

2015 Annual Report



**EDC GHANA
FIXED INCOME UNIT TRUST**

2015 ANNUAL REPORT

EDC GHANA FIXED INCOME UNIT TRUST

MEMORANDUM NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the 3rd Annual General Meeting of the Unit holders of EDC Ghana Fixed Income Unit Trust to be held at the Ghana National Association of Teachers (GNAT) Hall, Accra on Thursday 13th July, 2016 at 12:00 pm for the following purposes:

1. To consider the reports of the Directors of the Fund Manager and Auditors for the year ended 31st December 2015.
2. To consider and adopt the accounts for the year ended 31st December 2015.
3. To authorize the Directors to fix the remuneration for the Auditors.
4. To transact any other business appropriate to be dealt with at an Annual General Meeting.

A Unit holder of the Fund is entitled to attend and vote, may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Fund. A copy of the completed proxy forms should be deposited not less than forty-eight (48) hours prior to the commencement of the meeting, at the offices of the Secretary.

#799/3 5th Crescent
Asylum Down
Accra



Dated this 15th day of June, 2016.

BY ORDER OF THE BOARD

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REPORTS AND FINANCIAL STATEMENTS

DIRECTORS OF FUND MANAGER

Mr. Paul-Harry O. S Aithnard
Mr. Latyr Diop - (Appointed 2015)
Mrs. Rosemary Yeboah
Mr. Francis Apanka - (Resigned 2016)
Mr. Kisseih Antonio

FUND MANAGER

EDC Investments Limited
Valco Trust House
No. 22 Ambassadorial Enclave
P. O. Box AN 16746
Accra
Ghana

TRUSTEE

Universal Merchant Bank (Ghana) Limited
57 Examination Loop
North Ridge
Accra

AUDITORS

John Kay and Co.
Chartered Accountants
7th Floor, Trust Towers
Farrar Avenue, Adabraka
P.O. Box 16088
Airport, Accra

BANKERS

Ecobank Ghana Limited
Ring Road Central
Accra

REPORT OF DIRECTORS OF THE FUND MANAGER TO THE MEMBERS OF EDC GHANA FIXED INCOME UNIT TRUST

The Board of Directors of EDC Investment Limited presents the report and audited financial statements of EDC Ghana Fixed Income Unit Trust for the year ended 31 December, 2015.

FINANCIAL STATEMENTS

The results for the year ended 31 December 2015 are set out in the attached financial statements.

The Board of Directors considers the state of the affairs of the company to be satisfactory.

NATURE OF BUSINESS

EDC Ghana Fixed Income Unit Trust is a unit trust registered in Ghana. It is licensed by the Securities and Exchange Commission of Ghana and authorized to operate as Unit Trusts, in line with the Unit Trust and Mutual Fund Regulation, 2001 (L.I. 1695).

EDC Ghana Fixed Income Unit Trust is an open-end unit trust offered to investors who are seeking current income on a steady basis while preserving capital. The Unit Trust's objective is to outperform short term interest rates being offered on Government securities. The Unit Trust shall be wholly invested in fixed income securities.

DIVIDEND DISTRIBUTION POLICY

The Unit Trust does not distribute income. All income earned are reinvested.

Unit holders should be aware that the unit trusts aims to achieve capital growth and as such income is reinvested to take advantage of the effects of compounding.

Total investment as at 31 December is made up as follows:

	2015 GH¢	2014 GH¢
Government Notes and Bonds	2,487,341	1,734,777
Corporate Bonds	10,444,070	2,485,233
Fixed Deposits	21,339,333	4,834,816
Treasury Bills	2,891,837	581,088
Cash	1,159,224	329,260
	-----	-----
Total Investment	38,321,805	9,965,174
	=====	=====

REPORT OF DIRECTORS OF THE FUND MANAGER TO THE MEMBERS OF EDC GHANA FIXED INCOME UNIT TRUST

iii. Below are the asset allocation percentages for the year ended:

	2015 (%)	2014 (%)
Government Notes and Bonds	6	17
Corporate Bonds	27	25
Fixed Deposits	56	49
Treasury Bills	8	6
Cash	3	3
	----	----
	100	100
	====	====

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the unit trust, were approved by the Board of Directors of EDC Investment Limited on 30th April, 2016 and signed on its behalf by:



.....
DIRECTOR



.....
DIRECTOR

LARRY OIR

PORTFOLIO MANAGER'S REPORT

The Economic Environment in 2015

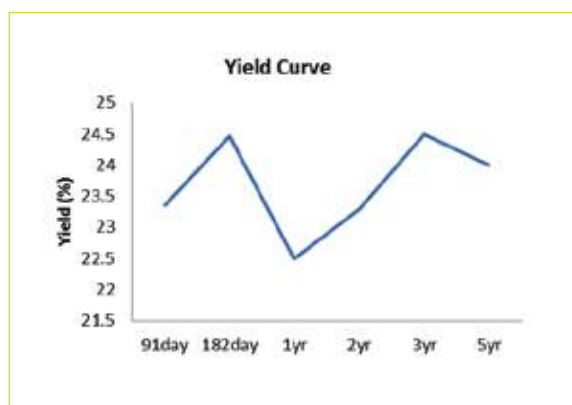
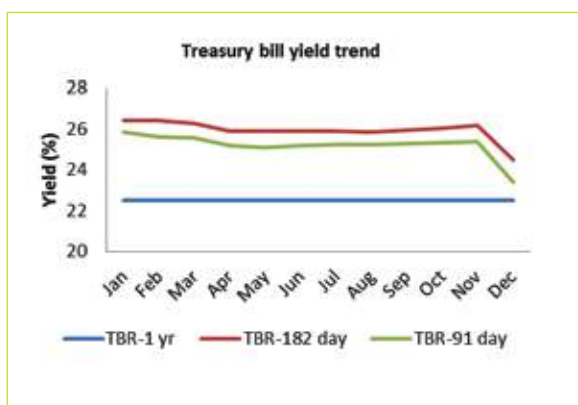
There was a slowdown in the Ghanaian economy in 2015, with real GDP growing by 3.5%, below the government's target of 3.9%, and less than the 4.0% growth rate experienced in 2014. The economic slowdown was mainly due to lower government spending (as part of the fiscal consolidation programme under the IMF-advised reform package), a slump in oil and gold prices and power shortages, which significantly undermined economic activity.

Despite a weaker economy, inflation accelerated to an average of 17.1% in 2015, up from 15.5% the year before, prompting the Bank of Ghana (BoG) to hike its policy rate four times by a total of 500 basis points to 26% during the year. This move by the BoG, contributed to tilting the balance of risks against economic growth, while pushing up short term yields on Treasury bills and bonds. The higher inflation recorded was mainly due to a weakening of the GHS against the major international currencies. With Ghana being an import-dependent country, inflation was driven primarily by pass-through effects arising from imports. Increased inflows driven by a USD1.8bn Cocobod syndicated loan in September/October 2015, a USD1bn Eurobond issued in early October, and IMF disbursements totaling USD231million helped to reduce the rate of decline of the GHS in the fourth quarter of 2015. For the year as a whole, the GHS depreciated by 15%, closing the year with a rate of GHS3.8:USD1 This compares with the rate of 27% depreciation recorded in 2014.

The Fixed Income Market in 2015

Government securities issued in 2015 were skewed toward the short end of the yield curve. The government raised a total of GHS 54bn in 2015 with 90% of all government issues being 91 day and 182 day treasury bills. There were four issuances of 3 year government bonds and two issuances of 5 year government paper. The concentration of activity at the shorter end of the yield curve led the yield curve to be inverted throughout the year with the yield on shorter dated instruments being higher than those of longer dated ones. However, yields on shorter dated securities started to decline in the last quarter of 2015 following the debt restructuring efforts of the government which has resulted in more longer dated instruments being issued to refinance shorted dated maturities.

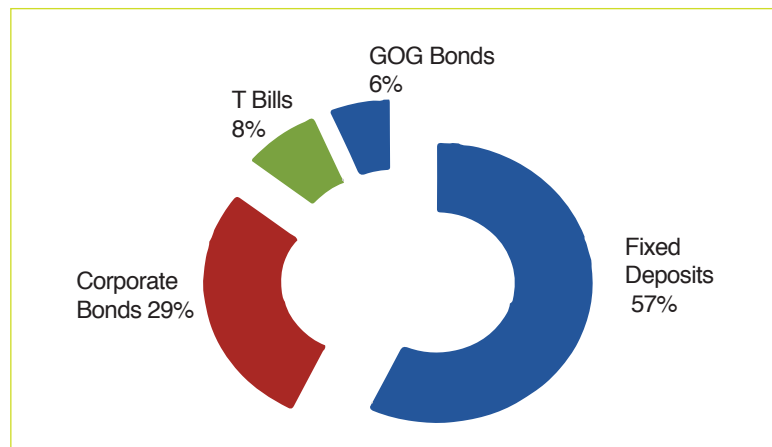
The Monetary Policy Committee (MPC) policy to introduce foreign participation in the 2-year government paper came into effect in 2015. Following the successful listing of the first corporate bond on the Ghana Alternative Market (GAX) by IZWE Loans Ltd., there were other corporate bond listings in 2015 by AFB Ghana Ltd., Bayport Financial Services Ltd. and Edendale Properties Ltd. We expect more corporate bond listings in the coming years which should continue to stimulate secondary market trading.



Portfolio Structure

The objective of the EDC Ghana Fixed Income Unit Trust (“The Fund”) is to achieve current income on a steady basis while preserving capital. The aim is to outperform short term interest rates being offered on Government Securities (Government of Ghana 1-year Treasury note) net of fees. The Fund invests 100% of its net assets in a well-diversified portfolio of fixed income securities.

Portfolio Structure



Portfolio Performance

The Fund registered a return of 27.3% in 2015, which was an improvement on the 2014 performance of 24.92%. The fund outperformed the monthly average return on all short term Government of Ghana securities in 2015 (22.5% - 1 year GoG Note; 25.92% - 182day Treasury bill; 25.18% - 91day Treasury bill). Since its inception in August 2012, the fund has recorded a cumulative return of 111.90% as at the end of 2015.

The Fund remained well within its mandate to invest 100% of its assets in fixed income securities. Majority of the funds (67%) were however invested in short-term fixed income securities with a maturity period of 1 year or less.

