

2012 Future ANNUAL REPORT Plan Trust

HFC Investment Services Limited
A Subsidiary of HFC Bank (Ghana) limited





HFC Future Plan Trust

Annual Report & Financial Statements 2012

THE MANAGER

Name:	HFC Investment Services Limited (HFC Investments)
Country of Incorporation:	Ghana
Registration Number:	50,533
Nature of Corporate Form:	Limited liability, wholly-owned subsidiary of the HFC Bank (Ghana) Ltd.
Registered Office:	No. 35 Sixth Avenue, North Ridge P. O. Box CT. 4603 Cantonments, Accra
Principal Place of Business:	No. 48 A, Sixth Avenue North Ridge, Accra
Date of Incorporation:	7 th JULY 1993 (Name changed from Home Finance Investment Fund Limited to HFC Investment Services Limited on 1 st OCTOBER 2001).
Capitalization (as at December 31 2012)	
Authorized:	10,000,000 (Ten million) Ordinary shares of no Par value
Issued:	1,346,000 shares
Auditors:	Ernst and Young G 15 White Avenue Airport Residential Area P. O. Box 16009 Accra

TABLE OF CONTENT

Notice of Annual General Meeting	6
Statement of Trustees Responsibilities	7
Trustees Report	8
Manager's Report	9 - 12
Auditor's Report	13 - 14
Financial Statements	15 - 21
Notes to the Accounts	22 - 23
Admission Form	24
Proxy Form	25

HFC FUTURE PLAN TRUST

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of Unitholders will be held at the British Council, Accra at 9:00 am on Wednesday 29th May, 2013 to transact the following businesses:

AGENDA

1. To receive the report of the Manager for the Year 2012.
2. To receive the Audited Statement of Income and Expenditure of HFC Future Plan Trust for the financial year ended December 31, 2012 together with the Trustees and Auditors report thereon.
3. To authorize the Manager to fix the remuneration of the Auditors for Year 2013.
4. Special Business:

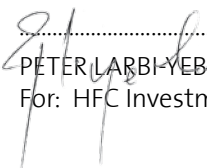
To pass the following as a Special Resolution:

“That the Manager is hereby authorised and mandated in accordance with Section 81 of the UNIT TRUST and MUTUAL FUNDS REGULATIONS, 2001 L. I. 1695, to send statements of Unit holders and the Annual reports of the fund via Electronic Mail and Short Message Service.”

A Unitholder has the right to appoint a proxy to attend and vote on his/her behalf at the Meeting. Such a proxy need not be a Unitholder. A copy of the instrument appointing the proxy may be deposited at any time prior to the commencement of the Meeting at the principal place of business of the Manager.

HFC Investments
No. 48 A, Sixth Avenue
North Ridge, Accra

Dated 8th May 2013
By Order of the Manager.


.....
PETER LARBI-YEBOA
For: HFC Investments

HFC FUTURE PLAN TRUST STATEMENT OF TRUSTEES RESPONSIBILITIES

The Trust Deed requires the Trustees to prepare financial statements for each financial period, which gives a true and fair view of the state of affairs of the HFC Future Plan Trust. In preparing the financial statements, the Trustees are required to:

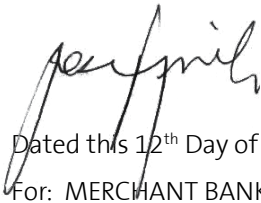
- Select suitable accounting policies and apply them consistently,
- Make judgments and estimates that are responsible and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures, disclosed and explain them in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Investment Trust will continue in business.

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Future Plan Trust, which will ensure that the financial statements comply with the Trust Deed and Securities Industry Law, 1993 (PNDCCL 333). They are also responsible for safeguarding the assets of the Investment Trust and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The statements should be read in conjunction with the statement of the Auditors' responsibilities as set out on page 13, the respective responsibilities of the Trustees and the Auditors in relation to the financial statement.

