

# ANNUAL REPORT 2017



**kiddiFUND MUTUAL FUND LIMITED**

kiddiFUND  
ANNUAL REPORT  
2017

## NOTICE OF ANNUAL GENERAL MEETING

11 Sunflower Road, Christian Center, East Legon, Accra  
P.O.BOX CT 3535, Cantoments, Accra  
Tel: (233) 0302-542 22 28/ 0302-25 17 20  
Email: info@kiddifund.com

Notice is hereby given that the **5th Annual General Meeting** of shareholders of **kiddiFUND Mutual Fund Ltd** will be convened on the 3rd Floor Auditorium, **Ecobank Ghana New Head Office, Accra** on **Wednesday, 5th September, 2018** at **3pm** for the following purposes:

1. To consider the Report of Directors and Auditors for the year ended 31st December 2017
2. To receive and adopt the accounts for 2017.
3. Authorize the Directors to fix remuneration of the Auditors.
4. To approve remuneration of Directors.
5. To transact any other business appropriate to be dealt with at any Annual General Meeting.

A shareholder of the Fund is entitled to attend and vote or may appoint a proxy to attend and vote on his/her behalf. Such a proxy need not to be a shareholder. A copy of the instrument appointing the proxy may be deposited not later than forty-eight (48) hours prior to the commencement of the meeting at the principal place of business of the secretary.

Behind Haatso Puma Filling Station  
H/NO 102  
Haatso, Accra  
Dated 7th August, 2018  
BY ORDER OF THE BOARD

**ARZ Consult**  
(Secretary)

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## CORPORATE INFORMATION

**BOARD OF DIRECTORS** Mr. Nimo Ahinkorah - Chairman  
Mr. Enoch Kofi Ampratwum  
Mrs. Sarah Brainoo Arhin  
Mr. William Mensah  
Mrs. Rose Mawunyo Kley Gomez

**REGISTERED OFFICE** No.11 Sunflower Road  
East Legon  
Accra Ghana

**INVESTMENT MANAGER** EDC Investments Limited  
Ecobank Head Office Building  
2nd Floor, 2 Morocco Lane  
Off the Independence Avenue  
Accra -Ghana

**CUSTODIAN** Stanbic Bank (Ghana) Limited  
Stanbic Height  
Plot 215, South Liberation Road  
Airport City, Accra

**AUDITORS** John Kay and Co.  
Chartered Accountants  
7th Floor, Trust Towers  
Farrar Avenue, Adabraka  
P.O. Box 16088  
Airport, Accra

**BANKERS** Ecobank Ghana Limited  
Ring Road Central  
Accra

## REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS OF kiddiFund MUTUAL FUND LIMITED

The Board of Directors presents the report and audited financial statements of kiddiFund Mutual Fund Limited for the year ended 31 December, 2017.

### FINANCIAL STATEMENTS

The results for the fund for the year ended 31 December 2017 are set out in the attached financial statements.

The Board of Directors considers the state of the affairs of the company to be satisfactory.

### NATURE OF BUSINESS

kiddiFUND Mutual Fund Limited is a company registered and domiciled in Ghana. It is licensed by the Securities and Exchange Commission of Ghana to operate as an authorized mutual fund.

kiddiFund Mutual Fund Limited ("The Fund") is an open-end mutual fund which shall invest primarily in equity securities listed on the Ghana Stock Exchange (GSE) and fixed income securities. kiddiFund is a balanced fund that seeks to achieve current income, liquidity and capital preservation for its shareholders.

### DIVIDEND DISTRIBUTION POLICY

The fund does not distribute dividend. All income earned are reinvested.

Shareholders should be aware that the mutual fund aims to achieve capital growth and as such income is reinvested to take advantage of the effects of compounding.

#### ***i. Investment Distribution:***

Total Financial Asset as at 31 December is made up as follows:

	2017 GH¢	2016 GH¢
Equities/Shares	789,136	364,914
Government of Ghana Notes and Bonds	484,280	133,236
Corporate Bonds	147,386	148,531
Fixed Deposits	1,181,870	950,817
Government of Ghana Treasury Bills	5,002	178,222
Cash and Cash equivalent	314,053	113,455
	-----	-----
<b>Total Investment</b>	<b>2,921,726</b>	<b>1,889,175</b>
	=====	=====

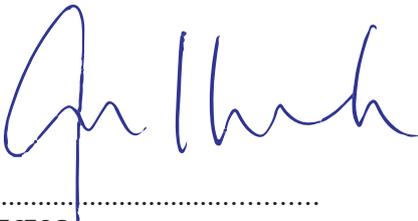
## REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS OF kiddiFund MUTUAL FUND LIMITED

*ii. Below are the asset allocation percentages for the year ended:*

	<b>2017</b>	<b>2016</b>
	<b>(%)</b>	<b>(%)</b>
Equity/Shares	27.00	19.32
Government Notes and Bonds	16.58	7.05
Corporate Bonds	5.04	7.86
Fixed Deposits	40.45	50.33
Treasury Bills	0.17	9.43
Cash and Cash Equivalent	10.75	6.01
	----	----
	<b>100</b>	<b>100</b>
	===	===

### APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the company were approved by the Board of Directors on 28th April, 2018 and signed on its behalf by:



.....  
DIRECTOR



.....  
DIRECTOR

## CHAIRMAN'S STATEMENT TO kiddiFund

### INTRODUCTION

I warmly welcome all shareholders to the 2017 Annual General Meeting of the kiddiFUND Mutual Fund. Your Fund recorded an impressive performance in 2017 by posting a full year return of 28.8% which compared favourably to the 2016 return of 14.67%. This performance was achieved on the back of a bullish run on the Ghana Stock Exchange with the GSE Composite Index returning 52.73%, its best performance since 2013. Your Fund deployed a tactical asset allocation strategy to increase exposure to the equity asset class to 27.1% of the Fund's net asset value compared to 19.45% for the same period in 2016 thereby significantly improving performance in the face of declining yields on fixed income securities. Over a 3 year period, your Fund has returned 65.51% versus a benchmark of 44.64%. We remain committed to you and look forward to an exciting 2018. We appreciate your custom.

