EDC GHANA
FIXED INCOME UNIT TRUST

2017 ANNUAL REPORT

2017
ANNUAL REPORT

EDC GHANA FIXED INCOME UNIT TRUST

MEMORANDUM
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the **5th Annual General Meeting** of the Unit holders of **EDC Ghana Fixed Income Unit Trust** will be convened at the **Ecobank Head Office Auditorium**, Accra on **Wednesday 5th September, 2018** at **12:00 pm** for the following purposes:

1. To receive and consider the reports of the Directors of the Fund Manager and Auditors for the year ended 31st December 2017.

2. To receive and adopt the Accounts for the year ended December 31st December 2017.

3. To appoint the Auditors for the 2018 financial year.

4. To authorize the Directors of the Fund Manager to determine the fees for the Auditors.

5. To transact any other business appropriate to be dealt with at an Annual General Meeting.

A Unit holder of the Trust is entitled to attend and vote or may appoint a proxy to attend and vote on his/her behalf. Such a proxy need not be a Unit holder of the Trust. 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, **Lawfields Consulting, 799/3, 5th Crescent, Asylum Down, Accra** no later than **September 3, 2018.**

#799/3 5th Crescent
Asylum Down
Accra

Dated this 5th Day of July, 2018.

BY ORDER OF THE BOARD

Lawfields Consulting

Lawfields Consulting
Secretary

CONTENTS

EDC GHANA FIXED INCOME UNIT TRUST
PARTICULARS OF SERVICE PROVIDERS

DIRECTORS OF FUND MANAGER
Mr. Paul-Harry O. S Aithnard
Mr. Marcel Yondo Nkembe
Mrs. Rosemary Yeboah
Mr. Kisseih Antonio

FUND MANAGER
EDC Investments Limited
2 Morocco Lane
Off independence Avenue
2nd Floor
P. O. Box AN 16746
Accra
Ghana

TRUSTEE
Universal Merchant Bank (Ghana) Limited
57 Dr. Isert Street
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 Directors of EDC Investment Limited (Fund Managers) present the report and audited financial statements of EDC Ghana Fixed Income Unit Trust for the year ended 31 December, 2017.

FINANCIAL STATEMENTS
The results for the year ended 31 December 2017 are set out in the attached financial statements.

The Directors of the Fund Manager considers the state of the affairs of the Unit Trust 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:

	2017	**2016**
	GH¢	**GH¢**
Government Notes and Bonds	127,974,104	23,461,646
Non Sovereign Bonds	15,545,659	-
Corporate Bonds	37,458,495	30,570,746
Fixed Deposits	314,779,461	129,960,291
Treasury Bills	208,496	7,202,800
Others	13,338,083	3,559,009
Cash and cash equivalent	5,708,564	4,299,688
	---------------	---------------
Total Investment	515,012,862	199,054,180
	=========	=========

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:

	2017 (%)	2016 (%)
Government Notes and Bonds	26	12
Non Sovereign Bonds	3	-
Corporate Bonds	7	15
Fixed Deposits	60	65
Treasury Bills	0	4
Others	3	2
Cash	1	2
	----	----
	100	**100**
	===	===

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Unit Trust, were approved by the Directors of EDC Investment Limited (Fund Manager) on …………………………… and signed on its behalf by:

……………………………………………… **DIRECTOR**

……………………………………………… **DIRECTOR**

John Kay & Co.

7th Floor, Trust Towers
Farrar Avenue, Adabraka
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jkayal@y

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

OPINION

We have audited the accompanying financial statements of EDC Ghana Fixed Income Unit Trust, which comprise the statement of financial position at 31 December 2017, the statement of profit or loss and other comprehensive income and the statement of movement in net assets for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 19 to 32.

In our opinion, the financial statements give a true and fair view of the financial position of EDC Ghana Fixed Income Unit Trust as at December 31, 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and Unit Trust 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 Unit Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD OF TRUSTEES' FOR THE FINANCIAL STATEMENTS

The Board of Trustees is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 1963, (Act 179) of Ghana, Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695) and for such internal control as Board of Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Trustees is also responsible for overseeing the Unit Trust's financial reporting process.

