EdIfund

2018

ANNUAL REPORT

Databank
Leadership

DATABANK EDUCATIONAL INVESTMENT FUND LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
31ST DECEMBER 2018

DATABANK EDUCATIONAL INVESTMENT FUND
TABLE OF CONTENTS

INDEX

DATABANK EDUCATIONAL INVESTMENT FUND LIMITED
BOARD OF DIRECTORS, OFFICIALS AND REGISTERED OFFICE

BOARD OF DIRECTORS	Israel Titi Ofei (*Chairman, Non-Executive Director)* Eudora Hilda Koranteng (*Non-Executive Director)* Robert Ebo Hinson (*Non-Executive Director)* Bill Buenar Puplampu (*Resigned, 17th October 2018)* Rosalyn Darkwa *(Non-Executive Director)*
SECRETARY	Accra Nominees Limited 2nd Floor, Cedar House No. 13 Samora Machel Road Asylum Down P. O. Box GP 242 Accra
REGISTERED OFFICE	61 Barnes Avenue, Adabraka Private Mail Bag Ministries Post Office Accra
CUSTODIAN	Stanbic Bank Ghana Limited Head office branch P. O. Box 2344 Cantonments Accra
FUND MANAGER	Databank Asset Management Services Limited 61 Barnes Avenue, Adabraka Private Mail Bag Ministries Post Office Accra
AUDITOR	Baker Tilly Andah + Andah Nyanyo Lane, Asylum Down P. O. Box CT 5443 Cantonments, Accra
BANKERS	Fidelity Bank Ghana Limited GCB Bank Limited Guaranty Trust Bank (Ghana) Limited Stanbic Bank Ghana Limited United Bank for Africa (Ghana) Limited Zenith Bank Ghana Limited

REPORT OF THE DIRECTORS TO THE MEMBERS OF DATABANK EDUCATIONAL INVESTMENT FUND LIMITED

The Directors present herewith their report together with the audited financial statements of the Fund for the period ended December 31, 2018.

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 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 total distributed comprehensive unitholders' earnings of **GH¢2,029,834** as against GH¢3,068,998 in 2017. The decrease in net distributed unitholders' earnings is attributed to the price declines of some of the Fund's equity holdings

Auditor

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

………………………………	………………………………………
ISRAEL TITI OFEI	**ROSALYN DARKWA**
CHAIRMAN	**DIRECTOR**
APRIL 26, 2019	**APRIL 26, 2019**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DATABANK EDUCATIONAL INVESTMENT FUND LIMITED

Opinion

We have audited the financial statements of Databank Educational Investment Fund Limited, which comprise the statement of financial position as at December 31, 2018 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 12 to 37.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1963 (Act 179), 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Key Audit Matters

Key Audit Matters (KAM) are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

Impairment of Financial Assets

The impairments of Financial Assets are considered to be of most significance in the audit due to the level of subjectivity inherent in estimating the impact of key assumptions of the recoverability of investment balances, including the application of industry knowledge and prevailing economic conditions in arriving at the level of impairment allowance required.

The Fund has adopted IFRS 9 *Financial Instruments* which became effective on January 1, 2018. The key change arising from the adoption of IFRS 9 *Financial Instruments* was that impairment losses on financial assets are now based on an Expected Credit Loss (ECL) model rather than an incurred loss model, with the most significant impact on investment of Financial Assets at Amortised Cost.

The determination of impairment allowance using the ECL model requires the application of certain financial indices which are estimated from historical financial data obtained within and outside the Fund, into the complex financial models.

Impairment allowance on Financial Assets at Amortised Cost that have shown a significant increase in credit risk, is based on the Fund's best estimate of losses expected to result from non-recoverability events over the life of the Financial Assets. Impairment allowance on other Financial Assets that have not shown a significant increase in credit risk is recognised based on an estimate of the losses expected to result from default events within 12 months.

