MCOTTLEY UNIT TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

ASSURANCEHUB CONSULT
(Chartered Accountants)
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Directors of Fund Manager:	Kwaku Akomea Ohemeng-Agyei Victor Kodzo Avevor John Asante
Fund Manager:	Ashfield Investment Managers Limited 18 Noi Fetreke Street Airport West, Accra.
Trustees:	Universal Merchant Bank Ghana Limited SSNIT Emporium Building Airport, Accra.
Bankers:	Universal Merchant Bank Ridge, Accra.
Auditor:	AssuranceHub Consult (Chartered Accountants) P O Box AD 186 Adabraka, Accra.

Report of the Directors of the Fund Manager

The Directors of Ashfield Investment Managers Limited has the pleasure of presenting the audited financial statements of McOttley Unit Trust for the year ended 31st December 2017.

Incorporation

The Unit Trust was incorporated under in Ghana by a Trust Deed. The Unit Trust is domiciled in Ghana where it is licensed by the Securities and Exchange Commission, Ghana as a Unit Trust. The address of the registered office is set out on page 2.

Nature of Business

The McOttley Unit Trust is an authorized Unit Trust as defined by the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695). The principal activity of the Trust is to operate an open-ended balance fund that seeks to achieve growth in income and capital as well as providing liquidity and conserving principal by investing in a mix of capital market and money market instruments in accordance with the provisions of the Securities Industry Act, 2016 (Act 929), and the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695).

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

Review of Financial Results and Activities

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

Financial results	**GH¢**
Net Income for the year	**341,360**
Accumulated net investment income	**482,227**

Events after the Reporting Period

Events after the Statement of Financial Position date are reflected in the financial statements only to the extent that they relate to the period under review and the effect is material. There were no subsequent events at the reporting date, 31st December 2017.

Going Concern

The Directors believe that the Fund has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Fund is in a sound financial position and that revenue from the assets under management would be enough to meet its foreseeable cash requirements.

The Directors are not aware of any new material changes that may adversely impact the Fund. The Directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation, which may affect the Fund.

Litigation Statement

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

Corporate Social Responsibility

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

Auditors

AssuranceHub Consult, have indicated their willingness, to continue in office pursuant to section 139 (5) of the Companies Act 2019 (Act 992) as amended.

Audit Fees

Included in the general and administrative expenses for the year is the agreed auditors' remuneration of GH¢6,261 (inclusive of VAT and levies).

Capacity of Directors

The Fund Manager ensures that only fit and proper persons are appointed to the Board after obtaining the necessary approval from the regulator, Securities and Exchange Commission (SEC). Relevant training and capacity building programs are organized for the board as and when the need arises.

Assets Under Management

The Fund was managed by McOttley Capital Limited until the revocation of its license in November 2019. Assets Under Management (AUM) as at December 31, 2017 stood at GH¢ 1,532,648 representing 29% increase compared to prior year of GH¢1,191,288.

Approval

The annual report and financial statements set out on pages 3 to 33, which have been prepared on the going concern basis, were approved by the Board of Directors of the new Fund Manager on July 28, 2021, following the revocation of the license of the former Fund Manager of the scheme, McOttley Capital Limited in November 2019, and were signed on its behalf by:

………………………………	………………………………
DIRECTOR	**DIRECTOR**
4th October ………………………**2022**	4th October ………………………**2022**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of McOttley Unit Trust, which comprise the statement of net assets and statement of assets and liabilities as at December 31, 2017, income and distribution statement, statement of accumulated net investment income, statement of movements in net assets, statement of movement in issued units, statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies as set out on pages 15 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, 2017 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, 2019 (Act 992), 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 Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. They are matters to be 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 those matters.

We have determined that there are no key audit matters to communicate in our report.

Other Information

The Fund Manager is responsible for the other information. The other information comprises Report of the directors of the Fund Manager, Portfolio manager's report, Performance Summary Checklists and Report of the Trustees 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 the Fund Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements i n accordance with International Financial Reporting Standards (IFRS), the requirements of the Companies Act, 2019 (Act 992) and the Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695) 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 Fund Manager is 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 Trust or to cease operations, or have no realistic alternative but to do so.

