### **Opinion**

We have audited the Financial Statements of Databank Balanced Fund Limited, which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies as set out on pages 11 to 32.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 1963 (Act 179), the Securities Industry Law, 1993 (PNDCL 333), the Securities Industry Act, 2016 (Act 929), and the Unit Trusts and Mutual Funds Regulations, 2001 (L. I 1695).

### **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' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other information**

Management is responsible for the other information. The other information comprises the information included in the annual report, 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 that we have performed, we conclude that there is a material misstatement of this other information, then 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 and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error. The Directors are responsible for overseeing the Fund's financial reporting process.

## **Auditor's responsibilities for the audit of the Financial Statements**

The objectives of our audit 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 skepticism throughout the planning and performance of 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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.

We are required to communicate with Board 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.

## Report on other legal and regulatory requirements

The Companies Act, 1963 (Act 179) requires that in carrying out our audit work we consider and report on the following matters.

We confirm that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit;
- in our opinion proper books of account have been kept by the Fund, so far as appears from the examination of those books;
- the Fund's Financial Statements are in agreement with the books of account.

*Baker Tilly Andah + Andah*

*28<sup>th</sup> April*.....2017

.....  
**SAMUEL ABIAW (ICAG/P/1454)**

For and on behalf of Baker Tilly Andah + Andah **(ICAG/F/2017/122)**

Chartered Accountants

C645/3, Borsue Lane

Asylum Down

Accra

**DATABANK BALANCED FUND LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Notes	2016 GHC	2015 GHC
<b>INVESTMENT INCOME</b>			
Dividend Income	5	269,362	163,445
Interest Income	6	2,398,185	2,366,445
Gain on Sale of Investment	7	49,378	1,191
Exchange Gain		165	10,044
		-----	-----
<b>TOTAL INCOME</b>		<b>2,717,090</b>	<b>2,541,125</b>
		-----	-----
<b>EXPENSES</b>			
Management Fees		(266,626)	(228,538)
Custodian Fees		(28,562)	(27,830)
General and Administrative Expenses	8	(316,437)	(241,141)
		-----	-----
<b>TOTAL EXPENSES</b>		<b>(611,625)</b>	<b>(497,509)</b>
		-----	-----
Net Distributed Unitholders' Earnings for the year		2,105,465	2,043,616
<b>Other Comprehensive Income:</b>			
Fair Value Loss of Available for Sale	11b	(355,572)	(177,885)
		-----	-----
Total Comprehensive Unitholders' Earnings for the year		<u>1,749,893</u>	<u>1,865,731</u>
		=====	=====
 <b>DISTRIBUTED UNITHOLDERS' EARNINGS</b>			
Beginning of Period		6,304,120	4,260,504
Net Distributed Unitholders' Earnings for the Period		2,105,465	2,043,616
		-----	-----
End of Period		<u>8,409,585</u>	<u>6,304,120</u>
		=====	=====

**DATABANK BALANCED FUND LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2016**

		2016 GHC	2015 GHC
<b>ASSETS</b>			
Cash and Cash Equivalents	9	941,588	1,464,494
Held-To-Maturity Securities	10	9,898,227	6,569,290
Available-For-Sale Equities	11a	7,875,186	6,905,917
Trade and Other Receivables	12	951,020	1,427,200
		-----	-----
<b>TOTAL ASSETS</b>		19,666,021	16,366,901
		=====	=====
<b>UNITHOLDERS' EQUITY</b>			
Unitholders' Principal	13	9,290,552	7,701,743
Distributed Unitholders' Earnings		8,409,587	6,304,120
Other Distributed Earnings		1,910,243	2,265,816
		-----	-----
<b>TOTAL UNITHOLDERS' EQUITY</b>		19,610,382	16,271,679
		-----	-----
<b>LIABILITIES</b>			
Trade and Other Payables	14	55,639	95,222
		-----	-----
<b>TOTAL LIABILITIES</b>		55,639	95,222
		-----	-----
<b>TOTAL UNITHOLDERS' EQUITY AND LIABILITIES</b>		19,666,021	16,366,901
		=====	=====

