



# STANLIB Cash Trust

Annual Report 2017



STANLIB

STANLIB Cash Trust  
Annual Report 2017

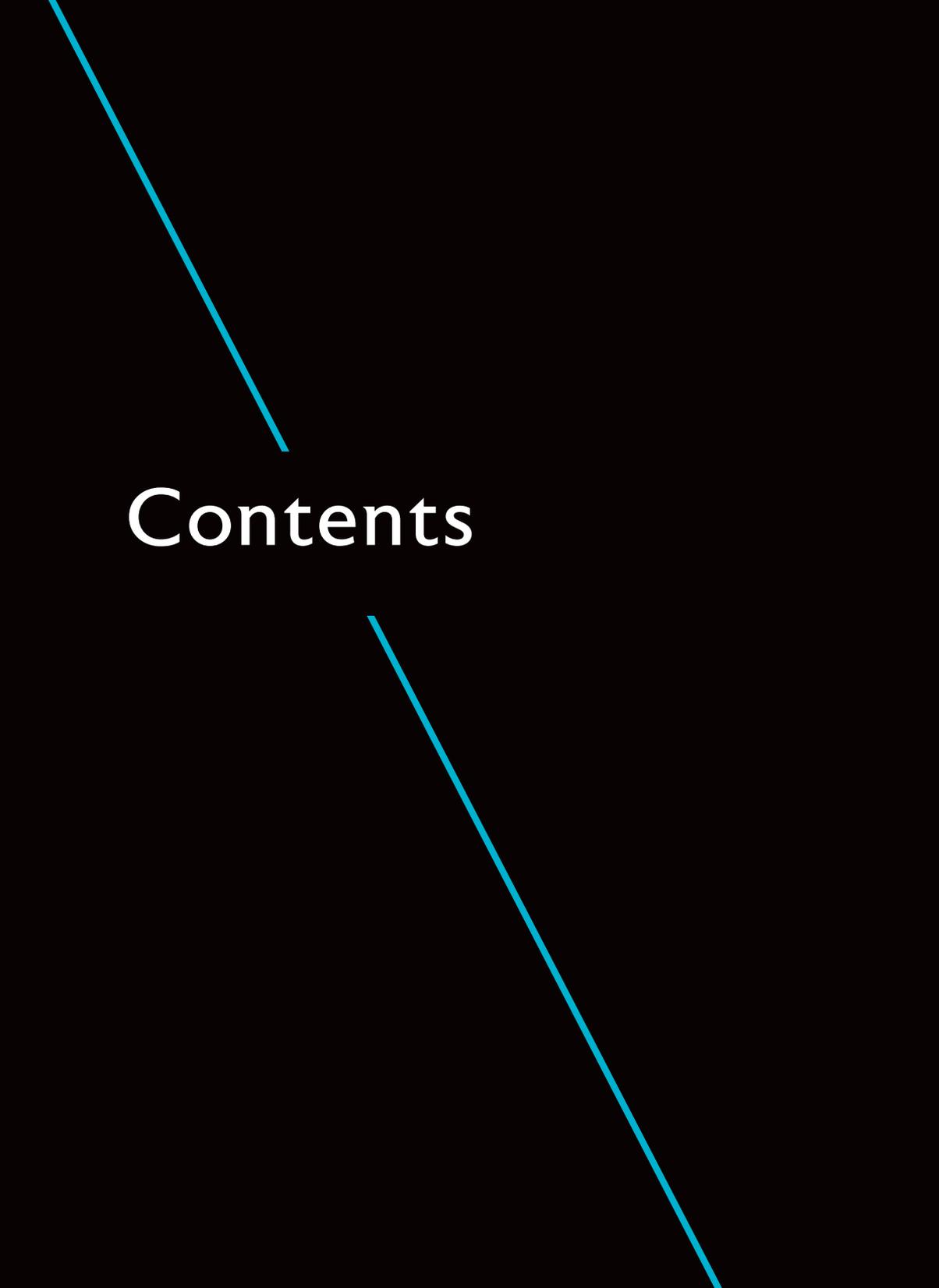


STANLIB

## The Manager

---

<b>Name:</b>	STANLIB Ghana Limited
<b>Country of Incorporation:</b>	Ghana
<b>Registration Number:</b>	CS68127015
<b>Nature of Corporate Form:</b>	Limited liability, wholly-owned Subsidiary of Liberty Holdings Ltd (South Africa)
<b>Registered Office:</b>	Stanbic Heights, Plot 215 South Liberation Link, Airport City, Accra
<b>Principal Place of Business:</b>	Stanbic Heights, Plot 215 South Liberation Link, Airport City, Accra
<b>Date of Incorporation:</b>	12 APRIL 2007
<b>Capitalisation (as at 31 December 2015)</b>	
<b>Authorised:</b>	500,000,000 Shares
<b>Issued:</b>	2,167,843 Shares
<b>Auditor:</b>	KPMG (Chartered Accountant) 13 Yiyiwa Drive P. O. Box GP 242 Abelenkpe, Accra



# Contents

## 6

Trustees Officials, Etc.