The Manager is 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 fund'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 Fund Manager 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, 2019 (Act 992) 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 Trust, so far as appears from the examination of those books;
- the Trust's financial statements are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is
Nathaniel Owusu Ansah (Practicing Certificate Number: **ICAG/P/1543**)

AssuranceHub Consult
Chartered Accountants & Business Advisors
P. O. Box AD 186, Adabraka, Accra - Ghana
PH: 036 219 5346 / 030 298 5382

AssuranceHub Consult (ICAG/F/2022/346)
Chartered Accountants
P O Box AD 186, Adabraka-Accra

Date 5th October, **2022**

STATEMENT OF NET ASSETS

AS AT 31 DECEMBER 2017 ***(All amounts are expressed in Ghana Cedis)***

	Notes	2017	2016
Short Term Funds			
Cash and Cash Equivalents	5	**592**	259,918
Total Short-Term Funds		**592**	259,918
Investment			
Financial Assets at Amortized Cost	6	**1,034,766**	797,471
Financial Assets at Fair Value through	7	**183,097**	54,248
Total Investments		**1,217,863**	851,719
Total Financial Assets		**1,218,455**	1,111,637
Other Assets in Excess of Liabilities		**304,775**	2,324
Net Financial Assets		**1,523,230**	1,113,961

The notes on pages 15 to 32 are an integral part of these financial statements

STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 DECEMBER 2017 ***(All amounts are expressed in Ghana Cedis)***

	Notes	2017	2016
Assets			
Total Financial Assets		**1,218,455**	1,111,637
Other Assets:			
Intangible assets	4	**16,034**	24,051
Trade and Other Receivables	8	**298,159**	55,600
		314,193	79,651
Total Assets		**1,532,648**	1,191,288
Liabilities:			
Administrative fees	9	**-**	(40,085)
Trustee fees	9	**(9,418)**	(16,557)
Fund manager's fees	9	**-**	(12,685)
Auditor's remuneration	9	**-**	(8,000)
Total Liabilities		**(9,418)**	(77,327)
Net Financial Assets		**1,523,230**	1,113,961
Represented by:			
Unit Holders Principal		**482,227**	72,958
Distributed Unit Holders Earnings		**1,041,003**	1,041,003
Unit Holders Fund		**1,523,230**	1,113,961

The financial statements on pages 7 to 32 were approved by the Manager on …………………2021
And were signed on their behalf by:

……………………………… ………………………………

DIRECTOR **DIRECTOR**

4th October 4th October
………………………2022 ………………………2022

INCOME AND DISTRIBUTION ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017
(All amounts are expressed in Ghana Cedis)

	Notes	2017	2016
Investment Income:			
Dividend Income	10	-	910
Interest Income	11	341,186	119,485
Gain on Sale of Investments	12	85,518	(7,228)
Total Investment Income		426,704	113,167
Expenses:			
Fees & Charges	13	(9,418)	(21,929)
General and Administrative Expenses	14	(8,017)	(34,424)
Total Expenses		(17,435)	(56,353)
Net Investment Income		409,269	56,814

The notes on pages 15 to 32 are an integral part of these financial statements

ACCUMULATED NET INVESTMENT INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017
(All amounts are expressed in Ghana Cedis)

	Notes	2017	2016
Balance at January		**72,958**	16,144
Net Investment Income		**409,269**	56,814
Balance at December 31		**482,227**	72,958

The notes on pages 15 to 32 are an integral part of these financial statements

STATEMENT OF MOVEMENTS IN ISSUED UNITS
FOR THE YEAR ENDED 31 DECEMBER 2017
(All amounts are expressed in Ghana Cedis)

	Notes	**2017**	2016
Number of units at January 1		**7,732,198**	1,820,616
Number of units issued during the year		**777,378**	6,155,039
		8,509,576	7,975,655
Number of units disinvested during the year		**-**	(243,457)
Number of units at December 31		**8,509,576**	7,732,198

Capital Accounts

	Notes	**2017**	2016
Balance at January 1		**1,041,003**	186,093
Value of units sold and Converted		**-**	887,234
		1,041,003	1,073,327
Value of Units Disinvested		**-**	(32,324)
Value of the trust Fund at December 31		**1,041,003**	1,041,003

The notes on pages 15 to 32 are an integral part of these financial statements

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2017
(All amounts are expressed in Ghana Cedis)

	Notes	2017	2016
Cashflow from operating activities			
Net Investment income		**409,269**	56,815
Adjustment for:			
Unrealizedd losses		**(85,518)**	7,228
Amortization changes		**8,017**	8,017
Adjusted Investment Income		**331,768**	72,060
Changes in Operating Funds			
Interest receivables		**(242,559)**	(11,124)
Account payables		**(67,909)**	(25,167)
Purchase of Held-to-maturity investments		**(237,295)**	(1,095,188)
Proceeds from disposal of investments		**-**	472,085
Purchase of available for sale investments		**(43,331)**	(14,922)
Total Changes in Operating Fund		**(591,094)**	(674,316)
Net cash flow from operating activities		**(259,326)**	(602,256)
Cash flow from investing activities			
Purchase of intangible assets		**-**	-
Net cash flow from investing activities		**-**	-
Cash flow used in financing activities			
Proceeds from sale of units		**-**	887,234
Redemption of clients investments		**-**	(32,324)
Related party advance		**-**	-
Net cash flow from financing activities		**-**	854,910
Net Cash Flow		**(259,326)**	252,654