REPORT OF THE TRUSTEES TO THE UNIT HOLDERS OF THE HFC FUTURE PLAN TRUST FOR THE YEAR ENDED 31 DECEMBER 2012

In our opinion, according to the information made available to us and the explanations provided, we confirm that in all material respects, the manager has managed the scheme during the period covered by these financial statements in accordance with the Trust Deed dated 6th October, 2008 and all regulations for the time being in force under the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695).

A handwritten signature in black ink, appearing to read 'S. Smith', is written over the text of the date and company name.

Dated this 12th Day of April 2013

For: MERCHANT BANK (GHANA) LIMITED

FUND MANAGER'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2012

INTRODUCTION

Global Economy

The year 2012 continued to record global market uncertainties, stemming from a fragile Euro Zone and the US fiscal cliff, which without a deal at the tail end of 2012, would have probably sent the US economy into recession. As a result of the uncertainties, the GDP growth for the Eurozone, a major trading block, fell by 0.6% for 2012, whereas the US grew by 0.4%.

Ghanaian Economy and Market Review

The Ghanaian economy in contrast was quite resilient, with an estimated growth rate of 8.5% in GDP and a single digit inflationary position.

The key economic and market highlights of the year were as follows:

- A Gross Domestic Product of GH¢71.8 billion was achieved for 2012, with the main catalyst being the services sector, contributing approximately 60% of the figure.
- Year on year headline inflation was 8.7% in January 2012 but increased marginally to 8.8% in December with an annual average of 9.1% for the year.
- On the exchange rate front the year opened with the cedi losing ground dramatically to the major trading currencies. Overall the cedi depreciated by 17.5% against the US dollar in 2012 as compared to 4.97 percent in 2011.
- In response to the fall in value of the cedi the Central Bank intervened with significant injections of foreign exchange and rapidly tightened monetary policy. As a result the bench mark 91 day Treasury Bill which began the year at 10.82% spiked up 22% in July.
- The market capitalization of the market by close of year was GH¢57,264.22 million relative to the GH¢ 47,347.23 million recorded in 2011. This represented a growth of GH¢9 million in market capitalization and in percentage terms, a growth of 19%. In the third quarter of the year under review, Absa Capital listed 400,000 NewGold securities (an Exchange Traded Fund (ETF)) on the Ghana Stock Exchange (GSE).

- Additionally, during the year under review, UT Bank, CAL Bank and HFC undertook private placements in response to regulatory requirements. Standard Chartered Bank also undertook a bonus issue of five to one for all their shareholders.

Fund Performance

For the period ended December 2012, HFC Future Plan Trust recorded a yield of 18.19%. This yield was influenced largely by the bearish conditions on the GSE in the first three quarters of 2012 as well as the need to rebalance the portfolio on account of the significant change in the term structure of interest rates. However as a long term fund with a minimum three year investment horizon, I am pleased to note that the performance of the fund surpasses the set benchmark of exceeding the GSE all share index over the past three years.

Change in Fund Value:

The fund began the year with a value of GH¢1,948,756.97 but experienced far more redemptions than new investments, and therefore closed 2012 at GH¢1,871,260.42 This represents a reduction of approximately GH¢77,000 in monetary terms.

By contrast the number of unit holders for your Fund increased by 8% over the year from 956 at the beginning of 2012 to 1036 as at the close of the period.

Portfolio Review and Asset Mix:

The broad portfolio strategy for the year was to skew the portfolio mix to a ratio of 60%:40% in favour of equities. The bearish conditions over the first three quarters of the year however meant that investments were increasingly held in money market instruments also in part due to the macro-economic conditions witnessed, and aforementioned.

Outlook and Fund Strategy for 2013

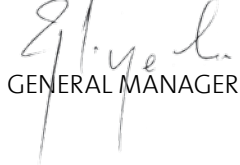
Fellow unit holders, ladies and gentlemen, we expect 2013 to be a good year for the fund with the economy projected to grow at approximately 8.5%. We believe the authorities will strive to maintain the stability achieved and rein in deficit positions. Investor confidence is therefore expected to improve considerably to support an increasingly buoyant stock market.