## 7

Report of the Manager

## 9

Report of the Fund Manager

## 12

Report of the Trustees

## 13

Report of the Independent Auditors

## 15

Statement of Net Assets

## 16

Statement of Assets and Liabilities

## 17

Income and Distribution Account

## 18

Statement of Movement in Net Assets

## 19

Statement of Cash Flow

## 20

Statement of Movement in Issued Units

## 21

Capital Account

## 22

Notes Forming Part of the Financial Statements

## 36

Proxy Form

## STANLIB Cash Trust Trustees and Officials, Etc.

---

### TRUSTEES:

#### **Universal Merchant Bank (Ghana) Ltd**

57 Examination Loop  
North Ridge, P. O. Box 401  
Accra –Ghana

### LEGAL ADVISORS:

#### **Doreen Iliasu**

Stanbic Bank Ghana Limited  
Stanbic Heights  
Plot 215 South Liberation Link  
Airport City, Accra

### INDEPENDENT AUDITORS:

#### **KWGH**

(Chartered Accountants)  
2nd Floor, The Glorious Majesty House  
Okpoi Gonno, Spintex –Road  
P. O. Box SK1016  
Tema –Ghana

### MANAGER:

#### **STANLIB Ghana Ltd**

Stanbic Heights  
Plot 215 South Liberation Link  
Airport City, Accra

### BANKERS:

#### **Stanbic Bank Ghana Limited**

Stanbic Heights  
Plot 215 South Liberation Link  
Airport City, Accra

# Report of the Manager to the Unitholders of STANLIB Cash Trust

---

The Manager and the Trustees present the audited financial statements and report on the performance of the STANLIB CASH TRUST for the year ended 31 December 2017.

## Nature of Fund

The STANLIB 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 Policy and Objectives

The STANLIB Cash Trust is an open-ended unit trust fund. The primary objective of the Fund is to maximise short term income while preserving capital through investing in a portfolio of money market securities including treasury bills, fixed deposits and certificate of deposits and debt securities with maturity not exceeding 13 months

## The Manager's Responsibility for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements, comprising the statement of assets and liabilities at 31 December 2017, income and distribution accounts and 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 in accordance with the International Financial Reporting Standards

and in the manner required by the Securities Industry Act, 2016 (Act 929), the Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695) and the Companies Act, 1963 (Act 179).

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

The Manager is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Trust, and ensure that the financial statements comply with the Trust Deed and Securities Industry Act, 2016 (Act 929). The Manager is responsible for safeguarding the assets of the Trust and taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 financial statements. The Manager and the Trustees consider the state of affairs of the Fund to be satisfactory.

The statement should be read in conjunction with the statement of the Auditor's responsibilities as set out on page 7, the respective responsibilities of the Manager and the Auditor in relation to the financial statements.

# Report of the Manager to the Unitholders of STANLIB Cash Trust (Cont'd)

## PERFORMANCE SUMMARY AS AT 31 DECEMBER, 2017

### Historical Performance

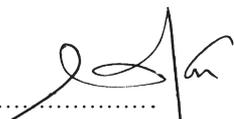
Year/Period	2013	2014	2015	2016	2017	5 YEAR CAGR	Since Inception
Return	22.7%	22.8%	25.8%	24.54%	19.2%	23.0%	183.7%
Benchmark	18.6%	21.9%	24.0%	22.20%	14.1%	20.7%	154.1%

### Share Price Information

Description	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17
Share price (GHS)	1.23	1.52	1.92	2.38	2.84
No. of Shares	3,212,287	3,466,767	5,536,635	11,829,161	57,785,978
Value (GHS)	3,950,306	5,263,243	10,603,062	28,182,437	139,717,141

Description	2013	2014	2015	2016	2017
Net Assets	3,950,306	5,263,243	10,603,062	28,182,437	163,890,735
Interest	3,212,287	3,466,767	5,536,635	11,829,161	57,785,978
Net Asset/Interest	1.23	1.52	1.92	2.38	2.84

Signed on behalf of STANLIB Ghana Ltd by:



.....  
Director



.....  
Director

.....  
25 / 04 / 2018

Date

.....  
25 / 04 / 2018

Date

# Report of the Fund Manager to the Unitholders of STANLIB Cash Trust

---

## Introduction

You are very welcome to the 2017 Annual General Meeting of the STANLIB Cash Trust (SCT). Ghana's economic outcomes for 2017 improved considerably compared to 2016. The STANLIB Cash Trust returned 19%, 500 basis points above the benchmark of 14%.