EdIFund incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and measurement of ECL. The transitional effect of IFRS 9 *Financial Instruments* have been presented in Note 3.5.1.4

The judgement involved in classifying Financial Assets into stages, the level of subjectivity inherent in estimating the key assumptions on the recoverability of investment balances, the inputs estimated, the complexity of the estimation process and the significant judgement involved in applying these estimates to determine the level of impairment allowance required, make the impairment of Financial Assets a matter of significance to the audit.

The measurement of impairment allowance is deemed a Key Audit Matter as the determination of assumptions for expected credit losses is highly subjective due to the level of judgement applied by the Directors. The most significant judgements are: classification of Financial Assets into stages; the level of subjectivity inherent in estimating the key assumptions on the recoverability of investment balances; timely identification of exposures with significant increase in risk; the complexity of the estimation process and the significant judgement involved in applying these estimates.

How the matter was addressed in our audit:

- We evaluated the design and implementation of the key controls over the impairment determination process such as Investment Committee review of Financial Assets. The key controls evaluated covered processes such as management review of relevant data used in the calculation of expected credit losses.
- We tested the appropriateness of the Fund's determination of significant increase in credit risk and the resultant classification of Financial Assets into the various stages.
- We evaluated the appropriateness of the accounting policies based on the requirements of IFRS 9 and industry practice.
- We assessed the transition adjustment was recognized in the opening retained earnings at January 1, 2018.

Other Information

The Directors are responsible for the other information. The other information comprises Chairman's Statement to Unitholders and Performance Summary 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.

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.

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 the 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.

……………………………………………………….. 29th April, ……………………….**2019**

SAMUEL ABIAW (ICAG/P/1454)
For and on behalf of Baker Tilly Andah + Andah **(ICAG/F/2019/122)**
Chartered Accountants
Nyanyo Lane, Asylum Down
Accra

DATABANK EDUCATIONAL INVESTMENT FUND LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2018

	Note	2018 GH¢	2017 GH¢
INVESTMENT INCOME			
Dividend Income	4	48,894	22,264
Interest Income	5	3,707,463	3,008,710
Gain on Sale of Investments	6	51,209	160,307
Exchange (Loss)/Gain		(11,877)	11,651
TOTAL INCOME		3,795,689	3,202,932
EXPENSES			
Management Fees		(391,906)	(299,909)
Custody Fees		(78,695)	(34,659)
General and Administrative Expenses	7	(560,447)	(297,435)
TOTAL EXPENSES		(1,031,048)	(632,003)
Distributed Unitholders' Earnings before Other Comprehensive Income for the Year		2,764,641	2,570,929
Other Comprehensive Income:			
Fair Value (Loss)/ Gain	10b	(734,807)	498,070
Total Distributed Comprehensive Unitholders' Earnings for the Year		2,029,834	3,068,999

DISTRIBUTED UNITHOLDERS' EARNINGS
FOR THE YEAR ENDED 31ST DECEMBER 2018

	Note	2018 GH¢	2017 GH¢
Beginning of Period		4,661,826	2,090,897
Distributed Unitholders' Earnings before Other Comprehensive Income for the Year		2,764,641	2,570,929
End of Period		7,426,467	4,661,826

DATABANK EDUCATIONAL INVESTMENT FUND LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2018

	Note	2018 GH¢	2017 GH¢
ASSETS			
Cash and Cash Equivalents	8	1,875,333	1,337,995
Financial Assets at Amortised Cost	9	21,650,411	15,788,984
Financial Assets at Fair Value through Other Comprehensive Income (OCI)	10a	5,253,172	3,061,918
Trade and Other Receivables	11	2,108,086	1,082,621
TOTAL ASSETS		30,887,002	21,271,518
UNITHOLDERS' EQUITY			
Unitholders' Principal	12b	23,471,579	15,918,624
Distributed Unitholders' Earnings		7,426,467	4,661,826
Other Distributed Earnings		(132,807)	602,000
TOTAL UNITHOLDERS' EQUITY		30,765,239	21,182,450
LIABILITIES			
Trade and Other Payables	13	121,763	89,068
TOTAL LIABILITIES		121,763	89,068
TOTAL UNITHOLDERS' EQUITY AND LIABILITIES		30,887,002	21,271,518