### THE ECONOMIC ENVIRONMENT IN 2017

Provisional estimates for GDP growth rate for Ghana in 2017 was 8.5%. This was significantly above the 2016 figure of 3.7% and the 2017 target of 6.3%. This was mainly buoyed by increased production of oil and gas. Despite revenue shortfalls of 17.5% of GDP against a target of 18.9% of GDP, the fiscal deficit narrowed to 6% of GDP from 9.6% of GDP in 2016 on the back of Government's fiscal consolidation efforts. Inflationary expectations remained anchored throughout the year with inflation closing at 11.8% after dropping by 360 basis points in the year under review. It however, remained outside the Central Bank's target of 8%+/-2%. Through the successful implementation of the debt management strategy which involved increased longer dated issuances, the net domestic financing of GHS 14 billion was achieved. The relatively lower yields on Government instruments which translated into lower financing cost coupled with a larger GDP growth relative to 2016 culminated in a debt to GDP ratio of 70.5% as against 73% in 2016. The improved macroeconomic fundamentals allowed the Central Bank to pursue an accommodative monetary policy with the Monetary Policy Rate (MPR) declining by 550 basis points to 20%. The GHS also remained relatively stable throughout the year with a depreciation of 5% in the year under review. This was largely supported by improved gross reserves of US\$ 5.5 billion translating into 4.3 months of import cover.

### 2018 OUTLOOK

GDP growth momentum is expected to continue in 2018 and is projected to rise above 6%. The oil and gas sector is expected to drive growth with the second phase of the Sankofa project as well as the Gye Nyame gas field becoming operational in 2018. Crude oil production is thus expected to hit the 180,000 barrels per day mark. We forecast inflation to be within the Central Bank's target of 8%+/-2% in 2018 and thus support a monetary policy easing cycle. The budget deficit is forecasted to narrow to 4% of GDP as government continues with its fiscal consolidation efforts. We also forecast improved forex liquidity to support the GHS as we project sustained appetite for GHS denominated assets as well as improved crude oil receipts. Key downside risk will be government budget overruns as well as steep declines in crude oil prices.

With an expected stable macroeconomic outlook, we hold the view that the stock market presents an attractive proposition in the face of declining yields on fixed income securities. As such, your Fund will be well positioned to take advantage of the upside potential without compromising the Fund's objectives. We remain committed to you and appreciate your custom and look forward to your continued support.

**Nimo Ahinkorah**  
Chairman.

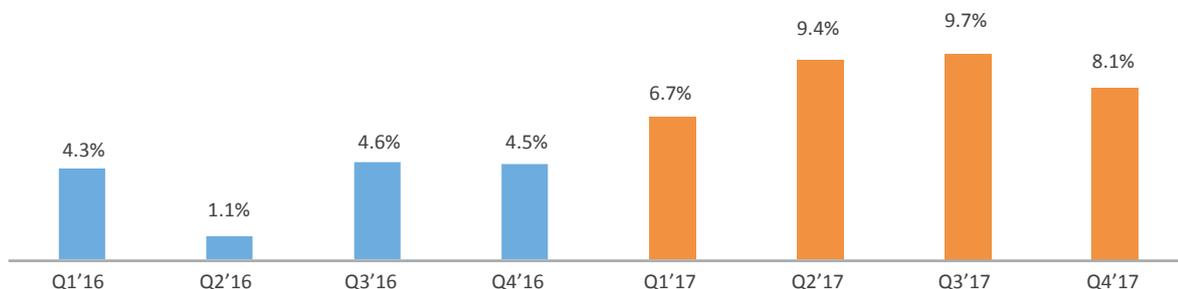
## FUND MANAGER’S STATEMENT TO kiddiFUND SHAREHOLDERS

### ECONOMIC REVIEW FOR 2017

Significant progress was achieved in tackling the macroeconomic headwinds encountered in 2016. GDP grew by 8.5% in 2017 compared to 3.5% in 2016. This largely came about as a result of increased oil production, from an average of 120,000 barrels per day recorded in 2016 to 167,000 barrels per day in 2017. Also, a rebound in crude oil prices from US\$ 43 per barrel as at the end of 2016 to US\$52 per barrel in 2017 also helped fuel GDP growth. The economy for the first time since 2003 recorded a positive primary balance. The balance of GHS 1.2 billion at the end of 2017 compares favourably to the deficit of GHS 1.7 billion recorded in 2016.

Government’s fiscal consolidation efforts led to the narrowing of the fiscal deficit to 6% of GDP from 9.3% in 2016 and below the 2017 target of 6.3%. This was achieved despite revenue shortfalls which was 17.5% of GDP against a target of 18.9%. The government however, restrained expenditure to 23.4% of GDP against a target of 25.2% to match the lower revenues. Headline inflation also declined to 11.8% in December 2017 from the 15.4% recorded in December 2016. Even though this fell short of Bank of Ghana’s target of 8% +/- 2%, it represented a significant decline and reflected expected price stability. This coupled with a relatively stable GHS against the US Dollar (depreciation of 5%) gave the Monetary Policy Committee (MPC) of the Bank of Ghana the room to cut the Monetary Policy Rate (MPR) by 550 basis points to 20%.

GDP (Year-on-year change)



### THE FIXED INCOME MARKET IN 2017

The government successfully implemented its debt management strategy in 2017 by shifting supply to longer dated instruments thereby meeting its net domestic financing requirement of GHS 14 billion. This led to yields along the yield curve trending downwards. Yields at the shorter end declined the most with yields on the 91 and 182-day treasury bills declining from 22% and 23% at end of 2016 to 14% and 14.9% respectively at the end of 2017. The yield curve was extended with issuance of a 7 year Government of Ghana (GoG) bond and the debut 15 year GoG bond in April 2017 both clearing at a yield of 19.75% with a total issuance size of US\$ 2.2 billion. Also, a bond was issued in November to retire and restructure debts owed to banks, bulk oil distribution companies and state-owned enterprises. The target issuance size was GHS 6 billion. GHS 4.7 billion was however raised.