## Economic outturn

Ghana's economic narrative in 2017 was encouraging with estimated GDP growth of 8.5%. Favourable external factors, positive investor and business sentiments, improved power supply, a rejuvenated oil and gas sector and policy initiatives undertaken by the new administration were essential to the growth story.

The equities market rallied with returns of 54% in 2017 reflecting the positive economic fortunes and improved investor confidence. Moreover, the issuance of the GHS4.4 billion ESLA bond to retire energy related debt improved sentiments especially in banking stocks on the bourse. Directives such as that on the new minimum capital requirements sent the right signals about the Central Bank's determination to strengthen the Banking sector. These are expected to sanitize the banking sector by improving asset quality and providing liquidity for more robust balance sheets. An improved trade balance spurred by the additional oil and gas forex inflows and a relatively weaker Dollar saw the Cedi dip marginally by 5% in 2017, still better than the 9.6% in 2016. The relative currency stability and low prices of goods and services provided the impetus for the disinfla-

tionary process to continue. The change in Consumer Price Index (CPI) as at the end of 2017 was 11.8% compared to 15.4% in 2016. Overall, business confidence inched up to 102 points from 91 points in 2016. The relatively benign conditions drove interest rates downwards as policy rate declined to 20% from 25.5% in 2016. Short term interest rates followed continued their downward trajectory averaging between 14%- 15% in 2017 as government continued its policy to realign the yield curve.

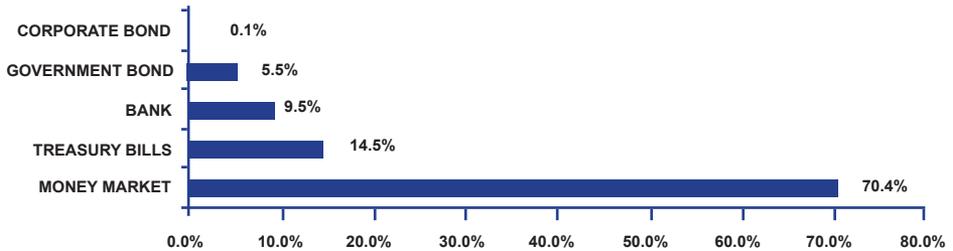
On the external sector, a steady increase in commodity prices as well as increased oil production in 2017 from the additional oil fields - TEN and Sankofa enhanced the trade position. A surplus of 2.3% was recorded in 2017 compared to a deficit of 4.2% in 2016. However, revenue shortfalls of about USD 1.6 billion resulted in a fiscal deficit of 5.9% as at December 2017, an improvement on the recorded 8.7% in 2016.

## Investments and Performance Portfolio Asset Mix

Assets under management (AUM) as at end of 2017 were GHS 164m up from GHS 28m in 2016. This represented year-on-year growth in assets of 485% with earnings contributing 13% to the growth. The Fund had about 70% of assets in money market instruments with about 20% in government securities as at the end of 2017. Allocation held in cash and near-cash for liquidity purposes made up 10% of AUM.

# Report of the Fund Manager to the Unitholders of STANLIB Cash Trust (Cont'd)

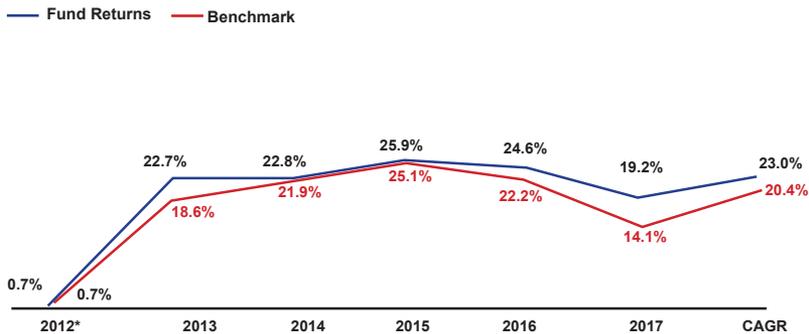
Chart 1: Fund Asset Allocation as at December 31, 2017



## Returns

The full year return for 2017 full year return was 19%, 500 basis points above the benchmark return of 14%. The tactical investments in 6-month and 1-year papers while interest rates tapered accounted for the outperformance of the benchmark. Net investment income for the year also grew by 300% to GHS17m up from GHS4m in 2016. Declines in interest rates on the short end of the market impacted 2017 Fund returns compared to that of 2016.

