

**DATABANK ARKFUND LIMITED**

**UNAUDITED HALF-YEAR REPORTS  
AND FINANCIAL STATEMENTS**

**30TH JUNE 2016**

<b>Contents</b>	<b>Pages</b>
Corporate information	2
Report of the Directors	3
Statement of comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cash flow	7
Notes to the Financial Statements	8-26

**CORPORATE INFORMATION**

Directors	Joyce Aryee (Dr.) Kojo Addae-Mensah Adelaide Kastner (Dr.) William Oppong-Bio Daniel Ogbarmey Tetteh (Rev.)	Chairman Executive Non-Executive Non-Executive Executive
Registered office	61 Barnes Road, Adabraka Private Mail Bag Ministries Post Office Accra	
Custodian	Stanbic Bank Ghana Limited Head Office branch P. O. Box 2344 Cantonments Accra	
Investment manager/advisor	Databank Asset Management Services Limited 61 Barnes Road, Adabraka Private Mail Bag Ministries Post Office Accra	
Secretary	Dorcas Taylor 61 Barnes Road, Adabraka Private Mail Bag Ministries Post Office Accra	
Auditors	Baker Tilly Andah & Andah C645/3, 4th Crescent Asylum Down P. O. Box CT 5443 Cantonments Accra	
Bankers	Zenith Bank Ghana Limited Stanbic Bank Ghana Limited United Bank for Africa Limited GT Bank Ghana Limited	

## **REPORT OF THE DIRECTORS**

In accordance with the requirements of section 132 of the Companies Act, 1963, (Act 179), the Directors have the pleasure in presenting the report of the Fund for the period ended June 30, 2016.

### **Statement of directors' responsibilities**

They are responsible for the preparation of financial statements which gives a true and fair view of the state of affairs of the Fund and of the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS), the requirements of the Companies Code, 1963 (Act 179).

The directors are responsible for ensuring that the Fund keeps proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Fund, the directors are also responsible for safeguarding the assets of the Fund and taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Principal activities**

The principal activity of the fund is to invest the monies of its members for the mutual benefit and to hold and arrange for the management of securities and other properties acquired with such monies.

### **Financial results**

The results of the Fund are set out on pages 6 to 9. The Fund recorded a net investment income of **GH¢ 553,592** as against a net investment income of GH¢ 345,072 in 2015.

### **Auditor**

The auditors, Baker Tilly Andah + Andah, have indicated their willingness to continue in office in accordance with Section 134 (5) of the Companies Code, 1963 (Act 179).

.....  
**Daniel Ogbarmey Tetteh (Rev.)**  
**DIRECTOR**

.....  
**Adelaide Kastner (Dr.)**  
**DIRECTOR**

..... **2016**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2016**

<b>Income</b>	Notes	<b>2016</b>	2015
		<b>GH¢</b>	GH¢
Dividend income	4	<b>66,519</b>	27,341
Interest income	5	<b>617,186</b>	429,409
Unrealised exchange gains		<b>(154)</b>	2,194
Profit on disposal of securities/other income		<b><u>3,826</u></b>	<u>-</u>
<b>Total income</b>		<b><u>687,377</u></b>	<u>458,944</u>
<b>Expenses</b>			
Management fees		<b>(54,895)</b>	(35,768)
Custodian fees		<b>(7,164)</b>	(7,164)
General and administrative expenses	7	<b><u>(71,726)</u></b>	<u>(70,940)</u>
<b>Net investment income for the year</b>		<b><u>553,592</u></b>	<u>345,072</u>
<b>Other comprehensive income:</b>			
Fair value movement of available-for-sale		<b><u>(67,945)</u></b>	<u>73,718</u>
<b>Total comprehensive income</b>		<b><u>485,647</u></b>	<u>418,790</u>

The accompanying notes from pages 8 – 26 form an integral part of the financial statements.

**STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2016**

<b>Assets</b>	Notes	<b>2016</b>	2015
		<b>GH¢</b>	GH¢
Cash and cash equivalent	8	<b>1,470,666</b>	624,071
Held-to-maturity investments	9	<b>4,229,658</b>	2,514,212
Available-for-sale equities (AFS)	10	<b>2,220,895</b>	1,660,960
Trade and other receivables	11	<b><u>476,903</u></b>	<u>442,338</u>
<b>Total assets</b>		<b><u>8,398,122</u></b>	<u>5,241,581</u>
<b>Equity</b>			
Unit holders capital	14	<b>4,106,841</b>	2,049,759
Retained earnings		<b>3,322,087</b>	2,154,898
Other reserves (AFS)		<b><u>848,955</u></b>	<u>1,006,728</u>
<b>Total equity</b>		<b><u>8,277,883</u></b>	<u>5,211,385</u>
<b>Liabilities</b>			
Trade payables	13	<b><u>120,239</u></b>	<u>30,196</u>
<b>Total liabilities</b>		<b><u>120,239</u></b>	<u>30,196</u>
<b>Total equity and liabilities</b>		<b><u>8,398,122</u></b>	<u>5,241,581</u>

.....  
**Daniel Ogbarmey Tetteh (Rev.)**  
**DIRECTOR**

.....  
**Adelaide Kastner (Dr.)**  
**DIRECTOR**

..... **2016**

The accompanying notes from pages 8 – 26 form an integral part of the financial statements.

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDING 30<sup>TH</sup> JUNE 2016**

<b>2016</b>	<b>Unit holders capital GH¢</b>	<b>Retained Earnings GH¢</b>	<b>Other reserves GH¢</b>	<b>Total GH¢</b>
<b>Balance at January</b>	<b>3,027,643</b>	<b>2,768,503</b>	<b>916,900</b>	<b>6,713,046</b>
<b>IFRS adjustment</b>		<b>(8)</b>		<b>(8)</b>
<b>Proceeds from issue of shares</b>	<b>1,740,744</b>	<b>-</b>	<b>-</b>	<b>1,740,744</b>
<b>Net investment income for the period</b>	<b>-</b>	<b>553,592</b>	<b>-</b>	<b>553,592</b>
<b>Fair value of available-for-sale</b>	<b>-</b>	<b>-</b>	<b>(67,945)</b>	<b>(67,944)</b>
<b>Shares redeemed</b>	<b><u>(661,546)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(661,546)</u></b>
<b>Balance at June</b>	<b><u>4,106,841</u></b>	<b><u>3,322,087</u></b>	<b><u>848,955</u></b>	<b><u>8,277,883</u></b>
<b>2015</b>				
Balance at January	1,809,591	1,809,834	933,010	4,552,436
Proceeds from issue of shares	755,078	-	-	755,078
Net investment income for the period	-	345,072	-	345,072
Fair value of available-for-sale	-	-	73,718	73,718
Shares redeemed	<u>(514,910)</u>	<u>-</u>	<u>-</u>	<u>(514,910)</u>
Balance at June	<u>2,049,759</u>	<u>2,154,906</u>	<u>1,006,728</u>	<u>5,211,394</u>

The accompanying notes from pages 8 – 26 form an integral part of the financial statements.

**STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30<sup>TH</sup> JUNE 2016**

	Notes	<b>2016</b>	2015
<b>Operating activities</b>		<b>GH¢</b>	GH¢
<b>Net investment income for the period</b>		<b>553,592</b>	345,072
<b>Adjustment for non-cash item:</b>			
Profit from disposals of securities		<b>(3,826)</b>	-
Other non- cash movements		<u>-</u>	<u>(1,279)</u>
		<b>549,766</b>	343,793
<b>Changes in working capital</b>			
(Increase)/decrease in trade and other receivables		<b>(57,009)</b>	(279,167)
Increase/(decrease) in trade and other payables		<b><u>67,941</u></b>	<u>3,712</u>
<b>Net cash flow from operating activities</b>		<b><u>560,698</u></b>	<u>68,338</u>
<b>Investing activities</b>			
Purchase of held-to-maturity securities		<b>(2,061,969)</b>	(826,658)
Purchase of available-for-sale securities		<b>(496,004)</b>	(99,421)
Proceeds from disposal of securities		<b><u>1,642,809</u></b>	<u>922,274</u>
<b>Net cash flow from investing activities</b>		<b><u>(915,164)</u></b>	<u>(3,805)</u>
<b>Financing activities</b>			
Proceeds from capital transactions		<b>1,756,908</b>	755,078
Shares redeemed		<b><u>(661,546)</u></b>	<u>(514,910)</u>
<b>Net cash flow from financing activities</b>		<b><u>1,095,362</u></b>	<u>240,168</u>
<b>Increase in cash and cash equivalent</b>		<b>740,896</b>	304,701
Cash and cash equivalent as at 1 January		<b><u>729,770</u></b>	<u>319,370</u>
<b>Cash and cash equivalent as at June</b>		<b><u>1,470,666</u></b>	<u>624,071</u>

The accompanying notes from pages 8 – 26 form an integral part of the financial statements.



## **1. General information**

Databank Arkfund is a limited company incorporated in Ghana. The address of its registered office and principal place of business is 61 Barnes Road, Adabraka, Private Mail Bag, Ministries Post Office, Accra.

### **Description of Company**

Arkfund is licenced as a Mutual Fund. The Fund was incorporated under Ghana Law on October 25, 2005. Arkfund is an open-ended long term Mutual Fund which seeks to achieve capital growth and income by integrating social, ethical and environmental considerations in the investment process. The Fund does not purchase shares in companies involved in the production of tobacco, arms and alcoholic beverages as well as companies whose activities are considered harmful to the environment.

The principal activity of the Fund is to invest the monies of its members for the mutual benefit and to hold and arrange for the management of securities and other assets acquired with such monies.

Most of the Fund's investments are listed and traded on the Ghana Stock Exchange, although the Fund could also invest in unquoted equity securities.

The Fund's investment activities are managed by Databank Asset Management Services Limited (the Investment Manager). The Fund's custodian and administrator is Stanbic Bank Ghana Limited.

The Fund's shares are redeemable at the holder's option.

## **2. Basis of preparation and accounting policies**

### **2.1. Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

#### **2.2.2. Basis of preparation**

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are presented in Ghana Cedi (GH¢).

The Fund presents its statement of financial position in order of liquidity. This is an analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current).

## **2. Basis of preparation and accounting policies (continued)**

### **2.3. Basis of consolidation**

The Fund is an investment entity and, as such, is not required to own controlling interest in other entities. Instead, financial interests are classified as available for sale and measured at fair value.

## **3. Summary of significant accounting policies**

### **3.1. Fair value measurement**

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### **3.2. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

#### **3.2.1. Interest revenue and expense**

Interest revenue and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

### **3.2.2. Dividend revenue and expense**

Dividend revenue is recognised on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Fund's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income. Dividend expense relating to equity securities sold short is recognised when the shareholders' right to receive the payment is established.

### **3.2.3. Fees and commissions**

Fees and commissions are recognised on an accrual basis. Legal and audit fees are included within other general expenses.

### **3.2.4. Net gain or loss on financial assets and liabilities at fair value through profit or loss**

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon recognition as at fair value through profit or loss and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified as at fair value through profit or loss are calculated using the first-in, first-out (FIFO) method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

## **3.3. Taxes**

Under the current legislation, mutual fund holders are not subject to taxes on income or capital gains, nor to any taxes on income distributions.

