

Stanbic Cash Trust

Annual Report 2020



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The Manager

Name:	Stanbic Investment Management Services Limited
Country of Incorporation:	Ghana
Registration Number:	CS68127015
Nature of Corporate Form:	Limited liability, wholly-owned subsidiary of Stanbic Holdings Ghana Ltd.
Registered Office:	Stanbic Heights, 215 South Liberation Link, Airport City, Accra
Principal Place of Business:	Stanbic Heights, 215 South Liberation Link, Airport City, Accra
Date of Incorporation:	12 April 2007
Capitalisation (as at 31 December 2019)	
Authorised:	500,000,000 Shares
Issued:	2,167,843 Shares
Auditor:	PricewaterhouseCoopers Chartered Accountants PwC Tower A4 Rangoon Lane, Cantonments City P.M.B CT 42, Cantonments Accra Ghana

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Stanbic Cash Trust Trustees and Officials, Etc.

TRUSTEES:

Universal Merchant Bank (Ghana) Ltd
SSNIT Emporium
Liberation Road
Accra

LEGAL ADVISORS:

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

INDEPENDENT AUDITORS:

Baker Tilly Andah + Andah
C726/3, Nyanyo Lane, Asylum Down
P. O. Box CT 5443
Cantonments, Accra

MANAGER:

Stanbic Investment Management Services (SIMS)
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 Stanbic Cash Trust

The Manager presents the audited financial statements of the Stanbic Cash Trust for the year ended 31st December 2020.

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 Policy and Objectives

The Stanbic Cash Trust is an open-ended unit trust fund. The primary objectives the fund is to maximize 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 as at 31 December 2020, income and distribution account 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 Trusts and Mutual Funds Regulations, 2001 (L.I. 1695) and the Trust Deed dated 6th November 2011.

These responsibilities include: designing, implementing and maintaining internal controls

relevant to the preparation and fair presentation of these financial statements that is 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 Fund, and ensure that the financial statements comply with the Securities Industry Act, 2016 (Act 929), the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695) and the Trust Deed dated 6th November 2011. The Manager is responsible for safeguarding the assets of the Fund and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Manager 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 on page 11 of this report.

The Manager 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 6 and 8, the respective responsibilities of the Manager and the auditor in relation to the financial statements.

Approval of the Financial Statements

The financial statements set out on pages 9 to 25, which have been prepared on the going concern basis, were approved by the Managers on 30th April 2021 and were signed on its behalf by:

DIRECTOR 

DIRECTOR 

Report of the Manager to the Unitholders of Stanbic Cash Trust (Continued)

PERFORMANCE SUMMARY AS AT 31 DECEMBER, 2020

Historical Performance

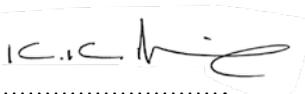
Year/Period	2014	2015	2016	2017	2018	2019	2020	CAGR (5year)	Since Inception
Return	22.80%	25.80%	24.50%	19.20%	16.10%	15.10%	16.85%	18.30%	20.30%
Benchmark	18.60%	21.90%	24.00%	22.20%	13.60%	14.70%	14.20%	15.70%	17.30%

Share Price Information

Description	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20
Unit price (GHS)	1.52	1.92	2.38	2.84	3.29	3.79	4.43
No. of Units	3,466,767	5,536,635	11,829,161	57,785,978	78,758,571	69,873,881	104,758,223
Value (GHS)	5,263,243	10,603,062	28,182,437	163,890,735	259,435,752	264,822,010	463,900,197

Description	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20
Net Assets	5,263,243	10,603,062	28,182,437	163,890,735	259,435,752	264,822,010	463,900,197
No. of Units	3,466,767	5,536,635	11,829,161	57,785,978	78,758,571	69,873,881	104,758,223
Unit price (GHS)	1.52	1.92	2.38	2.84	3.29	3.79	4.43

Signed on behalf of Stanbic Investment management Services Limited by:



Director
30-04-2021



Director
30-04-2021

Report of the Fund Manager to the Unitholders of Stanbic Cash Trust

Introduction

You are very welcome to the 2020 Annual General Meeting of the Stanbic Cash Trust (SCT or Fund). The Stanbic Cash Trust returned 16.85%, 265 basis points above the benchmark of 14.20% amidst the economic challenges caused by the COVID-19 pandemic in 2020.

