



# ANNUAL REPORT 2020

EDC GHANA MONEY MARKET UNIT TRUST

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ANNUAL REPORT AND  
**FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

## NOTICE OF VIRTUAL ANNUAL GENERAL MEETING (AGM)

EDC Ghana Money Market Unit Trust  
Ecobank Head Office Building, 2nd Floor  
2, Morocco Lane, Off the Independence Avenue  
P.O. Box AN 16746  
Accra- Ghana  
Tel: (233) 0302 610 400 / 634 165  
Email: edc-clientservice@ecobank.com

Notice is hereby given that the **4<sup>th</sup> Annual General Meeting of the Unit Holders of EDC Ghana Money Market Unit Trust** will be held virtually and streamed live on <https://www.edcghanaagm.com> on **Wednesday August 18, 2021 at 1:00 p.m.** for the following purposes:

Ordinary Business:

1. To receive the Report of the Fund Manager for the year ended December 31, 2020;
2. To receive and adopt the Audited Financial Statements together with the reports of the Trustees and Auditors for the year ended December 31, 2020; and
3. To authorize the Directors of EDC Investments Limited (EIL) to determine the fees of the Auditors for the year 2021.

**Dated this 30<sup>th</sup> day of June 2021**

**BY ORDER OF THE FUND MANAGER**

**Lawfields Consulting  
Secretary**

### NOTES

#### General:

1. In compliance with imposition of Restriction Act 2020 (Act 1012), the Registrar General's Department and Securities and Exchange Commission directives and guidelines on holding virtual Annual General Meeting (AGM) and as part of measures to contain COVID-19, attendance and participation by Unit Holders or their proxies in this year's AGM of the Unit Trust, shall be strictly virtual (by online participation).
2. A Unit Holder is entitled to attend and vote or may appoint a proxy to attend (via online participation) and vote on his or her behalf either online or by post. Such proxy need not be a Unit Holder. For a proxy to be valid for the purposes of the meeting, it must be completed and submitted via [trust@umbcapital.com](mailto:trust@umbcapital.com) or deposited at Universal Merchant Bank, SSNIT Emporium Building, Airport, 2nd Floor Corporate Banking – Custody Service not less than 48

## NOTICE OF VIRTUAL ANNUAL GENERAL MEETING (AGM) - (cont'd)

- hours before the meeting.
3. A copy of the Proxy Form can be downloaded from <https://www.edcghanaagm.com> and may be filled and sent via email to [trust@umbcapital.com](mailto:trust@umbcapital.com) not less than forty-eight (48) hours before the commencement of the meeting.
  4. The appointment of the proxy will not prevent a Unit Holder from subsequently attending and voting at the meeting (via online participation). Where a Unit Holder attends the meeting in person (participates online), the proxy appointment shall be deemed to be revoked.
  5. An electronic version of the Unit Trust's Annual Report consisting of the Financial Statement, Directors', Portfolio Managers and Trustee and Auditors Reports for the year ended 31st December 2020 may be accessed at the company's dedicated AGM website at <https://www.edcghanaagm.com>.
  6. Unit Holders are also encouraged to send in any questions in advance of the AGM by mailing them to [trust@umbcapital.com](mailto:trust@umbcapital.com). Answers to the questions will be provided at the AGM.
  7. In accordance with SEC guidelines Unit Holders are hereby informed that the Fund Manager shall amend its Constitution and the Trust Deed of the Unit Trust to provide for the holding of all meetings including Annual General Meetings by virtual means where the Directors of EIL deem it necessary so to do.

### **Accessing and Voting at the Virtual AGM**

8. To access and vote at the Virtual AGM, a unique token number will be sent to Unit Holders by email and/or SMS from EDC to give access to the meeting. Unit Holders who do not receive this token can contact our client care team on: [edc-clientservice@ecobank.com](mailto:edc-clientservice@ecobank.com) or call 0302634165/0302634150 to be sent the unique token any time before the date of the AGM.
9. To gain access to the Virtual AGM, Unit Holders must visit <https://www.edcghanaagm.com> and input their unique token number on the portal to join in and vote electronically during the meeting.
10. Further assistance on accessing the meeting and voting electronically can be found on <https://www.edcghanaagm.com>.

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**CORPORATE INFORMATION**

<b>DIRECTORS OF FUND MANAGER</b>	Paul-Harry Aithnard Marcel Yondo-Nkembe Rosemary Yeboah Paul Mante
<b>FUND MANAGER</b>	EDC Investments Limited 2 Morocco Lane Off Independence Avenue 2nd floor P. O. Box AN 16746 Accra Ghana
<b>TRUSTEE</b>	Universal Merchant Bank SSNIT Emporium Building Airport 2nd Floor Corporate Banking- Custody Service
<b>AUDITORS</b>	John Kay and Co. Chartered Accountants 7th Floor, Trust Towers Farrar Avenue, Adabraka P.O. Box 16088 Airport, Accra
<b>BANKERS</b>	Ecobank Ghana Limited Ring Road Central Accra

## REPORT OF DIRECTORS OF THE FUND MANAGER OF EDC GHANA MONEY MARKET UNIT TRUST

The Board of Directors of EDC Investment Limited presents the report and audited financial statements of EDC Ghana Money Market Unit Trust for the year ended 31 December 2020.

### FINANCIAL STATEMENTS

The results for the year ended 31 December 2020 are set out in the attached financial statements. The Board of Directors of the Fund Manager considers the state of the affairs of the Unit Trust to be satisfactory.

### NATURE OF BUSINESS

EDC Ghana Money Market 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 a Unit Trust, in line with the Unit Trust and Mutual Fund

### TOTAL INVESTMENT IN FINANCIAL ASSETS IS AS FOLLOWS:

Government Notes and Bonds	
Fixed Deposits	
Treasury Bills	
Cash and cash equivalent	
Receivables	
<b>Total Investments in Financial Assets</b>	

### iii. Below are the Asset allocation percentages for the year ended:

Government Notes and Bonds	
Fixed Deposits	
Treasury Bills	
Cash	
Receivables	
<b>Total Financial Assets</b>	

Regulation, 2001 (L.I. 1695).