……………………………… ……………………………………………

ISRAEL TITI OFEI
CHAIRMAN

APRIL 26, 2019

ROSALYN DARKWA
DIRECTOR

APRIL 26, 2019

DATABANK EDUCATIONAL INVESTMENT FUND LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2018

2018

	Unitholders' Principal GH¢	Distributed Unitholders' Earnings GH¢	Other Distributed Earnings GH¢	Total GH¢
Opening Balance	15,918,624	4,661,826	602,000	21,182,450
Proceeds from Issue of Shares	18,910,995	-	-	18,910,995
Distributed Unitholder's Earnings before Other Comprehensive Income for the Year	-	2,764,641	-	2,764,641
Fair Value Loss	-	-	(734,807)	(734,807)
Shares Redeemed	(11,358,040)	-	-	(11,358,040)
	23,471,579	7,426,467	(132,807)	30,765,239

2017

	Unitholders' Principal GH¢	Distributed Unitholders' Earnings GH¢	Other Distributed Earnings GH¢	Total GH¢
Opening Balance	9,409,656	2,090,897	103,930	11,604,483
Proceeds from Issue of Shares	11,364,345	-	-	11,364,345
Distributed Unitholder's Earnings before Other Comprehensive Income for the Year	-	2,570,929	-	2,570,929
Fair Value Gain	-	-	498,070	498,070
Shares Redeemed	(4,855,377)	-	-	(4,855,377)
	15,918,624	4,661,826	602,000	21,182,450

DATABANK EDUCATIONAL INVESTMENT FUND LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2018

	Note	2018 GH¢	2017 GH¢
Cash Flows from Operating Activities			
Distributed Unitholder's Earnings before Other Comprehensive Income for the Year		2,764,641	2,570,929
Adjustments for:			
Profit from Disposal of Securities		(51,209)	(160,307)
Exchange Loss/(Gain)		204	(11,651)
Amortization (Gain)/Loss		(44,749)	125
Total Adjustments to Reconcile Profits		2,668,887	2,399,096
Changes In Working Capital			
Increase in Trade and Other Receivables		(1,025,465)	(296,680)
Increase in Trade and Other Payables		32,695	21,335
Net Cash Flows from Operating Activities		1,676,117	2,123,752
Cash Flows from Investing Activities			
Purchase of Financial Assets at Amortised Cost		(11,826,451)	(12,404,946)
Purchase of Financial Assets at Fair Value through Other Comprehensive Income		(3,833,008)	(1,337,975)
Proceeds from Disposal of Securities		6,967,725	5,472,510
Net Cash Flow from Investing Activities		(8,691,734)	(8,270,411)
Cash Flows from Financing Activities			
Proceeds from Capital Transactions		18,910,995	11,364,345
Shares Redeemed		(11,358,040)	(4,855,377)
Net Cash Flow from Financing Activities		7,552,955	6,508,969
Net Increase in Cash and Cash Equivalents		537,338	362,309
Cash and Cash Equivalents at the Beginning of the period		1,337,995	975,686
Cash and Cash Equivalents at the End of the period	8	1,875,333	1,337,995

1. GENERAL INFORMATION

Databank Educational Investment 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 Educational Investment Fund (EdIFund) Limited is a licensed mutual fund. The Fund was incorporated under Ghanaian Law on March 9, 2012.

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 EdIFund Investment securities acquired with such monies.

The investment activities of the Fund are managed by Databank Asset Management Services Limited (the Fund Manager). The Custodian of the Fund is Stanbic 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. 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).

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 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 allowed 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

Financial Assets	**Level 1** **GH¢**	**Level 2** **GH¢**
Financial Assets at Fair Value through Other Comprehensive Income	3,552,693	1,700,479
Financial Assets at Amortised Cost	-	21,650,411

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, as and when the Fund satisfies a performance obligation.

