

# equity trust



2011  
Annual Report  
Planned Investment - A Guaranteed Future

 **hfc**investments  
achieving more together





# HFC EQUITY TRUST Annual Report & Financial Statements 2011

## 2011 Annual Report

Planned Investment - A Guaranteed Future



---

## THE MANAGER

Name:	HFC Investment Services Limited (HFCISL)
Country of Incorporation:	Ghana
Registration Number:	50,533
Nature of Corporate Form:	Limited liability, wholly-owned subsidiary of the HFC Bank (Ghana) Ltd.
Registered Office:	No. 35 Sixth Avenue, North Ridge P. O. Box CT. 4603 Cantonments, Accra
Principal Place of Business:	No. 48 A, Sixth Avenue North Ridge, Accra
Date of Incorporation:	7TH JULY 1993 (Name changed from Home Finance Investment Fund Limited to HFC Investment Services Limited on 1ST OCTOBER 2001). Capitalization (as at December 31 2011)
Authorized:	1,000,000 (One million) Ordinary shares of no Par value
Issued:	100,000 shares
Auditors:	Ernst and Young G 15 White Avenue Airport Residential Area P. O. Box 16009 Accra



---

## TABLE OF CONTENT

Table Of Contents	
Notice of Annual General Meeting	6
Statement of Trustees Responsibilities	7
Trustees Report	8
Manager's Report	9
Auditor's Report	17
Financial Statement	19
Notes to the Accounts	25
Admission Form	28
Proxy Form	28



---

## HFC EQUITY TRUST NOTICE OF ANNUAL GENERAL MEETING

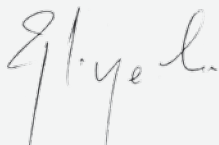
NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of Unitholders will be held at the National Theatre, Accra at 10.00 am on Tuesday, 29th May, 2012 to transact the following businesses:

### AGENDA

- To receive the report of the Manager for the Year 2011.
- To receive the Audited Statement of Income and Expenditure of HFC Equity Trust for the financial year ended December 31, 2011 together with the Trustees and Auditors reports thereon.
- To authorize the Manager to fix the remuneration of the Auditors for Year 2012.

A Unitholder has the right to appoint a proxy to attend and vote on his/her behalf at the Meeting. Such a proxy need not be a Unitholder. A copy of the instrument appointing the proxy may be deposited at any time prior to the commencement of the Meeting at the principal place of business of the Manager.

HFC Investments  
No. 48 A, Sixth Avenue  
North Ridge, Accra  
Dated 6th May 2012  
By Order of the Manager



PETER LARBI-YEBOAH  
For: HFC Investments



---

## HFC EQUITY TRUST

### STATEMENT OF TRUSTEES RESPONSIBILITIES

The Trust Deed requires the Trustees to prepare financial statements for each financial period, which gives a true and fair view of the state of affairs of the Equity Trust. In preparing the financial statements, the Trustees are required to:

- Select suitable accounting policies and apply them consistently,
- Make judgments and estimates that are responsible and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures, disclosed and explain them in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Investment Trust will continue in business.

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Equity Trust, which will ensure that the financial statements comply with the Trust Deed and Securities Industry Law, 1993 (PNDCL 333). They are also responsible for safeguarding the assets of the Investment Trust and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The statements should be read in conjunction with the statement of the Auditors' responsibilities as set out on page 16, the respective responsibilities of the Trustees and the Auditors in relation to the financial statement.



---

## REPORT OF THE TRUSTEES TO THE UNIT HOLDERS OF HFC EQUITY TRUST FOR THE YEAR ENDED 31 DECEMBER 2011

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 year covered by these financial statements in accordance with the Trust Deed dated 1st December, 2005 and all regulations for the time being in force under the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695).

Dated this 20th Day of April 2012



For: MERCHANT BANK (GHANA) LIMITED





---

# HFC EQUITY TRUST FUND MANAGER'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2011

## 1. ECONOMIC OVERVIEW OF YEAR 2011

### A. Introduction

#### Global Economy

The year 2011 was a challenging one for most economies. The US economy experienced slower-than expected growth. Japan's earthquake and Tsunami created an unexpected supply chain disruption globally and affected growth. Meanwhile the risks and uncertainty posed by the debt crisis in Europe further deepened in the year 2011, together with its far reaching contagion effects. The global situation was further compounded by the unrest arising from the "arab spring" which led to an increase in oil prices, sparking a rise in inflation globally.

#### Ghanaian Economy

Contrary to the depiction of the global economy above, the Ghanaian economy recorded improved macroeconomic indicators in 2011. There was significant growth in GDP from 7.7 percent in 2010 to 13.6 percent in 2011, arising as a result of Ghana's new status as an oil producing country.

The key highlights of year 2011 in the Ghanaian economy were as follows:

- Interest rates continued their downward trend during 2011 in line with declining inflation. There was a significant reduction in the yield of the benchmark 91-day Government of Ghana Treasury Bill from 24.71 per cent in September 2008 to 10.66 percent in December 2011. Furthermore the policy rate which stood at 18 per cent in December 2009 had by December 2011 been reduced to 12.5 percent.
- The services sector continued to be the largest contributor to the country's GDP, accounting for 48.1 percent in 2011.
- The total volume of crude oil from the first three lifting's was 2,980,720 barrels which realized a total revenue of US\$ 337.3 million (GH¢ 506.0 million).