EDC Ghana Money Market Unit Trust is an open-ended Unit Trust that is 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 Distribution Policy Unit Holders have the right to Receive their distributions or authorize the Fund Manager to reinvest their distributions.

Distributions will be paid out to or reinvested for unit Holders quarterly.

	2020 GH¢	2019 GH¢
Government Notes and Bonds	2,158,379	2,150,400
Fixed Deposits	-	155,992
Treasury Bills	4,168,672	1,264,898
Cash and cash equivalent	149,935	226,879
Receivables	-	33,600
	-----	-----
<b>Total Investments in Financial Assets</b>	<b>6,476,986</b>	<b>3,831,769</b>
	=====	=====
	2020 %	2019 %
Government Notes and Bonds	33	56
Fixed Deposits	-	4
Treasury Bills	65	33
Cash	2	6
Receivables	-	1
	----	----
<b>Total Financial Assets</b>	<b>100</b>	<b>100</b>
	===	===

### APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the unit trust were approved by the Directors of the Fund Manager EDC Investments Ltd on 30<sup>th</sup> April 2021 and signed on its behalf by:

  
..... Director

  
..... Director

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDC MONEY MARKET UNIT TRUST



**John Kay & Co.**

7th Floor, Trust Towers  
Farrar Avenue, Adabraka  
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Airport

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E-mail: jkayal@yahoo.com

### Opinion

We have audited the accompanying financial statements of EDC Ghana Money Market Unit Trust, which comprise the statement of financial position at 31 December 2020, the statement of 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 17 to 27.

In our opinion, the financial statements give a true and fair view of the financial position of EDC Ghana Money Market Unit Trust as at December 31, 2020 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 International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of EDC Investments Ltd for the Financial Statements

The Fund Manager 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 2019, (Act 992 ) of Ghana, Unit Trust and Mutual

Funds Regulations, 2001 (L.I 1695) and for such internal control as the Board of EDC Investments Ltd determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Fund Manager is also responsible for overseeing the Unit Trust's financial reporting process.

In preparing the financial statements, the Fund Manager 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 the Trustee 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.

As part of an audit in accordance with ISAs, we exercise professional judgement 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



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDC MONEY MARKET UNIT TRUST



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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 the Trustee.
- Conclude on the appropriateness of the Fund manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

In accordance with ISAs, this part of our report is intended to describe the matters communicated with those charged with governance that we have determined, in our professional judgement, were most significant in the audit of the financial statements.

### 1. Income Recognition

Income is an important measure of performance and represents a material item in the unit trust's income and distribution account. The trust generates income from investment of members' funds. Given that some of the unit trust's investments will mature beyond 31 December 2020, the cut-off date of 31 December 2020 is significant to ensure that amounts that will accrue after this date are not recognized as income in the current financial statements. In this regard, we consider income recognition as key audit matter.

#### *How the matter was addressed in our audit*

Our audit procedures included the following;

1. We reviewed the design and implementation of controls over the unit trust's investment valuation procedures and income recognition
2. For a sample of significant investments, we obtained evidence of their existence, their particulars and recomputed the income recognized on these investments to verify their accuracy.
3. Evaluated the adequacy of the accounting policies and the disclosures on income Wrecognized in the unit trust's income and distribution Waccount.

### 2. Impact of COVID-19

The COVID-19 pandemic had significant impact on management's assumptions and judgments of the financial statement. The pandemic led to significant economic, accounting and regulatory developments that affected the operations of the trust during 2020. These developments also affected our overall approach to the audit. We therefore consider the impact of COVID-19 as a key audit matter.

#### *How the matter was addressed in our audit*

Our audit procedures included the following;

1. Reviewed policies and directives from Government of Ghana and the Securities and Exchange Commission applicable to the operations of the trust to confirm compliance
2. Reviewed the credit risk assessment of the trust's

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDC MONEY MARKET UNIT TRUST



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assets as a result of COVID-19 and reviewed the adequacy of impairment provisions made for the trust's assets

3. Performed procedures to ensure income is not recognized on assets that are impaired as a result of the COVID-19 pandemic

- The Unit Trust's Statement of Assets and liabilities and income and Distribution Accounts are in agreement with the books of Account

The engagement partner on the audit resulting in this Independent Auditor's Report is John Armstrong Yao Klinog (ICAG/P/1116)

### *Report on Other Legal and Regulatory Requirements*

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992) 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 Unit Trust so far as it appears from our examination of those books.

For and on behalf of John Kay & Co. (ICAG/F/2021/128)  
Chartered Accountants  
Accra.

EDC Investments limited

# Secure the future you want

Invest in the EDC Ghana Money Market Unit Trust  
Start with as little as GH¢ 50.

Contact us on: 2nd Floor, New Ecobank Head Office,  
2 Morocco Lane, Off the Independence Avenue  
Telephone: 0302634165  
Email: [edc-clientservice@ecobank.com](mailto:edc-clientservice@ecobank.com)



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## PORTFOLIO MANAGER'S REPORT

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**The Pandemic was felt by all economies and households; however, the pursuit of accommodative monetary and fiscal policies, and mass vaccinations have facilitated some form of economic recovery. We continue to remain cautious hinted by the recent wave from the new COVID 19 variant.**



Michael **Owusu**

### **GLOBAL IMPACT OF THE PANDEMIC**

The impact of the COVID 19 pandemic has been experienced globally. The pervasive effect of the pandemic led to the contraction of economies as restrictions were placed on movement. Recent indicators published in the IMF World Outlook Report estimated that the global economy contracted by 3.3% in 2020. The impact of the pandemic was however lessened as central banks and governments quickly responded to the low inflation environment alongside slowdown in economic activities, by pursuing accommodative monetary policy to ease the tightness in financial conditions.