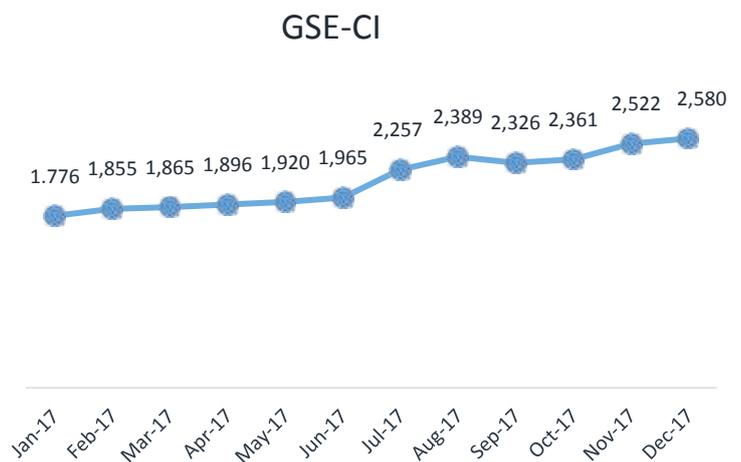
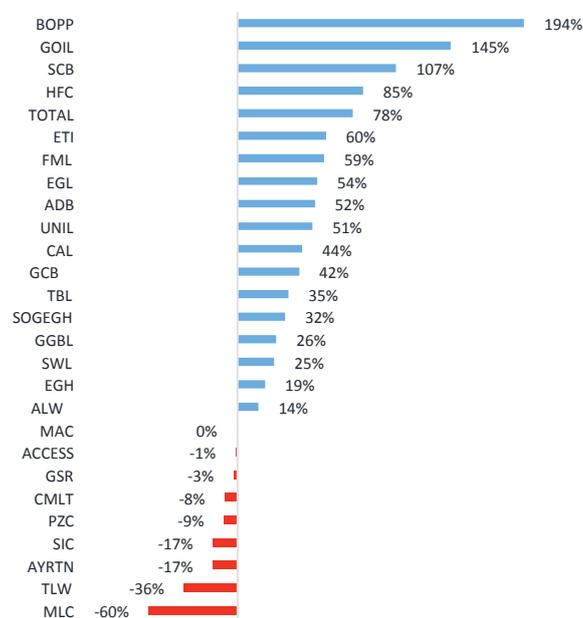


## FUND MANAGER'S STATEMENT TO kiddiFUND SHAREHOLDERS

### THE STOCK MARKET

The performance of the market was impressive in the year under review due to improved economic outlook as well as lower yields on fixed income securities. The GSE Composite Index (GSE-CI) was up 52.73%, its best performance since 2013 and significantly better than the -15.33% performance in 2016. The year began with a rally in the first 3 months, fueled by anticipated strong earnings releases from financial counters. This culminated in the GSE-CI posting a return of 10.42% in the first quarter. The momentum eased in the second quarter when the market returned 5.34% to investors. In the third and fourth quarters, the market returned 18.4% and 10.9% respectively.

### 2017 Stock Returns



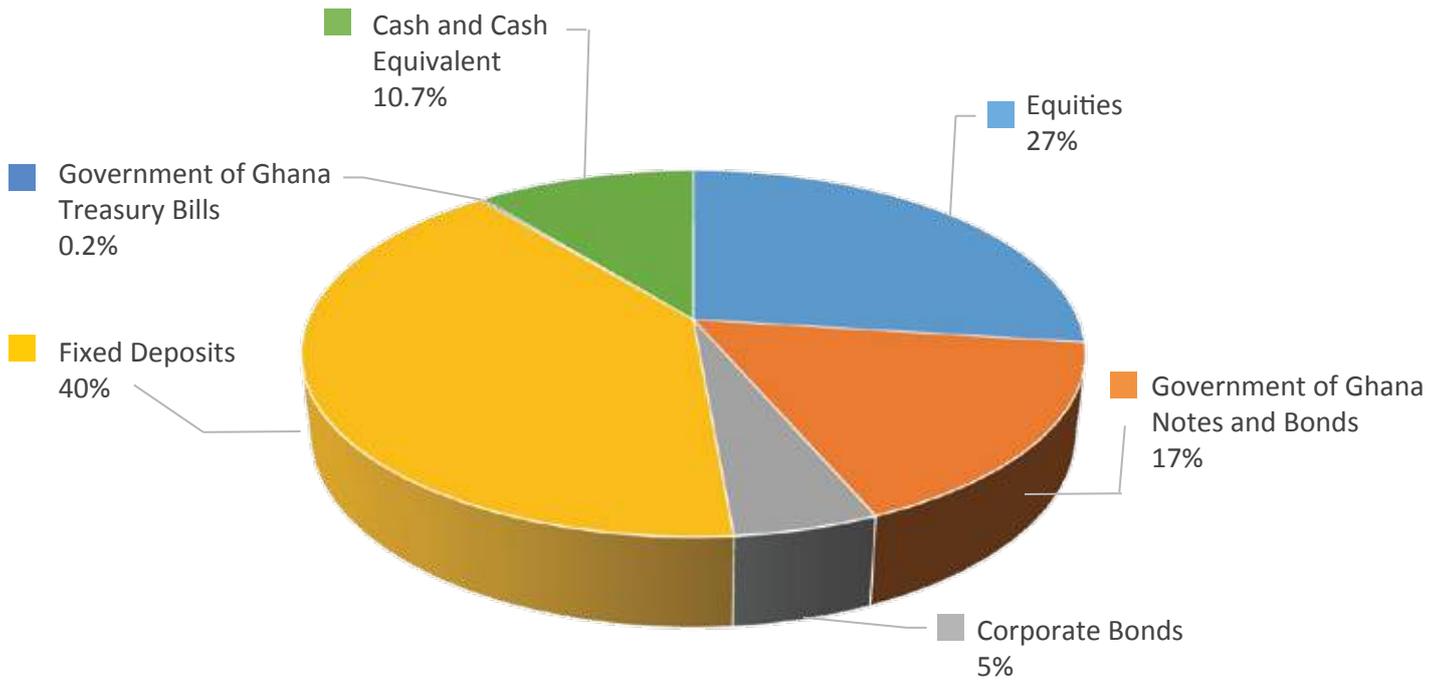
### FUND PERFORMANCE AND PORTFOLIO STRUCTURE

The Fund, deployed a tactical asset allocation strategy to increase its equity allocation to 27.1% at the end of December 2017 compared to 19.45% as at the end of December 2016. This enabled the fund to benefit from the improved performance on the equity market culminating in a 2017 full year return of 28.8% compared to a benchmark return of 34.5%.

Since the Fund's inception in November 2012 till end of 2017, the fund has recorded a cumulative return of 144.5%, slightly short off the benchmark return of 147.3%. The Fund has registered a Compounded Annual Growth Rate of 19.2%.