Chart 2: Full Year Fund Performance versus the Benchmark (Average 91 Day T-Bill Rate)



\*Fund started on 20th December 2012

CAGR – Cumulative Average Growth Rate – annualised average return over the period from 2012 to 2017

# Report of the Fund Manager to the Unitholders of STANLIB Cash Trust (Cont'd)

---

## Outlook

From our analysis, an expected GDP growth of 6.8% as projected by the government for 2018 is well within range. The industrial sector is expected to drive this growth on the back of an improving power supply and oil production. Also, the services sector which contributes ~60% to GDP is expected to slowly recover in 2018 driven by the government's digitization initiatives and improvement in the ease of doing business. A fiscal deficit of 4.5% projected for 2018 is highly dependent on the government's ability to rake in revenues from the informal sector and block revenue leakages in the economy.

2018 is expected to provide the necessary investor confidence at least in the short term. A stable currency and positive inflation outlook should see policy rates decline further in 2018. The equities market is anticipated to continue its surge in 2018 amid low interest rates and improving balance sheets of banking stocks.

Based on these developments, our strategy in the quarters ahead is to continue to extend the weighted portfolio duration towards 182 days to enhance performance whilst balancing the liquidity needs of the Fund.

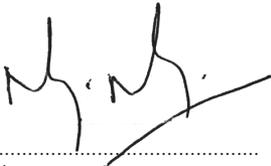
Thank you  
Brenda Kissi  
Fund Manager

# Report of the Trustees to the Unitholders of STANLIB 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 16 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 **Universal Merchant Bank (Ghana) Ltd** by:



.....  
Director

26 / 04 / 2018 .....

Date

# Report of the Independent Auditors to the Unitholders of STANLIB Cash Trust

---

## Opinion

We have audited the financial statements of STANLIB Cash Trust, which comprise the statement of assets and liabilities as of 31 December 2017, 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 as set out on pages 15 to 21.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and in the manner required by the Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695) and the Companies Act, 1963 (Act 179).

## 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 Trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were

addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There were no material key audit matters to report.

## Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards (IFRSs) and in the manner required by the Securities Industry Act, 2016 (Act 929), the Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695) and the Companies Act, 1963 (Act 179), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the 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 trustees either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The Manager and the Trustees' are responsible for overseeing the Trust's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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,

## Report of the Independent Auditors to the Unitholders of STANLIB Cash Trust (Cont'd)

---

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 skepticism 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Manager.
- Conclude on the appropriateness of 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 Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the 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 the Manager and the Trustees 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.

### Report on Other Legal and Regulatory Requirements

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

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.

# Report of the Independent Auditors to the Unitholders of STANLIB Cash Trust (Cont'd)

---

In our opinion, proper books of account have been kept by the Trust, so far as appears from our examination of those books; and the Trust's Statement of Assets and Liabilities and Income and Distribution Account are in agreement with the books of accounts.



.....  
**Patrick K. Dzakpasu**  
Practising Certificate Licence No: ICAG/P/1176  
For and on behalf of **KWGH**  
Firm Licence Number: ICAG/F/2016/093  
Chartered Accountants  
Accra, Ghana.

28 / 04 / 2018  
.....  
Date

## STANLIB Cash Trust Statement of Net Assets as of 31 December 2017

---

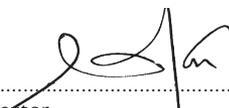
		2017		2016	
	Note	Market Value (GH¢)	% of Net Assets	Market Value (GH¢)	% of Net Assets
<b>Short Term Funds</b>					
Cash at Bank		491,815	0.30	29,752	0.11
Available for Sale Investments	9	32,523,271	19.84	2,614,744	9.28
Loans and Receivables Investments	10	124,337,903	75.87	24,297,078	86.21
		-----	-----	-----	-----
		157,352,989	96.01	26,941,574	95.60
		-----	-----	-----	-----
<b>Total Investments</b>		157,352,989	96.01	26,941,574	95.60
Other Assets in Excess of Liabilities		6,537,746	3.99	1,240,861	4.40
		-----	-----	-----	-----
<b>Total Net Assets</b>		163,890,735	100.00	28,182,435	100.00
		=====	=====	=====	=====

The notes on pages 22 to 34 are an integral part of these financial statements.