The investment income and capital gains are subject to withholding tax deducted at the source of the income. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income and is not significant for the Fund. The Fund presents the withholding tax separately from the gross investment income in the statement of comprehensive income. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

### **3.4. Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

### **3.5. Financial instruments – initial recognition and subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **3.5.1. Financial assets**

##### **3.5.1.1. Initial recognition and measurement**

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

##### **3.5.1.2. Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Fund has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

### **Loans and receivables**

This category is the most relevant to the Fund. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

### **Held-to-maturity investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Fund has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

### **Available-for-sale (AFS) financial investments**

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

The Fund evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Fund is unable to trade these financial assets due to inactive markets, the Fund may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss and other comprehensive income.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

#### **3.5.1.3. Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - i. the Fund has transferred substantially all the risks and rewards of the asset, or
  - ii. the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

#### **3.5.1.4. Impairment of financial assets**

The Fund assesses, at each reporting date, whether there is objective evidence that a financial asset or a Company of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the Fund of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### **3.5.2. Financial liabilities**

##### **3.5.2.1. Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Fund's financial liabilities include trade and other payables, loans and borrowings including Company overdrafts, financial guarantee contracts and derivative financial instruments.

##### **3.5.2.2. Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

### **3. Summary of significant accounting policies (continued)**

#### **3.5.2.2.1. Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Fund that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Fund has not designated any financial liability as at fair value through profit or loss.

#### **3.5.2.2.2. Loans and borrowings**

This is the category most relevant to the Fund. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

#### **3.5.2.3. Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.



### **3.5.3. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **3.6. Unit holders capital**

Shares in the Fund are owned by members of the Fund.

- The value of the shares (owned by members of the Fund) is represented by the share or Unit Holders Capital. Shares entitle the holder to a *pro rata* share of the Fund's net assets in the event of a shareholder liquidating his or her investment.
- The shares of the Fund are not listed on the Stock Exchange. Applicants may set up a new account with the Fund to buy shares of the Fund. When applicants buy Fund shares, the shares are purchased at the last published price.
- A Shareholder wishing to redeem his or her shares (investment) with the Fund can do so by submitting a request for redemption to the Fund. Redemptions shall be priced at the last published price.

### **3.7. Dividend distributions**

The Fund passes substantially its net income along to its investors as distribution, this dividend policy is to be adopted by the directors of the Fund from time to time such that the dividend distribution will not jeopardise the Fund's ability to operate effectively.

The Fund does not declare the payment of dividends.

### **3.8. Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short term deposits with a maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term investments, as defined above, net of outstanding company overdrafts.

**4. Dividend income**

<b>2016</b>	2015
<b>GH¢</b>	GH¢
<b><u>66,519</u></b>	<u>27,341</u>

All dividends are earned on stocks traded on the Ghana Stock Exchange

**5. Interest income**

	<b>2016</b>	2015
	<b>GH¢</b>	GH¢
Interest on bonds	<b>28,614</b>	-
Interest on call deposit	<b>13,971</b>	6,136
Interest on commercial paper	<b>62,000</b>	10,940
Interest on certificates of deposit	<b>435,436</b>	363,241
Interest on treasury bills	<b><u>77,165</u></b>	<u>49,093</u>
	<b><u>617,186</u></b>	<u>429,410</u>

**6. Net gain on disposal of financial instruments**

	<b>2016</b>	2015
	<b>GH¢</b>	GH¢
Profit on Sale of Investments - Market	<b><u>3,826</u></b>	-
	<b><u>3,826</u></b>	-

**7. General and Administration Expenses**

	<b>2016</b>	2015
	<b>GH¢</b>	GH¢
Stationery/printing	<b>3,642</b>	1,249
Statutory fees	<b>560</b>	500
Fund accounting fees	<b>1,800</b>	1,800
Audit Fees	<b>4,700</b>	3,819
Bank and interest charges	<b>3,248</b>	2,036
Registrar fees	<b>3,004</b>	2,408
Retail service fees	<b>3,004</b>	2,408
Marketing & promotion	<b>30,672</b>	20,640
Storage & warehousing	<b>896</b>	244
Software development & IT cost	<b>-</b>	25,786
Directors' emoluments	<b><u>20,200</u></b>	<u>10,050</u>
	<b><u>71,726</u></b>	<u>70,940</u>