- The Stock Exchange continued to enjoy its tax holiday from the government for another 5 years.
- Inflation remained within single-digits during the year. From 9.1 percent in January, it declined to 8.4 percent at the end of the third quarter but since inched up to 8.6 percent in November 2011. The principal factors that supported stable inflation conditions include relatively stable exchange rate and favourable food supply conditions during the period, despite the adjustment in utility tariffs, wage and oil-induced pressures
- The financial sector witnessed significant developments during the year under review. SSNIT, a significant shareholder in most financial institutions in Ghana offloaded its holdings in some banks in the country. It offloaded its stake in The Trust Bank (TTB) to Ecobank Transnational Incorporated (ETI), the Parent company of Ecobank Ghana Limited and also sold off its stake in, First Atlantic Merchant Bank to a Nigeria-based private equity-firm, Kaderi Nominee. Amalgamated Bank was acquired by Bank of Africa and Access Bank acquired Intercontinental Bank.
- As at 31st December 2011 the Ghana cedi had lost ground to all the major international trading currencies on a year to date basis. This change in the value of the cedi has been depicted in the table below.

Currency	4-Jan-11	31-Dec-11	Change	YTD
US Dollar (USD)	1.4559	1.58405	0.12815	9%
Pound Sterling	2.2609	2.4801	0.2192	10%
Euro (EUR)	1.9454	2.06783	0.12243	6%

## B. Stock Market Review (2011)

Activities on the GSE were encouraging from the inception of the year until the second half when the market begun trending downwards leading to a bear market and an adverse performance of stock prices. The unfavorable developments on the stock market largely resulted from the contagion effects of the global economic crisis, particularly in Europe, leading to redemption of foreign investments on the exchange to meet redemption calls faced by offshore funds. The GSE Composite Index and the GSE Financial Stock Index closed at a year to date of negative 3.10% and negative 13.69% respectively.

Thirteen stocks recorded price gains with Total Petroleum Ghana Ltd emerging the best performing stock on the GSE for the year with 98.30% gain. Six (6) stocks maintained their prices and sixteen recorded declines. There were three initial public offers on the GSE by Comet Properties, Tullow PLC and Accra Hearts of Oak. The offers of Tullow Oil Plc and Accra Hearts of Oak were successful, whilst that of Comet Properties, a Ghanaian real estate company failed to raise the minimum required capital.

Guinness Ghana Breweries Ltd (GGBL)'s renounceable rights issue which sought to raise GH¢70 million was over-subscribed by 44.6%. There were also bonus issues from PZ Cussons and The Trust Bank (Gambia).

CFAO Ghana delisted from the GSE in April, 2011 as a result of a special resolution passed by shareholders in 2009 to take the company off the exchange. CFAO offered four Ghana pesewas per share, representing twice the existing price. The GSE market closing time was changed from 13.00hrs GMT to 15.00hrs, effective January 4, 2011. On the same date the GSE also introduced a new method of calculating closing prices of equities on the market. Closing prices of listed equities are now calculated using the volume weighted average price of each equity for every given trading day. Two indices have also been constructed namely GSE Composite Index (GSE-CI) and GSE Financial Stocks Index.

## 2. Fund Performance for 2011

Equities continue to occupy the bulk of the funds asset allocation. Your Fund achieved a return of 2.85% as against a year to date rate of negative 3.10% by the Ghana Stock Exchange. The strategy adopted in the year was to further lower the exposure in equities to between 75% and 80%. The buildup of fixed term short instruments will continue not only for liquidity considerations but also to take a position to “reboot” fund performance. The net fund value reduced by -2.4% from GH¢1.99 million in 2010 to GH¢1.96 million in 2011.

This was driven largely by the redemptions on account of the bearish nature of the market.

Moving forward, the fund will strengthen its portfolio mix by disposing of non-performing equities in order to take advantage of the under priced assets while consolidating near-cash investment positions for liquidity purposes.

Below are tables and graphs to illustrate how your Fund performed in terms of Structure of the Investment Portfolio, Growth in Net Fund Value, Benchmark (GSE All Share Index) performance and the top ten stocks in the equities portfolio:

**Table 1:**

Investment Portfolio as at Dec 31, 2011		
	Value (GH¢)	% of GFV
Equities	1,782,732.60	90.83%
Fixed Incomes	164,734.52	8.39%
Bank & Cash	11,888.26	0.61%
Other Mutual Funds	3,446.63	0.18%
Gross Fund Value	1,962,802.01	100.00%

Fig 1: A chart showing the distribution of the investment portfolio as at 31st December 2011