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 measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment exclusive of 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. 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.

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, 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.

3.5.1.2 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 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 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 Other Comprehensive Income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Fund's business model is achieved both by collecting contractual cash flows and selling the financial assets.

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 at amortised cost 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. 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.

3.5.1.3 Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a Fund 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

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

IFRS 9 introduces a new impairment model that requires the recognition of expected credit losses on all financial assets at amortised or at fair value through other comprehensive income (other than equity instruments), lease receivables and certain loan commitments and financial guarantee contracts.

The Expected Credit Losses (ECL) is the present value measure of the credit losses expected to result from default events that may occur during a specified period of time. ECLs must reflect the present value of cash shortfalls. ECLs must reflect the unbiased and probability weighted assessment of a range of outcomes.

The ECL must also consider forward looking information to recognise impairment allowances earlier in the lifecycle of a product. IFRS 9 consequently is likely to increase the volatility of impairment allowances as the economic outlook changes, although cash flows and cash losses are expected to remain unchanged.
The standard introduces a three-stage approach to impairment as follows:

- Stage 1 – the recognition of 12 month expected credit losses (ECL), that is the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition;
- Stage 2 – lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition; and
- Stage 3 – lifetime expected credit losses for financial instruments which are credit impaired.

In contrast, the IAS 39 impairment allowance assessment was based on an incurred loss model, and measured on assets where there was objective evidence that loss had been incurred, using information as at the balance sheet date.

The Fund currently assesses impairment for its financial assets based on the three-stage approach by IFRS 9 and undertakes impairment provision.

Transition

The Fund adopted IFRS 9: *Financial Instruments* before the effective date of January 1, 2018. The measurement category and the carrying amount of financial assets of the Fund in accordance with IAS 39 and IFRS 9 at January 1, 2018 are compared as follows:

Financial Assets	IAS 39: *Financial Instruments-Recognition and Measurement*		IFRS 9: *Financial Instruments*	
	Measurement Category	Carrying Amount (GH¢)	Measurement Category	Carrying Amount (GH¢)
Cash and Cash Equivalents	Amortised Cost	1,337,995	Amortised Cost	1,337,995
Investments	Amortised Cost (Held to Maturity)	15,788,984	Amortised Cost (Financial Assets at Amortised cost)	15,788,984
	FVOCI (Available for Sale)	3,061,918	FVOCI (Available for Sale)	3,061,918
Trade & Other Receivables	Amortised Cost (Receivable)	1,082,621	Amortised Cost (Receivable)	1,082,621

There were no changes to the reclassification or remeasurement of financial assets. They remained classified as financial assets and measured at amortised cost.

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, borrowings and payables.

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

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 financial asset at amortised cost if they are incurred for the purpose of repurchasing in the near term.

3.5.2.2.2 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. The Fund has not designated any financial liability as at fair value through profit or loss.

3.5.2.3 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.

3.5.2.4 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

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

- The value of the units (owned by members of the Fund) is represented by the 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 units of the Fund are not listed on the Stock Exchange. Applicants may set up a new account with the Fund to buy units of the Fund. When applicants buy Fund units, the units 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.

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 New and Amended Standards and Interpretations

3.9.1 Standards and Interpretations effective in the current period

As at the balance sheet date, the following standards, amendments to existing standards and interpretations were in issue, but not yet effective: caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

- **IFRS 16 Leases**

Effective for annual periods beginning on or after January 1, 2019.
The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. This standard is not expected to have any impact on the Fund.

- **IFRS 17 Insurance Contracts**

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows);
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period);
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period;

- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet;
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense;
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

IFRS 17 is effective for reporting periods starting on or after January 1, 2021 with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not expected to have any impact on the Fund.

- **IFRIC Interpretation 23 Uncertainty over Income Tax Treatments**

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances;

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after January 1, 2019 but certain transition reliefs are available. This standard is not expected to have any impact on the Fund.