In preparing the financial statements, the Board of Trustees is responsible for assessing the Unit Trust'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 Board of Trustees either intends to liquidate the Unit Trust or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is 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.

John Kay & Co.

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jkayal@y

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout 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 Unit Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Trustees.

- Conclude on the appropriateness of Board of Trustees' 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 Unit Trust'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 Unit Trust to cease to continue as a going concern.

We communicate with those charged with governance 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.

Key Audit Matter
Key audit matters identified during the audit have been communicated to those charged with governance in a separate management letter.

Report on other Legal and Regulatory Requirements
Compliance with the requirements of Section 133 of the Companies Act, 1963 (Act 179) of Ghana
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 accounts have been kept by the Company so far as it appears from our examination of those books.

JOHN ARMSTRONG YAO KLINOGO (ICAG/P/1116)
For and on behalf of John Kay & Co. (ICAG/F/2017/128)
Chartered Accountants
Accra.

28th April 2018

PORTFOLIO MANAGER'S REPORT

THE ECONOMIC ENVIRONMENT IN 2017

Ghana's economy in 2017 experienced a pick-up in growth after enduring five years of declining growth. The Ghanaian economy grew by 8.5% in 2017 compared to 3.7% in 2016. The rebound in growth was primarily driven by increased oil production at the Jubilee Oil Field and the coming on stream of the new Tweneboa, Enyenra and Ntomme (TEN) Oil Fields. The General improvement in commodity prices especially gold and oil as well as improved investor sentiments also contributed to the growth in economic activity in 2017.

Inflation continued on a downward trajectory in 2017 following its slowdown in 2016. At the end of 2017, the rate of inflation was 11.8% which was 3.60% below last year's figure of 15.4%. This influenced the Central Bank's policy rate easing stance with the monetary policy rate cut by a cumulative 5.5% to 20.0% during the year. The Central Bank cited a recovery in commodity prices, relative stability of the Ghana Cedi (GHS) and declining inflation as the justification for the reduction. This intervention together with the government's efforts to restructure its debt profile resulted in significant declines in interest rates offered on Government securities. The GHS enjoyed a relative level of stability in 2017 despite losing 2.8% of its value in the first quarter. The Cedi's stability was largely supported by proceeds from a GHS 9.71 billion Bond issuance in April, a decline in imports which led to a trade surplus and a 55% increase in Gross International Reserves which rose from USD 4.86 billion in 2016 to to USD 7.55 billion in 2017. These factors accounted for the suppressed level of depreciation of 5.13% in 2017 compared to 10.67% in 2016.

THE FIXED INCOME MARKET IN 2017

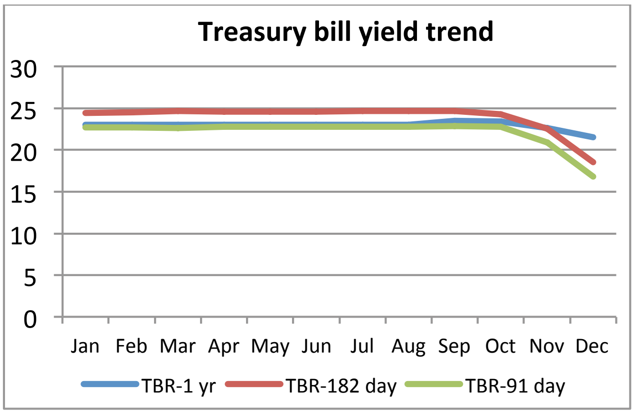
The issuance of government securities in 2017 were largely skewed towards the short end of the yield curve. The government raised a total of GHS 66.42 billion in 2017 compared to GHS 61.28 billion in 2016. Out of the amount raised, 68% of all issues were in securities with a maximum tenor of 365days. An average of 87% of government issuances in 2016 were in short-term securities confirming the government's commitment to restructuring its debt profile in 2017 by issuing longer dated securities to replace shorter dated ones.