# STANLIB Cash Trust Statement of Assets and Liabilities as of 31 December 2017

	2017 GH¢	2016 GH¢
<b>ASSETS</b>		
Total Investments	157,352,989	26,941,574
	-----	-----
<b>Interest Receivable:</b>		
Fixed Deposits	7,376,409	1,429,139
Corporate Bonds	15,599	18,487
GOG Bonds	595,695	22,674
Treasury Bills & Notes	290,976	25,498
	-----	-----
<b>Total Receivables</b>	<b>8,278,679</b>	<b>1,495,798</b>
	-----	-----
<b>Total Assets</b>	<b>165,631,668</b>	<b>28,437,372</b>
	-----	-----
<b>LIABILITIES</b>		
Accrued Fund Management Fees	1,062,279	159,351
Accrued Trustee Fees	405,520	76,291
Accrued Audit Fees	28,400	9,000
Others	244,734	10,295
	-----	-----
<b>Total Liabilities</b>	<b>1,740,933</b>	<b>254,937</b>
	-----	-----
<b>NET ASSETS</b>	<b>163,890,735</b>	<b>28,182,435</b>
	=====	=====

The financial statements on pages 9 to 14 were approved by **STANLIB Ghana Ltd** and signed on its behalf by:

  
 .....  
 Director

  
 .....  
 Director

25 - 04 , 2017

25 - 04 , 2017

.....

.....

The notes on pages 15 to 21 are an integral part of these financial statements.

## STANLIB Cash Trust Income and Distribution Account for the Year Ended 31 December 2017

---

		<b>2017</b>	<b>2016</b>
		<b>GHC</b>	<b>GHC</b>
<b>INCOME</b>			
Interest Income	6	19,733,484	4,752,963
Other Income	7	37,755	15,777
		-----	-----
<b>Total Income</b>		<b>19,771,239</b>	<b>4,768,740</b>
		-----	-----
<b>EXPENSES</b>			
Fund Management Fees		2,534,499	477,542
Trustees Fees		405,520	76,407
Audit Fees		28,400	9,000
Other Expenses	8	44,969	17,094
		-----	-----
<b>Total Expenses</b>		<b>3,013,388</b>	<b>580,043</b>
		-----	-----
<b>NET INVESTMENT INCOME</b>		<b>16,757,851</b>	<b>4,188,697</b>
		=====	=====

### ACCUMULATED NET INVESTMENT INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

		<b>2017</b>	<b>2016</b>
		<b>GHC</b>	<b>GHC</b>
Beginning of period		7,415,743	3,227,046
Net Investment Income for the period		16,757,851	4,188,697
		-----	-----
End of period		<b>24,173,594</b>	<b>7,415,743</b>
		=====	=====

The notes on pages 15 to 21 are an integral part of these financial statements.

## STANLIB Cash Trust Statement of Movement in Net Assets for the Year Ended 31 December 2017

---

	<b>2017</b> <b>GHC</b>	<b>2016</b> <b>GHC</b>
<b>Operations:</b>		
Net Investment Income	16,757,851	4,188,697
	-----	-----
Net increase in net assets resulting from operations	16,757,851	4,188,697
	-----	-----
<b>Capital Transactions:</b>		
Proceeds from units issued	361,256,519	32,106,300
Value of units redeemed	(242,306,072)	(18,715,624)
	-----	-----
Net proceeds from capital transactions	118,950,447	13,390,676
	-----	-----
Total Increase in Net Assets	135,708,298	17,579,373
	-----	-----
<b>Net Assets:</b>		
Balance as of 1 January	28,182,437	10,603,062
Total Increase in Net Assets	135,708,298	17,579,373
	-----	-----
Balance as of 31 December	163,890,735	28,182,435
	=====	=====

The notes on pages 15 to 21 are an integral part of these financial statements.