	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec	YTD (%)
2012	-	-	-	-	-	-	0.06	1.15	1.52	1.86	1.53	1.68	8.0
2013	1.75	1.36	1.55	1.93	1.85	1.72	2.23	1.73	1.74	1.74	1.58	2.00	23.4
2014	1.77	1.57	1.69	1.86	1.82	2.05	2.01	1.68	2.15	2.06	1.72	2.06	24.9
2015	1.85	1.75	1.94	1.96	1.74	1.97	2.23	2.22	2.22	2.25	2.22	2.02	27.3

Assets under Management

The assets of the fund in 2015 more than doubled with a growth of 275% bringing the year end assets under management to GHS 37million. The client base of the fund grew by 90% bringing the total number of clients to 7,999 as at the end of 2015. The fund recorded total inflows of

GHS 33.8million and outflows of GHS 10million, resulting in a net inflow of GHS 23.8million.

Outlook and Strategy

With the IMF-agreed reforms now being implemented, the short-term economic outlook for Ghana appears to be improving. Real GDP growth is likely to pick up to around 4.5% in 2016. However, there are potential risks that could undermine growth, including a combination of fiscal consolidation under the IMF-advised reform programme and power shortages (albeit improving). In addition, the large fiscal and current account deficits, and high financing needs, leaves Ghana vulnerable to any further deterioration in external conditions.

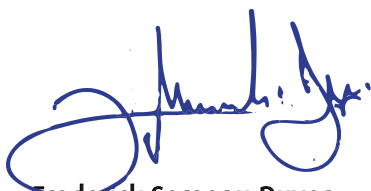
Inflation is likely to remain elevated, above the central bank's 8% (+/- 200bp) medium-term target, albeit by a lesser margin than in 2015, reflecting the Government's fiscal consolidation efforts. As fiscal policy dominance over monetary policy subsides, and as the inflation targeting monetary policy framework is strengthened, the rate of inflation (18.7% in April 2016) should decrease in the coming months, moving closer to the medium-term target of 8% (+/- 200bp) in the coming months. Inflation is still likely to remain in double-digits, prompting the BoG to continue with its tight policy stance. The BoG will only cut the policy rate once there is a clear indication that inflation is falling steadily and the rate of exchange of the GHS against major international currencies particularly the USD has stabilized.

We also expect short term T-bill yields to remain elevated at around 23-24% and the near 26% reached in January 2015 appears the peak as investor confidence grows following the implementation of the IMF advised reform programme. Short term bond yields are also likely to remain high at around 23-24% but could also start to fall steadily given there is already early progress with the reform programme.

Government has stepped up efforts to keep yields contained with possible marginal declines by restructuring its debt portfolio by issuing relatively longer dated instruments and consequently correcting its yield curve. We have observed, since the second half of 2015, a gradual steepening of the yield curve following the debt restructuring efforts of the government. We will thus remain defensive in the market and concentrate at the short end of the yield curve particular in 182day paper where yields are highest, while gradually increasing the duration of the portfolio as yields on longer dated securities become more attractive.

Conclusion

We expect that your fund will continue to yield superior returns for you as it has in the past. We encourage you to continue to invest regularly to take advantage of current high returns on fixed income securities. We remain committed to growing your fund and enhancing the value of your investments.



Frederick Semenu Duvor
Portfolio Manager

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDC GHANA FIXED INCOME UNIT TRUST

Report on the Financial Statements

We have audited the accompanying financial statements of EDC Ghana Fixed Income Unit Trust which comprise of a statement of net assets, statement of assets and liabilities and a statement of movements in net assets at 31 December 2015, a statement of income and distribution and accumulated net investment income, as well as statement of changes in equity and portfolio summary for the year then ended and notes to the financial statements, which include a summary of significant accounting policies, as set out on pages 7 to 25.

Board of Directors' Responsibilities for the Financial Statement

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179), Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695) and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Board of Directors, 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 present fairly, in all material respects, the statement of assets and liabilities and the statement of movements in net assets of EDC Ghana Fixed Income Unit Trust at 31 December 2015 and its statement of income and distribution and statement of changes in equity for the

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDC GHANA FIXED INCOME UNIT TRUST (CONT'D)

year then ended in accordance with the International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act, 1963 (Act 179)

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

In our opinion, proper books of account have been kept, and the statement of assets and liabilities, statement of movements in net assets, statement of income and distribution and statement of changes in equity are in agreement with the books of account.

JOHN ARMSTRONG YAO KLINOGO (ICAG/P/1116)
For and on behalf of John Kay & Co. (ICAG/F/2016/128)
Chartered Accountants
Accra.

30th April, 2016

REPORT OF THE TRUSTEES TO THE UNIT HOLDERS OF THE EDC GHANA FIXED INCOME UNIT TRUST FOR THE YEAR ENDED 31ST DECEMBER 2015