A year on, these policies coupled with mass vaccinations have led to some recovery. As such the global economy is projected to recover by 3% to 6% between 2021 and 2023. This recovery is expected to be supported by resumption in global travel, manufacturing and supply chain activities. Nonetheless, economies remain cautious due to the recent wave from the new variant.

### **THE DOMESTIC ECONOMY**

The repercussion of COVID 19 was similar in Ghana with households, local businesses and the general economy affected. Economic activities slowed as a result of lockdown measures and restriction to gatherings. The economy is estimated to have grown by 0.4% in 2020 compared to an

## PORTFOLIO MANAGER'S REPORT

average growth of 7% realized between 2017 and 2019, largely reflecting the impact of the pandemic.

Correspondingly, the Government and the Central Bank put in place some fiscal and monetary policies to reduce the impact of the pandemic. The Central Bank in particular, reduced the Monetary Policy Rate (MPR) by 150 basis points to 14.50% in March 2020, announced a 200bps reduction in the Cash Reserve Requirement (CRR) of deposit money banks and lowered the Capital Conservation Buffer by 150 basis points to 11.5%. These measures were to bolster liquidity in the banking system and provide incentives for increased lending to critical sectors of the economy. This was part of the broader strategy of the Bank of Ghana to mitigate downside risks posed by the pandemic on economic activity. The policy rate remained unchanged at 14.50% for the rest of the year 2020.

Inflation rose sharply from 7.9% in December 2019 to 11.4% in July 2020 mainly due to panic-buying episodes preceding the COVID – 19 partial lockdown measures which exerted significant pressures on food prices. Nonetheless, with the gradual lifting of restrictions, food price pressures declined, and headline inflation gradually eased to 10.4% in December 2020, 0.4% above the 6%-10% target.

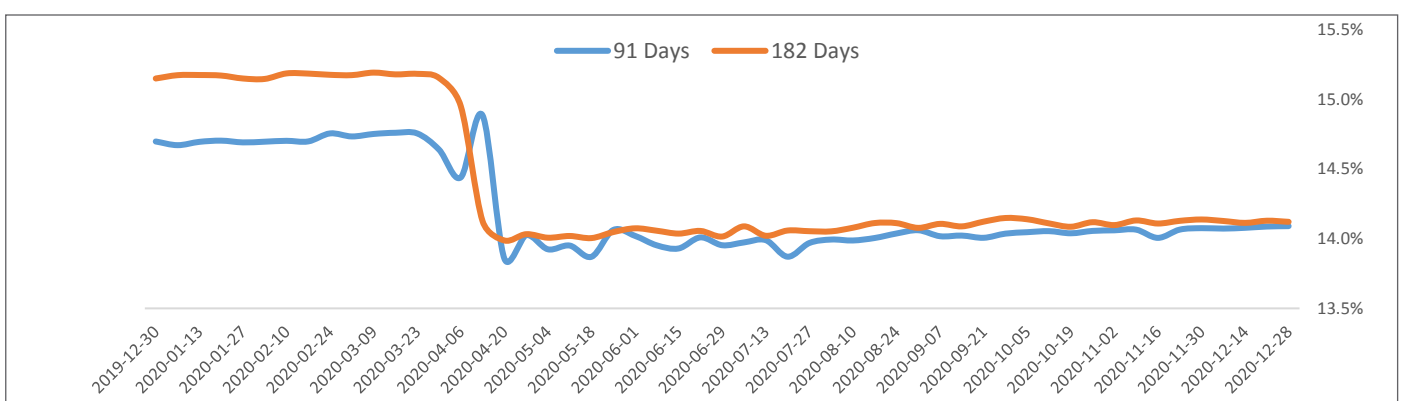
The pandemic disrupted the Government's 2020 budget and led to a revision of the 2020 fiscal targets through the mid-year budget review. Expenditure for the period exceeded the programmed target by 2.4%, reflecting the unanticipated expenses incurred to mitigate the negative impact of COVID 19. As a result, total expenditure for the period amounted to GHS 100 Bn compared to a target of GHS 98 Bn. Total revenue and grants amounted to GHS

55 Bn marginally higher than the revised target of GHS 54 Bn. The higher than expected expenditure resulted in an overall broad cash budget deficit of 11.7% of GDP against a target of 11.4%. The primary balance recorded a deficit of 5.3% compared to the revised target deficit of 4.6%.