## STANLIB Cash Trust Statement of Cash Flow for the Year Ended 31 December 2017

	2017 GH¢	2016 GH¢
<b>Cash flows from operating activities</b>		
Net investment income	16,757,851	4,188,697
	-----	-----
	16,757,851	4,188,697
<b>Change in:</b>		
Increase in receivable	(6,782,881)	(895,934)
Increase in payables	1,485,996	146,512
	-----	-----
<b>Net Cash flow generated from operating activities</b>	11,460,966	3,439,275
<b>Cash flows from investing activities</b>		
Purchase of Investments	(504,086,699)	(28,406,947)
Proceeds from Disposal of Investments	456,462,580	13,233,848
	-----	-----
<b>Net cash flow used in investing activities</b>	(47,624,119)	(15,173,099)
<b>Cash flows used in financing activities</b>		
Proceeds from sale of units	361,256,519	32,106,300
Redemption of investments	(242,306,072)	(18,715,624)
	-----	-----
<b>Net cash flow generated from financing activities</b>	118,950,447	13,390,676
<b>Net increase in cash and cash equivalents</b>	3,457,165	1,656,852
Balance at 1 January	82,787,294	1,800,313
	-----	-----
Balance at 31 December	86,244,459	3,457,165
	=====	=====
<b>CASH AND CASH EQUIVALENTS</b>	86,244,459	3,457,165
	=====	=====

# STANLIB Cash Trust Statement of Movement in Issued Units for the Year Ended 31 December 2017

---

	<b>2017</b>	<b>2016</b>
Number of Units in issue at 1 January	11,829,162	5,536,635
Number of Units issued during the year	135,793,966	15,006,343
	-----	-----
Number of Units redeemed during the year	147,623,128 (89,837,150)	20,542,978 (8,713,816)
	-----	-----
Number of Units in issue at 31 December	57,785,978 =====	11,829,162 =====

## STANLIB Cash Trust Capital Account for the Year Ended 31 December 2017

---

	<b>2017</b>	<b>2016</b>
	<b>GHC</b>	<b>GHC</b>
Value of Units in issue at 1 January	20,766,692	7,376,016
Value of Units issued during the year	361,256,519	32,106,300
	-----	-----
Value of Units redeemed during the year	382,023,211 (242,306,072)	39,482,316 (18,715,624)
	-----	-----
Value of Units in issue at 31 December	139,717,139	20,766,692
	=====	=====

The notes on pages pages 15 to 21 are an integral part of these financial statements.

# STANLIB Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2017

---

## 1. TRUST INFORMATION

STANLIB CASH TRUST (SCT) is authorised to operate a Unit Trust under the Securities Industry Act, 2016 (Act 929), and duly licensed by the Securities and Exchange Commission with Licence No. SEC.CIS/UT.12/13. The address and scheme particulars of STANLIB Cash Trust can be found on page 2 of the annual report.

## 2. BASIS OF PREPARATION

### a. Statement of compliance

The financial statements of STANLIB Cash Trust have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board. The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Trust other than the changes as stated below.

### b. New Standards, amendments and interpretations not yet adopted

A number of new standards, amendments, and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements except for IFRS 9 Financial Instruments, which becomes mandatory from 1 January 2018.

The Trust is yet to assess IFRS 9's full impact. Given the nature of the operations, this standard is not expected to have a pervasive impact on the Trust's financial statements.

### c. Use of estimates and judgment

The preparation of financial statements in conformity with IFRSs requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

There are no areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in these financial statements by the Trust.

### (a) Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investment in shares, treasury bills, bonds, and fixed deposits.

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

Non-derivative financial instruments are categorised as follows:

- Financial asset/liabilities at fair value through profit or loss – these are non-derivative financial assets or liabilities which are held for trading and are quoted in an active market. These assets/liabilities are subsequently measured at fair value, and any gain or loss is recognized in the statement of comprehensive income.
- Loans and receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest rate method, less any impairment losses. The Trust's investments in fixed deposits are classified under this category.

# STANLIB Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2017

---

- Available-for-sale financial assets - The Trust's investments in shares, treasury bills, and bonds are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and any gain or loss is recognized directly in statement of movement in net assets. When an investment is derecognised, the gain or loss is recognised in the income and distribution account.

- Held to maturity – these are non-derivative financial assets with fixed or determinable payments that are quoted in an active market. These assets are measured at amortised cost using the effective interest rate method, less any impairment losses.

- Financial liabilities measured at amortised cost - this relates to all other liabilities that are not designated at fair value through profit or loss.

## (c) Cash and Cash Equivalents

and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, if any, are shown within borrowings in current liabilities on the Statement of Assets and Liabilities.

## (d) Income Recognition

Income comprises interest income, dividends income, and other income. Interest income is recognized using the effective interest method, while dividend income is recognized when cash is received or receivable. Effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense evenly over the relevant period.

## (e) Investment Income

The Trust designates its investments in equity securities as financial assets at fair value through profit or loss at inception as they are managed

and their performance is evaluated on a fair value basis in accordance with the Trust's documented investment strategy.

The Trust's policy requires the Manager and the Trustees to evaluate information about financial assets on fair value basis together with other related information.