Our credentials as a pre-eminent fund manager remain unchallenged and was affirmed at the Ghana Investment Awards in 2012, where your manager was adjudged to be the Fund Manager of the Year. We intend to improve and grow

the fund's assets under management by actively marketing the fund and its unique characteristics in 2013. With the expectation of a buoyant stock market in 2013 on account of increased investor confidence and the activities of pension funds, the broad investment strategy for the fund will be to attain and maintain a portfolio mix of 60:40 in favour of equities, with stock selection based on market fundamentals.

We are optimistic about the prospects of the fund for 2013 and encourage you to remain resolute with your investment focus in the HFC Future Plan Trust.

PETER LARBI-YEBOA



GENERAL MANAGER

Future Plan – Highlights / Fund Statistics

HFC Future Plan Trust vs. Benchmark Indicators

	2010	2011	2012	3 yr Avg
Future Plan Trust (%)	40.21	2.88	18.19	20.43
GSE All-Share Index (%)	32.25	-3.10	23.81	17.65
GOG 1-Year Treasury Note (%)	14.52	11.81	18.77	15.03

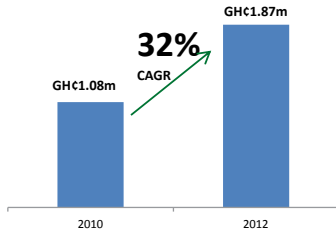
Fund Value

GHS 1.95m  GHS 1.87m
 2011 2012

2012 Return (YTD)

18.19% 

Fund Growth

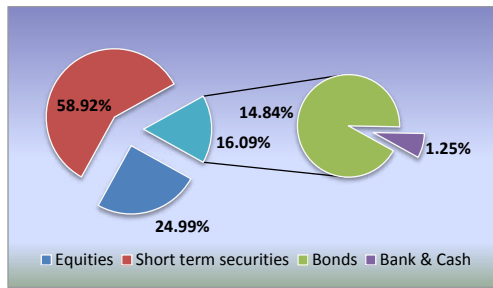


No. of Unit Holders

1,036 (Dec 2012)

↑ 8% Growth (y/y)

Portfolio Mix (2012)



Top Five Equities (2012)

Stock	Value (GH¢)	Proportion of NFV
SCB	188,370.00	10.07%
FML	113,394.10	6.06%
UNIL	85,200.00	4.56%
GCB	32,050.20	1.71%
TOTAL	16,990.50	0.91%
	436,004.80	23.31%



Accountants &
business advisers

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HFC FUTURE PLAN TRUST FOR THE YEAR ENDED 31 DECEMBER 2012

Report on the Financial Statements

We have audited the accompanying financial statements of HFC Future Plan Investment Trust which comprise the statement of assets and liabilities as of December 31, 2012, the income and distribution accounts, statement of movement in net assets and issued units for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Trustee's Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with Ghana Accounting Standards and in the manner required by the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695) and the Companies Code, 1963 (Act 179). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of HFC Future Plan Investment Trust as of December 31, 2012 and of its financial performance for the year then ended in accordance with Ghana Accounting Standards and comply with the Companies Code, 1963 (Act 179) and have been properly prepared in accordance with the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695)

Report on Other Legal and Regulatory Requirements

The Companies Code, 1963, (Act 179) requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion proper books of accounts have been kept by the Trust, so far as appears from our examination of those books, and
- iii) The Trust's Statement of Assets and Liabilities and Income and Distribution Account are in agreement with the books of accounts.



Signed by: F. Bruce-Tagoe (ICAG/P/1087)
For and on behalf of
PKF: (ICAG/F/2013/039)Chartered Accountants
Farrar Avenue P. O. Box GP 1219,Accra.