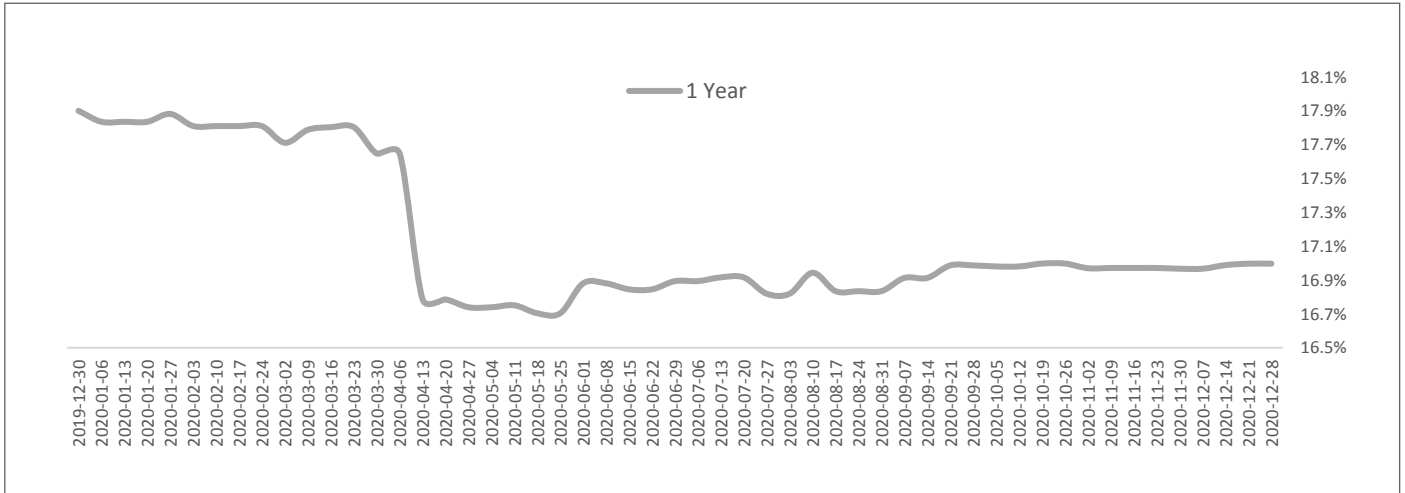
This high deficit pushed the public debt stock to GHS 291 Bn (76.1% of GDP) at the end of 2020 compared to GHS 218 Bn (62.4%) of GDP at the end of 2019. Of this debt stock, domestic debt amounted to GHS 150Bn (39.1% of GDP), while the external debt was GHS 142 Bn (37% of GDP).

On External sector developments and as mentioned earlier, the pandemic disrupted supply chain activities and led to declines in export and import activities. the trade account recorded a surplus of USD 2 Bn (3% of GDP) albeit lower than 2019's trade balance of USD 2.3 Bn (3.4% of GDP). The decline in the surplus was driven largely by a 7.8% contraction in total exports receipts especially from crude oil exports while total imports contracted by 7.3%. The overall balance of payments recorded a deficit of USD 0.63 Bn in 2020 compared with a surplus of USD 1.34 Bn in 2019.

At the end of 2020 Gross international reserves stood at USD 8.62 Bn equivalent to 4.1 months of import. This reflected an improved reserve position due to reduced pressure on the dollar for imports, Eurobond inflows, USD 1 Bn IMF Rapid Credit Facility and the BoG's forward actions. Despite the improved reserve position, the Cedi depreciated against the USD, the British Pound, and the Euro by 3.9%, 7.1% and 12.1% in comparison to 2019's depreciation of 12.9%, 15.7% and 11.2% for the USD, GBP and Euro, respectively.



## PORTFOLIO MANAGER'S REPORT



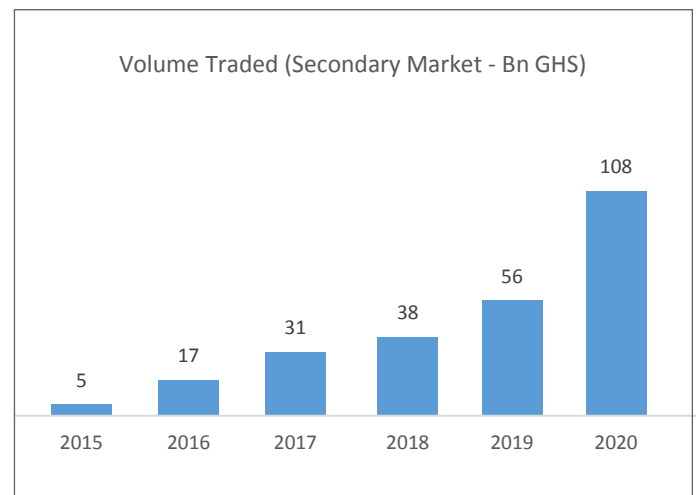
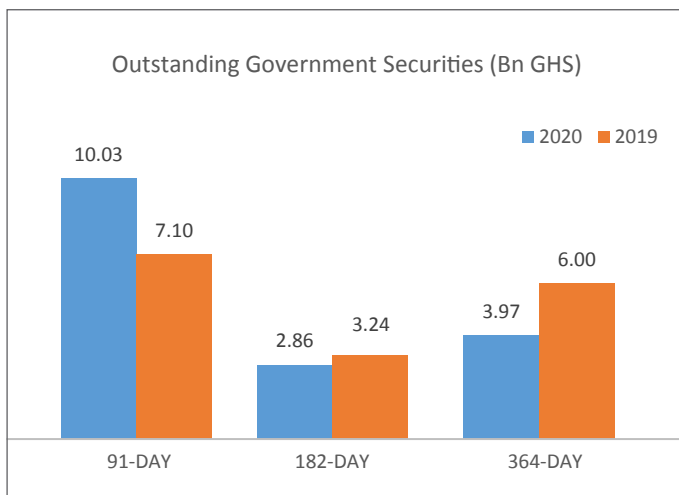
### THE FIXED INCOME MARKET IN 2020.

There was a general decline in yield on Money Market instruments over the year owing to inflows from the Eurobond Issuance, Rapid Credit Facility from the IMF and general increased liquidity from Fund Managers and banks. Government capitalized on the improved liquidity to suppress rates on Money Market and Benchmark issuances, a move to reduce borrowing cost.

The 91-day Treasury Bill at the end of 2020 declined by 61bps to 14.08% from 14.69% in 2019. Similarly, the 182-day Treasury Bill declined by 103 bps to 14.12% from 15.15% the previous year. Lastly, the 364 Day Treasury Bill declined by 90bps to 16.98% from 17.88% at the end of December 2019.

Regarding market activities, the Ghanaian Fixed Income market continued to see major growth in relation to liquidity and volumes of trades executed. In 2020, the market finally broke through the GHS 100 Bn ceiling with a total trade volume of 108 Bn GHS, compared to 2019's trade volume of 55 Bn GHS. The market also witnessed increased players, increased issuances, and general efficiency in 2020.