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

Dated this 30th Day of April, 2016



For: UNIVERSAL MERCHANT BANK LIMITED

STATEMENT OF OF FINANCIAL ASSETS DESIGNATED THROUGH PROFIT OR LOSS AS AT 31 DECEMBER 2015

FIXED INTEREST SECURITIES

	Market Value GH¢	Percentage of Net Asset (%)
Treasury Bills		
182 Days Treasury Bills	2,891,837	7.62
	-----	-----
	2,891,837	7.62
	-----	-----
Treasury Notes & Bonds		
1-Year Fixed Rate Notes	100,730	0.26
2-Year Fixed Rate Notes	1,103,083	2.90
3 Year Fixed Rate Notes	959,643	2.53
5-Year Fixed Rate Notes	323,885	0.85
	-----	-----
	2,487,341	6.55
	-----	-----
Corporates Notes & Bonds		
2-Year Fixed Rate Note	1,084,685	2.86
3-Year Floating Rate Note	4,878,644	12.85
3-Year Fixed Rate Note	4,480,741	11.80
	-----	-----
	10,444,070	27.51
	-----	-----
Certificates of Deposit		
91-Day Fixed Deposit	2,710,917	7.14
182-Day Fixed Deposit	18,628,416	49.07
	-----	-----
	21,339,333	56.21
	-----	-----
Funds on Call		
Funds on Call	1,159,224	3.05
	-----	-----
	1,159,224	3.05
	-----	-----
TOTAL INVESTMENTS	38,321,805	100.94
TOTAL LIABILITY	(357,722)	(0.94)
	-----	-----
TOTAL INVESTMENT SECURITIES	37,964,083	100
	=====	=====

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

Assets	Note(s)	2015 GH¢	AT 1st JAN	
			2014 GH¢	2014 GH¢
Cash and cash equivalents	12	3,870,141	2,068,941	285,746
Non-pledged financial assets at fair value through Profit and loss	12	34,451,664	7,896,233	5,152,136
Total Assets		38,321,805	9,965,174	5,437,882
Represented by:				
Members' Fund		37,964,083	9,910,852	5,575,163
Liabilities				
Accounts payables	12	357,722	54,322	52,407
Total Members' Fund and Liabilities		38,321,805	9,965,174	5,627,570

.....
TRUSTEE

.....
TRUSTEE

30th April, 2016

.....2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

		2015	2014
	Note(s)	GH¢	GH¢
Revenue			
Interest income	10	4,814,583	1,911,208
		-----	-----
Total revenue		4,814,583	1,911,208
		-----	-----
Expenses			
Investment management fees		370,996	152,438
Trustee fees		74,199	30,488
General administrative expenses	16	30,427	15,509
Audit fees		7,000	7,000
IFRS conversion fees		3,500	-
		-----	-----
Total operating expenses		(486,122)	(205,435)
		-----	-----
Operating profit before tax		4,328,461	1,705,773
		-----	-----
Taxation	17	-	-
		-----	-----
Increase in net assets available for redemptions		4,328,461	1,705,773
		=====	=====

ACCUMULATED NET INVESTMENT INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	GH¢	GH¢
Balance as at 1 January	2,598,803	893,030
Transfer from Income and Distribution Statement	4,328,461	1,705,773
	-----	-----
Balance at 31 December	6,927,264	2,598,803
	=====	=====

STATEMENT OF MOVEMENTS IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 GH¢	2014 GH¢
Change in net assets from operations		
Change in:		
Net Investment Income	4,328,461	1,705,773
	-----	-----
Net change in net assets from operations	4,328,461	1,705,773
	-----	-----
Change in net assets from capital transactions		
Proceeds from Issue of Shares	33,819,152	6,959,243
Share Redemption	(10,094,382)	(4,329,327)
	-----	-----
Net change in net assets from capital transactions	23,724,770	2,629,916
	-----	-----
Net additions to net assets	28,053,231	4,335,689
	=====	=====
Analysis of changes in cash and cash equivalents for the year		
At 1 January	9,910,852	5,575,163
Net additions to net assets	28,053,231	4,335,689
	-----	-----
At 31 December	37,964,083	9,910,852
	=====	=====

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

31 December 2015	Capital Transactions GH¢	Investments GH¢	Total GH¢
Balance at 1 Jan	7,312,049	2,598,803	9,910,852
Net Income from Operations		4,328,461	4,328,461
Share Issue	33,819,152	-	33,819,152
Shares Redemption	(10,094,382)	-	(10,094,382)
At 31 December 2015	31,036,819	6,927,264	37,964,083

31 December 2014	Capital Transactions GH¢	Investments GH¢	Total GH¢
Balance at 1 Jan	4,682,133	893,030	5,575,163
Net Income from Operations		1,705,773	1,705,773
Share Issue	6,959,243	-	6,959,243
Shares Redemption	(4,329,327)	-	(4,329,327)
At 31 December 2014	7,312,049	2,598,803	9,910,852

MOVEMENTS IN ISSUED SHARES FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 No. of Shares	2014 No. of Shares
Balance at 1 January	5,982,125	4,037,988
Issued during the year	17,287,880	4,808,502
Redemption during the year	(5,353,462)	(2,864,365)
Balance at 31 December	17,916,543	5,982,125

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTES TO FINANCIAL STATEMENTS

1. Reporting Entity

EDC Ghana Fixed Income Unit Trust is a unit trust investment whose primary objective is to obtain contributions from members and invest same for their benefit. EDC Ghana Fixed Income Unit Trust is a Unit Trust registered and operating in the Republic of Ghana. The address and registered office of the promoters can be found on page 1 of the annual report.

The Unit Trust is an open ended investment Unit Trust primarily involved in investing members contribution in, investment-grade debt securities and derivatives, with the objective of providing members with above-average returns over medium to long term.

The investment activities of the Unit Trust are managed by EDC Investments Limited, and the trustee services of the Unit Trust is delegated to Universal Merchant Bank (Ghana) Limited.

2. Basis of accounting

These financial statements have been prepared in accordance with the Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695) and comply with the International Financial Reporting Standards (IFRS).

3. Functional and presentation Currency

These financial statements are presented in Ghana cedi, which is the Fund's functional currency. All amounts have been stated in full.