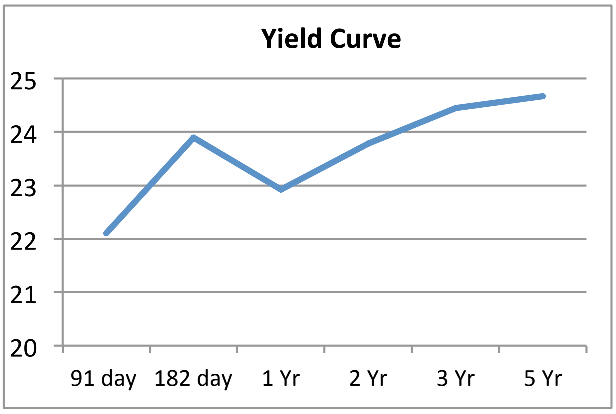
In 2017, the government issued three 3-year bonds, three 5-year bonds, one 7-year bond and a 15-year bond resulting in an extension of the yield curve. The government also embarked on seven tap issuances in four different securities (5-year, 7-year, 10-year and 15-year bonds) raising a total of GHS 7.41 billion in 2017 from tap issues. Yields on fixed income securities recorded significant declines in 2017 owing to the government's debt restructuring efforts, declining inflation and the Central Bank's monetary policy easing interventions.

The fixed income market also recorded a number of corporate issuances and the Energy Sector Levy Act (E.S.L.A) bond in 2017. E.S.L.A Plc, issued a 7-year and 10-year bonds raising a total of GHS 5.02 billion to settle part of the legacy energy sector debt. Corporates such as AFB, Bayport, Bond Financial Services,

PORTFOLIO MANAGER'S REPORT

IZWE and PBC also took advantage of the declining interest rate to tap into the capital market for funds to run their operations. All corporate issuances in the period under review raised GHS 220.43 million.



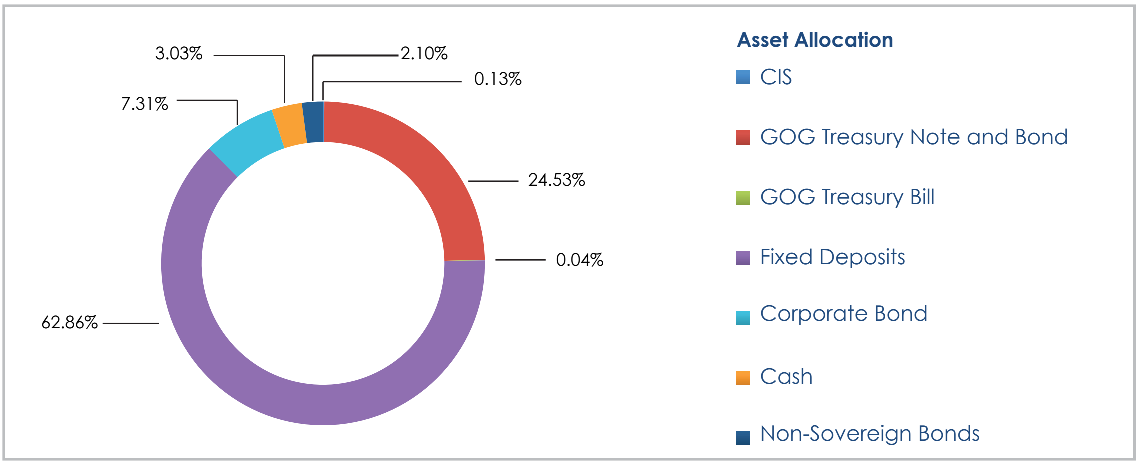


PORTFOLIO STRUCTURE

The Objective of the EDC Ghana Fixed Income Unit Trust ("The Trust") 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 Trust invests 100% of its assets in a well-diversified portfolio of fixed income securities.

The Trust in 2017 was well within its mandate to invest 100% of its Assets under Management (AUM) in fixed income securities. Majority of The Trust's assets (67%) were invested in short-term fixed income securities with a maturity period of 1year or less. This compares to the 74% of the Trust invested in short term securities as at the end of 2016 which supported our 2017 strategy of increasing the duration of the Trust by investing more in long-term securities.