**FUND MANAGER’S STATEMENT TO kiddiFUND SHAREHOLDERS**

Portfolio Mix as at 31st December, 2017



**Fund Performance**

Performance %	1 Month	2 Month	6 Month	YTD	1 Year	3 Year	Since Inception
<b>kiddiFUND</b>	2.15	5.53	12.96	28.76	28.76	65.51	144.53
<b>*Benchmark</b>	1.79	7.34	19.44	34.52	34.52	44.64	147.35

**ASSETS UNDER MANAGEMENT**

The Net Asset Value of the Fund stood at GHS 2,921,726, a 55% increase compared to GHS 1,889,175 recorded in 2016. Total inflows stood at GHS 770,932 while outflows amounted to GHS 370,325. This resulted in a net inflow of GHS 400,607.

## FUND MANAGER'S STATEMENT TO kiddiFUND SHAREHOLDERS

### OUTLOOK AND STRATEGY FOR 2018

We expect the GDP growth momentum to be sustained in 2018. Also, inflation targets are expected to fall within the central banks medium term target of 8% +/- 2% due to anticipated decreases in both components of the Consumer Price Index (CPI) basket. However, there is potential risk of upward petroleum prices and GHS volatility causing an uptick in inflation in the short term. Generally, we expect further cuts in the MPR on the back of general price stability.

On the fixed income market, we expect yields to continue to decline along the yield curve on the back of government's continued debt restructuring strategy. As such, we will seek to increase the duration of the fixed income portfolio to minimize interest rate risk. We expect a bullish run on the equities market in 2018 and we will cautiously seek stocks that hold significant upside potential.



**Emmanuel Owusu**  
Portfolio Manager



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDC kiddifund MUTUAL FUND LIMITED

### Opinion

We have audited the accompanying financial statements of kiddiFUND Mutual Fund Limited, which comprise the statement of financial position at 31 December 2017, the statement of comprehensive income and the 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, as set out on pages 15 to 23.

In our opinion, the financial statements give a true and fair view of the financial position of kiddiFUND Mutual Fund Limited as at December 31, 2017 and of its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 1963, (Act 179) of Ghana.

### 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 mutual fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 1963, (Act 179) of Ghana, Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695) and for such internal control as Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for overseeing the mutual fund financial reporting process.

In preparing the financial statements, the Board of Directors is responsible for assessing the mutual 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 Board of Directors either intends to liquidate the mutual fund or to cease operations, or has no realistic alternative but to do so.

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

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDC kiddifund MUTUAL FUND LIMITED

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 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 mutual fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Directors.
- Conclude on the appropriateness of Board of Directors 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 mutual 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 mutual fund to cease to continue as a going concern.

We communicate with those charged with governance 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.

### Key Audit Matter

In accordance with ISAs, this part of our report is intended to describe the matters communicated with those charged with governance that we have determined, in our professional judgement, were most significant in

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jkayal@y**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF EDC kiddifund MUTUAL FUND LIMITED**

the audit of the financial statements. We have determined that, there are no matters to report under key audit matters.

**Report on Other Legal and Regulatory Requirements**

Compliance with the requirements of Section 133 of the Companies Act, 1963 (Act 179) of Ghana

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

In our opinion, proper books of accounts have been kept by the Mutual Fund so far as it appears from our examination of those books.

**JOHN ARMSTRONG YAO KLINOGO (ICAG/P/1116)**

For and on behalf of John Kay & Co. (ICAG/F/2018/128)

Chartered Accountants

Accra.

APRIL 28, 2018

## STATEMENT OF FINANCIAL ASSETS DESIGNATED THROUGH PROFIT OR LOSS AS AT 31 DECEMBER 2017

EQUITY INVESTMENTS	SHARES	PRICE PER SHARE GH¢	MARKET VALUE GH¢	PERCENT OF NET ASSETS %
<b>Banking</b>				
HFC Bank Ghana Limited	10,000	1.39	13,900	0.48
Ecobank Transnational Incorporated	171,066	0.16	27,371	0.95
GCB Bank Limited	33,400	5.05	168,670	5.85
Standard Chartered Bank	3,100	25.25	78,275	2.71
CAL Bank	95,900	1.08	103,572	3.59
Ecobank Ghana Limited	2,700	7.60	20,520	0.71
Societe Generale Ghana Ltd	20,000	0.82	16,400	0.57
<b>Financial Services</b>				
SIC Insurance Company Limited	20,000	0.10	2,000	0.07
Enterprise Group Limited	23,000	3.70	85,100	2.95
<b>Food, Beverages &amp; Household Products</b>				
Guinness Ghana Breweries Ltd	2,075	2.06	4,275	0.15
Fan Milk Ltd	4,700	17.70	83,190	2.89
PZ Cussons Ghana Limited	40,000	0.20	8,000	0.28
Unilever Ghana Limited	1,524	12.84	19,568	0.68
<b>Agro-Processing</b>				
Benso Oil Palm Plantation	13,800	6.12	84,456	2.93
<b>Oil &amp; Gas</b>				
Total Petroleum Ghana Limited	12,840	3.53	45,325	1.57
Ghana Oil Co Ltd	10,600	2.69	28,514	0.99
			<b>789,136</b>	<b>27.37</b>
<b>FIXED INTEREST SECURITIES</b>				
<i>Debt securities</i>				
<i>Treasury Bonds</i>				
1 -Year Fixed Rate Note			104,032	3.61
2 -Year Fixed Rate Note			174,549	6.05
3 -Yr Fxd Rate Sec Note			101,638	3.53
5-Yr Fxd Rate Sec Note			43,182	1.50
7-Year Fixed Rate Note			60,879	2.11
			<b>484,280</b>	<b>16.80</b>
<b>Corporate Bond</b>				
3 Yr. AFB Flt Rate Note			52,263	1.81
3 Yr. AFB Fxd Rate Note			95,123	3.30
			<b>147,386</b>	<b>5.11</b>
<b>Treasury Bills</b>				
182-Days Treasury Bills			5,002	0.17
<b>Held-to-maturity Securities</b>				
<i>Certificates of Deposit</i>				
364 Day			1,181,870	40.99
Funds on Call			314,053	10.89
			<b>1,495,923</b>	<b>51.89</b>
Total Financial Asset			<b>2,921,726</b>	<b>101.33</b>
Total Financial and other Liabilities			<b>(38,589)</b>	<b>(1.33)</b>
<b>TOTAL NET FINANCIAL ASSETS</b>			<b>2,883,137</b>	<b>100</b>