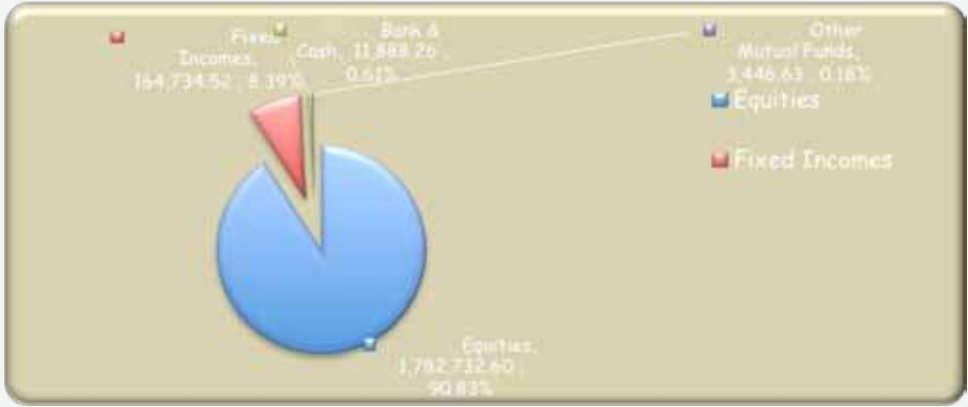


Table II: Growth in Net Fund Value

Year	Fund Value (GH¢'000)	% Change
2007	950.87	79.62
2008	4,031.03	323.93
2009	1,446.19	-64.12
2010	1,991.07	37.68
2011	1,942.49	-2.44

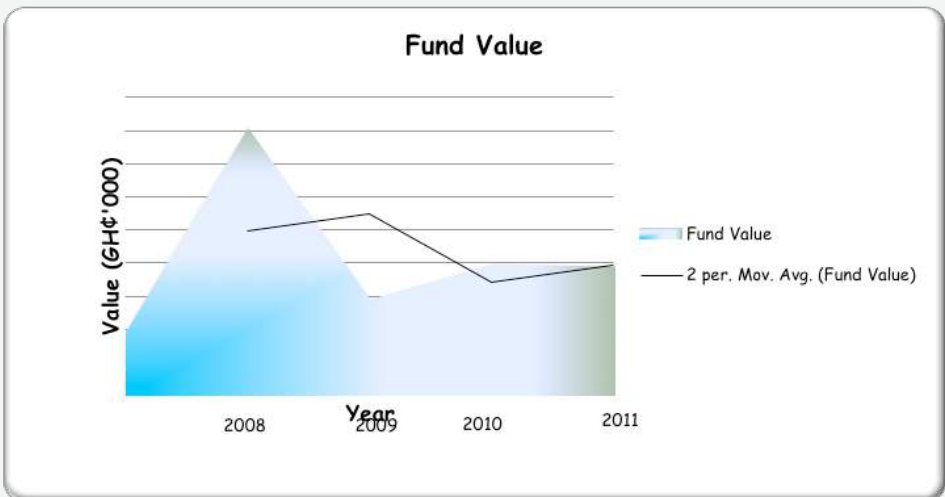
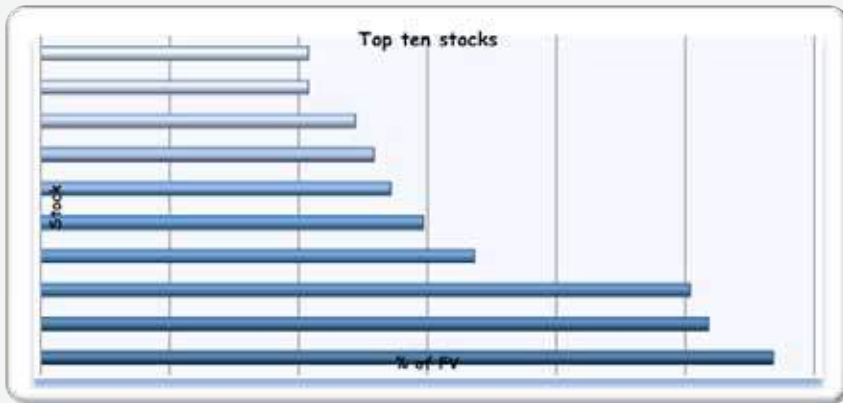




Fig II: A line graph depicting the growth in the value of the Fund from 2007 to 2011

Table III: Top ten stocks		
Stock	Value (GH¢)	Proportion of NFV
BOPP	220,850.30	11.37%
UNIL	201,291.60	10.36%
FML	195,762.00	10.08%
TOTAL	130,818.51	6.73%
GGBL	115,447.68	5.94%
EGL	105,503.20	5.43%
EBG	100,425.19	5.17%
GCB	94,875.40	4.88%
SCB	80,590.56	4.15%
GOIL	80,661.76	4.15%
	1,326,226.20	68.26%

Fig III: A bar graph showing the top ten equities in the portfolio of the Fund as at 31st Dec, 2011

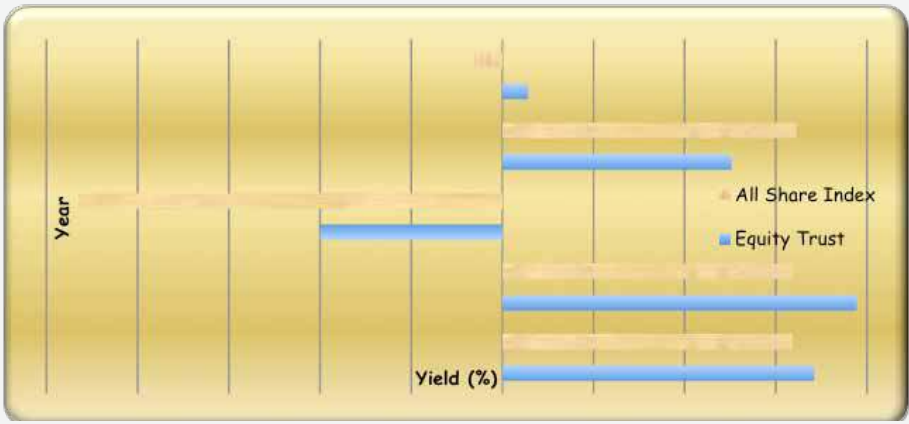




**Table IV:  
HFC Equity Trust Vs. All-Share Index**

	2007	2008	2009	2010	2011
Equity Trust (%)	34.19	38.89	-19.94	25.12	2.85
GSE All-Share Index (%)	31.84	31.84	-46.58	32.25	-3.10