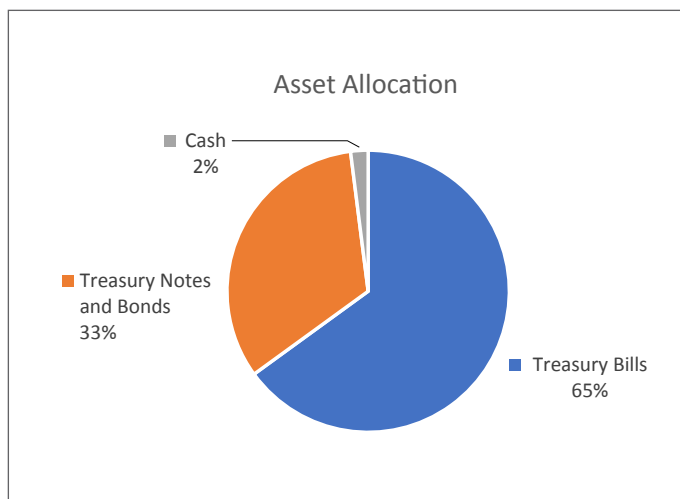
At the end of 2020, Total Outstanding Government Money Market Securities stood at GHS 16.86 Bn, 3% greater than 2019's outstanding issuances of GHS 16.33 bn of which the 91-day treasury bill accounted for 59% of the issuances.



## PORTFOLIO MANAGER'S REPORT

### PORTFOLIO STRUCTURE

The Objective of the EDC Money Market Unit Trust seeks to maximize income in line with prevailing Ghanaian money market rates, while aiming to preserve capital and to maintain a high degree of liquidity by investing in a broadly diversified portfolio of short-term and high-quality money market securities. 100% of the Trust's assets are invested in well diversified portfolio of short-term money market securities.



### PORTFOLIO PERFORMANCE

The Trust returned 14.83% in 2020 outperforming a benchmark return of 10.13%. Since its inception in July 2016, the Trust has registered a cumulative return of 106.88% as against a benchmark return of 56.91%.

### ASSET UNDER MANAGEMENT

The assets of the Trust at the end of 2020 increased by 69% from GHS 3,831,769 in 2019 to GHS 6,476,986. The Trust registered a total subscription of GHS 3,911,227 and a total redemption of GHS 2,004,812 resulting in a net inflow of GHS 1,906,415. The total number of clients at the end of December 2020 stood at 738 compared to 523 at the end of 2019.

### COVID 19 DEVELOPMENT, OUTLOOK & STRATEGY.

Since the turn of the year, global growth momentum has strengthened underscored by the continuous policy support, the rollout of vaccines and relaxation of restrictions, particularly in advanced economies. These

factors have helped boost prospects of a rebound in economic activity which has also been witnessed in the revised global growth projections by the IMF. Global growth projections have increased from 5.5% to 6%; nonetheless, the emergence of new variants and vaccine supply challenges in emerging markets pose some uncertainty which could undermine the recovery process. Locally, the recovery process from the pandemic has gained some momentum as GDP is expected to record an average growth rate of 5% from 2021 to 2024. The Bank of Ghana's updated Composite Index of Economic Activity (CIEA) registered a strong annual growth of 26.8% in March 2021, a testament to the recovery process. Latest GDP figures as recorded by the Ghana Statistical Service have also confirmed recovery in Q1 2021 (3.1% year on year) albeit at a slower pace in comparison to Q4 2020 growth (3.3% year on year). This was underpinned by a 4.3%, 1.3% and 4% growth in the Agriculture, Industry and Service Sectors respectively.

The economic recovery projected by the Government is expected to be supported by fiscal discipline and consolidation with the deficit projected to decline to 9.5% of GDP and a corresponding primary deficit of 1.3% of GDP. Total revenues and grants are estimated at GHS 72.5 billion (16.7% of GDP), while total expenditures and arrears payment are estimated at GHS 113.8 billion (26.2% of GDP). The projected fiscal consolidation path is mainly due to expected increased revenue mobilization made up of both revenue administration efficiency and new revenue measures. In the next 4 Years, the Government has a projected average revenue and expense of GHS 87 Mn against GHS 121 Mn Respectively.

Headline inflation is expected to remain within the medium term target of 6% - 10% having declined from 10.4% in December 2020 to 7.5% as of May 2021, driven by lower food prices and base drift effects. Correspondingly, the central bank cut the prime rate from 14.5% to 13.5% reflecting the muted inflationary pressures and economic recovery witnessed in the first half of 2021. Due to this, we expect borrowing rates and yields on securities to remain subdued in 2021 underpinned by excess liquidity on the market, Eurobond issuance and relatively stable currency.

## PORTFOLIO MANAGER'S REPORT

### CONCLUSION

We continue to urge you our valued clients to continue to invest with confidence in the Trust. Your Fund will be well positioned to take advantage of the upside potential on Fixed Income instruments without compromising the Fund's objectives. We remain committed to enhancing the value of your investments. We remain committed to you and appreciate your custom and look forward to your continued support.

A handwritten signature in black ink, appearing to read "Michael Owusu". The signature is stylized and written in a cursive-like font.

**Michael Owusu** - Portfolio Manager



## REPORT OF THE TRUSTEES TO THE UNIT HOLDERS OF THE EDC GHANA FIXED INCOME UNIT TRUST FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

In our opinion, according to the information made available to us and the explanations provided, we confirm that in all material respects, the Manager has managed the Scheme during the period covered by these financial statements in accordance with the Trust Deed and all regulations for the time being in force under the Securities Industry Act, 2016 (Act 929) and the Unit Trusts and Mutual Funds Regulations, 2001 (LI 1695).