Asset Allocation as of 31st December, 2017



PORTFOLIO PERFORMANCE

The Trust returned 20.90% in 2017 outperforming a benchmark return of 16.32%. The Trust also outperformed the monthly average return on all short term Government of Ghana securities in 2017 (16.32% - 1-year GoG Note; 14.79% - 182 Day Treasury bill; 13.95% - 91 Day Treasury bill). Since its inception in July,

PORTFOLIO MANAGER'S REPORT

2012, the Trust has registered a cumulative return of 226.13% as against a benchmark return of 177.77%.

Performance %	1 Month	3 Month	6 Month	YTD	1 Year	2 Year	3 Year	Since Inception
EDC Ghana Fixed Income Unit Trust	1. 44	4.44	9.27	20.90	20.90	53.90	95.90	226.13
Benchmark	1.27	3.78	7.56	16.32	16.32	43.01	75.19	177.77

ASSETS UNDER MANAGEMENT

The assets of the Trust continued its growth trajectory in 2017, growing by an impressive 160.1% from GHS 197.10 million to GHS 512.70 million. The Trust registered total subscriptions of GHS 448.70 million and total redemptions of GHS 203.21 million. This resulted in a net subscription of GHS 245.50 million. The client base of the Trust grew by 68% from 12,228 in 2016 to 20,597.

OUTLOOK AND STRATEGY

Ghana's economic prospects continues to remain favorable in the near to medium term with a growth projection of 6.3% in 2018. However, low commodity prices, high cost of power and exchange rate volatility still remain key downside risks to the growth of the Ghanaian economy.

With a generally subdued inflationary environment in the first quarter of 2018, we expect inflation to fall within the Central Bank's target band of 8% +/- 2% in 2018 on the back of tighter fiscal policies. We thus believe the Central Bank's Monetary Policy Committee will most likely continue its rate cuts after reductions of 200bps and 100bps in March and May to 18.0% and 17.0% respectively. However, rising food and transport prices poses significant threat to maintaining inflation within the Central Bank's band for the rest of the year.

Yields are expected to drop further in 2018 following a favorable inflationary environment and expected policy rate cuts. The government's debt restructuring efforts will also impact yields especially at the longer end of the curve. We foresee short term yield falling within a range of 10-13% while bond yields will most likely remain between 15-18%.

Given the robust foreign demand on the 5-year GHS bond issued in February 2018, we see scope for further re-openings of longer dated offerings with further yield compression on the yield curve. We intend to maintain our strategy of increasing the duration of the portfolio.

CONCLUSION

We continue to urge you our valued clients to continue to invest regularly in the Trust. We remain committed to enhancing the value of your investments.

Frederick Semenu Duvor
Portfolio Manager

REPORT OF THE TRUSTEES TO THE UNIT HOLDERS OF THE EDC GHANA FIXED INCOME UNIT TRUST FOR THE YEAR ENDED 31ST DECEMBER 2017