Fig IV: The comparative performance of HFC Equity Trust and the GSE All Share Index



HFC EQUITY TRUST-Stock Transactions for year 2011

Stock	No. of Shares as at Dec 31, 2010	Market price GH¢ (Dec 31, '10)	Value (GH¢) (end of 2010)	Purchases (No. of Shares)	Purchases Val (GH¢)	Sales (No. of Shares)	Sales Val (GH¢)	No. of Shares as at Dec 31, 2011	Market price GH¢ (Dec 31, 2011)	Value (GH¢) (end of 2011)	Dividend (GH¢)
Aluworks (ALW)	27,075	0.12	3,249.00	100,000.00	13,195.00	-	-	127,075	0.13	16,519.75	-
Benso Oil Palm Plantation (BOPP)	200,773	0.75	150,579.75	-	-	-	-	200,773	1.10	220,850.30	9,918.99
Cal Bank (CAL)	162,108	0.31	50,253.48	-	-	-	-	162,108	0.28	45,390.24	3,833.08
Ecobank Ghana Ltd (EBG)	31,481	3.00	94,443.00	-	-	-	-	31,481	3.19	100,424.39	-
Enterprise Group Limited (EGL)	344,440	0.50	172,220.00	-	-	25,300	12,343.50	277,640	0.38	105,503.20	3,042.80
Ecobank Transnational Inc. (ETI)	498,696	0.15	74,804.40	-	-	-	-	498,696	0.10	49,869.60	-
Fan Milk (FML)*	102,000	2.45	249,900.00	-	-	19,400	46,528.94	82,600	2.37	195,762.00	1,652.00
Ghana Commercial Bank (GCB)	51,284	2.70	138,466.80	-	-	-	-	51,284	1.85	94,875.40	6,833.58
Guinness Ghana Breweries Ltd (GGBL)	61,665	1.56	96,197.40	-	-	-	-	75,456	1.53	115,447.68	-
Ghana Oil Company (GOIL)	252,068	0.29	73,099.72	-	-	-	-	252,068	0.32	80,661.76	1,287.85
Golden Web (GWEB)	364,000	0.05	18,200.00	-	-	-	-	364,000	0.04	14,560.00	-
Golden Star Resources (GSR)	2,000	5.20	10,400.00	-	-	-	-	2,000	2.99	5,980.00	-
HFC Bank (Ghana) Ltd (HFC)	52,000	0.44	22,880.00	-	-	-	-	52,000	0.45	23,400.00	-
Mechanical Lloyd Co. Ltd (MLC)	364,005	0.10	36,400.50	-	-	-	-	364,005	0.11	40,040.55	2,009.31
Standard Chartered Bank (SCB)	1,772	45.16	80,023.52	-	-	-	-	1,772	45.48	80,590.56	2,275.84
SG-S&B	117,758	0.64	75,365.12	-	-	-	-	117,758	0.47	55,346.26	-
SIC Insurance Company Ltd (SIC)	200,000	0.43	86,000.00	-	-	-	-	200,000	0.40	80,000.00	3,256.80
Starwin Products Limited (SPL)	900,000	0.05	45,000.00	-	-	300,000	11,805.52	600,000	0.03	18,000.00	-
Total Petroleum Gh. Ltd (TOTAL)	6,597	10.00	65,970.00	-	-	-	-	6,597	19.83	130,818.51	7,015.44
Tullow Oil Plc (TLW)	-	-	-	-	-	-	-	1,400	31.00	43,400.00	-
Unilever Ghana Ltd (UNIL)	30,315	5.69	172,492.35	-	-	-	-	30,315	6.64	201,291.60	8,595.97
UT Bank Ghana Ltd (UTB)	200,000	0.30	60,000.00	-	-	-	-	200,000	0.32	64,000.00	1,840.00
Total/Average			1,775,945.04							1,782,731.80	51,561.66



---

## OUTLOOK FOR YEAR 2012

The outlook for the economy is positive, having recorded tremendous growth in 2011. Ghana's new position as an oil producing country places it firmly in the domain of attracting foreign direct investments.

The Ghana Stock market is expected to be very liquid and bullish this year due to the expected implementation of the New Pension Scheme. Also, the Bank of Ghana minimum capital requirement that has to be met by the close of 2012 is expected to generate some activity on the Ghana Stock Exchange. Activity on the Stock Market is expected to rise due to renewed investor interest and expected corporate action by listed companies. It is anticipated that the Stock Market would remain buoyant and continue to serve as an attractive investment destination.

Your Fund Manager will seek to consolidate the gains made in the previous years and adopt strategies to improve the performance record. On this note, I thank you for your continued and unwavering trust in the HFC Equity Trust, and encourage you to continue investing in the Fund so as to enjoy the full benefit of future gains.