**8. Cash and cash equivalents**

	<b>2016</b>	2015
	<b>GH¢</b>	GH¢
Cash at bank and call	<b>1,030,020</b>	408,614
Certificates of deposit	<b><u>440,646</u></b>	<u>215,458</u>
	<b><u>1,470,666</u></b>	<u>624,072</u>

**9. Held to maturity investments**

	<b>2016</b>	2015
	<b>GH¢</b>	GH¢
182-day treasury bills		601,043
182-day government bond	<b>144,602</b>	138,522
139-day certificates of deposit	-	17,893
182-day commercial paper	<b>500,000</b>	-
1-yr and above certificates of deposit	<b>1,522,956</b>	1,285,005
1-yr and above floating rate notes	<b>1,147,100</b>	271,750
1-yr and above government bonds	<b><u>915,000</u></b>	<u>200,000</u>
	<b><u>4,229,658</u></b>	<u>2,514,213</u>

**10. Available for sale equities**

	<b>2016</b>	2015
	<b>GH¢</b>	GH¢
Listed securities	<b>2,220,733</b>	1,660,960
Unlisted securities	<b><u>162</u></b>	<u>-</u>
	<b><u>2,220,895</u></b>	<u>1,660,960</u>

**a. Fair value movement of available-for-sale equities**

	<b>2016</b>	2015
	<b>GH¢</b>	GH¢
Market value of investment	<b>2,220,895</b>	1,660,960
Cost of investment	<b><u>(1,371,941)</u></b>	<u>(654,232)</u>
Period gains	<b>848,954</b>	1,006,728
Prior period gains	<b><u>(916,899)</u></b>	<u>(933,010)</u>
Fair value gains	<b><u>(67,945)</u></b>	<u>73,718</u>

**Portfolio Summary**

<b>Description</b>	<b>Shares</b>	<b>Price 30-Jun-16 (GH¢)</b>	<b>Market Value (GH¢)</b>
<b>Shares</b>			
<b>Banking</b>			
GCB Bank Ltd.	68,300	3.07	209,681
Standard Chartered Bank Ltd.	11,400	14.24	162,336
Societe Generale	246,600	0.77	189,882
Ecobank Ghana Ltd.	33,000	6.60	217,800
<b>Food &amp; Household Products</b>			
Fan Milk Ltd.	34,600	8.50	294,100
PBC Ltd.	540,000	0.06	32,400
<b>Insurance</b>			
Enterprise Group Ltd.	117,200	2.42	283,624
<b>Petroleum Products</b>			
Ghana Oil Company Ltd.	169,654	1.36	230,729
Total Petroleum Ghana Ltd	40,000	3.99	159,600
<b>Agriculture</b>			
Benso Oil Palm Plantation Ltd.	36,127	2.90	104,768
<b>Pharmaceuticals</b>			
Intravenous Infusions Ltd.	<u>3,731,250</u>	<u>0.09</u>	<u>335,813</u>
<b>Total Shares(Cost GH¢1,371,941)</b>	<b><u>5,028,131</u></b>		<b><u>2,220,733</u></b>
<b>Collective Investment Schemes</b>			
Databank Money Market Fund Ltd.	<u>208</u>	0.78	<u>162</u>
<b>Fixed Income Instruments</b>			
182-day treasury bills			144,602
91-day certificates of deposit			440,646
182-day commercial paper			500,000
365-day certificates of deposit			1,522,956
3-year treasury bills			515,000
5-year treasury bills			400,000
3-year floating rate notes			737,100
6-year floating rate notes			160,000
7-year floating rate notes			<u>250,000</u>
			<b><u>4,670,304</u></b>
<b>Total Investments</b>			<b><u>6,891,199</u></b>

**11. Trade and other receivables**

	<b>2016</b>	2015
	<b>GH¢</b>	GH¢
Interest receivables	<b>476,902</b>	242,338
Investment receivable	<u>-</u>	<u>200,000</u>
	<b><u>476,902</u></b>	<b><u>442,338</u></b>

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Fund has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts (which include interest accrued after the receivable is more than 60 days outstanding) are still considered recoverable.