Dated:

30/04/2021



For: UNIVERSAL MERCHANT BANK LIMITED

## STATEMENT OF FINANCIAL ASSETS DESIGNATED THROUGH PROFIT OR LOSS AS AT 31<sup>ST</sup> DECEMBER 2020

### FIXED INTEREST SECURITIES

	Market Value GH¢	Percentage of Net Asset (%)
<b>Treasury Bills</b>		
182- Day Treasury Bills	665,715	10.36
364- Day Treasury Bills	3,502,957	54.52
	-----	-----
	<b>4,168,672</b>	<b>64.88</b>
	-----	-----
<b>Treasury Notes &amp; Bonds</b>		
2 -Year GoG Note	2,158,379	33.59
	-----	-----
	<b>2,158,379</b>	<b>33.59</b>
	-----	-----
<b>Funds on Call</b>		
Cash	149,935	2.33
Call deposits	-	-
	-----	-----
	<b>149,935</b>	<b>2.33</b>
	-----	-----
<b>TOTAL INVESTMENT IN FINANCIAL ASSETS</b>	<b>6,476,986</b>	<b>100.80</b>
<b>TOTAL FINANCIAL &amp; OTHER LIABILITIES</b>	<b>(51,323)</b>	<b>(0.80)</b>
	-----	-----
<b>TOTAL FINANCIAL ASSETS</b>	<b>6,425,663</b>	<b>100</b>
	=====	=====

	Note (s)	2020 GH¢	2019 GH¢
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	11	149,935	226,879
Financial assets designed as at fair value	12	6,327,051	3,604,890
		-----	-----
<b>Total Financial Assets</b>		<b>6,476,986</b>	<b>3,831,769</b>
		=====	=====
<b>Represented by:</b>			
Members' Fund	16	6,425,663	3,814,598
<b>Financial &amp; Other Liabilities</b>			
Accounts payables	13	51,323	17,171
		-----	-----
<b>Total Members' Fund and Financial &amp; Other Liabilities</b>		<b>6,476,986</b>	<b>3,831,769</b>
		=====	=====



..... Director



..... Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

REVENUE	Note (s)	2020 GH¢	2019 GH¢
Interest Income	9	801,449	610,103
<b>Total Revenue</b>		<b>801,449</b>	<b>610,103</b>
<b>EXPENSES</b>			
Investment Management Fees		57,962	32,564
Trustee Fees		14,273	11,138
General Administrative Expenses	14	14,564	10,053
Audit Fees		10,000	8,400
<b>Total Operating Expenses</b>		<b>96,799</b>	<b>62,155</b>
Operating profit before tax		704,650	547,948
Taxation		-	-
<b>Increase in Net Assets Available for Redemptions</b>		<b>7 04,650</b>	<b>547,948</b>

## ACCUMULATED NET INVESTMENT INCOME FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

	2020 GH¢	2019 GH¢
Balance as at 1 January	1,508,374	960,426
Transfer from income and distribution statement	704,650	547,948
<b>Balance as at 31 December</b>	<b>2,213,024</b>	<b>1,508,374</b>

## STATEMENT OF MOVEMENTS IN NET ASSETS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

	2020 GH¢	2019 GH¢
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>		
Net Investment Income	704,650	547,948
<b>Net change in Net Assets from Operations</b>	<b>704,650</b>	<b>547,948</b>
Change in Net Assets from Capital Transactions		
Proceeds from Issue of Shares	3,911,227	2,062,663
Share Redemption	(2,004,812)	(3,173,288)
<b>Net Change in Net Assets from Capital Transactions</b>	<b>1,906,415</b>	<b>(1,110,625)</b>
<b>Net Additions to Net Assets</b>	<b>2,611,065</b>	<b>(562,677)</b>
<b>ANALYSIS OF CHANGES OF MOVEMENTS IN NET ASSETS FOR THE YEAR</b>		
At 1 January	3,814,598	4,377,275
Net Additions to Net Assets	2,611,065	(562,677)
<b>At 31 December</b>	<b>6,425,663</b>	<b>3,814,598</b>

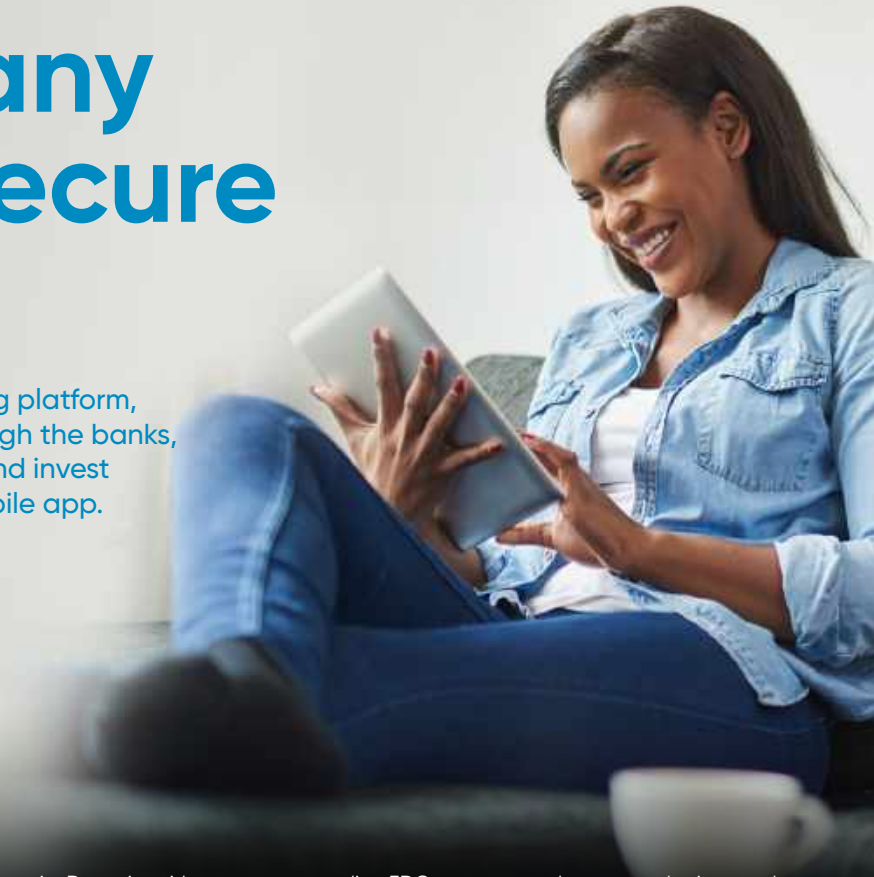
	CAPITAL TRANSACTION GH¢	INVESTMENTS GH¢	TOTAL GH¢
<b>2020</b>			
Balance at 1 January	2,306,244	1,508,374	3,814,598
Net income from operations	-	704,650	704,650
Units Issue	3,911,227	-	3,911,227
Units Redemption	(2,004,812)	-	(2,004,812)
<b>At 31 December</b>	<b>4,212,659</b>	<b>2,213,024</b>	<b>6,425,663</b>
<b>2019</b>			
Balance at 1 January	3,416,849	960,426	4,377,275
Net income from operations	-	547,948	547,948
Units Issue	2,062,663	-	2,062,663
Units Redemption	(3,173,288)	-	(3,173,288)
<b>At 31 December</b>	<b>2,306,224</b>	<b>1,508,374</b>	<b>3,814,598</b>