Economic outturn

Like the great depression in the 1930s, 2020 will go down in history for the way it stressed the global health care system and the economy. The overarching impact of the pandemic led to the IMF adopting an uncertain outlook for global growth. Global growth for 2020 was slashed from an initial 3.3% contraction to 4.4%. However, strong recovery especially from China and the US in the second and third quarters subdued this impact.

In Ghana, monetary and fiscal stimulus mitigated the impact of the virus on the economy. By the end of September, economic activities were above pre-pandemic levels driven especially by manufacturing, construction activities and credit to the private sector. A stronger than expected recovery consequently saw an improvement in growth projections from near-stagnation to a 0.4% expansion in 2020.

A better-than-anticipated performance by advanced economies in the second and third quarters of the year and the robust growth in China saw the IMF revise the previously pessimistic growth projection in its October outlook. Oil prices equally made a gradual recovery although below pre-pandemic levels. Further improvement was expected on the back of the development, approval and emergency rollout of COVID vaccines in the last quarter of 2020. This informed a modest year-end forecast of 3.5% - 3.7% contraction of the global economy.

On the fiscal front, the Ghana government deployed several unprecedented measures to curb the impact on households and businesses. These included a GHS2 billion guaranteed SME Fund, a GHS1.3 billion COVID emergency fund and a GHS3

billion credit stimulus for critical sectors. According to the Ministry of Finance, these measures cost about GHS10 billion. The central bank equally deployed an array of tools to stimulate economic growth including an interest rate cut, waivers, and reduction in key banking indices.

Nevertheless, the performance of economic indicators varied, with the currency broadly stable against the majors while inflationary pressures continued to surge. July recorded inflation of 11.3%, the highest since rebasing in 2019. Overall, price levels subdued to 10.4%, marginally missing Bank of Ghana's medium-term target of 8%-10%. Fiscal deficit levels deteriorated to 9% as of September and the debt position increased to an alarming 71%. The currency however remained robust, recording a single-digit depreciation of 4%. The local bourse continued its declining streak from 2019, however exacerbated by an array of novel factors.

The effect of COVID-19 did not only sully market sentiments but also deteriorated the fundamentals of most stocks. These, coupled with the usual recurring election sentiments on the financial market and the directive by the central banks to halt dividend payments for 2020 and 2021, provided a perfect storm for the sluggish performance. Overall market performance was -14.0% compared to -12.5% recorded in 2019. Unlike most banking stocks that were resilient to manage the impact of COVID, the consumer stocks saw key line items deteriorate.

Government issuances during the year were heavily skewed towards medium-term instruments with a few re-taps on the long end of the market. Secondary market activities saw yields inching up in March and April as foreign investors sold-off at discounts, in reaction to the pandemic. The peculiar fiscal dynamics in 2020 allowed central bank financing beyond the stipulated threshold. Consequently, the market saw the central bank interventions especially for medium to long term government issuances keeping rates at relatively modest levels. Short-term interest rates receded marginally compared to the previous year.

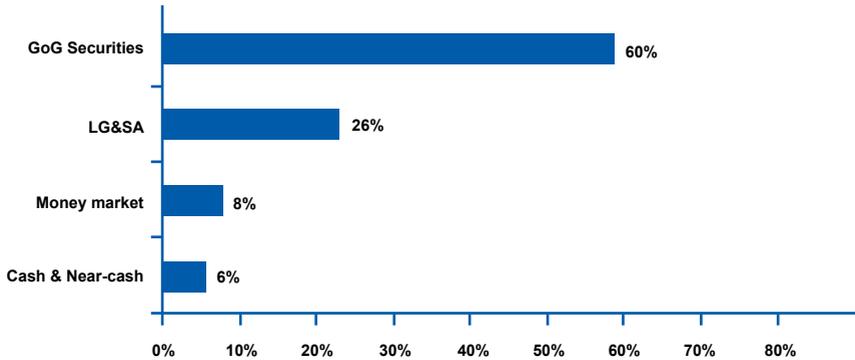
Report of the Fund Manager to the Unitholders of Stanbic Cash Trust (Continued)

Investments and Performance

Portfolio Asset Mix

Assets under management (AUM) as at the end of 2020 were GHS463m, up from GHS265m in 2019. This represented a year-on-year growth in assets of 74%, with earnings contributing 25% to the growth. SCT had about 86% in Government and Quasi- Government securities and 8% of assets in other money market instruments as at the end of 2020. The allocation held in cash and near-cash for liquidity purposes made up 6% of AUM.

