

Stanbic Cash Trust

Annual Report 2013



Stanbic

Investment Management Services
A subsidiary of Stanbic Bank Ghana Ltd

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Stanbic Cash Trust trustees and officials, etc.

TRUSTEES:	Merchant Bank (Ghana) Ltd 57 Examination Loop North Ridge, P. O. Box 401, Accra –Ghana.
LEGAL ADVISORS:	Doreen Illiasu Stanbic Bank Ghana Limited 215 South Liberation Link Airport City, Accra P. O. Box CT2344 Cantonments, Accra –Ghana.
INDEPENDENT AUDITORS:	KnowledgeWarehouse (Chartered Accountants) 2nd Floor, RND Plaza 53 Baatsona – Spintex Road P. O. Box SK1016, Tema –Ghana.
MANAGER:	Stanbic Investment Management Services Ltd 215 South Liberation Link Airport City, Accra P. O. Box CT2344 Cantonments, Accra –Ghana.
BANKERS:	Stanbic Bank Ghana Limited 215 South Liberation Link Airport City, Accra P. O. Box CT2344 Cantonments, Accra –Ghana.

Report of the Manager to the unitholders of Stanbic Cash Trust

The Manager and the Trustees present the audited financial statements and report on the performance of the Stanbic Cash Trust for the period ended 31st December 2013.

Nature of Fund

The Stanbic Cash Trust is an authorised unit trust as defined in the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695). The Fund offers and redeems units to subscribers and from unit holders respectively on an ongoing basis. Units are sold and redeemed at a price computed in accordance with the terms of the scheme particulars.

Investment Objectives

The primary objective of the Cash Fund is to optimize investors' interest income in the short term, provide liquidity and preserve capital.

Investment Policy

Under normal market conditions, at least 70% of The Fund's total assets will be invested in money market instruments. A maximum of 20% of the fund will be invested in both government and corporate debt securities (bonds). The Manager may employ short-term tactical deviations from this policy asset mix of up to 10% of the Fund's total assets.

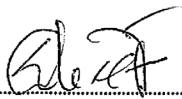
Manager's Responsibility for the Financial Statement

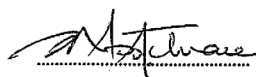
The Manager is responsible for the preparation and fair presentation of the financial statements, comprising the statement of assets and liabilities as of 31 December 2013, income and distribution account, portfolio statement and capital account for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with Ghana National Accounting Standards and in the manner required by the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695).

The Manager's responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances.

The Manager and the Trustees have made an assessment of the Fund's ability to continue as a going concern and have no reason to believe the Fund will not operate into the foreseeable future. The results for the year are as set out in the attached financial statements. The Manager and the Trustees consider the state of affairs of the Fund to be satisfactory.

Signed on behalf of **Stanbic Investment Management Services Ltd** by:


.....
Director
16/04/....., 2014


.....
Director
16/04/....., 2014

Portfolio Manager's Report

Introduction

Stanbic Cash Trust (SCT) was launched in November 2012 with an amount of GHS 300,000.00 on offer. The initial public offering raked in a total of GHS 1,943,935.00 which represented an oversubscription of 548% from 239 unit holders. SCT began trading on the 18th of December 2012 at an initial price of GHS 1.000.

SCT closed the year 2013 at a price of GHS 1.23 returning 23% while total assets under management more than doubled to GHS3.99 million from the initial amount raised.

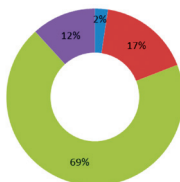
Economic Outlook and Market Review

While the Ghanaian economy registered growth in 2013 things were not wholly rosy. The stock market returned 79% and GDP growth was a 5.8%. Strong fundamentals of listed companies based on full year 2012 performances combined to increase demand for Ghanaian equities yielding the performance in 2013. The growth story was not all rosy, inflation increased from 8.8% in January to 13.5% in December 2013, driven by the upward adjustments in petroleum and utility prices. The budget and trade deficits remained disturbingly large at 11% and 9% of GDP respectively. Fiscal deficits were underpinned by revenue and grants shortfalls, higher spending on wages and salaries as well as growing interest costs. The local currency lost 25% against the US dollar as lower external prices of Ghana's main exports; cocoa and gold, and a high import bill put pressure on the current account.