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	2017 GH¢	2016 GH¢
<b>Financial Assets</b>			
Cash and cash equivalents	11	314,053	113,455
Non pledge financial assets at fair value Through profit and loss	12	2,607,673	1,775,720
		-----	-----
<b>Total Financial Assets</b>		<b>2,921,726</b>	<b>1,889,175</b>
		=====	=====
<b>Represented By:</b>			
Members' Fund	13	2,883,137	1,828,351
		-----	-----
<b>Financial &amp; Other Liabilities</b>			
Account payables	14	38,589	60,824
		-----	-----
		38,589	60,824
		-----	-----
<b>Total Members' Fund and Financial Liabilities</b>		<b>2,921,726</b>	<b>1,889,175</b>
		=====	=====

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 GH¢	2015 GH¢
<b>Revenue</b>			
Interest income	6	408,316	198,561
Dividend income		19,070	23,154
Net gains/(Loss) from financial instruments at fair Value through profit and loss	8	259,419	(92,980)
		-----	-----
<b>Total Revenue</b>		<b>686,805</b>	<b>128,735</b>
		-----	-----
<b>Expenses</b>			
Fund Management		60,358	42,439
Custodian Fees		7,243	3,325
General Expenses	15	14,887	24,650
Audit Fees		4,500	4,500
		-----	-----
<b>Total Operating Expenses</b>		<b>86,988</b>	<b>74,914</b>
		-----	-----
<b>Operating Profit before Tax</b>		<b>599,817</b>	<b>53,821</b>
		-----	-----
<b>Increase in Net Assets Available for Benefits</b>		<b>599,817</b>	<b>53,821</b>
		=====	=====

## ACCUMULATED NET INVESTMENT INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2017 GH¢	2016 GH¢
Balance as at 1 January	331,741	277,920
Transfer from Income and Distribution Statement	599,817	53,821
	-----	-----
<b>Balance at 31 December</b>	<b>931,558</b>	<b>331,741</b>
	=====	=====

## STATEMENT OF MOVEMENTS IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 GH¢	2016 GH¢
<b>Change in Net Assets from Operations</b>		
Change in:		
Net Investment Income	599,818	53,821
Prior Year Adjustment	54,361	-
	-----	-----
<b>Net Change in Net Assets from Operations</b>	<b>654,178</b>	<b>53,821</b>
	-----	-----
<b>Change in Net Assets from Capital Transactions</b>		
Proceeds from Issue of Shares	770,932	434,848
Share Redemption	(370,325)	(117,792)
	-----	-----
<b>Net Change in Net Assets from Capital Transactions</b>	<b>400,607</b>	<b>317,056</b>
	-----	-----
<b>Net Additions to Net Assets</b>	<b>1,054,786</b>	<b>370,877</b>
	=====	=====
<b>Analysis of Changes in Net Asset for The Year</b>		
At 1 January	1,828,351	1,457,474
Net Additions to Net Assets	1,054,786	370,877
	-----	-----
At 31 December	<b>2,883,137</b>	<b>1,828,351</b>
	=====	=====

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	<b>CAPITAL TRANSACTIONS GH¢</b>	<b>INVESTMENTS GH¢</b>	<b>TOTAL GH¢</b>
<b>31 December 2017</b>			
At 1 January	1,496,610	331,741	1,828,351
Net Income from Operations		599,818	599,818
Share Issue	770,932	-	770,932
Shares Redemption	(370,324)	-	(370,324)
Prior Year Adjustment	54,361		54,361
	-----	-----	-----
<b>At 31 December</b>	<b>1,951,579</b>	<b>931,559</b>	<b>2,883,137</b>
	=====	=====	=====
	<b>CAPITAL TRANSACTIONS GH¢</b>	<b>INVESTMENTS GH¢</b>	<b>TOTAL GH¢</b>
<b>31 December 2016</b>			
At 1 January	1,179,554	277,920	1,457,474
Net Income from Operations	-	53,821	53,275
Share Issue	434,848	-	434,848
Shares Redemption	(117,792)	-	(117,792)
	-----	-----	-----
<b>At 31 December</b>	<b>1,496,610</b>	<b>331,741</b>	<b>1,828,351</b>
	=====	=====	=====

## PORTOFOLIO SUMMARY AT 31 DECEMBER 2016

DESCRIPTION	POSITION AS AT 31.12.17	VALUE AS AT 31.12.2017 GH¢	PURCHASES AS AT 31.12.2017 GH¢	SALES AS AT 31.12.2017 GH¢
<b>Banking</b>				
HFC Bank Ghana Limited	10,000	13,900	-	-
Ecobank Transnational Incorporated Limited	171,066	27,371	-	-
Ghana Commercial Bank Limited	33,400	168,670	12,576	-
Standard Chartered Bank Limited	3,100	78,275	13,017	-
CAL Bank Limited	95,900	103,572	30,450	-
Ecobank Ghana Limited	2,700	20,520	1,634	-
Societe Generale Ghana Limited	20,000	16,400	15,631	-
<b>Financial Services</b>				
State Insurance Company	20,000	2,000	-	-
Enterprise Insurance	23,000	85,100	22,898	-
<b>Food, Beverages &amp; Household Products</b>				
Guinness Ghana Breweries Limited	2,075	4,275	-	-
Fan Milk Limited	4,700	83,190	39,198	-
Patterson Zochonis Comp. Limited	40,000	8,000	-	-
Uniliver Limited	1,524	19,568	12,992	-
<b>Agro-Processing</b>				
Benso Oil Palm Plantation	13,800	84,456	-	-
<b>Oil &amp; Gas</b>				
Total Petroleum Limited	12,840	45,325	13,970	-
Ghana Oil Co Limited	10,600	28,514	2,436	-
		<b>789,136</b>	<b>164,802</b>	
		=====	=====	=====