Chart 1: Fund Asset Allocation as at December 31, 2020

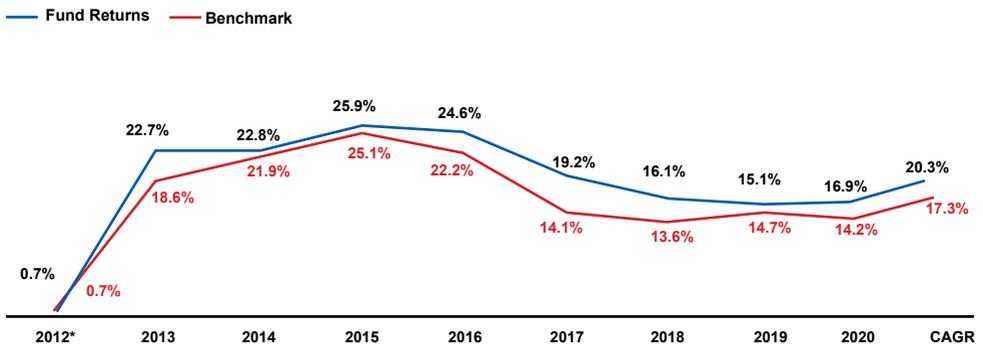


LGSA – Local Government and Statutory Agency Securities

Returns

The full-year return for 2020 was 16.85%, 265 basis points above the benchmark return of 14.20%. The tactical positions taken in high yielding government 6-month and 1-year papers accounted for the outperformance of the benchmark. Net investment income for the year increased by 25% to GHS51m from GHS38m in 2019.

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

Report of the Fund Manager to the Unitholders of Stanbic Cash Trust (Continued)

Outlook and Strategy

Global economic growth is projected to be driven mostly by emerging and frontier markets in 2021. In Ghana, the Ministry of Finance projects a growth of 5% for the year. We believe the recovery of economic activities to pre-pandemic levels and the improving external environment provide the right signals to support such growth guidance. Additionally, the alleviation of electoral uncertainties should further boost confidence in the real and financial economy. The increased momentum in economic activities and improvement in commodity prices should see a relatively better fiscal position in 2021. However, the Ministry of Finance projects a cautious target of 8.3%, with expectations to return to the fiscal responsibility threshold of 5% before 2024.

The currency should remain stable at least in the first half of 2021 as the country looks forward to the annual issuances in the international debt market. We believe the central bank will continue intervening and providing the necessary liquidity in the forex market, a strategy predominantly used in 2020. Furthermore, expectations of capital flight to emerging and frontier markets including Ghana due to declining real yields in developed markets should broadly provide some support for the currency. The headwinds to the cedi performance may be the size of the import bill as the country's major trading

partners open their borders for business. A stable currency and the boost in food production which is a major determinant of price levels should see inflationary pressures subdued in most parts of the year, barring any surprises, especially in the vegetable basket. We are optimistic that inflation will be within the Bank of Ghana threshold of 8% to 10% at least in the first half of the year.

The stock market momentum that begun in the last quarter of 2020 is expected to continue into 2021. Positive market sentiments post elections and the gradual global recovery from the pandemic are expected to drive the market. Relatively stronger fundamentals of listed equities should see multiples on the market inch up in 2021. We expect the central bank to give the green light to blue-chip banks who decide to pay dividends from their 2020 performance. We believe modest government borrowing activities should keep interest rates flat, at least in the first quarter.

Based on these developments, our strategy in 2021 is to continuously monitor the yield curve and take advantage of short-term, high yielding Government of Ghana papers in order to boost Fund returns while minimizing risk.

Thank you
Brenda Kissi
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 6th November 2011 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 (L.I. 1695).

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



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30 - 04 - 2021

Report of the Independent Auditors to the Unitholders of Stanbic Cash Trust

Opinion

We have audited the financial statements of Stanbic Cash Trust, which comprise the statement of assets and liabilities as at 31 December 2020, 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 16 to 25.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Securities Industry Act, 2016 (Act 929), the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695) and the Trust Deed dated 6th November 2011.

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 Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) 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.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. They are matters to be 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 those

matters. There were no material key audit matters to report.

Other Matters

The financial statements of the Trust for the year ended 31st December 2019 were audited by another auditor (KWGH Chartered Accountants) who expressed an unmodified opinion on those financial statements in the report dated 30th April 2020.