9th APRIL, 2013



HFC FUTURE PLAN TRUST
FINANCIAL STATEMENTS
DECEMBER 31, 2012



HFC FUTURE PLAN TRUST STATEMENT OF ASSETS AND LIABILITIES FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes		Market	% Net
Description		Shares	Value	Assets
		No.	GH ¢	
Shares				
CAL		40,000	15,200	0.83
GCB		15,262	32,050	1.74
SCB		16,380	188,369	10.23
SG-SSB		20,000	9,600	0.52
FML		31,942	113,394	6.16
UNIL		10,000	85,200	4.63
GSR		2,000	5,500	0.30
BOPP		4,600	6,440	0.35
TOTAL		723	16,991	0.92
TOTAL SHARES			<u>472,744</u>	<u>25.67</u>
SHORT TERM FUNDS				
Cash at Bank and on Call	5		47,945	2.60
Treasury Bills			110,921	6.02
Fixed Deposits			929,479	50.48
Bonds			270,000	14.66
			<u>1,310,400</u>	<u>71.17</u>
Total Short Term Funds			<u>1,358,345</u>	<u>73.77</u>
Total Investments			1,831,089	99.44
Other Assets in Excess of Liabilities			10,261	0.56
Total Net Assets			<u>1,841,350</u>	<u>100.00</u>

HFC FUTURE PLAN TRUST STATEMENT OF ASSETS AND LIABILITIES FOR THE YEAR ENDED 31 DECEMBER 2012

		2012	2011
	Notes	GH ¢	GH ¢
Assets:			
Total Investments		1,831,089	1,869,588
Receivables:			
Interest	6	52,902	44,529
Total Assets		<u>1,883,991</u>	<u>1,914,117</u>
Liabilities:			
Amount Due to Managers		5,563	3,999
Management Fund	7	814	501
HFC Unit Trust Current Account		1,584	0
HFC ISL Current Account		7,460	66
Accrued Charges		<u>27,220</u>	<u>23,977</u>
Total Liabilities		<u>42,641</u>	<u>28,543</u>
Net Assets		<u>1,841,350</u>	<u>1,885,574</u>

Signed For HFC Investment Services Limited 9th April, 2013


General Manager


Director

HFC FUTURE PLAN TRUST INCOME AND DISTRIBUTION ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

		2012	2011
	Notes	GH ¢	GH ¢
Investment Income			
Fixed Deposit		130,042	111,440
Treasury Bills		21,223	405
Dividends		30,017	38,203
Call Account		1,821	2,756
Bonds		42,467	13,300
Other Income		65,746	24,139
Total Income		291,316	190,243
Expenses			
Management Fees		47,818	51,295
Auditors Remuneration		12,700	11,500
Interest Paid on Disinvestments		55,266	24,506
Other Expenses	3	20,550	22,002
		<u>136,334</u>	<u>109,303</u>
		<u>154,982</u>	<u>80,940</u>
Transfer to Management Fund	4	(1,550)	(809)
Net Investment Income		153,432	80,131
ACCUMULATED NET INVESTMENT INCOME			
BALANCE AT 1 JANUARY		110,297	30,166
Net Investment Income		153,432	80,131
BALANCE AT 31 DECEMBER		263,729	110,297