PETER LARBI-YEBOA

GENERAL MANAGER





Accountants &  
business advisers

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HFC EQUITY TRUST FOR THE YEAR ENDED 31 DECEMBER 2011

### **Report on the Financial Statements**

We have audited the accompanying financial statements of HFC Equity Trust which comprise the statement of assets and liabilities as of December 31, 2011, the income and distribution accounts, statement of movement in net assets and issued share for the year then ended, and a summary of significant accounting policies and other explanatory notes.


### **Trustee's Responsibility for the Financial Statements**

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with Ghana Accounting Standards and in the manner required by the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695) and the Companies Code, 1963 (Act 179). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the



circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of HFC Equity Trust as of December 31, 2011 and of its financial performance for the year then ended in accordance with Ghana Accounting Standards and comply with the Companies Code, 1963 (Act 179) and have been properly prepared in accordance with the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695)

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

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

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion proper books of accounts have been kept by the Trust, so far as appears from our examination of those books, and
- iii) The Trust's Statement of assets and liabilities and the income and distribution account are in agreement with the books of accounts.



CHARTERED ACCOUNTANTS  
FARRAR AVENUE, ACCRA  
20th April, 2012



**PKF**

Accountants &  
business advisers

HFC EQUITY TRUST  
**FINANCIAL STATEMENTS**  
**YEAR ENDED**  
31 DECEMBER 2011

# HFC EQUITY TRUST

## STATEMENT OF ASSETS AND LIABILITIES

### AS AT 31 DECEMBER 2011

Description	Notes	Shares No	Market Value GH ₵	% Net Assets
<b>Shares</b>				
HFC		52,000	23,400	1.20
CAL		162,108	45,390	2.33
EBG		36,999	100,424	5.15
GCB		46,834	51,284	2.63
SCB		1,755	80,591	4.13
SG-SSB		112,758	55,346	2.84
UTB		200,000	64,000	3.28
ALW		127,075	16,520	0.85
EIC		277,640	138,820	7.11
ETI		498,696	49,87	2.56
FML		82,600	195,762	10.03
GOIL		252,068	80,662	4.13
GWEB		364,000	14,560	0.75
SPL		900,000	18,000	0.92
UNIL		29,137	201,292	10.31
GSR		2,000	5,500	0.28
SIC		200,000	80,000	4.10
BOPP		200,773	220,851	11.32
MLC		364,005	40,040	2.05
<b>TOTAL</b>		<b>6,597</b>	<b>130,818</b>	<b>6.70</b>
GGBL		75,456	139,594	7.15
TLW		1,400	43,400	2.22
<b>TOTAL SHARES</b>			<b>1,796,124</b>	<b>92.03</b>

#### SHORT TERM FUNDS

Cash at Bank and on Call	4	50,863	2.61
HFC Unit Trust		3,186	0.16
Fixed Deposit		<u>120,000</u>	<u>6.15</u>
		<u>123,186</u>	<u>6.31</u>
<b>Total Short Term Funds</b>		<u>174,049</u>	<u>8.92</u>
Total Investments		1,970,173	100.94
Other Liabilities in Excess of Assets		<u>(18,397)</u>	<u>(0.94)</u>
<b>Total Net Assets</b>		<u>1,951,776</u>	<u>100.00</u>


# HFC EQUITY TRUST

## STATEMENT OF ASSETS AND LIABILITIES

### AS AT 31 DECEMBER 2011

<b>Assets:</b>	<b>Notes</b>	<b>2011 GH c</b>	<b>2010 GH c</b>
Total Investments		<b>1,970,173</b>	1,989,896
Receivables:			
Interest	<b>6</b>	<b>4,382</b>	4,831
<b>Total Assets</b>		<b>1,974,555</b>	1,994,727
<b>Liabilities:</b>			
Amount Due to Managers		<b>6,834</b>	9,742
Management Fund	<b>7</b>	<b>(316)</b>	262
Management Fees Payable		<b>3,195</b>	0
HFC ISL Current Account		<b>66</b>	0
HFC Unit Trust Current Account		<b>0</b>	1,347
Accrued Charges		<b>13,000</b>	14,301
Total Liabilities		<b>22,779</b>	25,652
<b>Net Assets</b>		<b>1,951,776</b>	1,969,075

SIGNED FOR HFC INVESTMENTS 12th April, 2012.

  
GENERAL MANAGER

  
DIRECTOR

## HFC EQUITY TRUST INCOME AND DISTRIBUTION ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011

Investment Income	Notes	2011 GH ¢	2010 GH ¢
Fixed Deposit		32,102	7,447
Dividends		57,732	54,088
Call Account		1,640	891
Profit on Disposal of Shares		25,906	40,673
Other Income		497	3,650
Total Income		<u>117,877</u>	<u>106,749</u>
<b>Expenses</b>			
Management Fees		42,250	30,579
Auditors Remuneration		13,000	11,000
Interest Paid on Disinvestments	3	37,290	26,551
Other Expenses		<u>13,773</u>	<u>12,466</u>
		<u>106,313</u>	<u>80,596</u>
		<u>11,564</u>	26,153
Transfer to Management Fund	5	<u>(116)</u>	<u>(262)</u>
Net Investment Income		<u>11,448</u>	<u>25,891</u>
<b>Accumulated Net Investment Income</b>		<b>(329,312)</b>	<b>(355,203)</b>
<b>BALANCE AT 1 JANUARY</b>			
Net Profit For the Year		<u>11,448</u>	<u>25,891</u>
<b>BALANCE AT 31 DECEMBER</b>		<b><u>(317,864)</u></b>	<b><u>(329,312)</u></b>