  
 .....  
**KOJO ADDAE-MENSAH**  
 CHAIRMAN

  
 .....  
**KWADWO ASANTE ABEDI**  
 DIRECTOR

**DATABANK BALANCED FUND LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**2016**

	<b>Unitholders' Principal GHC</b>	<b>Distributed Unitholders' Earnings GHC</b>	<b>Other Distributed Earnings GHC</b>	<b>Total GHC</b>
Opening Balance	7,701,743	6,304,120	2,265,816	16,271,679
Proceeds from Issue of Shares	5,069,070	-	-	5,069,070
Net Distributed Unitholders' Earnings for the year	-	2,105,465	-	2,105,465
Fair Value Loss of Available For Sale	-	-	(355,572)	(355,572)
Shares Redeemed	(3,480,261)	-	-	(3,480,261)
	----- 9,290,552 =====	----- 8,409,587 =====	----- 1,910,243 =====	----- 19,610,382 =====

**2015**

Opening Balance	6,690,724	4,260,504	2,443,701	13,394,929
Proceeds From Issue of Shares	4,532,942	-	-	4,532,942
Net Distributed Unitholders' Earnings for the Year	-	2,043,616	-	2,043,616
Fair Value Loss of Available-For-Sale	-	-	(177,885)	(177,885)
Shares Redeemed	(3,521,923)	-	-	(3,521,923)
	----- 7,701,743 =====	----- 6,304,120 =====	----- 2,265,816 =====	----- 16,271,679 =====

**DATABANK BALANCED FUND LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Notes	2016 GHC	2015 GHC
<b>Cash Flows from Operating Activities</b>			
Net Distributed Unitholders' Earnings for the Year		2,105,465	2,043,616
<i>Adjustments for:</i>			
Profit from Disposal of Securities		(49,378)	(1,191)
		-----	-----
<b>Total Adjustments to Reconcile Profits</b>		2,056,087	2,042,425
<b>Changes In Working Capital</b>			
Decrease/(Increase) in Trade and Other Receivables		476,180	(1,982,274)
Increase/ (Decrease) in Trade and Other Payables		(39,583)	10,487
		-----	-----
<b>Net Cash Flow from Operating Activities</b>		2,492,684	70,638
		-----	-----
<b>Cash Flows from Investing Activities</b>			
Purchase of Held-To-Maturity Securities		(12,605,822)	(7,070,890)
Purchase of Available for Sale Securities		(786,545)	(2,203,140)
Proceeds from disposal of securities		8,787,968	9,165,158
		-----	-----
<b>Net Cash Flow from Investing Activities</b>		(4,604,399)	(108,872)
		-----	-----
<b>Cash Flows from Financing Activities</b>			
Proceeds from Capital Transactions		5,069,070	4,532,942
Shares Redeemed		(3,480,261)	(3,521,923)
		-----	-----
<b>Net Cash Flow from Financing Activities</b>		1,588,809	1,011,019
		-----	-----
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		(522,906)	972,785
Cash and Cash Equivalents at the Beginning of the Year		1,464,494	491,709
		-----	-----
<b>Cash and Cash Equivalents at the End of the Year</b>	9	941,588	1,464,494
		=====	=====

**DATABANK BALANCED FUND LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**1. GENERAL INFORMATION**

Databank Balanced 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.

**Description of the Fund**

The Databank Balanced Fund Limited is a licensed mutual fund. The Fund was incorporated under Ghanaian Law on October 25, 2005.

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

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 investment activities of the Fund are managed by Databank Asset Management Services Limited (the Investment Manager). The custodian of the Fund is Standard Chartered Bank Ghana Limited.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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).

**2.2 Basis of preparation**

The Financial Statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value, 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¢).

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

**2.3 Basis of consolidation**

The Fund is an investment entity and, as such, is not required to own controlling interest in other entities. Instead, financial interests are classified as available for sale and measured at fair value.

### 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 — Valuation 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.