Other Information

The Managers are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work that we have performed, we conclude that there is a material misstatement of this other information, then we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Securities Industry Act, 2016 (Act 929), the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695) and the Trust Deed dated 6th November 2011 and for such internal control as management

Report of the Independent Auditors to the Unitholders of Stanbic Cash Trust (Continued)

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 Fund'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 trustees either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Manager is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit 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, 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 judgment and maintain professional skepticism throughout the planning and performance of 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Fund'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 Fund 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 are required to 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

Compliance with the requirements of Part 9 of Schedule 8 of the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695), we confirm that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit;

Report of the Independent Auditors to the Unitholders of Stanbic Cash Trust (Continued)

- in our opinion, proper books of account have been kept by the Fund, so far as appears from the examination of those books;
- the Fund's financial statements are in agreement with the books of account.

In our opinion, the Fund generally complied with the relevant provisions of the Securities Industry Act, 2016 (Act 929).

The engagement partner on the audit resulting in this independent auditor's report is **Samuel Abiaw (ICAG/P/1454)**



.....
For and on behalf of
Baker Tilly Andah + Andah (ICAG/F/2021/122)
Chartered Accountants
C726/3, Nyanyo Lane, Asylum Down
Accra

30th April 2021
.....

Stanbic Cash Trust Statement of Net Assets as at 31 December 2020

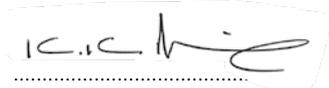
	Notes	2020		2019	
		Market Value (GH¢)	% of Net Assets	Market Value (GH¢)	% of Net Assets
Assets					
Cash and Cash Equivalent	9	20,794,118	4.48	120,513	0.05
Financial assets at FVTPL	10	290,849,702	62.70	219,932,990	83.05
Financial Asset at Amortised Cost	11	54,742,923	11.80	28,107,959	10.61
		-----	-----	-----	-----
		366,386,743	78.98	248,161,462	93.71
		-----	-----	-----	-----
Total Investment		366,386,743	78.98	248,161,462	93.71
Other Assets in Excess of Liabilities		97,513,454	21.02	16,660,548	6.29
		-----	-----	-----	-----
TOTAL NET ASSETS		463,900,197	100.00	264,822,010	100.00
		=====	=====	=====	=====

The notes on pages 22 to 32 are an integral part of these financial statements.

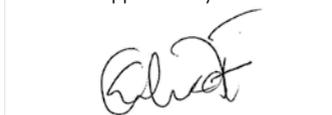
Stanbic Cash Trust Statement of Assets and Liabilities as at 31 December 2020

	2020 GH¢	2019 GH¢
ASSETS		
Total Investments	366,386,743	248,161,462
INTEREST RECEIVABLE		
Fixed Deposits	3,474,638	2,729,095
Government of Ghana Securities	116,678,413	14,338,925
Investment Redemption Receivable	(19,291,860)	1,742,687
TOTAL RECEIVABLES	100,861,191	18,810,707
TOTAL ASSETS	467,247,934	266,972,169
LIABILITIES		
Accrued Fund Management fees	2,724,064	1,713,007
Accrued Trustee fees	431,138	269,396
Accrued Audit	42,970	38,357
Other Payables	149,565	129,399
TOTAL LIABILITIES	3,347,737	2,150,159
NET ASSETS	463,900,197	264,822,010

The financial statement on pages 15 to 31 were approved by Stanbic Investment Management Services (SIMS) and signed on its behalf by:



Director



Director

30 - 04 - 2021

30 - 04 - 2021

The notes on pages 22 to 31 are an integral part of these financial statements.

Stanbic Cash Trust Income and Distribution Account for the Year Ended 31 December 2020

		2020 GH¢	2019 GH¢
	Notes		
INCOME			
Interest Income	6	61,218,789	45,684,857
Other Income	7	67,483	64,026
		-----	-----
TOTAL INCOME		61,286,272	45,748,883
		-----	-----
EXPENSES			
Fund Management Fees		8,658,799	6,721,095
Trustees Fees		1,385,408	1,081,065
Audit Fees		40,093	38,357
Other Expenses	8	79,262	159,426
		-----	-----
TOTAL EXPENSES		10,163,562	7,999,943
		-----	-----
NET INVESTMENT GAINS		51,122,710	37,748,940
		=====	=====

ACCUMULATED NET INVESTMENT INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

		2020 GH¢	2019 GH¢
Beginning of period		93,203,246	55,465,683
Net Investment Gains		51,122,710	37,748,940
		-----	-----
End of period		144,325,956	93,214,623
		=====	=====

The notes on pages 22 to 31 are an integral part of these financial statements.