Regular purchase and sale of investments are recognized at the trade date, the date on which the Trust commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the income statement.

Financial assets are de-recognized when rights to receive cash flows from the investments have expired or the Trust has transferred substantially all the risk and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from the changes in fair value of financial assets at fair value through profit or loss category are presented in the income statement.

The fair values of financial assets that are traded in an active market are based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Trust is the current bid price.

The Trust classifies all debt instruments initially as loans and receivables. These assets are measured at amortised cost using the effective interest rate method.

## (f) Distribution

STANLIB Cash Trust does not distribute earnings. All earnings are reinvested in the Fund, which impacts on the net asset value of the Fund. Investors seeking to withdraw earnings will have to sell part of their units to realize their earnings.

# STANLIB Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2017

---

## **(g) Accounts Payable**

Liabilities are recognised for amounts to be paid in the future for services rendered, whether billed by the supplier or not.

## **(h) Events after the Reporting Period**

Events subsequent to the reporting period date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

## **(i) Comparatives**

Where necessary the comparative information has been restated to agree to the current year presentation.

## **4. DETERMINATION OF FAIR VALUES**

A number of the Trust's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The following sets out the Trust's basis of determining fair values of financial instruments.

### **(i) Quoted Investments**

The financial assets at fair value through profit or loss are determined by reference to their quoted bid price at the reporting date. Changes in market values are recognized in the Income and Distribution Account.

### **(ii) Cash and cash equivalents**

The fair value of cash and cash equivalents approximates their carrying values.

### **(iii) Non-derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Instruments with maturity period of 6 months are not discounted as their carrying values approximate their fair values.

## **5. RISK MANAGEMENT OBJECTIVES AND POLICIES**

### **5.1 Financial Risk Management**

The Trust generates revenues for unit holders by investing in a portfolio of money market securities including treasury bills, fixed deposits and certificate of deposits and debt securities with maturity not exceeding 13 months. These activities expose the Trust to a variety of financial risks, including credit, liquidity risk and the effects of changes in market interest rates. The Trust's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The Manager under direction of the STANLIB Ghana Board carries out risk management. The Board works within policies approved by the Trustee and registered with the Securities & Exchange Commission. The Manager reviews the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate these risks. The Board provides the Manager with guidelines for appropriate investments. These guidelines are reviewed on a regular basis and are within the Collective Investment Scheme regulations issued by the Securities & Exchange Commission.

# STANLIB Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2017

---

Unit holder balances are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. The balances are carried at the redemption amount that is payable at the balance sheet date if the holder exercised their right to redeem the balances.

## 5.2 Liquidity Risk

The Trust is exposed to daily cash redemptions of Units. It therefore invests in portfolio of money market securities including treasury bills, fixed deposits and certificate of deposits and debt securities with maturity not exceeding 13 months.

In accordance with the Trust's policy, the Manager monitors the Trust's liquidity position on a daily basis and has developed a comprehensive history of the Trust's daily and/or periodic liquidity requirements. Guided by this history, the Manager maintains sufficient cash and near cash investments to meet the day-to-day redemption requirements.

	2017 GH¢	2016 GH¢
<b>Cash and Cash Equivalent</b>		
Cash and Bank	491,815	29,752
Short Term Investment (3 Months)	85,752,644	3,427,413
	-----	-----
	86,244,459	3,457,165
	=====	=====

The Trust's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due.

	2017 GH¢	2016 GH¢
Fees payable	1,740,933	254,937
	-----	-----
	1,740,933	254,937
	=====	=====

# STANLIB Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2017

## 5.3 Market risk

### Interest rate risk

The Trust is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. No limits are placed on the ratio of variable rate financial instruments to fixed rate financial instruments. Fixed interest rate financial instruments expose the Trust to fair value interest rate risk. Variable interest rate financial instruments expose the Trust to cash flow interest rate risk. The Trust's fixed interest rate financial instruments are government securities, fixed deposits with financial institutions.

The Government of Ghana has a long term rating of B- (Stable) by Standard and Poors. Government of Ghana has not defaulted on debt obligation in the past. The Trust also undertakes further financial analysis and measures to ensure that the institutions issuing the securities are of sound financial health.

Fixed deposit investments are restricted to banking and non-banking financial institutions that meet set financial strength conditions.

The Trust's maximum exposure to credit risk in each of the above categories of assets as at 31 December 2017 is illustrated below:

## 5.4 Credit risk

The Trust takes on exposure to credit risk, which is the risk that counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Ghana and corporate bonds with various entities.