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, 2018

For: UNIVERSAL MERCHANT BANK LIMITED

EDC GHANA FIXED INCOME UNIT TRUST STATEMENT OF FINANCIAL ASSETS DESIGNATED THROUGH PROFIT OR LOSS AS AT 31 DECEMBER 2017

FIXED INTEREST SECURITIES

	Market Value GH¢	Percentage of Net Asset (%)
Treasury Bills		
182 Days Treasury Bills	208,496	0.04
	-------------	--------
	208,490	**0.04**
	-------------	-------
Treasury Notes & Bonds		
1 - Year Fixed Rate Notes	11,091,520	2.17
2 - Year Fixed Rate Notes	41,032,861	8.04
3 - Year Fixed Rate Notes	43,582,333	8.54
5 - Year Fixed Rate Notes	22,499,003	4.41
7 – Year Non Sovereign Bonds	8,621,379	1.69
10 – Year Non Sovereign Bonds	6,924,280	1.36
7 - Year Fixed Rate Notes	2,361,610	0.46
10 - Year Fixed Rate Notes	7,406,778	1.45
	------------	--------
	143,519,763	**28.11**
	------------	--------
Corporates Bonds		
1 - Year Fixed Rate Notes	2,054,137	0.40
3 - Year Fixed Rate Notes	12,618,294	2.47
3 - Year Floating Rate Notes	7,857,423	1.54
4 - Year Fixed Rate Notes	6,002,118	1.18
4 - Year Floating Rate Notes	1,042,594	0.20
5 - Year Fixed Rate Notes	3,096,164	0.61
5 - Year Floating Rate Notes	1,445,915	0.28
7 – Year Fixed Rate Notes	3,341,848	0.65
	-------------	--------
	37,458,495	**7.34**
	-------------	--------
Certificates of Deposit		
365 - Day Fixed Deposits (Receivables)	4,377,805	0.86
365 – Day Fixed Deposits	310,401,657	60.80
	----------------	--------
	314,779,462	**61.661**
	----------------	---------
Others		
Other Collective Investment Schemes	671,330	0.13
Call Deposits	12,666,753	2.48
	--------------	-----
	13,338,083	**2.61**
	--------------	-----

Funds on Call		
Funds on Call	5,708,564	1.12
	-------------	--------
	5,708,564	**1.12**
	-------------	---------
TOTAL FINANCIAL ASSETS	**515,012,862**	**100.88**
TOTAL FINANCIAL & OTHER LIABLITIES	(4,470,095)	(0.88)
	---------------	-----
TOTAL INVESTMENT IN FINANCIAL ASSETS	**510,542,768**	**100**
	=========	===

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

ASSETS	**Note(s)**	**2017 GH¢**	**2016 GH¢**
Cash and cash equivalents	12	5,708,564	4,299,688
Non-pledged financial assets at fair value Through Profit or Loss	13	509,304,298	194,754,492
		---------------	--------------
Total Financial Assets		**515,012,862**	**199,054,180**
		=========	========
Represented by:			
Members' Fund		510,542,768	198,050,472
		---------------	-------------
		510,542,768	**198,050,472**
		---------------	-------------
Financial & Other Liabilities			
Accounts payables	14	4,470,094	1,003,708
		---------------	-------------
		4,470,094	1,003,708
		---------------	-------------
Total Members' Fund & Financial Liabilities		**515,012,862**	**199,054,180**
		=========	========

....
TRUSTEE
28th April, 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note(s)	2017 GH¢	2016 GH¢
REVENUE			
Interest income	9	80,124,836	28,550,093
Total Revenue		80,124,836	28,550,093
Expenses			
Investment management fees		7,614,722	2,209,239
Trustee fees		1,522,944	441,848
General administrative expenses	15	28,513	31,975
Audit fees		25,000	25000
Total operating expenses		**9,191,180**	**2,708,062**
Operating profit before tax		**70,933,657**	**25,842,031**
Increase in net assets available for redemptions		**70,933,657**	**25,842,031**

ACCUMULATED NET INVESTMENT INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 GH¢	2016 GH¢
Balance as at 1 January	32,769,295	6,927,264
Transfer from income and distribution statement	70,933,657	25,842,031
Balance as at 31 December	**103,702,952**	**32,769,295**

STATEMENT OF MOVEMENTS IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 GH¢	2016 GH¢
Change in Net Assets from Operations		
Change in:		
Net Investment Income	70,933,657	25,842,031
Net change in Net Assets from Operations	**70,933,657**	**25,842,031**
Change in Net Assets from Capital Transactions		
Proceeds from Issue of Shares	471,567,132	190,496,836
Share Redemption	(230,008,493)	(56,252,478)
Net change in net assets from capital transactions	**241,558,639**	**134,244,358**
Net additions to net assets	**312,492,296**	**160,086,389**
Analysis of changes in cash and cash equivalents for the year		
At 1 January	198,050,472	37,964,083
Net additions to net assets	312,492,296	160,086,389
At 31 December	**510,542,768**	**198,050,472**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