4. Use of judgements and estimates

In preparing these financial statements, the Unit Trust's management has made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

5. Accounting policies

The following principal accounting policies have been consistently applied during the year in the preparation of the Unit Trust's financial statements.

i. Purchase of Share Units

Applicants complete standard application forms which are sent to the office of the Manager. Telephone or electronic requests must be confirmed in writing. Application for units is at the discretion of the Board of Directors of the Fund Manager. Cheques are cleared first before the processing of applications by the Manager. Payments for units shall be made in Ghana Cedis; however, applicants can settle their payments with easily convertible currencies but bear the foreign exchange transaction cost.

ii. Investment income recognition**a. Interest income**

Interest income, including interest income from non-derivative financial assets at Fair value through profit or loss (FVTPL), are recognised in profit or loss, using effective interest method. The effective interest is the rate that exactly discounts the estimated future cash payments or receipts, without consideration of future credit losses, over the expected life of the financial instrument or through to the next market based re-pricing date to the net carrying amount of the financial instrument on initial recognition.

Interest received or receivable and interest paid or payable are recognised in the profit or loss as interest income or interest expense, respectively.

iii. Financial Instruments**a. Non-derivative financial instruments**

Non-derivative financial instruments comprise loans and receivables, held-to-maturity and available-for-sale. The Fund Manager determines the appropriate classification of its financial assets and liabilities at initial recognition.

Non-derivative financial instruments are recognised initially at fair value plus, for instrument not at fair value through profit and loss, any directly attributable transaction cost. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less impairment losses, if any.

Non-derivative financial instruments are derecognised when the rights to receive cash flows from the financial assets have expired or where the Unit Trust has transferred substantially all risks and rewards of ownership.

Non-derivative financial instruments are categorised as follows:

- Loans, advances and receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than (a) those classified as held for trading and those that the Unit Trust on initial recognition designates at fair value through profit and loss; (b) those that the Unit Trust upon initial recognition designates as available-for-sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

a. Non-derivative financial instruments (cont'd)

Loans and receivables are carried at amortised cost using effective interest rate method less appropriate allowances for doubtful receivables. Allowances for doubtful receivables represents the Unit Trust's estimate of incurred losses arising from the failure or inability of customers to make payments when due. These estimates are based on aging of customer's balances, specific credit circumstances, and the company's receivables historical experience. Regular way purchases and sales of loans and receivables are recognised on contractual settlement

- Available-for-sale – these are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates, or equity prices. Investment securities and treasury bills with a maturity of 182 days or less are classified as available-for-sale.

Available-for-sale financial assets are carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the profit or loss account. However, interest calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Unit Trust's right to receive payment is established.

Regular way purchases and sales of available-for-sale financial assets are recognised on trade-date, i.e. the date on which the Unit Trust commits to purchase or sell the asset.

- **Held-to-maturity** – Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Were The Unit Trust to sell more than an insignificant amount of held-to-maturity assets, the entire category would have to be reclassified as available-for-sale. Treasury bills with an original maturity of more than 182 days, treasury notes and other government bonds are classified as held-to-maturity.

Held-to-maturity assets are carried at amortised cost using effective interest rate method. Regular way purchases and sales of financial assets held-to-maturity are recognised on trade-date, i.e. the date on which the Unit Trust commits to purchase or sell the asset.

(b) Derivative financial instruments

A derivative is a financial instrument that changes its values in response to changes in the underlying variable, requires no or little net initial investment and is settled at a future date. Derivatives are mainly used to manage exposures to foreign exchange, interest rate and commodity price risk. The classification of derivatives is determined upon initial recognition and is monitored on a regular basis.

Derivatives are initially recognised at fair value plus directly attributable transaction costs. These are subsequently measured at fair value on a regular basis and at each reporting date as a minimum. The fair values of exchange-traded derivatives are based on respective market prices, while the fair value of the over-the-counter derivatives are determined using accepted mathematical models based on market data and assumptions. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair values of derivatives that do not qualify for hedge accounting are recognised directly in the income statement.

(c) Financial Liabilities

Financial liabilities, other than trading liabilities and financial liabilities designated at fair value, are carried at amortised cost using the effective interest method. Financial liabilities are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost. Financial liabilities are derecognised when they are redeemed or otherwise extinguished.

(d) Off setting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Unit Trust has a legal right to set off the amounts and

intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(e) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method, of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(f) Hedge Accounting

Hedge accounting is the method that recognises the proportionate offsetting effects of a hedging instrument on the changes in value of the hedged item. Hedge accounting applies only when a hedging relationship can be demonstrated between a hedged item and a hedging instrument. Such method generally applies for transactions that are carried out to eliminate or mitigate risks. The effectiveness of such hedges is demonstrated at inception and verified at regular intervals and at least on a quarterly basis, using prospective and retrospective testing.

Recognition of hedged transactions depends on the hedged categories.

Fair value hedges

Fair value hedges are used to mitigate foreign currency and interest rate risks of recognised assets and liabilities. The changes in fair values of hedging instruments are recognised in the income statement. Hedged items are also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

The fair values of financial instruments are determined using market prices for quoted instruments and widely accepted valuation techniques for other instruments. Valuation techniques include discounted cash flows, standard valuation models based on market parameters and dealer quotes for similar instruments. When fair values of unquoted instruments cannot be measured with sufficient reliability, such instruments are carried at cost less impairments, if applicable.