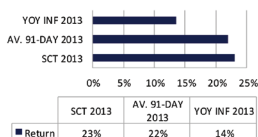
In order to rein in the cedi and by extension inflation the Central Bank raised its monetary policy rate by 100 basis points to 16.5%. Interest rates on government securities however declined from an average of 23% in January to an average of 17% to 19% in December. The average rates on the 91 days and 182 days treasury bills were 22.5% and 22.6% respectively. The 1 year note and 2 year notes averaged 22%.

Investments and Performance

Portfolio Asset Mix



SCT closed the year 2013 with 12% of assets under management in government notes, 17% in corporate notes and 69% in money market securities. The weighted duration of the Fund was 4.3 months with a weighted average return of 23.2%.



Returns

SCT generated a total earning of GHS631,377 in 2013 resulting in a net return of 23% on invested funds. This performance outstripped the average 91-day treasury bill rate of 22% for 2013 and the year-on-year inflation of 13.5% for 2013.

Portfolio Manager's Report cont.

Outlook

The economic outlook for 2014 is weak as the twin deficit burden remains a destabilising influence on economic outcomes. These deficits have fuelled inflation, weakened the cedi and reduced consumer and investor confidence in the economy. Overcoming these challenges will require a mix of fiscal and monetary pragmatism and more favourable external terms of trade. On balance a bail-out package from multilateral partners might be the key to injecting fiscal discipline and by extension investor confidence back into the economy.

Our mandate remains simple. Even in challenging economic environments we will continue to ride the yield curve to generate real gains for our clients. We are fully confident in our abilities to deliver this mandate.

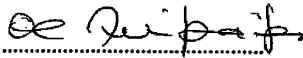
Thank you

Peggy Denkyi
Fund Manager

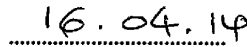
Report of the Trustees to the unitholders of Stanbic Cash Trust

In our opinion, according to the information made available to us and the explanations provided, we confirm that in all material respects, the Manager has managed the scheme during the period covered by these financial statements in accordance with the Trust Deed dated 16th November, 2011 and all regulations for the time being in force under the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695).

Signed on behalf of **Merchant Bank (Ghana) Ltd** by:



Director



Date

Report of the independent auditors to the unitholders of Stanbic Cash Trust

Report on the Financial Statements

We have audited the financial statements of Stanbic Cash Trust, which comprise the statement of assets and liabilities as of 31 December 2013, income and distribution account, portfolio statement and capital account for the period 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 14 to 15.

Manager's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

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

Report of the independent auditors to the unitholders of Stanbic Cash Trust (cont.)

Opinion

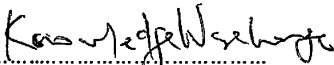
In our opinion, the financial statements give a true and fair view of the financial position of Stanbic Cash Trust as of 31st December 2013, and of its financial performance for the period then ended in accordance with the Ghana National Accounting Standards and in the manner required by the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695).

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Part 9 of schedule 8 of the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695).

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

In our opinion, proper books of account have been kept, and the statement of assets and liabilities at 31 December 2013, income and distribution account, portfolio statement and capital account for the period then ended are in agreement with the books of account.



Prosper K. Asamoah

Practising Certificate Licence No: ICAG/P/1072

KnowledgeWarehouse

Licence Number: ICAG/F/2014/093

Chartered Accountants

Accra, Ghana

17th April, 2014

Statement of Net Assets as at 31st December 2013

Description	Note		% of Net Assets
Medium Term Funds			
Bonds		444,914	11.26
Short Term Funds			
Cash at Bank		90,158	2.28
Corporate Debt Securities		633,000	16.03
Fixed Deposits		2,615,472	66.21
		-----	-----
Total		3,338,630	84.52
Total Investments		3,783,544	95.78
Other Assets in Excess of Liabilities		166,762	4.22
Total Net Assets		3,950,306	100.00
		=====	=====

Statement of Assets and Liabilities as at 31st December 2013

13 months to
31-Dec-2013
GH¢

	Note	
ASSETS		
Total Investments		3,783,544
Receivables:		
Interest Receivable – Fixed Deposits		132,222
Interest Receivable – Corporate Debt		53,962
Interest Receivable – Bonds		11,000

Total Receivables		197,184

LIABILITIES		
Payables:		
Accrued Fund Management Fee		24,602
Accrued Trustee Fees		1,320
Accrued Audit Fees		4,500

Total Payables		30,422

NET CURRENT ASSETS		166,762

NET ASSETS		3,950,306
		=====

The financial statements on pages 9 to 15 were approved by Stanbic Investment Management Services Ltd and signed on its behalf by:

The notes on pages 15 and 16 are an integral part of these financial statements.