2017	**Capital Transactions GH¢**	**Investment Income GH¢**	**Total GH¢**
Balance at 1 January	165,281,177	32,769,295	198,050,472
Net income from operations	-	70,933,657	70,353,336
Share Issue	471,567,132	-	471,561,132
Shares Redemption	(230,008,493)	-	(230,008,493)
	---------------	-------------	---------------
At 31 December	**406,839,816**	**103,702,952**	**510,542,768**
	=========	========	=========

2016	**Capital Transactions GH¢**	**Investment Income GH¢**	**Total GH¢**
Balance at 1 January	31,036,819	6,927,264	37,964,083
Net income from operations	-	25,842,031	25,842,031
Share Issue	190,496,836	-	190,496,836
Shares Redemption	(56,252,478)	-	(56,252,478)
	-------------	------------	-------------
At 31 December	**165,281,177**	**32,769,295**	**198,050,472**
	========	=======	========

MOVEMENTS IN ISSUED SHARES
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 No. of Shares	**2016 No. of Shares**
Balance at 1 January	73,716,432	17,916,543
Issued during the year	150,208,484	81,655,333
Redemption during the year	(66,532,430)	(25,855,444)
	----------------	--------------
Balance at 31 December	**157,392,486**	**73,716,432**
	=========	========

STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 GH¢	2016 GH¢
Cash flows from operating activities:		
Interest in net assets attributable to unit holders	70,933,657	25,842,031
Adjusted for:		
Interest Accrued	(51,817,124)	(10,723,980)
Interest Income	(28,409,922)	(17,826,113)
Change in liabilities	3,466,387	645,986
	5,827,003	2,062,076
Cash flow from investing activities		
Interest income	28,409,922	17,826,113
Purchase of financial Asset	(262,732,682)	(149,578,484)
	(234,322,760)	(131,752,735)
Cash flow from financing activities		
Proceeds from issuance of units	471,567,132	190,496,836
Amount paid on redemption of units	(230,008,493)	(56,252,478)
	241,558,639	134,244,358
Net increase (decrease) in cash and cash equivalent	1,408, 876	429,547
Cash and cash equivalent at 1 January, 2017	4,299,688	3,870,141
Cash and cash equivalent at 31 December, 2017	5,708,564	4,299,688

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 financial statements.

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

a. Basis of Preparation

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).

b. 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.

c. 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.

3. 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

income or interest expense, respectively.

iii. Financial Instruments

(a) Non-derivative Financial Instruments

NNon-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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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) Offsetting

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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.

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 recognised in profit or loss as the related services are performed.

4. **Amendments to IFRSs that are mandatorily effective for the current period**

EDC Ghana Fixed Income Unit Trust applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The Unit Trust has not early adopted any

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

other standard, interpretation or amendment that has been issued but is not yet effective.

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the accounting period that begins on or after 1 January 2017. The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the annual financial statements of the Unit Trust.
The nature and the impact of each new standard or amendment is described below:

1.Amendments to IAS 7: Statements of Cash Flows: Disclosure Initiatives
2.Amendments to IAS 12: Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses
3.Amendments to IFRS 12 Annual Improvements Cycle -: 2014 – 2016 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

i. Amendments to IAS 7 Statements of Cash Flows: Disclosure Initiatives
The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).
The Unit Trust has provided the information for the current period in page 14

a. Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The application of this amendment has no effect on the Fund's financial position and performance as the Fund has no deductible temporary differences or assets that are in the scope of the amendments.

b. Annual Improvements Cycle -: 2014 – 2016 Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12
The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments did not affect the Fund's financial statements.

5. 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 Fund is IFRS 9 Financial Instruments, which is discussed below. The Fund does not plan to adopt IFRS 9 early.