- **Definition of a Business - Amendments to IFRS 3**

Effective for annual periods beginning on or after January 1, 2020.
The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Minimum requirements to be a business
The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. They also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.

Market participants' ability to replace missing elements
Prior to the amendments, IFRS 3 stated that a business need not include all of the inputs or processes that the seller used in operating that business, if market participants are capable of acquiring the business and continuing to produce outputs, for example, by integrating the business with their own inputs and processes'. The reference to such integration is now deleted from IFRS 3 and the assessment must be based on what has been acquired in its current state and condition.

Assessing whether an acquired process is substantive
The amendments specify that if a set of activities and assets does not have outputs at the acquisition date, an acquired process must be considered substantive only if:

(a) it is critical to the ability to develop or convert acquired inputs into outputs; and
(b) the inputs acquired include both an organised workforce with the necessary skills, knowledge, or experience to perform that process, and other inputs that the organised workforce could develop or convert into outputs. In contrast, if a set of activities and assets has outputs at that date, an acquired process must be considered substantive if:

> (i) it is critical to the ability to continue producing outputs and the acquired inputs include an organized workforce with the necessary skills, knowledge, or experience to perform that process; or
> (ii) it significantly contributes to the ability to continue producing outputs and either is considered unique or scarce, or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. This standard is not applicable to the Fund.

- **Prepayment Features with Negative Compensation - Amendments to IFRS 9**

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract. This is effective for annual periods beginning on or after January 1, 2019. The Fund is yet to perform an impact analysis of this amendment on the Fund.

- **Definition of Material - Amendments to IAS 1 and IAS 8**

Effective for annual periods beginning on or after January 1, 2020.
In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

Obscuring information
The amendments explain that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information. Material information may, for instance, be obscured if information regarding a material item, transaction or other event is scattered throughout the financial statements, or disclosed using a language that is vague or unclear. Material information can also be obscured if dissimilar items, transactions or other events are inappropriately aggregated, or conversely, if similar items are inappropriately disaggregated.

New threshold
The amendments replaced the threshold 'could influence', which suggests that any potential influence of users must be considered, with 'could reasonably be expected to influence' in the definition of 'material'. In the amended definition, therefore, it is clarified that the materiality assessment will need to take into account only reasonably expected influence on economic decisions of primary users.

Primary users of the financial statements
The current definition refers to 'users' but does not specify their characteristics, which can be interpreted to imply that an entity is required to consider all possible users of the financial statements when deciding what information to disclose. Consequently, the IASB decided to refer to primary users in the new definition to help respond to concerns that the term 'users' may be interpreted too widely.

Other amendments
The definition of material in the Conceptual Framework and IFRS Practice Statement 2: Making Materiality Judgements were amended to align with the revised definition of material in IAS 1 and IAS 8. The amendments must be applied prospectively. Early application is permitted and must be disclosed.

- **Plan Amendment, Curtailment or Settlement - Amendments to IAS 19 Employee Benefits**

The amendments to IAS 19 Employee Benefits address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. Effective for annual periods beginning on or after January 1, 2019.

Determining the current service cost and net interest
When accounting for defined benefit plans under IAS 19, the standard generally requires entities to measure the current service cost using actuarial assumptions determined at the start of the annual reporting period. Similarly, the net interest is generally calculated by multiplying the net defined benefit liability (asset) by the discount rate, both as determined at the start of the annual reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event;

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

Effect on asset ceiling requirements
A plan amendment, curtailment or settlement may reduce or eliminate a surplus in a defined benefit plan, which may cause the effect of the asset ceiling to change.

The amendments clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

This clarification provides that entities might have to recognize a past service cost, or a gain or loss on settlement, that reduces a surplus that was not recognised before. Changes in the effect of the asset ceiling are not netted with such amounts. This standard is not expected to have any impact on the Fund.

- **Long-term interests in associates and joint ventures - Amendments to IAS 28**

Effective for annual periods beginning on or after January 1, 2019.
The amendments clarify that an entity applies IFRS 9 to long term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.
The IASB Board also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendment must be applied retrospectively, with certain exceptions. Early application of the amendments is permitted and must be disclosed. This standard would not have any impact on the Fund.