Income and Distribution Accounts for the year ended 31st December 2013

**13 months to
31-Dec-2013
GH¢**

INCOME		
Interest Income	4	631,175
Other Income	5	202

Total Income		631,377

EXPENSES		
Fund Management Fees		70,052
Trustees Fees		11,208
Audit Fees		4,500
Other Expenses	6	443

Total Expenses		86,203

NET INVESTMENT INCOME		545,174

NET INVESTMENT GAINS		545,174
		=====

The notes on pages 15 and 16 are an integral part of these financial statements

Statement of Movement in Net Assets for the year ended 31st December 2013

**13 months to
31-Dec-2013
GH¢**

Operations:	
Net Investment Income	545,174

Change in net assets from operations	545,174

Capital Transactions:	
Proceeds from units issued	6,244,116
Units Redeemed	(2,838,984)

Net proceeds from capital transactions	3,405,132

Total Increase in Net Assets	3,950,306
Net Assets at 1st January	-
Net Assets at 31st December	3,950,306
	=====

The notes on pages 15 and 16 are an integral part of these financial statements.

Statement of Movement in Issued Units for the year ended 31st December 2013

**13 months to
31-Dec-2013**

Number of Units in issue at 1st January	-
Number of Units issued during the period	5,736,098

	5,736,098

Number of Units redeemed during the period	(2,523,811)

Number of Units in issue at 31st December	3,212,287
	=====

Capital Account for the year ended 31st December 2013

	2013 GH¢
Value of Units in issue at 1st January	-
Value of Units issued during the period	6,244,116

Value of Units redeemed during the period	6,244,116
	(2,838,984)

Value of Units in issue at 31st December	3,405,132
	=====

The notes on pages 15 and 16 are an integral part of these financial statements.

Notes forming part of the financial statements for the year ended 31st December 2013

1. REPORTING ENTITY

Stanbic Cash Trust (SCT) is authorised to operate a Unit Trust under the Securities Industry Act, 1993, PNDCL 333, and duly licensed by the Securities and Exchange Commission (SEC) with Licence No. SEC/CIS/UT 17/13 .The address and scheme particulars of SCT can be found on page 2 of the annual report.

2. BASIS OF ACCOUNTING

These financial statements have been prepared under the historical cost convention as modified by the revaluation of quoted investments and in accordance with Ghana National Accounting Standards.

3. ACCOUNTING POLICIES

The following accounting policies have been consistently applied in dealing with items that are considered material in relation to the financial statements of the fund:

(a) Investments

Medium and Short-term investments are stated at cost.

(b) Income

Interest income is accounted for on the accrual basis.

(c) Comparative Figures

There are no comparative figures for the prior years since this is the first set of financial statements of the fund.

(d) Post Balance Sheet Events

Events after the reporting period are reflected only to the extent that they relate directly to the accounts and the effect is material.

Notes forming part of the financial statements for the year ended 31st December 2011 cont.

4. INTEREST INCOME

13 months to
31-Dec-2013
GH¢

Interest on Fixed Deposits	363,914
Interest on Bonds	88,086
Interest on Treasury Bills & Notes	83,937
Interest on Corporate Debt	95,238

	631,175
	=====

5. OTHER INCOME

13 months to
31-Dec-2013
GH¢

Interest on Bank Account	
	202

	202
	=====

6. OTHER EXPENSES

13 months to
31-Dec-2013
GH¢

Bank Charges	443

	443
	=====

7. BID PRICE OF UNITS

The bid price of units on the reporting date was GH¢1.2297

8. NUMBER OF UNITHOLDERS

The number of unit-holders as of 31 December, 2013 was 405.

9. CONTINGENT LIABILITIES

Stanbic Cash Trust / Proxy Form

Annual General Meeting to be held at the Stanbic Heights, Plot 215 South Liberation link, Airport City, Accra, Ghana on Wednesday, May 21st, 2014 at 11:00 a.m.

I/We** _____ being a Unitholder(s) hereby appoint

_____ or failing him/her the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Fund to be held on 21st May 2014 and at any adjournment thereof

Dated this _____ day of _____ 2014

Unitholder(s) Signature _____

Resolution	For	Against
1. To receive the Report of the Manager of the Fund for the year 2013.		
To consider the Trustees Report and the Report of Auditors for the year ended December 31, 2013..		
2. To receive and adopt the Audited Financial Statements for the year ended December 31, 2013.		
3. To authorise the Manager to fix the remuneration of the Auditor		
4.		

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

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

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