## STATEMENT CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 GH¢	2016 GH¢
Cash Flow from Operating Activities		
Interest in net assets attributable to unit holders	599,817	53,821
Prior Adjustment	54,361	-
<b>Adjusted for:</b>		
Dividend	(19,070)	(23,154)
Interest Accrued	(161,431)	(85,367)
Interest Income	(246,886)	(113,194)
Net Realised (Gain) loss on investment	(259,419)	92,980
Change in liabilities	(22,235)	29,236
	-----	-----
<b>Net Cash Flow from Operating Activities</b>	<b>(54,861)</b>	<b>45,678</b>
	=====	=====
Cash Flow from Investing Activities		
Purchased of Financial Assets	(325,648)	(338,783)
Proceeds from Matured financial assets	161,431	85,367
Dividend	19,070	23,154
	-----	-----
<b>Net Cash Flow from Investing Activities</b>	<b>(145,147)</b>	<b>(230,262)</b>
	=====	=====
Cash Flow from Financing Activities		
Proceeds from issuance of units	770,932	434,848
Amount paid on redemption of units	(370,325)	(117,792)
	-----	-----
<b>Net Cash Flow from Financing Activities</b>	<b>400,607</b>	<b>317,056</b>
	=====	=====
Net Increase (Decrease) In Cash and Cash Equivalent	200,597	41,115
Cash and cash equivalent at 1 January 2017	113,455	72,340
	-----	-----
<b>Cash and Cash Equivalent at 31 December 2017</b>	<b>314,053</b>	<b>113,455</b>
	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 1. REPORTING ENTITY

kiddiFund Mutual Fund Limited is an investment fund company whose primary object is to obtain contributions from members and invest same for their benefit. kiddiFund Mutual Fund Limited is a limited liability company and is incorporated and domiciled in the Republic of Ghana. The address and registered office of the company can be found on page 2 of the financial statements.

The Fund was established and operates in accordance with the Unit Trust and Mutual Fund Regulation (L.I.1695). The Fund shall be marketed as a “balanced fund”, which means it will invest in a combination of listed equities, bonds, as well as other suitable fixed income securities to achieve its investment objective.

The investment activities shall be managed by EDC Investments Limited and Stanbic Investment Management Services

### 2. BASIS OF PREPARATION

#### a. *Basis of measurement*

These financial statements have been prepared in accordance with the Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695) and comply with the International Financial Reporting Standards (IFRS).

#### b. *Functional and presentation currency*

These financial statements are presented in Ghana cedi, which is the Fund’s functional currency. All amounts have been stated in full.

#### c. *Use of estimates and judgment*

In preparing these financial statements, the Mutual Fund management has made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

### 3. ACCOUNTING POLICIES

The following principal accounting policies have been consistently applied during the year in the preparation of the Mutual Fund financial statements.

#### i. Purchase of Share Units

Applicants complete standard application forms which are sent to the office of the Manager. Telephone or electronic requests must be confirmed in writing. Application for units is at the discretion of the Board of Directors of the Fund Manager. Cheques are cleared first before the processing of applications by the Manager. Payments for units shall be made in Ghana Cedis; however, applicants can settle their payments with easily convertible currencies but bear the foreign exchange transaction cost.

#### ii. Investment income recognition

##### a. Interest income

Interest income, including interest income from non-derivative financial assets at Fair value through profit or loss (FVTPL), are recognised in profit or loss, using effective interest method. The effective interest is the rate that exactly discounts the estimated future cash payments or receipts, without consideration of future credit

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

losses, over the expected life of the financial instrument or through to the next market-based re-pricing date to the net carrying amount of the financial instrument on initial recognition.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### a. Interest income(cont'd)

Interest received or receivable and interest paid or payable are recognised in the profit or loss as interest income or interest expense, respectively.

#### iii. Financial Instruments

##### a. Non-derivative financial instruments

Non-derivative financial instruments comprise loans and receivables, held-to-maturity and available-for-sale. The Fund Manager determines the appropriate classification of its financial assets and liabilities at initial recognition.

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

Non-derivative financial instruments are derecognised when the rights to receive cash flows from the financial assets have expired or where the Mutual Fund has transferred substantially all risks and rewards of ownership.

Non-derivative financial instruments are categorised as follows:

- Loans, advances and receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than (a) those classified as held for trading and those that the Mutual Fund on initial recognition designates at fair value through profit and loss; (b) those that the Mutual Fund upon initial recognition designates as available-for-sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are carried at amortised cost using effective interest rate method less appropriate allowances for doubtful receivables. Allowances for doubtful receivables represents the Mutual Fund estimate of incurred losses arising from the failure or inability of customers to make payments when due. These estimates are based on aging of customer's balances, specific credit circumstances, and the company's receivables historical experience. Regular way purchases and sales of loans and receivables are recognised on contractual settlement

Available-for-sale – these are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates, or equity prices. Investment securities and treasury bills with a maturity of 182 days or less are classified as available-for-sale.

Available-for-sale financial assets are carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the profit or loss account.

However, interest calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Mutual Fund right to receive payment is established.

Regular way purchases and sales of available-for-sale financial assets are recognised on trade-date, i.e. the date on which the Mutual Fund commits to purchase or sell the asset.

Held-to-maturity – Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

Were the Mutual Fund to sell more than a significant amount of held-to-maturity assets, the entire category would have to be reclassified as available-for-sale. Treasury bills with an original maturity of more than 182 days, treasury notes and other government bonds are classified as held-to-maturity.

Held-to-maturity assets are carried at amortised cost using effective interest rate method. Regular way purchases and sales of financial assets held-to-maturity are recognised on trade-date, i.e. the date on which the Mutual Fund commits to purchase or sell the asset.

### (b) Derivative financial instruments

A derivative is a financial instrument that changes its values in response to changes in the underlying variable, requires no or little net initial investment and is settled at a future date. Derivatives are mainly used to manage exposures to foreign exchange, interest rate and commodity price risk. The classification of derivatives is determined upon initial recognition and is monitored on a regular basis.

Derivatives are initially recognised at fair value plus directly attributable transaction costs. These are subsequently measured at fair value on a regular basis and at each reporting date as a minimum. The fair values of exchange-traded derivatives are based on respective market prices, while the fair value of the over-the-counter derivatives are determined using accepted mathematical models based on market data and assumptions. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair values of derivatives that do not qualify for hedge accounting are recognised directly in the income statement.

### (c) Financial Liabilities

Financial liabilities, other than trading liabilities and financial liabilities designated at fair value, are carried at amortised cost using the effective interest method. Financial liabilities are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost. Financial liabilities are derecognised when they are redeemed or otherwise extinguished.

### (d) Off setting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Mutual Fund has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

### (e) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method, of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

### (f) Hedge Accounting

Hedge accounting is the method that recognises the proportionate offsetting effects of a hedging instrument

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

on the changes in value of the hedged item. Hedge accounting applies only when a hedging relationship can be demonstrated between a hedged item and a hedging instrument. Such method generally applies for transactions that are carried out to eliminate or mitigate risks. The effectiveness of such hedges is demonstrated at inception and verified at regular intervals and at least on a quarterly basis, using prospective and retrospective testing.

Recognition of hedged transactions depends on the hedged categories.