## MOVEMENTS IN ISSUED SHARES (UNITS) FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

	2020 No. of Units	2019 No. of Units
Balance at 1 January	740,481	1,605,386
Issued during the year	3,640,609	2,340,049
Redemption during the year	(2,034,166)	(3,204,954)
	-----	-----
<b>Balance at 31 December</b>	<b>2,346,924</b>	<b>740,481</b>
	=====	=====
	2020 GH¢	2019 GH¢
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Interest in Net Assets Attributable to Unit Holders	704,650	547,948
<b>ADJUSTED FOR</b>		
Interest Receivable	(434,599)	(1,790)
Interest Income	(366,850)	(608,314)
Change in Liabilities	34,152	(67,789)
	-----	-----
	<b>(62,647)</b>	<b>(129,945)</b>
	-----	-----
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets	(2,287,562)	(142,878)
Proceeds from matured financial Assets	366,850	608,314
	-----	-----
	<b>(1,920,712)</b>	<b>465,436</b>
	=====	=====
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issuance of Units	3,911,227	2,062,663
Amount Paid on Redemption Of Units	(2,004,812)	(3,173,288)
	-----	-----
	<b>1,906,415</b>	<b>(1,110,625)</b>
	-----	-----
Net Increase (Decrease) In Cash and Cash Equivalent	(76,944)	(775,134)
Cash and Cash Equivalent At 1 January	226,879	1,002,013
	-----	-----
<b>Cash and Cash Equivalent At 31 December</b>	<b>149,935</b>	<b>226,879</b>
	=====	=====

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## EDC Ghana Money Market Unit Trust



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EDC GHANA MONEY MARKET UNIT TRUST

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The rendering of all Ecobank SWAM services is registered under EDC Investments Limited & EDC Stockbrokers Limited in Ghana, both members of the Ecobank Group.

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Telephone: 0302634165 | Email: [edc-clientservice@ecobank.com](mailto:edc-clientservice@ecobank.com)

[ecobank.com/swam](http://ecobank.com/swam)



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The Pan African Bank

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

### NOTES TO FINANCIAL STATEMENTS

#### 1. REPORTING ENTITY

EDC Ghana Money Market Unit Trust is a unit trust investment whose primary objective is to obtain contributions from unit holders and invest same for their benefit. EDC Ghana Money Market 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 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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

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 the 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 the 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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

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:

- Significant financial difficulty of the borrower;
- A breach of contract, such as default or delinquency in interest or principal repayments;
- 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;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- 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 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 of 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. NEW AND AMENDED STANDARDS EFFECTIVE FOR THE CURRENT PERIOD

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34,

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

It was effective for Annual periods beginning on or after 1 January 2020

### Definition of a Business (Amendments to IFRS 3)

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020

### Definition of Material (Amendments to IAS 1 and IAS 8)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and

align the definition used in the Conceptual Framework and the standards.

It was effective for annual reporting periods beginning on or after 1 January 2020

### Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

It was effective for annual reporting periods beginning on or after 1 January 2020

### Covid-19-Related Rent Concessions (Amendment to IFRS 16)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

It was effective for Annual reporting periods beginning on or after 1 June 2020

## 5. NEW AND REVISED STANDARDS IN ISSUE NOT YET EFFECTIVE

### IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)

Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

income or expenses arising from designated financial assets; this is the so-called overlay approach;

- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

### Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Effective for annual reporting periods beginning on or after 1 January 2023

### Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

Effective for annual reporting periods beginning on or after 1 January 2022

### Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Effective for annual reporting periods beginning on or after 1 January 2022

### Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Effective for annual reporting periods beginning on or after 1 January 2022

### Annual Improvements to IFRS Standards 2018–2020

Makes amendments to the following standards:

- IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- These are effective for annual reporting periods beginning on or after 1 January 2022

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

### Amendments to IFRS 17

Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are:

- Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023
- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk
- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination
- Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level
- Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives
- Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts
- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach

Effective for annual reporting periods beginning on or after 1 January 2023

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)

The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

Effective for annual reporting periods beginning on or after 1 January 2021

## 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 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 14,273.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

### *b. Managers Fund*

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 1% and 1.25% of the net asset value attributable to institutional and retail members of the Unit Trust respectively. The management fees incurred during the year amounted to GH 57,962. Included in the payables as at 31 December 2020 were fund management fees payable of GH 14,153..