HFC FUTURE PLAN TRUST STATEMENT OF MOVEMENT IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2012

		2012	2011
	Notes	GH ¢	GH ¢
Net Investment Income		153,432	80,131
Change in Unrealised gains / (losses)	8	<u>99,370</u>	<u>(111,120)</u>
Net Increase in Net Assets Resulting from Operations		<u>252,802</u>	<u>(30,989)</u>
Capital Transactions			
Value of Units Sold and Converted		312,483	1,530,731
Value of Units Disinvested		<u>(609,509)</u>	<u>(668,154)</u>
Net Proceeds from Capital Transactions		<u>(297,026)</u>	<u>862,577</u>
Total (Decrease) / Increase in net Assets		<u>(44,224)</u>	831,588
Net Assets:			
Balance at 1 January		1,885,574	1,053,986
Total (Decrease) / Increase in net Assets		<u>(44,224)</u>	831,588
Balance at 31 December		<u>1,841,350</u>	1,885,574
STATEMENT OF MOVEMENT IN ISSUED UNITS FOR THE YEAR ENDED 31 DECEMBER 2011			
Number of Units at 1 January		2,086,817	1,036,314
Number of Units Issued during the year		<u>365,873</u>	<u>1,879,236</u>
		2,452,690	2,915,550
Number of Units disinvested during the year		<u>(727,446)</u>	<u>(828,733)</u>
Number of Units at 31 December		<u>1,725,244</u>	2,086,817

HFC FUTURE PLAN TRUST PORTFOLIO SUMMARY FOR THE YEAR ENDED 31 DECEMBER 2012

	No. Of Shares	Value	No. Of Shares	Value	Purchase During the Year	Sales During the Year
	31/12/11	31/12/11	31/12/12	31/12/12	the Year	the Year
				GH ¢	GH ¢	GH ¢
ETI	50,000	5,000	0	0	0	5,880
CAL Bank	40,000	11,200	40,000	15,200	0	0
Ecobank Ghana Limited	44,800	142,912	0	0	0	132,097
Ghana Commercial Bank	60,262	111,467	15,262	32,050	0	85,256
Standard Chartered Bank	1,700	76,772	188,369	188,369	82,777	54,673
SG SSB Bank	20,000	9,400	20,000	9,600	0	0
Aluworks	158,400	20,592	0	0	0	9,966
ARTN	30,000	5,100	0	0	0	4,998
EIC	100,000	38,000	0	0	0	27,943
Fanmilk	61,942	113,855	31,942	113,394	0	71,905
Unilever Ghana	18,000	119,520	10,000	85,200	26,399	91,972
Gold Star	2,000	5,500	2,000	5,500	0	0
Benso Oil Palm Plantations	45,000	49,500	4,600	6,440	62,930	152,774
Ghana Oil Company Limited	20,800	6,656	0	0	0	8,315
Total	5,833	115,689	723	16,991	22,838	109,321
SIC	20,000	8,000	0	0	0	6,664
TLW	1,600	49,600	0	0	0	59,935
HFC	40,000	18,000	0	0	0	17,708
		906,763		472,744	194,944	839,407

HFC FUTURE PLAN TRUST CAPITAL ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

CAPITAL ACCOUNT				
		2012		2011
	Units	GH ¢	Units	GH ¢
Balance at 1st January	2,086,817	1,695,764	1,036,314	833,187
Value of Units Sold and Converted	<u>365,873</u>	<u>312,483</u>	1,879,236	<u>1,530,731</u>
	2,452,690	2,008,247	2,915,550	2,363,918
Value of Units Disinvested	<u>(727,446)</u>	<u>(609,509)</u>	(828,733)	<u>(668,154)</u>
Value of the Trust Fund at 31December	<u>1,725,244</u>	<u>1,398,738</u>	<u>2,086,817</u>	<u>1,695,764</u>

HFC FUTURE PLAN TRUST NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES

The principal accounting policies adopted by the Trust and which have been used in preparing these financial statements are stated below:

a. Basis of Accounting

The Trust prepares the financial statements under the historical cost convention as modified by the revaluation of listed investments.

b. Investments

i) Government Securities

Government Securities comprise treasury bills and bonds which are debt securities issued by the Government of Ghana. These securities are stated at cost.

ii) Listed Securities

Listed Securities are initially recognized at cost and subsequently re-measured at fair value (market price).

Unrealised gains or losses arising from the changes in the fair value are recognized in equity. On disposal the fair value adjustment accumulated in equity are recognized in the income statement.

Dividends from listed securities are accounted for on cash basis.

2 MANAGEMENT FEES

This is based on 2.5% of the fair market value of the total assets owned by the Trust.