### Fair value hedges

Fair value hedges are used to mitigate foreign currency and interest rate risks of recognised assets and liabilities. The changes in fair values of hedging instruments are recognised in the income statement. Hedged items are also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

The fair values of financial instruments are determined using market prices for quoted instruments and widely accepted valuation techniques for other instruments. Valuation techniques include discounted cash flows, standard valuation models based on market parameters and dealer quotes for similar instruments. When fair values of unquoted instruments cannot be measured with sufficient reliability, such instruments are carried at cost less impairments, if applicable.

### Cash flow hedges

Cash flow hedges are used to mitigate foreign currency risks of highly probable forecast transactions, such as anticipated future export sales, purchases of equipment and raw materials, as well as the variability of expected interest payments and receipts. The effective part of the changes in fair value of hedging instruments is recognised against equity, while any ineffective part is recognised immediately in the income statement. When the hedged item results in the recognition of a non-financial asset or liability, the gains or losses previously recognised against equity are included in the measurement cost of the asset or the liability. Otherwise the gains or losses previously recognised against equity are removed from equity and recognised in the income statement at the same time as the hedged transaction.

### (g) Effective Interest Rate

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### (h) Determining fair value

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted bid price or asking price (as appropriate) in an active market wherever possible. Where no such active market exists for the particular asset, the Group uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models or other valuation techniques commonly used by market participants.

### (i) Impairment of financial assets

The Mutual Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Mutual Fund about the following loss events:

- I. Significant financial difficulty of the borrower;
- II. A breach of contract, such as default or delinquency in interest or principal repayments;
- III. The Mutual Fund granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that The Mutual Fund would not otherwise consider;
- IV. It becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- V. The disappearance of an active market for that financial asset because of financial difficulties; or
- VI. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets including:
  - \* Adverse changes in the payment status of borrowers; or
  - \* National or local economic conditions that correlate with defaults on the assets of The Mutual Fund.

The estimated period between losses occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three months and twelve months. In exceptional cases, longer periods are warranted.

### iv. Foreign Currency

Transactions in foreign currencies during the period are converted into cedis at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into cedis at exchange rates ruling at the financial year-end. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into cedis at the exchange rates at the date on which the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss as net foreign exchange losses, except for those arising on financial instruments at FVTPL, which are recognised as a component of net gains from financial instruments at FVTPL.

### v. Transfer values

Transfer values represent the capital sums paid to and from the Mutual Fund on the basis of when the member liability is accepted or discharged.

### vi. Cash and Cash equivalents

Cash and cash equivalents comprises deposits with banks and highly liquid financial assets with maturity of three months or less from the date of acquisition that are subject so an insignificant risk of changes in their value and are used by the Mutual Fund in the management of short term commitment, other than cash collateral provided in respect of derivatives and security borrowing transactions.

### vii. Fees and commission

Fees and commissions expenses are recognised in profit or loss as the related services are performed.

## 4. Amendments to IFRSs that are Mandatorily Effective for The Current Period

kiddiFund Mutual Fund applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The Mutual Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the accounting period that begins on or

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

after 1 January 2017. The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the annual financial statements of the Mutual Fund.

### 4. Amendments to IFRSs That are Mandatorily Effective for The Current Period (Cont'd)

The nature and the impact of each new standard or amendment is described below:

1. Amendments to IAS 7: Statements of Cash Flows: Disclosure Initiatives
2. Amendments to IAS 12: Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses
3. Amendments to IFRS 12 Annual Improvements Cycle -: 2014 – 2016 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

#### i. Amendments to IAS 7 Statements of Cash Flows: Disclosure Initiatives

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

The Mutual Fund has provided the information for the current period in page 14

#### ii. Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The application of this amendment has no effect on the Fund's financial position and performance as the Fund has no deductible temporary differences or assets that are in the scope of the amendments.

#### iii. Annual Improvements Cycle -: 2014 – 2016 Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments did not affect the Fund's financial statements.

### 5. New Standards and interpretations not yet adopted

A number of new standards and amendments are effective for annual periods beginning after 1 January 2014 and have not been applied in preparing these financial statements. The only new standard relevant to the Fund is IFRS 9 Financial Instruments, which is discussed below. The Fund does not plan to adopt IFRS 9 early.

kiddiFund Mutual Fund has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- i. IFRS 9. Financial Instruments 1
- ii. IFRS 15. Revenue from Contracts with Customers (and the related Clarifications) 1
- iii. IFRS 16. Leases 2
- iv. Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions 1
- v. Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### Joint Venture 3

vi. Amendments to IAS 40 Transfers of Investment Property 1

vii. IAS 7 Disclosure Initiative – Amendments to IAS 7 1

viii. IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12 1

ix. Amendments to IFRSs. Annual Improvements to IFRS Standards 2014-2016 Cycle 1 IFRIC 22 Foreign Currency Transactions and Advance Consideration 1

1. Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2. Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

3. Effective for annual periods beginning on or after a date to be determined.

5. New Standards and interpretations not yet adopted (cont'd)

### i. IFRS 9, Financial Instruments

IFRS 9, published in July 2014, will replace the existing guidance in IAS 39. It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model of calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de recognition of financial instrument from IAS 39.

IFRS 9 is effective for annual reporting periods beginning 1 January 2018, with early adoption permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Fund plans to adopt the new standard on the required effective date. During 2017, the Mutual Fund has performed a high-level impact assessment of all three; Classification and measurement, Impairment and Hedge accounting aspects of IFRS 9. Overall, the U expects no significant impact on its balance sheet.

### ii. IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Mutual Fund plans to adopt the new standard on the required effective date using the full retrospective method.

### iii. IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving

the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

### iv. IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

### 5. New Standards and interpretations not yet adopted (cont'd)

### v. Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

### vi. Transfers of Investment Property — Amendments to IAS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight. Effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed. The Fund will apply amendments when they become effective. However, since Mutual Fund current practice is in line with the clarifications issued, the Fund does not expect any effect on its financial statements.

### vii. IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures provided by the Mutual Fund.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### viii. IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity.

Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Mutual Fund.

### 5. New Standards and interpretations not yet adopted (cont'd)

#### I. Annual Improvements 2014-2016 Cycle (issued in December 2016)

These improvements include:

i. IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have now served their intended purpose. The amendment is effective from 1 January 2018. This amendment is not applicable to the Fund.

ii. IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- An entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an
  - Investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associates or joint venture is initially recognized;
  - (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associates or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier Application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact. These amendments are not applicable to the Fund.