- **The Conceptual Framework for Financial Reporting**

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the IASB Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement

- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

The Conceptual Framework is accompanied by a Basis for Conclusion. The IASB Board has also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the Conceptual Framework. In most cases, the standard references are updated to refer to the Conceptual Framework. There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, IFRS 3 Business Combinations and for those applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The Framework becomes effective for the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee instantaneously. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after January 1, 2020. The Fund plans to adopt the Framework on the effective date and is yet to perform a detail impact assessment on its adoption.

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:

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 prospectus of the Fund 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 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.

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 DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Judgements 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.

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 a 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.

	2018	2017
	GH¢	GH¢

4. DIVIDEND INCOME

Listed Equity Securities	48,894	22,264
	=====	=====

5. INTEREST INCOME

Interest on Corporate Bonds	1,516,051	718,591
Interest on Government Securities	1,182,671	417,977
Interest on Bank Fixed Deposit	436,870	1,791,824
Interest on Non-Bank Fixed Deposit	443,005	-
Interest on Commercial Paper	68,943	55,046
Interest on Call Deposit	59,923	25,272
	------------	-----------
	3,707,463	3,008,710
	======	=====

6. GAIN ON SALE OF INVESTMENTS

Profit on Sale of Financial Instruments	51,209	160,307
	=====	=====

	2018 GH¢	2017 GH¢

7. GENERAL AND ADMINISTRATIVE EXPENSES

	2018 GH¢	2017 GH¢
Audit Fees	29,236	25,851
Directors' Emoluments	61,679	55,924
Bank Charges	16,518	19,054
Stationery & Printing	14,928	23,698
Marketing, Business Promotion & Advertisement	166,864	77,538
Software Maintenance Cost	5,072	5,000
Brokerage Fees	6,455	-
Insurance Premium	201,663	54,431
Storage & Warehousing	3,334	1,395
Statutory and Legal Fees	1,000	620
Fund Accounting Fees	11,000	13,000
Registrar Fees	17,599	9,712
Client Service Fees	17,599	9,712
Financial & Professional Consultant	7,500	1,500
	560,447	297,435

8. CASH AND CASH EQUIVALENTS

	2018 GH¢	2017 GH¢
Cash at Bank	1,875,333	1,337,995

9. FINANCIAL ASSETS AT AMORTISED COST

	2018 GH¢	2017 GH¢
Government Securities	9,502,964	3,529,823
Corporate Bonds	8,244,447	3,720,801
Bank Fixed Deposits	2,935,000	8,158,360
Non-Bank Fixed Deposit	868,000	-
Commercial Paper	100,000	380,000
	21,650,411	15,788,984

10a. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

		2018 GH¢	2017 GH¢
Listed Equity Securities	10c	3,552,693	2,283,699
Unlisted Equity Securities	10c	1,700,479	778,219
		5,253,172	3,061,918

10b. CHANGES IN THE FAIR VALUE OF EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2018 GH¢	2017 GH¢
Market Value of Financial Assets at Fair Value	5,253,172	3,061,918
Cost of Investment	(5,385,979)	(2,459,918)
Current Period Gains	(132,807)	602,000
Prior Period Loss	(602,000)	(103,930)
Fair Value Gain	(734,807)	498,070

10c. Portfolio Summary

Description	Shares	Price 31-Dec-18 GH¢	Market Value GH¢
Listed Shares			
Financial Services			
Société-General	662,550	0.7500	496,913
GCB Bank	91,200	4.6000	419,520
Cal Bank	320,000	0.9800	313,600
Ecobank Ghana	27,500	7.5000	206,250
Enterprise Group	72,000	2.24000	161,280
Standard Chartered Bank Ghana	6,346	21.0000	133,266
Pharmaceutical			
Intravenous Infusions	1,250,000	0.0800	100,000
Energy			
Total Company Ltd	144,700	3.40000	491,980
Ghana Oil Company Ltd	145,400	3.1200	453,648