## HFC EQUITY TRUST STATEMENT OF MOVEMENT IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 GH ¢	2010 GH ¢
Net Investment Income		11,448	25,891
Change in Unrealised gain	5	<u>8,421</u>	<u>505,626</u>
Net Increase in Net Assets Resulting from Operations		<u>19,869</u>	531,517
Capital Transactions Value of Units Sold and Converted		283,592	590,857
Value of Units Disinvested		<u>(320,760)</u>	<u>(505,531)</u>
Net Proceeds from Capital Transactions		<u>(37,168)</u>	85,326
Total (Decrease) / Increase in Net Assets		<u>(17,299)</u>	<u>616,843</u>
Net Assets:			
<b>Balance at 1<sup>st</sup> January</b>		1,969,075	1,352,232
Total (Decrease) / Increase in Net Assets		<u>(17,299)</u>	<u>616,843</u>
Balance at 31 December		<u>1,951,776</u>	<u>1,969,075</u>

## STATEMENT OF MOVEMENT IN ISSUED UNITS FOR THE YEAR ENDED 31 DECEMBER 2011

<b>Number of Units at 1 January</b>	<b>9,912,611</b>	9,380,572
Number of Units Issued during the year	<u>1,523,010</u>	<u>1,993,138</u>
	11,435,621	11,373,710
Number of Units disinvested during the year	<u>(1,717,526)</u>	<u>(1,461,099)</u>
<b>Number of Units at 31 December</b>	<b>9,718,095</b>	<u>9,912,611</u>

## HFC EQUITY TRUST PORTFOLIO SUMMARY FOR THE YEAR ENDED 31 DECEMBER 2011

	No. of Shares 31/12/10	Value 31/12/10 GH ¢	No. Of Shares 31/12/11	Value 31/12/11 GH ¢	Purchase During the Year GH ¢	Sales During the Year GH ¢
HFC	52,000	22,880	<b>52,000</b>	<b>23,400</b>	0	0
CAL	162,108	50,253	<b>162,108</b>	<b>45,390</b>	0	0
EBC	31,481	94,443	<b>31,481</b>	<b>100,424</b>	0	0
GCB	51,284	138,467	<b>51,284</b>	<b>51,284</b>	0	0
SCB	1,772	80,024	<b>1,772</b>	<b>80,591</b>	0	0
SGSSB	117,758	75,365	<b>117,758</b>	<b>55,346</b>	0	0
UT	200,000	60,000	<b>200,000</b>	<b>64,000</b>	0	0
ALW	27,075	3,249	<b>127,075</b>	<b>16,520</b>	13,195	0
EIC	302,940	151,470	<b>277,640</b>	<b>138,820</b>	0	12,650
ETI	498,696	74,804	<b>498,696</b>	<b>49,870</b>	0	0
FML	102,000	249,900	<b>82,600</b>	<b>195,762</b>	0	47,530
GOIL	252,068	73,100	<b>252,068</b>	<b>80,662</b>	0	0
GWEB	364,000	18,200	<b>364,000</b>	<b>14,560</b>	0	0
SPL	900,000	45,000	<b>600,000</b>	<b>18,000</b>	0	15,000
UNIL	30,315	172,492	<b>30,315</b>	<b>201,292</b>	0	0
GOLD STAR	2,000	10,400	<b>2,000</b>	<b>5,500</b>	0	0
SIC	200,000	86,000	<b>200,000</b>	<b>80,000</b>	0	0
BOPP	200,773	150,579	<b>200,773</b>	<b>220,851</b>	0	0
MECHANICAL LOYD	364,005	<b>36,400</b>	<b>364,005</b>	40,040	0	0
TOTAL	6,597	65,970	<b>6,597</b>	<b>130,818</b>	0	0
GGBL	61,665	96,197	<b>75,456</b>	<b>139,594</b>	20,686	0
TLW	0	0	<b>1,400</b>	<b>43,400</b>	<u>43,400</u>	0
		<u>1,755,193</u>		<u>1,796,124</u>	<u>77,281</u>	<u>75,180</u>



## HFC EQUITY TRUST CAPITAL ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

CAPITAL ACCOUNT	2011		2010	
	Units	GH¢	Units	GH¢
Balance at 1st January	<b>9,912,611</b>	<b>1,792,761</b>	9,380,572	1,707,435
Value of Units Sold and Converted	<b><u>1,252,010</u></b>	<b><u>283,592</u></b>	<u>1,993,138</u>	<u>590,857</u>
	<b>11,164,621</b>	<b>2,076,353</b>	11,373,710	2,298,292
Value of Units Disinvested	<b><u>(1,717,526)</u></b>	<b><u>(320,760)</u></b>	<u>(1,461,099)</u>	<u>(505,531)</u>
Value of the Trust Fund at 31 December	<b><u>9,447,095</u></b>	<b><u>1,755,593</u></b>	<u>9,912,611</u>	<u>1,792,761</u>



---

# HFC EQUITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2011

#### **1. ACCOUNTING POLICIES**

The principal accounting policies adopted by the Equity Trust and which have been used in preparing these financial statements are set out below and in accordance with Ghana Accounting Standards.