Cash flow hedges

Cash flow hedges are used to mitigate foreign currency risks of highly probable forecast transactions, such as anticipated future export sales, purchases of equipment and raw materials, as well as the variability of expected interest payments and receipts. The effective part of the changes in fair value of hedging instruments is recognised against equity, while any ineffective part is recognised immediately in the income statement. When the hedged item results in the recognition of a non-financial asset or liability, the gains or losses previously recognised against equity are included in the measurement cost of the asset or the liability. Otherwise the gains or losses previously recognised against equity are removed from equity and recognised in the income statement at the same time as the hedged transaction.

(g) Effective Interest Rate

The effective interest method is a method of calculating the amortised cost of a debt instrument

and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(h) Determining fair value

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted bid price or asking price (as appropriate) in an active market wherever possible. Where no such active market exists for the particular asset, the Group uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models or other valuation techniques commonly used by market participants.

(i) Impairment of financial assets

The Unit Trust assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Unit Trust about the following loss events:

- i. Significant financial difficulty of the borrower;
- ii. A breach of contract, such as default or delinquency in interest or principal repayments;
- iii. The Unit Trust granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that The Unit Trust would not otherwise consider;
- iv. It becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- v. The disappearance of an active market for that financial asset because of financial difficulties; or
- vi. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets including:
 - Adverse changes in the payment status of borrowers; or
 - National or local economic conditions that correlate with defaults on the assets of The Unit Trust.

(i) Impairment of financial assets (Cont'd)

The estimated period between a losses occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three months and twelve months. In exceptional cases, longer periods are warranted.

iv. Foreign Currency

Transactions in foreign currencies during the period are converted into cedis at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into cedis at exchange rates ruling at the financial year-end.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into cedis at the exchange rates at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss as net foreign exchange losses, except for those arising on financial instruments at FVTPL, which are recognised as a component of net gains from financial instruments at FVTPL.

v. Transfer values

Transfer values represent the capital sums paid to and from the Unit Trusts on the basis of when the member liability is accepted or discharged.

vi. Cash and Cash equivalents

Cash and cash equivalents comprises deposits with banks and highly liquid financial assets with maturity of three months or less from the date of acquisition that are subject so an insignificant risk of changes in their value and are used by the Unit Trust in the management of short term commitment, other than cash collateral provided in respect of derivatives and security borrowing transactions.

vii. Fees and commission

Fees and commissions expenses are recognise in profit or loss as the related services are performed.

6. First time adoption of the International Financial Reporting Standards

These financial statements, for the year ended 31 December 2015, are the first the Unit Trust has prepared in accordance with International Financial Reporting Standards. For periods up to and including the year ended 31 December 2014, the Unit Trust prepared its financial statements in accordance with the Ghana National Accounting Standards. Accordingly, the Unit Trust has prepared financial statements which comply with International Financial Reporting Standards applicable for periods ending on or after 31 December 2015, together with the comparative period data as at and for the year ended 31 December 2014, as described in the accounting policies.

In preparing these financial statements, the Unit Trust's opening statement of financial position was prepared as at 1 January 2015, the Unit Trust's date of transition to International Financial Reporting Standards. This note explains the principal adjustments made by the Unit Trust in restating the Ghana National Accounting Standards statement of financial position as at 1 January 2015 and its previously published Ghana National Accounting Standards financial statements as at and for the year ended 31 December 2014.

6. First time adoption of the International Financial Reporting Standards (Cont'd)**(a) Exemptions applied**

IFRS 1 - First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain International Financial Reporting Standards.

The Unit Trust has elected to designate certain investments in corporate bond and state government bonds as available-for-sales financial assets at the date of transition to International

Financial Reporting Standards despite the fact that such investments were not hitherto classified as such under Ghana National Accounting Standards.

(b) Reconciliation of members fund reported under GNAS to Members fund reported under IFRS at 1 January 2014

ASSETS	GNAS GH¢	Reclassif. GH¢	Remeasure. GH¢	IFRS GH¢
Equities	-	-	-	-
Fixed interest securities	2,513,038	(2,513,038)	-	-
Money market securities	2,771,762	(2,771,762)	-	-
Cash and cash equivalents	-	285,746	-	285,746
Non-pledged financial Instruments at fair value through profit and loss	-	5,152,136	-	5,152,136
Cash and bank	153,082	(153,082)	-	-
	-----	-----	---	-----
	5,437,882	-	-	5,437,882
	=====	=====	==	=====

(c) Reconciliation of members fund reported under GNAS to Owners fund reported under IFRS at 1 January 2014

MEMBERS FUND AND LIABILITIES

Members' Fund	-	5,575,163	-	5,575,163
Net equity attributable to members	5,575,163	(5,575,163)	-	-
	-----	-----	---	-----
	5,575,163	-	-	5,575,163
	-----	-----	---	-----
Liabilities				
Accounts payables	-	52,407	-	52,407
Sundry payables	52,407	(52,407)	-	-
	-----	-----	---	-----
	52,407	-	-	52,407
	-----	-----	---	-----
	5,627,570	-	-	5,627,570
	=====	=====	==	=====

(d) Reconciliation of members fund reported under GNAS to Members fund reported under IFRS at 1 January 2015