#### Recurring Fair Value Measurement of Assets and Liabilities

<b>Financial assets</b>	<b>Level 1 GH¢</b>	<b>Level 2 GH¢</b>
Available for Sale Equities	7,875,186	-
Held-To-Maturity Securities	-	9,898,227

#### 3.2 Revenue recognition

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, regardless of when the payment is being made. 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 administrative expenses.

### **3.2.4 Net gains 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. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

### **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.

#### **3.5.1 Financial Assets**

##### **3.5.1.1 Initial recognition and measurement**

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. 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.

##### **3.5.1.2 Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

#### **Financial assets at fair value through profit or loss**

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 as defined by IAS 39. The Fund has not designated any financial assets at fair value through profit or loss. 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.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. 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 in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

#### **Held-to-maturity investments**

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

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 as finance costs.

### **Available-For-Sale (AFS) Financial Investments**

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS 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 AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

The Fund evaluates whether the ability and intention to sell its AFS financial assets 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 AFS 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

#### **3.5.1.3 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 Company 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

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.

### **3.5.1.4 Impairment of financial assets**

The Fund assesses, at each reporting date, whether there is objective evidence that a financial asset is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtors or a third party borrower is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

## **3.5.2 Financial Liabilities**

### **3.5.2.1 Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The financial liabilities of the Fund include trade and other payables, loans and borrowings including Fund's overdrafts, financial guarantee contracts and derivative financial instruments.

### **3.5.2.2 Subsequent measurement**

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

#### **3.5.2.2.1 Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Fund that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

## **3.5.3. Financial liabilities**

### **3.5.3.1 Loans and borrowings**

The Fund has not designated any financial liability as loans and borrowings. After initial recognition, interest-bearing loans and 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 loans and borrowings.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Fund has not designated any financial liability as at fair value through profit or loss.

### 3.5.3.2 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.

### 3.5.4 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 Unitholders' principal

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 share or Unit Holders Capital. 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 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 shares (investment) with the Fund can do so by submitting a request for redemption to the Fund. Redemptions shall be priced at the last published price

## 3.7 Dividend Policy

The Fund does not pay dividend.

## 3.8 Cash and short-term deposits

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding Fund overdrafts.

## 3.9 New Standards and Interpretations

### 3.9.1. Standards and interpretations in issue not yet adopted

As at the balance sheet date, the following standards, amendments to existing standards and interpretations were in issue, but not yet effective:

- **IFRS 2 Share-based payments**  
**Amendments to clarify the classification and measurement of share-based payment transactions:**  
An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9 *Financial Instruments*. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018.

- **IFRS 7 Financial Instruments: Disclosures**

- **Annual Improvements 2012-2014 Cycle: Service Contracts:**

- Amendments clarifying the circumstances in which an entity will have continuing involvement in a transferred asset as a result of servicing contracts. IFRS 7 requires disclosure for all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. The application of this change is retrospective.

- **Annual Improvements 2012-2014 Cycle: Offsetting:**

- Amendment clarifying the applicability of previous amendments to IFRS 7 issued in December 2011 with regards to offsetting financial assets and financial liabilities in relation to interim Financial Statements prepared under IAS 34 *Interim Financial Reporting*. The application of this change is retrospective.

- **IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after 1 January 2018).**

- **Classification and Measurement** - IFRS 9 introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

- **Impairment** - IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The Fund is still in the process of assessing the full impact of requirement. However it anticipates that the new impairment requirements will have an impact on the Fund.

- **Hedge accounting** - IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

- **Own credit** - IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognised in profit or loss.

- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded).**

- Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by IASB on 11 September 2014 (on 17 December 2015 IASB deferred indefinitely effective date). The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures” -**

**Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016).**

Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures” - Investment Entities: Applying the Consolidation Exception issued by IASB on 18 December 2014. The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances.

- **Amendments to IFRS 11 “Joint Arrangements” – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016).**

Amendments to IFRS 11 “Joint Arrangements” – Accounting for Acquisitions of Interests in Joint Operations issued by IASB on 6 May 2014. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

- **IFRS 12 Disclosure of Interests in Other Entities**

**Investment Entities: Applying the Consolidation Exception:** Narrow scope amendments to the scope of the standard to clarify that the requirements in IFRS 12 apply to interests in entities within the scope of IFRS 5 Non-current assets held for sale – i.e. interests that are classified (or included in a disposal group that is classified) as held for sale, held for distribution to owners in their capacity as owners, or discontinued operations. The application of the change is retrospective.