Analysis of changes in cash & cash equivalent

Balance at January 1st		**259,918**	7,264
Net Cash Flow		**(259,326)**	252,654
Balance at December 31st		**592**	259,918

The notes on pages 15 to 32 are an integral part of these financial statements

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MCOTTLEY UNIT TRUST

EQUITY PORTFLIO REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017
(All amounts are expressed in Ghana Cedis)

Description	No. of Share at 31/12/16	Value at at 31/12/16	No. of Share at 31/12/17	Value at 12/31/2017	Purchases during the year (GHC)	Sales During the Year (GHC)
Standard Chartered bank	16,300	12,180	**1,517**	**38,304**	-	-
Ghana Commercial bank	8,854	9,256	**6,700**	**33,835**	-	-
Fan Milk Ltd.	-	17,512	**2,576**	**45,595**	-	-
Ecobank Ghana Ltd	-	-	**1,530**	**11,628**	-	-
Cal bank Ghana	20,400	15,300	**20,400**	**22,032**		-
Benso Oil Palm Plantation	-	-	**2,700**	**16,524**		-
Total Ghana Limited	-	-	**4,300**	**15,179**	-	-
Total		**54,248**		**183,097**	-	-

1. General Information

Mcottley Unit Trust is authorized to operate as a Unit Trust under Securities Industry Act, 2016 (Act 929), and the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695) and duly licensed by the Securities and Exchange Commission. The address of its registered office and principal place of business is No 9 Blohum Street, Dzorwulu, Accra.

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 investment securities acquired with such monies.

1.1. Description of the Fund

The Mcottley Unit Trust is an open-ended collective investment scheme designed for and publicly offered to investors seeking to achieve growth in income and capital as well as providing liquidity and conserving principal by investing in a mix of capital market and money market instruments.

The investment activities of the Fund are managed by the Fund Manager. The Fund's trustee is Universal Merchant Bank Limited.

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

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¢) rounded to the nearest cedi

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

3. Summary Of Significant Accounting Policies

3.1. Fair Value Measurement

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

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

The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — 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

	GH¢
Financial Assets at Fair Value through Other Comprehensive Income	183,097
Financial Assets at Amortized Cost	1,034,766

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 rate method.

3.2.2. Dividend Revenue and Expense

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

3.2.3. Fees and Commissions

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

3.2.4. Net 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 weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

3.3. Taxation

The dividend income and capital gains are subject to withholding tax deducted at the source of the income. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income and is not significant for the Fund. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

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 asset 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 asset s 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 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. 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 company of similar financial assets) is primarily derecognised (i.e. removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
    - i. the Fund has transferred substantially all the risks and rewards of the asset, or
    - ii. the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

3.5.2.2. Subsequent Measurement

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

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 liabilities at amortised cost 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. 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.

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' Equity

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 Unitholder's principal and interest earned. Units entitle the holder to a pro rata share of the Fund's net assets in the event of a unitholder liquidating his or her investment.
- The units of the Fund are not listed on the Ghana 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 unitholder wishing to redeem his or her investment with the Fund can do so by submitting a request for redemption to the Fund Manager. Redemptions are priced at the last published price.

3.7. Dividend Policy

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

3.8. Cash and Cash Equivalents

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

3.9. Segment Information

For management purposes, the Fund is organised into one main operating segment, which invests in equity securities, debt instruments and related derivatives. All of the Fund's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Fund as one segment. The financial results from this segment are equivalent to the financial statements of the Fund as whole.

3.10. New Standards and Interpretations

3.10.1.1. Standards and Interpretations in issue but not yet adopted

As at the statement of financial position date, the following standards, amendments to existing standards and interpretations were in issue, but not yet effective.

- **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;
- Thepresentationofinsurancerevenueandinsuranceserviceexpensesinthestatementof 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 statement of financial position;
- 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, 2023 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.

3.11. 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.

Judgement

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 Scheme Particulars detail 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 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.

3.12. 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.