P.T.O

Description	Shares	Price 31-Dec-18 GH¢	Market Value GH¢
Food & Households Products			
Fan Milk Ltd (Ghana)	24,000	8.0000	192,000
Unilever	6,200	17.7800	110,236
Telecommunications			
MTN Ghana	600,000	0.79000	474,000
Total Listed Shares			**3,552,693**
Collective Investments Schemes			
Databank Money Market Fund	745,894.47	1.2061	899,625
Databank Epack Investment Fund	221,245.17	3.2103	710,263
Databank Arkfund	159,099.02	0.5694	90,591
			1,700,479
Fixed Income Instruments-Government			
Governments Bond			8,053,418
Governments Notes			865,546
Treasury Bills			584,000
Total			**9,502,964**

10c. Portfolio Summary

Description	Market Value GH¢
Fixed Income Instruments-Corporate	
Listed Corporate Bonds	8,244,447
Bank Fixed Deposit	2,935,000
Non-Bank Fixed Deposit	868,000
Commercial Paper	100,000
Total	**12,147,447**
Total Investments	**26,903,583**

11. TRADE AND OTHER RECEIVABLES

	2018 GH¢	2017 GH¢
Interest Receivable	1,012,086	1,082,621
Investment Maturity Receivable	1,096,000	-
	2,108,086	1,082,621

12. UNITHOLDER'S 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 period is disclosed below

12a. Number of shares in Issue

	2018 Number of Shares	2017 Number of Shares
Shares in Issue at Beginning of Period	119,575,117	78,697,082
Issued during the period	76,839,882	68,924,958
Redeemed during the period	(37,374,548)	(28,046,924)
Shares in Issue at December 31	159,040,451	119,575,117

12b. Value of shares in Issue

	2018 GH¢	2017 GH¢
New Issues	18,910,995	11,364,346
Redemptions / Reversals	(11,358,040)	(4,855,377)
Net Proceeds from Capital Transactions	7,552,955	6,508,968
Beginning of Period	15,918,624	9,409,656
	23,471,579	15,918,624

13. TRADE AND OTHER PAYABLES

	2018 GH¢	2017 GH¢
Audit Fees	29,455	26,069
Sales Commission	8,503	7,123
Registrar Fees	1,733	1,136
Client Services Fees	1,733	1,136
Management Fees	37,050	34,518
Custody Fees	21,661	12,693
Fund Accounting Fees	1,000	2,000
Withholding Tax	4,628	2,593
Other Liabilities	2,500	1,800
Client Insurance Payable	13,500	-
	121,763	89,068

14. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICY

The objective of the Fund in managing risk is the creation and protection of shareholder value. Risk is inherent in the activities of the Fund, 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 continuing profitability of the Fund. 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.

14.1 Risk Management Structure

The Investment Manager of the Fund 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.

14.2 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 based on statistical models. The models make use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These 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.

14.3 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.

14.4 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.

14.5 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 analysis below demonstrates the sensitivity of the profit or loss of the Fund 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)	26,620/(26,620)

14.6 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 Board of Directors has established limits on the interest gaps for stipulated periods.
The analysis below demonstrates the sensitivity of the profit or loss of the Fund 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 period is the effect of the assumed changes in interest rates on:

- The net interest income for the period, based on the floating rate financial assets held at the end of the reporting period
- Changes in fair value of investments for the period, 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¢
Distributed Unitholders' Earnings before Other Comprehensive Income for the Year	+100/-100	27,681/(27,681)

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 indicates the maturity profile of the Fund's financial liabilities:

Less than one-year	2018 GH¢	2017 GH¢
Trade and Other Payables	121,763	89,068
	=====	=====

14.7 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 NAV per share of the Fund at the time of redemption, calculated in accordance with the scheme particulars of the Fund.
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 policy of the Fund 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 policy of the Fund is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

14.8 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 policy of the Fund to enter into financial instruments with reputable counterparties.