3 OTHER EXPENSES comprise the following:

	2012	2011
	GH ¢	GH ¢
Bank Charges	3,350	3,657
Manager's Reimbursable Expenses	<u>17,200</u>	<u>18,345</u>
	<u>20,550</u>	<u>22,002</u>

4 MANAGEMENT FUND

Transfers to the Management fund are made in accordance with the Trust Deed. The Trustees shall be paid out of this fund.

HFC FUTURE PLAN TRUST NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	GH ₵	GH₵
5 CASH AT BANK AND ON CALL		
Cash at Bank	17,945	14,694
Cash on Call	30,000	50,000
	<u>47,945</u>	<u>64,694</u>
6 INTEREST RECEIVABLE		
Treasury bills	2,020	0
Fixed Deposit	40,216	37,587
Call	66	802
Bonds	10,600	6,140
	<u>52,902</u>	<u>44,529</u>
7 MANAGEMENT FUND		
Balance at 1 January	501	351
Payments made during the year	(1,237)	(659)
Charge for the year	1,550	809
Balance at 31 December	<u>814</u>	<u>501</u>
8 CAPITAL SURPLUS UNREALIZED GAINS / (LOSSES) ON INVESTMENTS		
Market Value of Investments	472,744	966,470
Cost of Investments	<u>(373,374)</u>	<u>(1,077,590)</u>
Change in Unrealised gains / (losses)	99,370	(111,120)
Add Unrealised gains from previous years	<u>79,513</u>	<u>190,633</u>
Unrealised gains as at 31 December	<u>178,883</u>	<u>79,513</u>
9 CONTINGENT LIABILITIES		
There was no contingent liability at the end of the year.		

Admission Form

Annual General Meeting to be held at the British Council, Accra at 9:00am on Wednesday, 29th May 2013.

A Unitholder who is unable to attend an Annual General Meeting (AGM) is allowed to vote by proxy. The Proxy form on the next page has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.

Provision has been made on the form for the Chairman of the meeting to act as your proxy, but if you wish, you may insist in the blank space on the form (marked**) the name of any person whether a Unitholder or not, who will attend the meeting and vote on your behalf instead of the Chairman of the Meeting.

Please sign the proxy form on the next page and post it so as to reach the address in the front not later than 29th May, 2013.

If executed by a Body Corporate, the proxy form should bear its common seal or be signed on behalf by a director.

IMPORTANT:

- a) The name of the Unitholder must be written in BLOCK LETTERS on the Proxy form where marked (**)
- b) This admission form must be produced by the Unitholder or his/her proxy in order to obtain admission to the Annual General Meeting.
- c) Unitholders or their Proxies are requested to sign the admission form before attending the meeting.
- d) In case of joint holders, each joint holder should sign.

HFC Future Plan Trust / Proxy Form

Annual General Meeting to be held at the British Council, Accra at 9:00am on Wednesday, 29th May 2013.

I/we** _____ being a Unitholder(s) hereby appoint _____ or failing him/her the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Fund to be held on 29th May 2013 and at any adjournment thereof

Dated this 9th day of April 2013.

Unit Holder(s) Signature

Resolution	For	Against
To adopt the 2012 Manager’s Report		
To approve the accounts and distribution statement for the financial year ended 31st December, 2012.		
To authorize the Manager to Fix the Auditor’s Remuneration		
To pass the following as a Special Resolution:		
“That the Manager is hereby authorised and mandated in accordance with Section 81 of the UNIT TRUST and MUTUAL FUNDS REGULATIONS, 2001 L. I. 1695, to send statements of Unit holders and the Annual reports of the fund via electronic mail and Short Message Service.”		

Please indicate with an “X” in the appropriate square how you wish your votes to be cast on the resolution set out above.

Unless otherwise instructed the proxy will vote for or abstain from voting at his/her discretion.

(Do not complete this form if you will attend the meeting)



HFC Investments
No. 48 A, Sixth Avenue
North Ridge, Accra