Stanbic Cash Trust Statement of Movement in Net Assets for the Year Ended 31 December 2020

	2020 GH¢	2019 GH¢
OPERATIONS		
Net investment income	51,122,710	37,748,940
	-----	-----
Net increase in net assets resulting from operations	51,122,710	37,748,940
	-----	-----
Capital Transactions:		
Proceeds from units issued	469,443,920	258,115,987
Value of units redeemed	(321,488,443)	(290,478,669)
	-----	-----
Net proceeds from capital transactions	147,955,477	(32,362,682)
	-----	-----
Total Increase in Net Assets	199,078,187	5,386,258
	=====	=====
Net Assets:		
Balance as of 1 January	264,822,010	259,435,752
Total Increase in Net Assets	199,078,187	5,386,258
	-----	-----
Balance at 31st December	463,900,197	264,822,010
	=====	=====

The notes on pages 22 to 31 are an integral part of these financial statements.

Stanbic Cash Trust Statement of Cash Flow for the Year Ended 31 December 2020

	2020 GH¢	2019 GH¢
Cash flows from operating activities		
Net investment gains	51,122,710	37,748,940
	-----	-----
	51,122,710	37,748,940
Changes in:		
(Increase) / Decrease in Total Receivables	(82,050,484)	4,137,607
Increase / (Decrease) in Total Liabilities	1,197,578	(90,324)
Increase in Financial Assets at Fair Value Through Profit & Loss	(70,916,712)	(46,176,191)
Increase / (Decrease) in Financial Assets at Amortised Cost	(26,634,964)	33,914,413
	-----	-----
Net Cash (Used in) / Generated from Operating Activities	(127,281,872)	29,534,445
Cash flows used in financing activities		
Proceeds from sale of units	469,443,920	258,115,987
Redemption of clients' investment	(321,488,443)	(290,478,669)
	-----	-----
Net Cash Generated from Financing Activities	147,955,477	(32,362,682)
Net Increase/(Decrease) in Cash and Cash Equivalents	20,673,605	(2,828,237)
Balance at 1 January	120,513	2,948,750
	-----	-----
Cash and Cash Equivalents at 31st December	20,794,118	120,513
	=====	=====

The notes on pages 22 to 31 are an integral part of these financial statements.

Stanbic Cash Trust Statement of Movement in Issued Units for the Year Ended 31 December 2020

	2020 GH¢	2019 GH¢
Number of Units in issue at 1 January	69,854,680	78,758,571
Number of Units in issue during the year	112,741,133	82,873,625
	-----	-----
	182,595,813	161,632,196
Number of Units redeemed during the year	(77,837,590)	(73,975,755)
	-----	-----
Number of Units in issue at 31 December	104,758,223	87,656,441
	=====	=====

The notes on pages 22 to 32 are an integral part of these financial statements.

Stanbic Cash Trust Capital Account for the Year Ended 31 December 2020

	2020 GH¢	2019 GH¢
Value of Units in issue at 1 January	264,822,010	259,435,752
Value of Units in issue during the year	469,443,920	258,115,987
Net gains from operations	51,122,710	37,748,940
	-----	-----
	785,388,640	555,300,679
Value of Units redeemed during the year	(321,488,443)	(290,478,669)
	-----	-----
Value of Units in issue at 31 December	463,900,197	264,822,010
	=====	=====

The notes on pages 22 to 32 are an integral part of these financial statements.

Stanbic Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2020

1. SCT INFORMATION

Stanbic Cash Trust is authorized 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/UTL.17/21. The address of STANBIC Cash Trust can be found on page 3 of the annual report.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of Stanbic Cash Trust have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) except that Impairment of Financial Assets under IFRS 9 financial instruments has not been observed.

2.2 Basis of Measurement

The financial statements have been prepared on historical cost basis except for financial instruments that are measured at fair values. The financial statements have been prepared and presented in Ghana Cedis (GHS) which is the reporting currency of the Fund rounded to the nearest Cedis.

2.3 Use of estimates and judgement

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 Fund.