## 12. Unit capital

A reconciliation of the number of shares outstanding at the beginning and at the end of each of the reporting periods is provided below.

Number of shares issued and redeemed during the year is disclosed below:

	2016	2015
	Number of shares	Number of shares
Shares in issue at beginning of period	18,740,671	15,053,744
Issued during the period	4,713,150	2,360,384
Redeemed during the period	<u>(1,796,139)</u>	<u>(1,616,476)</u>
Shares in issue at June 30	<u>21,657,682</u>	<u>15,797,652</u>

The value of shares as at period end is disclosed below

	2016	2015
	GH¢	GH¢
Proceeds from share issued	1,756,908	14,733,433
Shares redeemed	<u>(661,546)</u>	<u>(12,788,592)</u>
Net proceeds from capital transaction	<u>1,095,362</u>	<u>1,944,841</u>
<b>Net Assets:</b>		
Beginning of period	<u>5,117,408</u>	<u>4,680,502</u>
End of period	<u>6,212,771</u>	<u>6,625,343</u>

## 13. Trade and other payables

	2016	2015
	GH¢	GH¢
Commissions	4,702	2,043
Management fees	9,515	6,367
Custody fee	13,234	15,487
Audit fees	4,700	3,819
Fund accounting fees	300	300
Registrar fees	519	410
Retail service fees	519	410
Withholding tax	962	398
Payable clients	62,839	-
Payable brokers	22,948	-
Sundry payables	<u>-</u>	<u>963</u>
	<u>120,239</u>	<u>30,197</u>

No interest is charged on the trade payables. The Fund has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

#### **14. Financial risk management objective and policy**

The Fund's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

##### **15.1. Risk management structure**

The Fund's Investment Manager is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management of the Fund.

##### **15.2. Risk measurement and reporting system**

The Fund's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models. The models make use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy including the risk that the Fund is willing to accept and the market environment of the Fund. In addition, the Fund monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

##### **15.3. Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

##### **15.4. Foreign currency risk management**

The Fund undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by holding a minimal forex position.

There was no foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

## **15.5. Price risk**

The Fund is exposed to equity securities price risk because of investments in quoted and unquoted shares classified as available-for-sale. To manage its price risk arising from investments in equity and debt securities, the Fund diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Fund. All quoted shares held by the Fund are traded on the Ghana Stock Exchange (GSE).

### **15.5.1. Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board of Directors has established limits on the interest gaps for stipulated periods.

The following table demonstrates the sensitivity of the Fund's profit or loss for the year to a reasonably possible change in interest rates, with all other variables held constant.

The sensitivity of the profit or loss for the year is the effect of the assumed changes in interest rates on:

- The net interest income for one year, based on the floating rate financial assets held at the end of the reporting period
- Changes in fair value of investments for the year, based on revaluing fixed rate financial assets and liabilities at the end of the reporting period

The sensitivity analyses impact on equity is the same as the impact on profit or loss. In practice, the actual trading results may differ from the below sensitivity analysis and the difference could be significant.

### **Maturity analysis of financial liabilities**

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities.

The table below analyses the financial liabilities into the relevant maturity grouping based on the remaining period at the reporting date to the contractual maturity date.

Less than one year	<b>2016</b>	2015
	<b>GH¢</b>	GH¢
Trade and other payable	<b><u>120,239</u></b>	<u>30,196</u>

### **15.5.2. Liquidity risk**

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its shares earlier than expected. The Fund is exposed to cash redemptions of its shares on a



regular basis. Shares are redeemable at the holder's option based on the Fund's NAV per share at the time of redemption, calculated in accordance with the Fund's scheme particulars.