ASSETS	GNAS GH¢	Reclassif. GH¢	Remeasure. GH¢	IFRS GH¢
Equities	-	-	-	-
Fixed interest securities	4,220,010	(4,220,010)	-	-
Money market securities	5,415,904	(5,415,904)	-	-
Cash and cash equivalents	-	2,068,941	-	2,068,941
Non-pledged financial Instruments at fair value through profit and loss	-	7,896,233	-	7,896,233
Cash and bank	329,260	(329,260)	-	-
Accounts receivable	-	-	-	-
	-----	----	---	-----
	9,965,174	-	-	9,965,174
	=====	====	==	=====

(e) Reconciliation of members fund reported under GNAS to Owners fund reported under IFRS at 1 January 2015**MEMBERS FUND AND LIABILITIES**

Members' Fund	-	9,910,852	-	9,910,852
Net equity attributable to members	9,910,852	(9,910,852)	-	-
	-----	-----	---	-----
	9,910,852	-	-	9,910,852
	-----	----	---	-----
Liabilities				
Accounts payables	-	54,322	-	54,322
Sundry payables	54,322	(54,322)	-	-
	-----	----	---	-----
	54,322	-	-	54,322
	-----	----	---	-----
	9,965,174	-	-	9,965,174
	=====	====	==	=====

(f) Reconciliation of income statement under GNAS to statement of comprehensive income reported under IFRS at 1 January 2015

REVENUE	Notes	GNAS GH¢	Reclassif. GH¢	Remeasure. GH¢	FRS GH¢
Interest income		1,911,208	-	-	1,911,208
Dividend income		-	-	-	-
Net gain from financial Instruments at fair value through profit and loss		-	-	-	-
		-----	---	---	-----
Total revenue		1,911,208	-	-	1,911,208
		=====	====	==	=====

EXPENSES

Investment Management Fees	152,438	-	-	152,438
Trustee Fees	30,488	-	-	30,488
Stationery/Printing	6,350	(6,350)	-	-
Marketing & Promotion	5,782	(5,782)	-	-
Other	3,377	(3,377)	-	-
General Administrative expenses	-	15,509	-	15,509
Audit fees	7,000	-	-	7,000
	-----	-----	---	-----
Total expenses	(205,435)	-	-	(205,435)
	-----	-----	-----	-----
Operating profit before tax	1,705,773	-	-	1,705,773
	-----	-----	-----	-----
Taxation	-	-	-	-
	-----	-----	-----	-----
Increase in net asset available for distribution	1,705,773	-	-	1,705,773
	=====	=====	=====	=====

7. Related parties and key contractors**a. Transaction with Trustees**

The Trustee of the Unit Trust is Universal Merchant Bank Limited, a Bank incorporated in Ghana and duly licensed by the Security and Exchange Commission of Ghana as a unit trust fund trustee. Under the investment management agreement, the investment managers receive a management fee at an annual rate of 0.40% of the net asset value attributable to members of the Unit Trust. The total Trustees fees charged during the year amounted to GH¢74,199.25. Included in the payables were Trustees fee of GH¢ 108,823.01.

b. Fund Managers

EDC Investments Limited, an investment management company incorporated in Ghana and duly licensed by the Security and Exchange Commission of Ghana is the fund manager of the Unit Trust. It has the responsibility of implementing the investment strategy and objectives as stated in the Unit Trusts' investment management policy manual. Under the unit trust management agreement, the fund managers receive a management fee at an annual rate of 2% of the net asset value attributable to members of the Unit Trust. The management fees incurred during the year amounted to GH¢ 370,996.23. Included in the payables as at 31 December 2015 were fund management fees payable of GH¢ 225,016.27.

8. Contribution received

	2015 GH¢	2014 GH¢
Balance at 1 Jan	7,312,049	4,682,133
Contribution during the year	33,819,152	6,959,243
	-----	-----
	41,131,201	11,641,376
Redemptions paid	(10,094,382)	(4,329,327)
	-----	-----
	31,036,819	7,312,049
	=====	=====

9. Redemptions

	2015 GH¢	2014 GH¢
Shares redemption	10,094,382	4,329,327
	-----	-----
	10,094,382	4,329,327
	=====	=====

10. Interest income

	2015 GH¢	2014 GH¢
Interest income from financial assets carried at amortised cost:		
Cash and cash equivalents	676,633	405,425
Interest income on financial instruments designated as at fair value through profit or loss:		
Debt securities	2,221,902	737,977
Held-to-maturity	1,916,048	767,806
	-----	-----
	4,814,583	1,911,208
	=====	=====

11. Financial instruments

a. *Analysis of changes in fair value of financial instrument through profit or loss.*

31 December 2015	Balance 1/1/15 GH¢	Purchase at Cost GH¢	Accrued interest GH¢	Change in fair value GH¢	Value at 31/12/15 GH¢
Ghana Government Securities	1,734,777	621,267	131,297	-	2,487,341
Treasury Bills	380,786	2,381,713	129,338	-	2,891,837
Fixed and time deposits	3,295,437	14,528,419	804,560	-	18,628,416
Corporate Bond	2,485,23	7,386,767	572,070	-	10,444,070
	-----	-----	-----	-----	-----
	7,896,233	24,918,166	1,637,265	-	34,451,664
	=====	=====	=====	=====	=====