(a) Financial Instruments

i. Classification and measurement of financial assets and liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss.

The Fund may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income.

ii. Recognition and initial measurement

The Fund initially recognises financial assets and financial liabilities at FVTPL on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated. A financial asset or financial liability

Stanbic Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2020 (Continued)

is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

On initial recognition, the Fund classifies financial assets as measured at amortised cost or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI. All other financial assets of the Fund are measured at FVTPL.

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models:

- Held-to-collect business model: this includes cash and cash equivalents. These financial assets are held to collect contractual cash flow.
- Other business model: this includes debt securities and derivatives. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g., non-recourse features); and features that modify consideration of the time value of money (e.g., periodical reset of interest rates).

Stanbic Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2020 (Continued)

iii. Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

The Fund classified financial assets into the following categories Financial assets at FVTPL:

- Held for trading: derivative financial instruments.
- Designated as at FVTPL: debt securities. Financial assets at amortised cost:
- Loans and receivables: cash and cash equivalents

A financial asset was classified as held-for-trading if:

- it was acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it was part of a portfolio that was managed together and for which there was evidence of a recent pattern of short-term profit taking; or
- it was a derivative, other than a designated and effective hedging instrument.

The Fund designated all debt investments as at FVTPL on initial recognition because it managed these securities on a fair value basis in accordance with its documented investment strategy. Internal reporting and performance measurement of these securities were on a fair value basis.

A non-derivative financial asset with fixed or determinable payments could be classified as a loan and receivable unless it was quoted in an active market or was an asset for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Financial liabilities – Classification, subsequent measurement and gains and losses Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at FVTPL:

- Held for trading: securities sold short and derivative financial instruments. Financial liabilities at amortised cost:
- This relates to all other liabilities that are not designated at fair value through profit or loss.

iii. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments.

The Fund recognises loss allowances for ECLs on financial assets measured at amortised cost. The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e., the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial

Stanbic Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2020 (Continued)

recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due. The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'. The Fund considers this to be "B" with a stable outlook [Standard & Poor]. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets at each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Financial assets not classified at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment. A financial asset or a group of financial assets was 'impaired' if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) and that loss event(s) had an impact on the estimated future cash flows of that asset(s) that could be estimated reliably.

Objective evidence that financial assets were impaired included significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of the amount due on terms that the Fund would not otherwise consider, indications that a borrower or issuer would enter bankruptcy, disappearance of an active market for a security or adverse changes in the payment status of the borrower.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the

Stanbic Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2020 (Continued)

difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continued to be recognised. If an event occurring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss was reversed through profit or loss.

iv. Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability. The Fund enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognized.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(b) Cash and Cash Equivalents

Cash 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.

(c) Income Recognition

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss includes interest from debt securities.

(d) Distributions

All income arising from receipts of investment income is distributed to unit holders after provision for expenses. The unit holders have an option of redeeming their investments after giving appropriate notice to the Manager.

Unredeemed distributions are re-invested to form part of the unit holder's capital balance.

(e) Accounts Payable

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

(f) 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.

(g) Comparatives

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

Stanbic Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2020 (Continued)

4. DETERMINATION OF FAIR VALUES

A number of the Fund'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.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk. When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

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

(i) Cash and cash equivalents

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

(ii) 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 Fund generates revenues for unit holders by investing in various income-generating activities which involve trading in government securities, fixed deposits and other corporate debt securities.

These activities expose the Fund to a variety of financial risks, including credit, liquidity risk and the effects of changes in debt market prices and interest rates. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the Manager under direction of the Stanbic Investment Management Services' Board of Directors. 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.

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.

Stanbic Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2020 (Continued)

5.2 Liquidity Risk

The Fund is exposed to daily cash redemptions of units. It therefore invests in a portfolio of government securities, fixed deposits and other corporate debt securities.

In accordance with the Fund's policy, the Manager monitors the Fund's liquidity position on a daily basis and has developed a comprehensive history of the Fund'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.

The Fund's exposure to liquidity risk as at 31st December is presented below:

	2020 GH¢	2019 GH¢
Cash and Cash Equivalents	20,794,118	120,513
Short Term Investment	54,742,923	28,107,959
	-----	-----
	75,537,041	28,228,472
	=====	=====

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

	2020 GH¢	2019 GH¢
Accrued fund management fees	2,724,064	1,713,007
	=====	=====

5.3 Interest rate risk

The Fund 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 Fund to fair value interest rate risk. Variable interest rate financial instruments expose the Fund to cash flow interest rate risk. The Fund's fixed interest rate financial instruments are government securities and fixed deposits with financial institutions.