The Fund manages its obligation to repurchase the shares when required to do so and its overall liquidity risk by:

- Requiring a 5-day notice period before redemptions

The Fund's policy is to satisfy redemption requests by the following means (in decreasing order of priority):

- Searching for new investors
- Withdrawal of cash deposits
- Disposal of highly liquid assets (i.e., short-term, low-risk debt investments)
- Either disposal of other assets or increase of leverage

The Fund invests primarily in marketable securities and other financial instruments which, under normal market conditions, are readily convertible to cash. In addition, the Fund's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

### **15.5.3. Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within financing relationships, and other transactions. It is the Fund's policy to enter into financial instruments with reputable counterparties.

The Investment Manager's policy is to closely monitor the creditworthiness of the Fund's counterparties (e.g. third party borrowers, brokers, custodian and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis.

The carrying value of interest bearing investments, Money market funds and similar Securities, loan to related party, trade and other receivables and cash and cash equivalents, as disclosed in the statement of financial position represents the maximum credit exposure, hence, no separate disclosure is provided.

## **16. Contingencies and commitments**

### **16.1. Legal proceedings and regulations**

The Fund operates in the financial service industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

At the balance sheet date, there were no pending or threatened legal proceedings against the fund. There are no contingencies associated with the Fund's compliance or lack of compliance with regulations.

## **16.2. Capital commitments**

The Fund has no capital commitments at the reporting date.

## **17. Related party transactions**

The following parties are considered related parties of the Fund:

### **Investment Manager**

Databank Asset Management Services Limited (the investment manager) is entitled to receive a management and advisory fee for its respective services in terms of the agreement between the Fund and the Fund manager. These fees amount to of 1.5% per annum of the daily net assets of the Fund, (calculated in accordance with the scheme particulars of the fund). Management fees are payable monthly in arrears. Total management fees for the period amounted to **GH¢ 54,895** (2015: GH¢ 35,768).

### **Custodian – Stanbic Bank Ghana Limited**

Stanbic Bank Ghana Limited is the custodian of the Fund. The custodian carries out the usual duties regarding custody, cash and securities deposits without any restriction. This means that the custodian is, in particular, responsible for the collection of dividends, interest and proceeds of matured securities, the exercise of options and, in general, for any other operation concerning the day-to-day administration of the securities and other assets and liabilities of the Fund.

The custodian is entitled to receive from the Fund fees, payable monthly, equal to 0.025%. The total custodian fee for the half year amounted to **GH¢ 7,164** (2015: GH¢ 7,164), the custodian fee payable as at 30 June 2016 is **GH¢ 13,234** (2015: GH¢ 15,487).

### **Stock Brokers**

The Fund's transactions were made through the Databank Brokerage Limited.

### **Transactions with Directors and key management personnel**

Directors and key management personnel refer to those personnel with authority and responsibility for planning, directing and controlling the business activities of the Fund. These personnel are the Directors of the Fund.

During the period, there were no significant related party transactions with companies or customers of the Fund where a Director or any connected person is also a director or key management members of the Fund. The Fund did not make provision in respect of loans to Directors or any key management member during the period under review.

	<b>2016</b>	2015
	<b>GH¢</b>	GH¢
Directors emoluments	<b><u>20,200</u></b>	<u>10,050</u>

### **Directors' shareholdings**

The Directors below held the following number of shares in the Fund at June 30, 2016

	<b>Shares</b>	<b>% of Fund</b>
Adelaide Kastner (Dr.)	149,306	0.6894
Daniel Ogbarmey Tetteh (Rev.)	149,050	0.6882
Joyce Aryee (Dr.)	63,776	0.2945
William Oppong-Bio	107,819	0.4978
Kojo Addae Mensah	117,417	0.5421

### **18. Event after the reporting period**

There were no other material events after the reporting period.

### **19. Approval of financial statements**

The financial statements were approved by the Board of Directors and authorised for issue on **August 30, 2016**.