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

### 7. CONTRIBUTION

	2020 GH¢	2019 GH¢
Balance as at 1 January	2,206,224	3,316,849
Contribution during the year	3,911,227	2,062,663
	-----	-----
Redemptions paid	6,117,451 (2,004,812)	5,379,512 (3,173,288)
	-----	-----
	4,112,639	2,206,224
	=====	=====

### 8. REDEMPTIONS

	2020 GH¢	2019 GH¢
Redemption Paid	2,004,812	3,173,288
	-----	-----
	2,004,812	3,173,288
	=====	=====

### 9. INTEREST INCOME

	2020 GH¢	2019 GH¢
Cash and cash equivalents	-	81,502
Debt securities	425,625	286,250
Held to maturity	375,824	242,351
	-----	-----
	801,449	610,103
	=====	=====

### 10. FINANCIAL INSTRUMENTS

Analysis of Changes in Fair Value of Financial Instrument through Profit or Loss.

2020	Balance 1/1/20 GH¢	Purchase/ (Sales) at cost GH¢	Accrued interest GH¢	Change in fair value GH¢	Value at 31/12/20 GH¢
Ghana Government Securities	2,150,399	(163,399)	171,379	-	2,158,379
Treasury Bills	1,264,898	2,640,554	263,220	-	4,168,672
Fixed and time deposits	189,592	(189,592)	-	-	-
	-----	-----	-----	-----	-----
	3,604,889	2,287,563	434,599	-	6,327,051
	=====	=====	=====	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

2019	Balance 1/1/19 GH¢	Purchase/ (Sales) at cost GH¢	Accrued interest GH¢	Change in fair value GH¢	Value at 31/12/19 GH¢
Ghana Government Securities	2,380,161	(230,247)	485	-	2,150,399
Treasury Bills	-	1,263,941	957	-	1,264,898
Fixed and time deposits	1,080,061	(890,817)	348	-	189,592
	-----	-----	-----	-----	-----
	3,460,222	(142,877)	1,790	-	3,604,889
	=====	=====	=====	=====	=====

### 11. CASH AND CASH EQUIVALENTS

	2020 GH¢	2019 GH¢
Cash and Bank Balances	149,935	226,879
	-----	-----
	149,935	226,879
	=====	=====

### 12. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 GH¢	2019 GH¢
Debt Securities	2,158,379	3,415,299
Held to Maturity Securities	4,168,672	189,591
	-----	-----
	6,327,051	3,604,890
	=====	=====

### 13. PAYABLE UNDER SERVICE LEVEL AGREEMENTS

	2020 GH¢	2019 GH¢
Investment management fee	14,153	4,717
Trustee Fees	-	2,531
Audit Fees	10,000	8,400
Due to EDC	25,357	-
VAT on Audit Fees	1,813	1,523
	-----	-----
	51,323	17,171
	=====	=====



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

### 14. GENERAL ADMINISTRATIVE EXPENSES

	2020 GH¢	2019 GH¢
AGM Expenses	7,525	-
Printing & Stationery	3,095	5,092
Bank Charges	2,087	3,438
VAT/NHIL on Audit Fees	1,813	1,523
Postage	44	-
	-----	-----
	<b>14,564</b>	<b>10,053</b>
	=====	=====

### 15. TAXATION

Income of approved unit trust scheme or mutual fund is exempt from tax under the Income Tax Act, 2015 (Act 896) as amended by Act 2017 (Act 941)

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

### 16. MEMBER'S FUND

	2020 GH¢	2019 GH¢
Accumulated Net Investment Income	2,213,024	1,508,374
Stated Capital	100,000	100,000
Movement on Units Issued	4,112,639	2,206,224
	-----	-----
	<b>6,425,663</b>	<b>3,814,598</b>
	=====	=====

### 17. TRANSACTIONS THROUGH STOCK BROKERS

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

### 18. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Directors of the Fund Manager, EDC Investments Ltd and authorized for issue on 30<sup>th</sup> April 2021

EDC Investments Limited



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## PROXY FORM

**EDC Ghana Money Market Unit Trust**  
 Ecobank Head Office Building, 2nd Floor  
 2, Morocco Lane, Off the Independence Avenue  
 P.O. Box AN 16746  
 Accra- Ghana  
 Tel: (233) 0302634165 / 0302634150  
 Email: edc-clientservice@ecobank.com

I/We ..... of .....  
 being a Unit Holder(s) of **EDC Ghana Money Market Unit Trust** (the "Unit Trust") hereby  
 appoint.....of..... as my/our proxy  
 to attend on my/our behalf, the **4<sup>th</sup> Annual General Meeting of the Trust**, to be held at <https://www.edcghanaagm.com>  
 on **Wednesday August 18, 2021 at 1:00 p.m.** 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 the Report of the Fund Manager for the year ended December 31, 2020;		
2. To receive and adopt the Audited Financial Statements together with the reports of the Trustees and Auditors for the year ended December 31, 2020;		
3. To authorize the Directors of EDC Investments Limited (EIL) to determine the fees of the Auditors for the year 2021.		

Unit Holder's Signature: .....Date .....2021

### Notes

1. A proxy need not be a Unit Holder of the Unit Trust.
2. Unless otherwise instructed, the proxy will vote as he sees fit.
3. To be valid, this form must be signed and sent via email to [trust@umbcapital.com](mailto:trust@umbcapital.com) 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 Unit Holder from attending the meeting and voting thereat.

EDC Investments Limited

# Resolve your concerns quickly and effectively

Kindly reach out to us using the below channels for timely and appropriate responses to your concerns.

1. For enquiries and feedback kindly email **[edc-clientservice@ecobank.com](mailto:edc-clientservice@ecobank.com)**
2. If you are not satisfied and wish to escalate your complaint kindly send email to **[complaints-edcgh@ecobank.com](mailto:complaints-edcgh@ecobank.com)**

To speak to a helpdesk representative, please call **+233 302 634154**

Visit: **[ecobank.com/swam](http://ecobank.com/swam)**



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