5.4 Credit risk

The Fund 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, commercial paper and corporate bonds with various entities.

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

With regard to fixed deposit, investments are restricted to banking and non-banking financial institutions that meet set financial strength conditions.

Stanbic Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2020 (Continued)

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

	2020 GH¢	2019 GH¢
Asset		
Financial Assets at Fair Value Through Profit & Loss	290,849,702	219,932,990
Financial Assets at Amortised Cost	54,742,923	28,107,959
Cash at Bank	20,803,463	2,948,750
Total Receivables	100,861,191	18,810,707
	-----	-----
Total Financial Assets	467,247,934	266,972,169
	=====	=====

6. INVESTMENT INCOME

Interest of Fixed Deposits	7,687,541	8,258,817
Interest on Government of Ghana Securities	53,531,248	37,426,040
	-----	-----
	61,218,789	45,684,857
	=====	=====

7. OTHER INCOME

Interest on Call Deposits	67,483	64,026
	=====	=====

8. OTHER EXPENSES

Bank Charges	6,606	27,465
AGM Expenses	72,656	76,000
Digitisation	-	43,561
Publication of Fact Sheets	-	12,400
	-----	-----
	79,262	159,426
	=====	=====

Stanbic Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2020 (Continued)

9. CASH AND CASH EQUIVALENTS

	2020 GH¢	2019 GH¢
Cash at Bank	20,794,118 =====	120,513 =====

10. FINANCIAL ASSETS AT FVTPL

Government of Ghana Bonds	290,849,702 =====	219,932,990 =====
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11. FINANCIAL ASSETS AT AMORTISED COST

Investment in Money Market – Banks	25,792,264	12,700,000
Investment in Money Market – Savings and Loans	28,950,659 -----	15,407,959 -----
	54,742,923 =====	28,107,959 =====

Stanbic Cash Trust Notes forming part of the Financial Statements for the Year Ended 31 December 2020 (Continued)

12. RELATED PARTIES

Stanbic Cash Trust is managed by Stanbic Investment Management Services Limited. Stanbic Investment Management Services Limited and Stanbic Bank Ghana Limited are related parties, 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 Fund to guarantee and hold the initial minimum subscription of 5% of the Scheme. The related party investment in Units of the Fund amounted to GHS 20,490 (2019: GHS 87,218).

(b) Investments in related parties

The Fund Invested GHS 12,700,000 in Securities Issued by Related Parties at the end of the year (2019: GHS 12,700,0000).

(c) Service fees

Service fees to related parties were as follows:

	2020 GH¢	2019 GH¢
Fund Management Fees	8,658,799 =====	6,721,095 =====

(d) Balances Due to Related Parties

Fees Payable to Stanbic Investment Management Services	2,724,064 =====	1,713,007 =====
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13. BID PRICE OF UNITS

The Bid Price of Units on the accounting date ended 31st December 2020 was GHS 5.5492 (2019: GHS 3.7914).

14. NUMBER OF UNITHOLDERS

The number of unitholders as of 31st December 2020 was 10,123 (2019: 6,941)

15. CONTINGENT LIABILITIES

There were no contingent liabilities as of the reporting date and as of 31st December 2020. (2019: Nil)

Stanbic Cash Trust / Proxy Form

Eighth Annual General Meeting to be held virtually on Friday, June 02, 2021 at 12 noon and streamed live from Stanbic Heights, Plot 215, South Liberation Link, Airport City, Accra.

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 Virtual Annual General Meeting of the Fund to be held on June 02, 2021 and at any adjournment thereof.

Dated this _____ day of _____ 2021

Unitholder(s) Signature

Resolution	For	Against
1. To receive the Report of the Manager of the Fund for the year ended December 31, 2020.		
2. To consider the Trustees Report and the Report of Auditors for the year ended December 31, 2020.		
3. To receive and adopt the Audited Financial Statements for the year ended December 31, 2020.		
4. To authorise the Manager to fix the remuneration of the Auditors.		

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 via the online portal)



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Investment
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Secure your future
GHS20 at a time



IT CAN BE..



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**Make withdrawal requests from
the comfort of your home and
get it processed within 24 hours!**

IT CAN BE..

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



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