EDC Ghana Balanced Fund has not applied the following new and revised IFRSs that have been issued but are not yet effective:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

i.IFRS 9. Financial Instruments 1
ii.IFRS 15. Revenue from Contracts with Customers (and the related Clarifications) 1
iii.IFRS 16. Leases 2
iv.Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions1
v. Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture 3
vi. Amendments to IAS 40 Transfers of Investment Property 1
vii. IAS 7 Disclosure Initiative – Amendments to IAS 7 1
viii. IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12 1
ix. Amendments to IFRSs. Annual Improvements to IFRS Standards 2014-2016 Cycle1 IFRIC 22 Foreign Currency Transactions and Advance Consideration 1

1.Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2.Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
3.Effective for annual periods beginning on or after a date to be determined.

i. 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 de recognition of financial instrument from IAS 39.

IFRS 9 is effective for annual reporting periods beginning 1 January 2018, with early adoption permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.
The Fund plans to adopt the new standard on the required effective date. During 2017, the Unit Trust has performed a high-level impact assessment of all three; Classification and measurement, Impairment and Hedge accounting aspects of IFRS 9. Overall, the Unit trust expects no significant impact on its balance sheet.

ii. IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. Unit Trust plans to adopt the new standard on the required effective date using the full retrospective method.

iii. IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

iv. IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

v. Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

vi. Transfers of Investment Property — Amendments to IAS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight. Effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed. The Fund will apply amendments when they become effective. However, since Unit Trust current practice is in line with the clarifications issued, the Fund does not expect any effect on its financial statements.

vii. IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures provided by the Unit Trust.

viii. IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity.

Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Unit Trust.

I. Annual Improvements 2014-2016 Cycle (issued in December 2016)

These improvements include:

i. IFRS 1 First -time Adoption of International Financial Reporting Standards -Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. The amendment is effective from 1 January 2018. This amendment is not applicable to the Fund.

ii. IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- An entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an

- Investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

associates or joint venture is initially recognized;

- (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associates or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application
permitted. If an entity applies those amendments for an earlier period, it must disclose that fact. These amendments are
not applicable to the Fund.

iii. Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018. An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9. These amendments will be adopted on effective date by the Unit Trust.

iv. IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

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

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Fund will apply interpretation from its effective date. Since the Fund operates in a complex multinational tax environment, applying the Interpretation may affect its financial statements and the required disclosures. In addition, the Fund may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

6. Related parties and key contractors

a. Transaction with Trustee

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 Trustee receive a Trusteeship fee at an annual rate of 0.40% of the net asset value attributable to members of the Unit Trust. The total Trustee fees charged during the year amounted to GH¢1,522,944. Included in the payables were Trustee fee of GH¢ 1,522,944.

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¢ 7,614,722. Included in the payables as at 31 December 2017 were fund management fees payable of GH¢ 2,903,915.

7. CONTRIBUTION

	2017 GH¢	2016 GH¢
Balance as at 1 January	165,281,177	31,036,819
Contribution during the year	471,567,132	190,496,836
	-------------	---------------
	636,848,309	221,533,655
Redemptions	(230,008,493)	(56,252,478)
	-------------	---------------
	406,839,816	**165,281,177**
	=========	========

8. Redemptions

	2016 GH¢	2015 GH¢
Redemptions paid	230,008,493	56,252,478
	-------------	---------------
	230,008,493	**56,252,478**
	=========	========

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

9. Interest income

	2017 GH¢	2016 GH¢
Interest income from financial assets carried at amortised cost:		
Cash and cash equivalent	-	74,758
Interest income on financial instruments designated as fair value through profit or loss:		
Debt securities	21,440,354	24,913,946
Held to maturity	58,684,482	3,561,389
	-------------	------------
	80,124,836	28,550,093
	========	=======