31 December 2014	Balance 1/1/14 GH¢	Purchase / Sale at Cost GH¢	Accrued interest GH¢	Change in fair value GH¢	Value at 31/12/14 GH¢
Ghana Government Securities	987,876	746,901	-	-	1,734,777
Treasury Bills	-	380,786	-	-	380,786
Fixed and time deposits	3,665,114	(369,677)	-	-	3,295,437
Corporate Bond	499,146	1,986,087	-	-	2,485,233
	-----	-----	-----	-----	-----
	5,152,136	2,744,097	-	-	7,896,233
	=====	=====	=====	=====	=====

12. Classification of financial assets and financial liabilities

31 December 2015

	Notes	Held for trading GH¢	Designated as at fair value GH¢	Loan and receivable GH¢	Other liabilities GH¢	Total GH¢
Cash and cash equivalents	14	-	-	3,870,141	-	3,870,141
Non-pledged financial assets at fair value through profit or loss	13	-	34,451,664	-	-	34,451,664
		-	-----	-----	-----	-----
		-	34,451,664	3,870,141	-	38,321,805
		=	=====	=====	=====	=====
Payables under service level 15 agreements		-	-	-	346,177	346,177
Other payables (Due to EDC)		-	-	-	11,545	11,545
		---	----	-----	-----	-----
		-	-	-	357,722	357,722
		==	==	=====	=====	=====

331 December 2014

	Notes	Held for trading GH¢	Designated as at fair value GH¢	Loan and receivable GH¢	Other liabilities GH¢	Total GH¢
Cash and cash equivalents 14			-	2,068,941	-	2,068,941
Non-pledged financial assets at fair value through profit or loss	13	-	7,896,233	-	-	7,896,233
		---	----	-----	-----	-----
		-	7,896,233	2,068,941	-	9,965,174
		=	=====	=====	=====	=====
Payables under service level agreements	15	-	-	-	53,789	53,789
Other payables (Due to EDC)		---	----	----	533	533
		-	-	-	54,322	54,322
		==	====	=====	=====	=====

13. Financial assets designated as at fair value through profit or loss

	2015 GH¢	2014 GH¢
Debt securities	15,823,248	4,600,796
Quoted Equity investments		
Held-to-maturity securities	18,628,416	3,295,437
	-----	-----
	34,451,664	7,896,233
	=====	=====

14. Cash and cash equivalents

	2015 GH¢	2014 GH¢
Cash and Bank Balances	1,159,224	329,260
91 day fixed deposit	2,710,917	1,539,379
91 day Treasury bill	-	200,302
	-----	-----
	3,870,141	2,068,941
	=====	=====

15. Payable under service level agreements

	2015 GH¢	2014 GH¢
Investment management fees	225,016	16,301
Trustee fees	108,823	30,488
Audit fees	7,000	7,000
IFRS conversion fees	3,500	-
VAT on audit and IFRS conversion fees	1,838	-
	-----	-----
	346,177	53,789
	=====	=====

16. General and Administration Expenses

	2015 GH¢	2014 GH¢
AGM Expenses	2,488	-
Charges on transfers to customers	402	-
Coins on investments	17	-
Legal assistance cost	6,921	-
Marketing and promotion cost	7,753	5,782
Office stationery	5,340	6,350
Telephone expenses	1,300	-
VAT on audit and IFRS conversion fees	1,838	-
Other allocated cost	4,368	3,377
	-----	-----
	30,427	15,509
	=====	=====

17. Taxation

Unit Trust Funds, under the current legislation, are not subject to taxes on investment income including capital gains and benefits received.

18. New Standards and interpretations not yet adopted

A number of new standards and amendments are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. The only new standard relevant to the Unit Trust is IFRS 9 Financial Instruments, which is discussed below. The Unit Trust does not plan to adopt IFRS 9 early.

IFRS 9, Financial Instruments

IFRS 9, published in July 2014, will replace the existing guidance in IAS 39. It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model of calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instrument from IAS 39.

IFRS 9 is effective for annual reporting periods beginning 1 January 2018, with early adoption permitted.

PROXY FORM

I/We.....of.....

Being a unit holder(s) of EDC Ghana Fixed Income Unit Trust hereby

appoint.....of.....

As my/our proxy to attend on my/our behalf, the Annual General Meeting of the Fund, to be held at the GNAT Hall, new conference room, Accra on Thursday 13th July, 2016 for the following purposes and to vote on my/our behalf on matters as directed below:

I/We direct that my/ our votes(s) be cast on the specified resolution as indicated by an X in the appropriate space

RESOLUTIONS	FOR	AGAINST
1. To consider the Report of Directors and Auditors for the year ended 31st December 2015		
2. To consider and adopt the accounts for 2015		
3. To Authorize the Directors to fix remuneration of the Auditors		
4. To transact any other business appropriate to be dealt with at any Annual General Meeting.		

Unitholder’s SignatureDate2016

Notes

1. A proxy need not be a member of the fund.
2. Unless otherwise instructed, the proxy will vote as he sees fit.
3. To be valid, this form must be signed and deposited at the Registered Office of the Secretary not less than forty-eight (48) hours before the commencement of the meeting.
4. In the case of joint holders the signature of only one of the joint holders is required.
5. In the case of a body corporate the form must be under seal or under the hand of a duly authorized officer.
6. The completion of and return of a proxy form does not prevent a Unitholder from attending the meeting and voting thereat.

2015 Annual Report

EDC GHANA FIXED INCOME UNIT TRUST