##### **a. Basis of Accounting**

The Equity Trust prepares the financial statements under the historical cost convention as modified by the revaluation of listed investments.

##### **b. Investments:**

###### **i) Government Securities**

Government Securities comprise treasury bills and bonds which are debt securities

issued by the Government of Ghana. These securities are stated at cost.

###### **ii) Listed Securities**

Listed Securities are initially recognized at cost and subsequently re-measured at fair value (market price).

Unrealised gains or losses arising from the changes in the fair value are recognised in equity.

Any losses which exceeds unrealised gains on the listed securities is transferred to the Income and Expenditure Account.

On disposal the fair value adjustment recognised in the capital surplus accumulated in equity are recognised in the income statement.

Dividends from listed securities are recognised when the right to receive income is established.

#### **2. MANAGEMENT FEES**

This is based on 2% of the fair market value of the total assets owned by the Trust.

	<b>2011 GH ¢</b>	<b>2010 GH ¢</b>
<b>3. OTHER EXPENSES comprise of the following:</b>		
Bank Charges	<b>1,143</b>	1,119
Manager's Reimbursable Expenses	11,813	0
Loss on Disposal of Shares	0	0
	817	11,347
Stationary Expenses	0	0
<b>Sundry Expenses</b>	<b><u>13,773</u></b>	<b><u>12,466</u></b>
<b>4. CASH AT BANK AND ON CALL</b>		
Cash at Bank	<b><u>50,863</u></b>	33,027
	<b><u>50,863</u></b>	33,027
<b>5. UNREALIZED GAINS / (LOSSES) ON INVESTMENTS</b>		
<b>Market Value of Investments</b>	<b>1,796,124</b>	1,755,193
Cost of Investments	<b><u>(1,787,703)</u></b>	<u>(1,249,567)</u>
Change in Unrealised gains	<b>8,421</b>	505,626
Add Unrealised gains from previous years	<b><u>505,626</u></b>	0
Unrealised gains as at 31 December	<b><u>514,047</u></b>	<u>505,626</u>
<b>6. ACCOUNT RECEIVABLE</b>		
Bonds	<b>0</b>	0
Call	<b>173</b>	874
HFC Unit Trust Current Account		0
Fixed Deposits	<b><u>4,209</u></b>	<u>3,957</u>
	<b><u>4,382</u></b>	<u>4,831</u>



## 7. MANAGEMENT FUND

Balance at 1 January	262	0
Payment during the Year	(694)	0
Charged for the year	<b>116</b>	<b>262</b>
Balance at 31 December	<b><u>(316)</u></b>	<b><u>262</u></b>

Transfers to the Management fund are made in accordance with the Trust Deed. The Trustees shall be paid out of this fund

## 8. CONTINGENT LIABILITIES

There were no contingent liability at the end of the year.



## Admission Form

Annual General Meeting to be held at the National Theatre, Accra at 10:00 am on Tuesday 29th May 2012.

A Unitholder who is unable to attend an Annual General Meeting (AGM) is allowed to vote by proxy. The Proxy form on the next page has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.

Provision has been made on the form for the Chairman of the meeting to act as your proxy, but if you wish, you may insist in the blank space on the form (marked\*\*) the name of any person whether a Unitholder or not, who will attend the meeting and vote on your behalf instead of the Chairman of the Meeting.

Please sign the proxy form on the next page and post it so as to reach the address in the front not later than 29th May 2012.

If executed by a Body Corporate, the proxy form should bear its common seal or be signed on behalf by a director.

### IMPORTANT:

- a) The name of the Unitholder must be written in BLOCK LETTERS on the Proxy form where marked (\*\*)
- b) This admission form must be produced by the Unitholder or his/her proxy in order to obtain admission to the Annual General Meeting.
- c) Unitholders or their Proxies are requested to sign the admission form before attending the meeting.
- d) In case of joint holders, each joint holder should sign.

## HFC EQUITY TRUST / Proxy Form

Annual General Meeting to be held at the National Theatre, Accra at 10:00 am on Tuesday, 29th May 2012.

I/we\*\* .....being a Unitholder(s) hereby appoint or failing him/her the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Fund to be held on 29th May 2012 and at any adjournment thereof

Dated this 20th day of April 2012

Unit Holder(s) Signature



Resolution		
	For	Against
To adopt the 2011 Manager’s Report		
To approve the accounts and distribution statement for the financial year ended 31st December, 2011.		
To authorize the Manager to Fix the Auditor’s Remuneration		

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)

# **HFC BROKERAGE SERVICES LTD.**

*We undertake the following*

- **Brokerage Services**
- **Portfolio Management**
- **Research, and**
- **Corporate Finance**

Timely Delivery and Value Addition is our Hallmark!!!









# HFC BANK DEFINES MICROFINANCING IN GHANA



HFC Bank in partnership with CHF International of USA established a microfinance service company in December 2006 called BOAFO MICROFINANCE SERVICES LTD. Boafo is a subsidiary of HFC Bank with a mission "To serve the credit demands of low and moderate-income Ghanaian households to maximize their pursuit of shelter, business, education, and other opportunities." We offer individual loans from GH¢500.00 to GH¢20,000.00 per person.