- **IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016).**

**IFRS 14 “Regulatory Deferral Accounts”** issued by IASB on 30 January 2014. This Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous Generally Accepted Accounting Principles (GAAP), to continue to do so upon transition to IFRS.

- **IFRS 15 “Revenue from Contracts with Customers” and further amendments (effective for annual periods beginning on or after 1 January 2018).**

**IFRS 15 “Revenue from Contracts with Customers”** issued by IASB on 28 May 2014 (on 11 September 2015 IASB deferred effective date of IFRS 15 to 1 January 2018). IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of Financial Statements with more informative, relevant disclosures. The standard supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

- **Amendments to IAS 7 Statement of Cash Flows**

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities’ liquidity positions. Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash

flows and non-cash items (e.g., gains and losses due to foreign currency movements). The amendment is effective from 1 January 2017. The Fund is currently evaluating the impact.

- **Amendments to IAS 12 Income Taxes**

In January 2016, through issuing amendments to IAS 12, the IASB clarified the accounting treatment of deferred tax assets of debt instruments measured at fair value for accounting, but measured at cost for tax purposes. The amendment is effective from 1 January 2017. The Fund is currently evaluating the impact, but does not anticipate that adopting the amendments would have a material impact on its Financial Statements.

- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets” Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016).**

Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets” - Clarification of Acceptable Methods of Depreciation and Amortisation issued by IASB on 12 May 2014. Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture” - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016).**

Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture” - Agriculture: Bearer Plants issued by IASB on 30 June 2014. The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.

- **IAS 19 Employee Benefits**

**Annual Improvements 2012-2014 Cycle: Discount rate:** Clarification of the requirements to determine the discount rate in a regional market sharing the same currency (for example, the Eurozone). The application of the change is retrospective.

- **IAS 27 Consolidated and Separate Financial Statements**

**Separate Financial Statements: Use of Equity method:** Narrow scope Amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate Financial Statements. The application of the change is retrospective.

- **IAS 28 Investments in Associates**

**Annual Improvements 2014-2016 Cycle: Measuring an associate or joint venture at fair value:** If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the Fair Value (FV) measurement applied by that investment entity associate or joint venture to the investment entity associate’s or joint venture’s interest in subsidiaries.

This election is made separately for each investment entity associate or joint venture, at the later of the date on which

- a) the investment entity associate or joint venture is initially recognised;
- b) the associate or joint venture becomes an investment entity; and
- c) the investment entity associate or joint venture first becomes a parent.

The application of the change is retrospective.

- **IAS 40 Investment Property**

**Transfers of property to, or from, investment property:** An entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

### **3.10.2 Critical accounting judgement, 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 Fund's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the Financial Statements:

#### **Assessment as Investment Entity**

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their investments at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis

The Fund's prospectus details Its objective of providing investment management services to investors which includes investing in equities, fixed income securities and private equity for the purpose of returns in the form of investment income and capital appreciation

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation 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.

#### **Fair Value Measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

#### **4. 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 constitution.

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

Refer to financial risk management objectives and policies for the policies and processes applied by the Fund in managing its capital and its obligation to repurchase the shares.