10. FINANCIAL INSTRUMENTS

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

2017	Balance 1/1/2017 GH¢	Purchase at Cost GH¢	Accrued interest GH¢	Change in fair value GH¢	Value at 31/12/17 GH¢
Ghana Government Securities	23,461,646	92,953,156	11,559,302	-	127,974,104
Non Sovereign Bonds	-	15,428,200	117,459	-	15,545,659
Treasury Bills	7,202,800	(7,002,800)	8,496	-	208,496
Fixed and time deposits	133,519,300	138,200,717	38,681,640	-	310,401,657
Corporate Bond	30,570,746	5,437,522	1,450,226	-	37,458,495
Others	-	13,166,357	-	171,726	13,338,083
	-------------	--------------	-----------	---------	-------------
	194,754,492	**258,183,152**	**51,817,124**	**171,726**	**504,926,494**
	========	========	=======	======	========

2016	Balance 1/1/2016 GH¢	Purchase at Cost GH¢	Accrued interest GH¢	Change in fair value GH¢	Value at 31/12/16 GH¢
Ghana Government Securities	2,487,341	19,605,133	1,369,172	-	23,461,646
Treasury Bills	2,891,837	4,064,281	246,682	-	7,202,800
Fixed and time deposits	18,628,416	107,406,231	7,484,653	-	133,519,300
Corporate Bond	10,444,070	18,503,203	1,623,473	-	30,570,746
	-------------	--------------	-----------	---------	-------------
	34,451,664	**149,578,848**	**10,723,980**	**-**	**194,754,492**
	========	========	=======	======	========

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

11. Classification of financial assets and financial liabilities

31 December 2017

	Notes	Held for Trading GH¢	Designated as at Fair Value GH¢	Loan and Receivable GH¢	Other Liabilities GH¢	Total GH¢
Cash and Cash Equivalents	12.		-	4,299,688	-	4,299,688
Non-pledged Financial Assets at Fair Value through Profit or Loss	13.	-	194,754,492	-	-	194,754,492
		-	**194,754,492**	**4,299,688**	**-**	**199,054,180**
Payables under service level agreements	14.	-	-	-	989,848	989,848
Other payables (Due to EDC)		-	-	-	13,860	13,860
		--	**-**	**-**	**1,003,708**	**1,003,708**

12. Cash and cash equivalents

	2017 GH¢	2016 GH¢
Cash and Bank Balances	5,708,564	4,299,688
	5,708,564	**4,299,688**

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

	2017 GH¢	2016 GH¢
Debt securities	180,978,257	30,664,446
Held to maturity securities	323,948,236	164,090,046
Investment Receivables	4,377,805	-
	509,304,298	**194,754,492**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14. Payable under service level agreements

	2017 GH¢	2016 GH¢
Investment management fees	2,903,915	518,625
Trustee fees	1,522,944	441,848
Audit fees	25,000	25,000
VAT on audit fees	4,375	4,375
Due to EDC Investment Ltd	13,860	13,860
	-------------	------------
	4,470,094	**1,003,708**
	=======	=======

15. General Administrative Expenses

	2017 GH¢	2016 GH¢
AGM Expenses	19,023	9,505
Charges on transfers to customers	-	18
Legal assistance cost	3,000	4,500
Office stationery	-	12,377
Telephone expenses	2,115	1,200
VAT on audit fees	4,375	4,375
	--------	--------
	28,513	**31,975**
	=====	=====

16. Taxation

Income of approved unit trust scheme or mutual fund is exempt for tax from tax under the income tax act, 2015 (Act 896) as amended.

The Fund currently withholding taxes on payment made to Directors and other service providers.

17. TRANSACTIONS THROUGH STOCK BROKERS

The Unit Trust's transactions were through EDC Stockbrokers Limited.

18. Event after reporting period

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

19. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Trustee and authorized for issue on 28th April 2018

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 **Ecobank Head Office Auditorium, Accra on Wednesday 5th September, 2018** at 12:00pm 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 receive and consider the reports of the Directors of the Fund Manager and Auditors for the year ended 31st December 2017		
2.	To receive and adopt the Accounts for the year ended December 31, 2017		
3.	To appoint the Auditors for the 2018 financial year;		
4.	To authorize the Directors of the Fund Manager to determine the fees for the Auditors;		
5.	To transact any other business appropriate to be dealt with at an Annual General Meeting.		

Unitholder's Signature ………………………………………….Date …………………………..2018

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.