	<i>Hi-5 Loan (Loan Improvement Loan)</i>	<i>Busy Bee Loan (Business Development Loan)</i>	<i>Boafo Express</i>	<i>OPEN Loan</i>
<b>PURPOSE</b>	<p><b>PURPOSE</b> This product is for home completion or construction in stages. We believe in the old saying that "Rome was not built in a day".</p> <p>Whether you are a worker, artisan or petty trader you can own a home or improve your existing house in the following ways:</p> <ul style="list-style-type: none"> <li>• <b>Buy a plot of land</b> We will need proof of ownership to the piece of land on which you intend to build.</li> <li>• <b>Build a structure</b> You can borrow to lay a foundation, erect walls, roof or add rooms (if you have an existing house).</li> <li>• <b>Buy Fittings &amp; Fixtures</b> Your structure is complete! You can borrow to buy shutters, kitchen or bathroom fittings.</li> <li>• <b>Make Finishing Touches</b> Make your house habitable by plastering, painting, ceiling or general decoration. Our HI-5 loan can do this for you.</li> <li>• <b>Connect Utilities</b> The HI -5 loan can facilitate connection to electricity, water and telephone. Call us now.</li> </ul>	<p>Let us inject some life into your business with the Boafo Busy Bee Loan. We offer loans for:</p> <ul style="list-style-type: none"> <li>• Working capital</li> <li>• Business expansion</li> <li>• Business assets</li> <li>• Other short -term financial support</li> </ul>	<p>This is a multi-purpose loan product designed for groups and individuals. The loan can be used in any of the following areas:</p> <ol style="list-style-type: none"> <li>1. For business expansion (groups)</li> <li>2. Payment of medical bills</li> <li>3. Buying consumables</li> <li>4. House furnishing</li> <li>5. Payment of rent</li> </ol> <p><b>GROUPS</b> Group size 5 to 10 people Members should be prepared to co-guarantee each other</p> <p><b>REPAYMENT TERMS</b> 4 to 12 months.</p>	<p>This product is for SSNIT Informal Sector Clients only.</p> <p>The guarantee for the loan is the money in the clients occupational scheme account.</p> <p>Client must contribute to the account for at least five months and must continue to contribute after the loan has been contracted</p>
<b>LOAN AMOUNTS</b>	GH¢500 to GH¢20,000	GH¢500 to GH¢10,000	GH¢100 to GH¢5000	Up to four times of client's contribution in occupational scheme account.
<b>REPAYMENT TERMS</b>	4 to 24 months	<p>Because you have different needs, we offer flexible repayment methods:</p> <p>(a) <b>Collection</b> You don't have to leave your business to repay a loan; we will come for it. Your business needs you.</p> <p>(b) <b>Self Deposit</b> Loan Repayment is so easy that you can make deposits directly to your account in ANY HFC Bank branches countrywide.</p>	Express Loans can be repaid in any of HFC Bank branches. Payments are on weekly, bi weekly or monthly bases according to the repayment schedule provided.	Collection by field officers of the fund and repayment is on weekly, bi-weekly or by monthly basis
<b>ELEGIBILITY CRITERIA</b>	<p><b>ELIGIBILITY:</b></p> <p>Applicants must</p> <ol style="list-style-type: none"> <li>1. Be aged between 18 and 60 years</li> <li>2. Operate a micro/small business</li> <li>3. Be of good character</li> <li>4. Have adequate repayment capacity</li> </ol>	<p><b>ELIGIBILITY:</b></p> <p>Applicants must</p> <ol style="list-style-type: none"> <li>1. Be aged between 18 and 60 years</li> <li>2. Operate a micro/small business</li> <li>3. Be of good character</li> <li>4. Have adequate repayment capacity</li> </ol>	<p><b>ELIGIBILITY</b></p> <p>Applicants must</p> <ol style="list-style-type: none"> <li>1. Must have micro or small business</li> <li>2. Not above 60 ye ars by end of the loan period.</li> </ol>	<p><b>ELIGIBILITY</b></p> <p>Applications must</p> <ol style="list-style-type: none"> <li>1. Must be a contributor to the SSNIT Informal Sector Fund for at least 5 months</li> </ol>
<b>CONTACT S</b>	<p><b>HEAD OFFICE</b> Ring Road South, East Industrial Area Old Fadama Road, Agbogbloshie, P.O. Box CT4603, Accra, Ghana Tel (0233-21) 670807 /670816 Fax (0233-21) 670847</p>	<p><b>TUDU BRANCH</b> HFC Bank G2, St Francis Building, Tudu Tel (233-21) 666203 / 675114 FAX (233-21) 675894</p>	<p><b>TECHIMAN BRANCH</b> HFC Bank Abammu, (Techiman – Tamale Main Street Tel (233-653) 22054 Fax (233-653) 22414</p>	<p><b>TAKORADI</b> HFC BANK OLD GNCT BUILDING MARKET CIRCLE</p>
	<p><b>AGBOGBLOSHIE BRANCH</b> HFC Bank Tel 021 670859 / 670816 Fax 021 670847</p>	<p><b>KOFORIDUA BRANCH</b> HFC Bank Tel 081 26847 / 26845 Fax 081 26843</p>	<p><b>KUMASI BRANCH</b> HFC Bank Adum Roundabout, Adum Kumasi Tel 051 32597 / 31579 Fax 051 31580</p>	<p><b>ASHAIMAN BRANCH</b> HFC Bank Tel 022 301468</p>



HFC Investments  
No. 48 A, Sixth Avenue  
North Ridge, Accra