	<b>2016 GHC</b>	<b>2015 GHC</b>
<b>5. DIVIDEND INCOME</b>		
Listed Equity Securities	269,362 =====	163,445 =====
<b>6. INTEREST INCOME</b>		
Interest on Certificates of Deposit	2,003,738	1,816,473
Interest on Call Deposit	30,247	37,140
Interest on Floating Rate Notes	185,595	330,756
Interest on Commercial Paper	84,710	62,532
Interest on Treasury Bills	93,895	119,544
	----- 2,398,185 =====	----- 2,366,445 =====
<b>7. GAIN ON SALE OF INVESTMENTS</b>		
Profit on Sale of Financial Instruments	54,546	1,191
Market Loss on Sale of Investments	(5,168)	-
	----- 49,378 =====	----- 1,191 =====
<b>8. GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Audit Fees	15,863	14,100
Directors' Emoluments	76,950	46,900
Bank Charges	10,099	10,380
Stationery & Printing	22,593	11,576
Marketing, Business Promotion & Advertisement	119,732	79,932
Annual Statutory Fees	1,110	500
Legal Fees	-	68
Software Maintenance Cost	13,000	47,794
Accounting Fees	6,000	6,000
Registrar Fees	8,941	8,096
Client Service Fees	8,941	8,096
Storage & Warehousing	5,160	4,699
Professional & Consultancy Fees	11,792	3,000
Postage	16,257	-
	----- 316,437 =====	----- 241,141 =====

**8a. Postage**

The 2016 Postage charge of GHC 16,257 relates to cost of postage of annual reports and clients confirmation notes for the period of 2009 to 2012 with Ghana Post Limited which was under dispute

pending conclusion and reconciliation. The reconciliation was concluded in 2016 with Ghana Post Limited.

## 9. CASH AND CASH EQUIVALENTS

	2016 GHC	2015 GHC
Cash at Bank	941,588	1,206,494
91- Day Certificates of Deposits	-	258,000
	-----	-----
	941,588	1,464,494
	=====	=====

## 10. HELD-TO- MATURITY SECURITIES

7-Year Bond	2,898,000	2,317,500
182-Day Certificates of Deposit	1,469,209	2,101,790
365-Day Certificates of Deposit	4,729,624	2,050,000
3-Year Notes	100,000	100,000
182-Day Treasury Bills	200,000	-
5-Year Treasury Bills	501,394	-
	-----	-----
	9,898,227	6,569,290
	=====	=====

## 11a. AVAILABLE-FOR-SALE EQUITIES

Listed Equity Securities	7,139,252	6,290,734
Unlisted Equity Securities	735,934	615,183
	-----	-----
	7,875,186	6,905,917
	=====	=====

## 11b. FAIR VALUE OF AVAILABLE FOR SALE SECURITIES

Market Value of Available-For-Sale Assets	7,875,252	6,905,917
Cost of Investment	(5,964,943)	(4,640,102)
	-----	-----
Current Period Gains	1,910,243	2,265,815
Prior Period Gains	(2,265,815)	(2,443,701)
	-----	-----
Fair Value (Loss)/Gain	(355,572)	(177,886)
	=====	=====

## Portfolio Summary

Description	Shares	Price 31-Dec-16 GHC	Market Value GHC
<b>Financials</b>			
CAL Bank Limited	400,600	0.7500	300,450
Ecobank Ghana Limited	84,000	6.4000	537,600

Enterprise Group (Ghana) Limited	526,100	2.4000	1,262,640
GCB Bank Limited	162,527	3.5600	578,596
Societe Generale Ghana Limited	402,296	0.6200	249,424
Standard Chartered Bank Ghana Limited	48,990	12.1800	596,698
<b>Consumer Staples</b>			
Benso Oil Palm Plantation	123,400	2.0800	256,672
Fan Milk Ghana Limited	115,700	11.1400	1,288,898
<b>Energy</b>			
Ghana Oil Company Limited	705,086	1.1000	775,595
Total Petroleum Company Limited	109,308	1.9800	216,430
<b>Total Shares</b>			<b>6,063,003</b>
<b>Pension Funds</b>			
Axis Pension Group Limited	52,500	20.5000	<b>1,076,250</b>
<b>Collective Investments Schemes</b>			
Databank Money Market Fund	170,916	0.8693	148,577
Databank Epack Investment Fund	230,643	2.5466	587,356
			<b>735,933</b>
<b>Medium-Term Funds</b>			
3-Year Certificates of Deposit			514,000
3-Year Fixed Interest Note			270,000
3-Year Floating Rate Notes			500,000
5-Year Certificates of Deposit			500,000
6-Year Certificates of Deposit			614,000
7-Year Certificates of Deposit			500,000
			<b>2,898,000</b>
<b>Short Term Investments</b>			
182-Day Certificate of Deposit			1,469,209
365-Day Certificate of Deposit			3,817,000
365-Day Floating Rate Notes			912,624
			<b>6,198,833</b>
<b>Treasury Notes &amp; Bills</b>			
182-Day Treasury Bills			200,000
3-Year Treasury Notes			100,000
5-Year Treasury Notes			501,394
<b>Total</b>			<b>801,394</b>
<b>Total Investments</b>			<b>17,773,413</b>