<b>Asset</b>	<b>2017 GH¢</b>	<b>2016 GH¢</b>
Available for Sale Investments	32,523,271	2,614,744
Loans and Receivable Investments	124,337,903	24,297,078
Cash at Bank	491,815	29,752
Interest Receivable	8,278,679	1,495,798
	-----	-----
Total Financial Assets	165,631,668	28,437,372
	=====	=====

# STANLIB Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2017

---

## 6. INTEREST INCOME

	2017 GH¢	2016 GH¢
Interest on Fixed Deposits	17,141,473	4,036,882
Interest on GOG Bonds	1,089,708	22,033
Interest Corporate Bonds	70,483	277,417
Treasury Bills & Notes	1,431,820	416,631
	-----	-----
	19,733,484	4,752,963
	=====	=====

## 7. OTHER INCOME

	GH¢	GH¢
Interest on Call Deposits	37,755	15,777
	=====	=====

## 8. OTHER EXPENSES

	2017 GH¢	2016 GH¢
Bank Charges	8,153	6,049
Other Expenses	36,816	11,045
	-----	-----
	44,969	17,094
	=====	=====

## 9. AVAILABLE FOR SALE INVESTMENTS

	2017 GH¢	2016 GH¢
GOG Bonds	8,033,736	1,000,000
Corporate Bonds	723,431	1,214,750
Treasury Bills & Notes	23,766,104	399,994
	-----	-----
	32,523,271	2,614,744
	=====	=====

# STANLIB Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2017

---

## 10. LOANS AND RECEIVABLES INVESTMENT

	2017 GH¢	2016 GH¢
Fixed Deposits	124,337,903	24,297,078
	-----	-----
	124,337,903	24,297,078
	=====	=====

## 11. CASH AND CASH EQUIVALENTS

	2017 GH¢	2016 GH¢
Cash and Bank	491,815	29,752
Short term Investments (3 months)	85,752,644	3,427,413
	-----	-----
	86,244,459	3,457,165
	=====	=====

## 12. RELATED PARTIES

STANLIB CASH TRUST is managed by STANLIB Ghana Limited. STANLIB Ghana Limited and Stanbic Bank Limited are Sister Companies, that is, they belong to the same group.

(a) Purchases of units by related parties  
The Securities and Exchange Commission requires the Manager of the Trust to guarantee and hold the initial minimum subscription of 5% of the scheme. The related party investment in Units of the Trust amounted to GH¢ 7,454 (2016: GH¢ 1,070,423).

(b) Investments in related parties  
The Trust invested GH¢ 15,180,000 in securities issued by related parties at the end of the year (2016: GH¢ 2,827,467)

## STANLIB Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2017

---

	2017 GH¢	2016 GH¢
(c) Service fees		
Service fees to related parties were as follows:		
Management fees	2,534,499 =====	477,542 =====
(d) Balances due to related parties		
Fees payable to STANLIB Ghana Limited	1,062,279 =====	159,351 =====

### 13. BID PRICE OF UNITS

The bid price of units on the accounting date ended 31 December 2017 was GH¢2.84 (2016: GH¢2.38).

### 14. NUMBER OF UNITHOLDERS

The number of unit-holders as of 31 December 2017 was 2,758 (2016: 1,266).

### 15. CONTINGENT LIABILITIES

There were no contingent liabilities as of the reporting date, and as of 31 December 2017.

# STANLIB Cash Trust

## STANLIB CASH TRUST/ Proxy Form

Annual General Meeting to be held at the Holiday Inn Accra Airport, Airport City, on Friday, July 6, 2018 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 6<sup>th</sup> July 2018 and at any adjournment thereof

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

\_\_\_\_\_  
Unitholder(s) Signature

<b>Resolution</b>	<b>For</b>	<b>Against</b>
1. To receive the Report of the Manager of the Fund for the year 2017.		
2. To consider the Trustees Report and the Report of Auditors for the year ended December 31, 2017.		
3. To receive and adopt the Audited Financial Statements for the year ended December 31, 2017.		
4. To authorise the Manager to fix the remuneration of the Auditor		

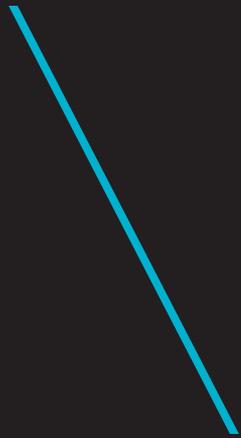
Please indicate with an “X” in the appropriate square how you wish your votes to be cast on the resolution set out above.

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)**



**Multi-specialist  
investing for  
today's connected  
world.**



**STANLIB**