		2017	2016
4.	**Intangible assets**		
	Cost		
	Balance at January	**40,085**	40,085
	Additions	-	-
	Disposal	-	-
	Balance at December	**40,085**	40,085
	Accumulated amortisation cost		
	Balance at January	**16,034**	8,017
	Charges for the year	**8,017**	8,017
	Balance at December	**24,051**	16,034
	NBV	**16,034**	24,051
5.	**Cash and Cash Equivalents**		
	Bank balance	**592**	259,918
	Transaction accounts	-	-
		592	259,918
6.	**Financial Assets at Amortized Cost**		
	Government bonds	-	-
	Local Government bonds	-	-
	Fixed deposit	**1,034,766**	797,471
	Corporate bonds	-	-
		1,034,766	797,471

7. Financial Assets at Fair Value through other comprehensive income

Standard Chartered bank	**38,304**	12,180
Cal bank	**33,835**	15,300
Ghana Commercial bank	**45,595**	9,256
Enterprise Ghana	**11,628**	-
Total	**22,032**	-
BOPP	**16,524**	-
FanMilk limited	**15,179**	17,512
	183,097	54,248

8. Trade and Other Receivables

Interest Receivables	**298,159**	55,600
Othetr receivables	**-**	-
	298,159	55,600

9. Trade and Other Payables

Administrative fees	**-**	40,085
Trustee fees	**9,418**	16,557
Fund manager's fees	**-**	12,685
Auditor's remuneration	**-**	8,000
	9,418	77,327

10. Dividend Income

Standard Chartered bank	**-**	-
Cal bank	**-**	-
Ghana Commercial bank	**-**	-
Enterprise Ghana	**-**	-
Total	**-**	-
BOPP	**-**	-
FanMilk limited	**-**	910
	-	910

11. Interest Income

Government bonds		
Local Government bonds		
Fixed Deposits	**328,842**	119,485
Corporate bonds	**12,344**	-
	341,186	119,485

12. Unrealised gain or loss

Standard Chartered bank	**26,124**	7,228
Ghana Commercial bank	**24,579**	-
Fan Milk Ltd.	**28,083**	-
Ecobank Ghana Ltd	-	-
Cal bank Ghana	**6,732**	-
Benso Oil Palm Plantation	-	-
Total Ghana Limited	-	-
	85,518	7,228

13. Fees and charges

Fund Manager's Fees	-	8,929
Audit fee	-	8,000
Trustee Fees	**9,418**	5,000
	9,418	21,929

14. General and Administrative Expenses

Bank charges	-	1,422
Amortisation	**8,017**	8,017
Promotion expenses	-	16,000
SEC registration fees	-	500
Brokerage fees	-	8,485
Impairment Charge	-	-
	8,017	34,424

15. Commitments and Contingencies

As at the date of reporting, there were no outstanding Commitments or contingencies.

16. Events after the Reporting Period

Events subsequent to the financial position date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

16. Financial Risk Management Objective and Policy

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

16.1. Risk Management Structure

The Fund's Manager is responsible for identifying and controlling risks. The Board of Directors of the Fund Manager supervises the Manager and is ultimately responsible for the overall risk management framework of the Fund and they areassistedbythe Investment Committee of the Board and Risk Management and Compliance Departments of the Fund Manager. The Risk Management and Compliance Department of the Manager regularly reviews the Trust's risk management policies and systems to reflect changes in markets, products and emerging best practices.

The risk management policies are established to identify and analyse the risks faced by the Unit Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The fund manager, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Unit Trust's primary defense against risks of losses is its Trust deed, SEC approved manuals, policies, procedures, systems and internal controls. In addition, internal control mechanisms ensure that appropriate action is taken when identified risk pass acceptable levels, as approved by the Board of Directors of the fund manager and regulators. Internal control, from time to time, reviews and assesses the adequacy of procedures and controls.

The risks arising from financial instruments to which the Unit Trust is exposed are financial risks, which include market risk, credit risk and liquidity risk.

16.2. Risk Measurement and Reporting System

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

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

16.3. 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.

16.4. 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.

16.5. 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).

16.6. 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.

16.7. 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. Units are redeemable at the holder's option based on the Fund's Net Asset Value (NAV) per share at the time of redemption, calculated in accordance with the Fund's scheme particulars.

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

- Requiring a 5-day notice period before redemptions

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

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

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

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

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

17. Contingencies and Commitments

17.1. Legal Proceedings and Regulations

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

17.2. Capital commitments

The Fund has no capital commitments at the reporting date.

18. Related Party Transactions

The following parties are considered related parties of the Fund:

Fund Manager

The Fund Manager is entitled to receive a management fee for its respective services. These fees amount to an aggregate of 2.50% per annum calculated daily on the net assets of the Fund. Management fees are payable quarterly in arrears.

Brokers

The transactions of the Fund were made through the UMB Brokers and Teak Tree 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.

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 Manager.

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

16. Trustee

Universal Merchant Bank Limited

Universal Merchant Bank Limited is the Trustee of the Fund. The Trustee carries out the usual duties regarding custody, cash and security deposits without any restriction. This means that the trustee 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 Trustee is entitled to receive from the Fund fees, payable yearly, equal to 0.65% per annum calculated based on daily Net Assets Value. The Fund also pays the trustee a transactional fee per transaction relating to the placement activities and equity trade of the Fund executed through the trust account with the bank.