## 12. TRADE AND OTHER RECEIVABLES

	<b>2016 GHC</b>	<b>2015 GHC</b>
Receivable-Redemption	-	700,000
Fixed Deposit Interest	807,100	590,364
Floating Rate Note	43,002	131,653
Government Bond	74,918	5,183
Receivables-Others	26,000	-
	-----	-----
	1,427,200	951,020
	=====	=====

## 13. UNITHOLDERS' PRINCIPAL

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

Number of shares issued and redeemed during the year is disclosed below;

	<b>2016 Number of Shares</b>	<b>2015 Number of Shares</b>
Shares in Issue at Beginning of Period	41,337,020	38,480,706
Issued during the Year	11,597,698	12,211,844
Redeemed during the Year	(8,423,850)	(9,355,530)
	-----	-----
Shares in Issue at December 31	44,510,868	41,337,020
	=====	=====

	<b>2016 GHC</b>	<b>2015 GHC</b>
New Issues	5,069,070	4,532,942
Redemptions	(3,480,261)	(3,521,923)
	-----	-----
Net Proceeds from Capital Transactions	1,588,809	1,011,019
Beginning Of Period	7,701,743	6,690,724
	-----	-----
End of Period	9,290,552	7,701,743
	=====	=====

## 14. TRADE AND OTHER PAYABLES

Sales Commission	6,059	5,350
Audit Fees	15,862	14,100
Registrar Fees	802	697
Client Service Fees	802	697
Management Fees	24,225	20,360
Custody Fees	5,529	7,018
Withholding Tax	1,860	2,521
Accounting Fees	500	500
Due to Clients	-	40,979
Professional Fees	-	3,000
	-----	-----
	55,639	95,222
	=====	=====

The Fund has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 15. 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 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.

### 15.1. Risk management structure

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

### 15.2. 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 risks type and activities.

### 15.3 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, foreign exchange rates and equity prices.

### 15.4 Foreign currency risk management

The Fund undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by keeping a limited amount of Forex balances.

### 15.5 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 analysis 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

	Change In Basis Points	Sensitivity Of Changes in Fair Value of Investments Increase/(Decrease GH¢
Other Comprehensive Income	+100/(100)	3,556/( 3,556)

#### 15.6 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.

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

The sensitivity of the profit or loss for the year is the effect of the assumed changes in interest rates on:

- The net interest income for one year, based on the floating rate financial assets held at the end of the reporting period
- Changes in fair value of investments for the year, based on revaluing fixed rate financial assets and liabilities at the end of the reporting period

#### Sensitivity Analysis

	Change in basis points	Sensitivity of interest income Increase/(Decrease) GH¢
Net Distributed Unitholders' Earnings for the year	+200/-200	42,109/(42,109)

#### Maturity analysis of financial liabilities

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities.

The table below analyses the financial liabilities into the relevant maturity grouping based on the remaining period at the reporting date to the contractual maturity date.

Less than one year	2016 GH¢	2015 GH¢
Trade and Other Payables	55,639 =====	95,222 =====

## 15.7 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 Assets 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):

- Searching for new investors
- Withdrawal of cash deposits
- Disposal of highly liquid assets (i.e., short-term, low-risk debt investments)
- Either disposal of other assets or increase of leverage

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.

## 15.8 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, derivatives and other transactions. It is the Fund's policy to enter into financial instruments with reputable counterparties.

The Investment 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.