The policy of the Fund Manager is to closely monitor the creditworthiness of the 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.

14.9 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 2018 GH¢**	**Fair Value 2018 GH¢**	**Carrying Amounts 2017 GH¢**	**Fair Value 2017 GH¢**
Cash and Cash Equivalents	1,875,333	1,875,333	1,337,995	1,337,995
Financial Assets at Amortised Cost	21,650,411	21,650,411	15,788,984	15,788,984
Financial Assets at Fair Value through Other Comprehensive Income	5,253,172	5,253,172	3,061,918	3,061,918
Trade and Other Receivables	2,108,086	2,108,086	1,082,621	1,082,621
Total Financial Assets	30,887,002	30,887,002	21,271,518	21,271,518

	Carrying Amounts 2018 GH¢	**Fair Value 2018 GH¢**	**Carrying Amounts 2017 GH¢**	**Fair value 2017 GH¢**
Financial Liabilities				
Trade and Other Payables	121,763	121,763	89,068	89,068

15. CONTINGENCIES AND COMMITMENTS

15.1. 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 compliance or lack of compliance with regulations by the Fund.

15.2. Capital Commitments

The Fund has no capital commitments at the reporting date.

16. RELATED PARTY TRANSACTIONS

The following parties are considered related parties of the Fund:

Investment Manager

Databank Asset Management Services Limited (the investment 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 **GH¢391,906** (2017: GH¢299,909). Management fees are payable monthly in arrears.

Brokers

The transactions of the 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 balance on such related party transactions is as follows:

Amounts due to Related Parties

	2018	**2017**
	GH¢	**GH¢**
Databank Asset Management Services Limited	52,519	47,713
	=====	=====

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

	2018	**2017**
	GH¢	**GH¢**
Directors' Emolument	61,679	55,924
	=====	=====

Directors' Shareholding

The Directors below held the following number of shares in the Fund at December 31, 2018

Name	Shares	% of Fund
Israel Titi Ofei	492,715.22	0.3098
Robert Ebo Hinson	223,936.99	0.1408
Rosalyn Darkwa	70,446.33	0.0443
Eudora Hilda Koranteng	7,384.17	0.0046

17. 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 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 0.25% per annum calculated on the daily net assets of the Fund. The total custodian and transaction fees for the year amounted to **GH¢78,695** (2017: GH¢34,659, the custody and transaction fees payable as at December 31, 2018 is GH¢21,661 (2017: GH¢ 12,693).

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 24, 2019.**

FOR MORE INFORMATION, CONTACT DATABANK AT THE FOLLOWING ADDRESSES:

HEAD OFFICE
Tel: 0302 610610
Email: info@databankgroup.com

CAPE COAST
Tel: 0577 702016
Email: capecoast@databankgroup.com

HO
Tel: 0362 000071
Email: ho@databankgroup.com

KOFORIDUA
Tel: 0342 031189, 0577 289123
Email: koforidua@databankgroup.com

KUMASI
Tel: 0322 081483, 080077, 080078
Email: kumasi@databankgroup.com

SUNYANI
Tel: 0576 001533, 0577 704516
Email: sunyani@databankgroup.com

TAKORADI
Tel: 0312 023628, 025465
Email: takoradi@databankgroup.com

TAMALE
Tel: 0577 802665, 0577 802666
Email: tamale@databankgroup.com

TEMA
Tel: 0303 213240, 210050
Email: tema@databankgroup.com

Partner locations (GTBank branches)

Accra

- **Airport:** 0577 702012
- **East Legon:** 0577 702013
- **Lapaz:** 0577 739461
- **Madina:** 0577 739462
- **Osu:** 0577 702014
- **Opera Square:** 0302 668530
- **Kasoa:** 0501 834708
- **Ashaiman:** 0577 702015
- **Tarkwa:** 0577 702010

Partner locations (UBA branch)

- **KNUST:** 0276 138111

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.

www.databankgroup.com