## 15.9 Fair value of financial instruments

### Fair value of financial instruments carried at amortised cost

Except 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	Fair value	Carrying Amounts	Fair value
	2016 GH¢	2016 GH¢	2015 GH¢	2015 GH¢
Cash and Cash Equivalents	941,588	941,588	1,464,494	1,464,494
Held-To-Maturity Securities	9,898,227	9,898,227	6,569,290	6,569,290
Available-for-Sale Equities	7,878,186	7,878,186	6,905,917	6,905,917

Trade and Other Receivables	951,020	951,020	1,427,200	1,427,200
	-----	-----	-----	-----
Total Financial Assets	19,666,021	19,666,021	16,366,901	16,366,901
	=====	=====	=====	=====

#### **Financial Liabilities**

Trade and Other Payables	55,639	55,639	95,222	95,222
	=====	=====	=====	=====

## **16. CONTINGENCIES AND COMMITMENTS**

### **16.1. Legal proceedings and regulations**

The Fund operates in the financial service industry and is subject to legal proceedings in the normal course of business. As at the reporting date, there were no potential or threatened legal proceedings, for or against the Fund.

There are no contingencies associated with the Fund's compliance or lack of compliance with regulations.

### **16.2. Capital commitments**

The Fund has no capital commitments at the reporting date.

## **17. RELATED PARTY TRANSACTIONS**

The following parties are considered related parties of the Fund:

### **Fund Manager**

Databank Asset Management Services Limited (the Fund Manager) is entitled to receive a management and advisory fee for its respective services. These fees amount to an aggregate of 2% per annum calculated on the daily the net assets of the Fund. Management fees are payable monthly in arrears. Total management fees for the year amounted to **GHC 266,626** (2015: GHC 228,538). Management fees are payable monthly in arrears.

### **Custodian—Standard Chartered Bank Ghana Limited**

Standard Chartered Bank (Ghana) Limited is the custodian of the Fund. The custodian carries out the usual duties regarding custody, cash and securities 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 quarterly, equal to 0.025% per annum calculated on the daily net assets of the Fund. The total custodian and administration fee for the year amounted to GHC 28,561 (2015: GHC 27,830), the custodian and administration fee payable as at December 31, 2016 is GHC 5,528 (2015: GHC 7,018).

## Stock brokers

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

## Transactions with related parties

A number of related party transactions take place with related parties in the normal course of business. These include transactions and balances among related parties. The outstanding balances on such related party transactions are as follows:

Amounts due from related parties	2016 GHC	2015 GHC
Databank Asset Management Services Limited	32,388 =====	27,605 =====

## 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 Executive and non-Executive Directors of the Fund.

During the year, 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 provision in respect of loans to Directors or any key management member during the period under review.

## Directors' Emolument

	2016 GHC	2015 GHC
Directors' Remuneration	68,700	46,900
Directors' Liability Insurance	8,250	-
	----- 76,950 =====	----- 46,900 =====

## Directors' Shareholding

The Directors below held the following number of shares in the Fund at December 31, 2016

Name	Shares	% of Fund
Adelaide Ahwireng	183,485.47	0.4123
Kojo Addae-Mensah	126,103.63	0.2833
Elizabeth N. Zormelo	76,101.27	0.1710
Stephen Adei*	20,104.06	0.0452
Kwadwo Asante-Abedi	16,632.68	0.0374

\*Shares are jointly held by the Director and Spouse

**18. EVENT AFTER THE REPORTING PERIOD**

No significant event occurred after the end of the reporting date which is likely to affect these Financial Statements.

**19. APPROVAL OF FINANCIAL STATEMENTS**

The Financial Statements were approved by the Board of Directors and authorised for issue on **April 26, 2017**.

■ ■ **FOR MORE INFORMATION, CONTACT**  
■ **DATABANK AT THE FOLLOWING ADDRESSES:**

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**Partner locations (GTBank branches)**

**Accra**

- **Airport:** 0577 702012
- **East Legon:** 0577 702013
- **Lapaz:** 0577 739461
- **Madina:** 0577 739462
- **Osu:** 0577 702014

**Ashaiman:** 0577 702015

**Cape Coast:** 0577 702016

**Tamale:** 0577 702017

**Tarkwa:** 0577 702010

Databank is Ghana's leading investment bank and one of the first to emerge from West Africa. 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.