### iii. Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018. An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9. These amendments will be adopted on effective date by the Mutual Fund.

### iv. IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects

the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

### 5. New Standards and interpretations not yet adopted (cont'd)

### v. IFRIC Interpretation 23 Uncertainty over Income Tax Treatment (cont'd)

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Fund will apply interpretation from its effective date. Since the Fund operates in a complex multinational tax environment, applying the Interpretation may affect its financial statements and the required disclosures. In addition, the Fund may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

## 6. INTEREST INCOME

	2017	2016
	GH¢	GH¢
Interest income from financial assets carried at amortized cost:		
Cash and cash equivalents	7,903	1,197
Interest income on financial instruments designated as at fair value through profit or loss:		
Debt securities	112,087	60,082
Held-to-maturity	288,326	137,282
	-----	-----
	<b>408,316</b>	<b>198,561</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 7. Financial Instruments

#### a. Analysis of changes in fair value of financial instrument through profit or loss

	Balance 1/1/17 GH¢	Purchase/ (Sales) GH¢	Accrued interest GH¢	Change in fair value GH¢	Value at 31/12/17 GH¢
<b>2017</b>					
Quoted Shares	364,914	164,802	-	259,418	789,136
Ghana Government securities	133,236	299,533	51,510	-	484,280
Treasury Bills	178,222	(173,222)	1	-	5,001
Fixed and Time deposits	950,817	39,177	191,876	-	1,181,870
Corporate Bonds	148,531	(9,332)	8,187	-	147,386
	<b>1,775,720</b>	<b>320,959</b>	<b>251,575</b>	<b>259,418</b>	<b>2,607,673</b>
	=====	=====	=====	=====	=====
	<b>Balance</b>	<b>Purchase/ (Sales)</b>	<b>Accrued interest</b>	<b>Change in fair value</b>	<b>Value at</b>
	<b>1/1/17</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>31/12/17</b>
	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
<b>2016</b>					
Quoted Shares	457,855	-	-	92,981	364,914
Ghana Government securities	24,978	101,022	7,235	-	133,236
Treasury Bills	231,411	(65,321)	12,132	-	178,222
Fixed and Time deposits	573,242	239,279	84,295	-	950,817
Corporate Bonds	129,197	9,802	9,531	-	148,531
	<b>1,416,683</b>	<b>338,783</b>	<b>113,194</b>	<b>-</b>	<b>1,775,720</b>
	=====	=====	=====	=====	=====

#### 8. Net Gains/(Loss) from Financial Instruments at Fair Value through profit or Loss

	2017 GH¢	2016 GH¢
Market Value of Investments	789,135	364,914
Cost of Investments	(529,716)	(457,894)
	<b>259,419</b>	<b>(92,980)</b>
	=====	=====

#### 9. Capital Transactions

	2017 No. of Shares	2016 No. of Shares
Shares in Issue at Beginning	1,180,108	179,236
New Issues	3,307,378	2,475,895
Redemptions	(1,389,804)	(1,474,227)
	<b>3,097,682</b>	<b>1,180,108</b>
	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 10. Purchase and Sale of Long Term Securities

	2016 PURCHASES GH¢	2016 SALES GH¢	2015 PURCHASES GH¢	2015 SALE GH¢
Ghana Commercial Bank Limited	12,576	-	-	-
Ecobank Ghana Limited	1,634	-	-	-
Standard Chartered Bank	13,017	-	-	-
CAL Bank	30,450	-	-	-
Enterprise Group Limited	22,898	-	-	-
Fan Milk Limited	39,198	-	-	-
Unilever Ghana Limited	12,992	-	-	-
Total Petroleum Ghana Limited	13,970	-	-	-
Ghana Oil Co Limited	2,436	-	-	-
Societe Generale Ghana Limited	15,631	-	-	-
	-----	-----	-----	-----
	<b>164,802</b>	-	-	-
	=====	=====	=====	=====

### 11. Cash and Cash Equivalents

	2017 GH¢	2016 GH¢
Cash and Cash Equivalents	314,053	113,455
	-----	-----
	<b>314,053</b>	<b>113,455</b>
	=====	=====

### 12. Non-pledged Financial assets designated as at fair value through profit or loss

	2017 GH¢	2016 GH¢
Debt securities	631,666	224,925
Quoted equity investments	789,135	364,914
Held to maturity securities	1,186,872	1,185,881
	-----	-----
	<b>2,607,673</b>	<b>1,775,720</b>
	=====	=====

### 13. Members' Fund

	2017 GH¢	2016 GH¢
Accumulated net investment income	931,558	277,920
Stated capital registered	100,000	100,000
Movement on shares issued	1,851,579	1,450,431
	-----	-----
	<b>2,883,137</b>	<b>1,828,351</b>
	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 14. Accounts Payables Payable under Service Level Agreements

	2017 GH¢	2016 GH¢
Management fees	17,451	38,226
Audit fees	4500	4,500
Custody fees	9,265	10,725
VAT	788	788
Other Current Liability	6,585	6,585
	-----	-----
	<b>38,589</b>	<b>60,824</b>
	=====	=====

### 15. General Expense

	2017 GH¢	2016 GH¢
Directors emolument	6,000	6,000
Stationery and Printing	2,115	7,809
Secretarial Fee	1,200	2400
Board Fees	740	2,820
AGM Expenses	4,043	4,223
Postage & Telephone	-	600
Other Admin. Expenses	-	10
VAT	788	788
	-----	-----
	<b>14,887</b>	<b>24,650</b>
	=====	=====

### 16. Taxation

Income of approved Unit Trust schemes or Mutual Funds are tax exempt under the income tax act, 2015 (Act 896) as amended. The Fund currently withholding taxes on payment made to Directors and other service providers.

### 17. Directors' Shareholding

kiddiFUND	SHARES	PERCENT
Rose Gomez	101,675	1.13%
William Mensah	45,774	0.51%
Enoch Ampratwum	164,740	1.25%

### 18. Transactions Through Stock Brokers

The Fund's transactions were through EDC Stockbrokers Limited.

### 19. Event after reporting period

No significant event occurred after the end of the reporting date which is likely to affect these financial statements.

### 20. Approval of The Financial Statements

The financial statements were approved by the Directors of the Fund Manager EDC Ghana Investment and authorized for issue on.....2018



**Corporate and  
Investment Banking**

Ecobank Development Corporation  
2, Morocco Lane, Off the Independence  
Avenue. 2<sup>nd</sup> Floor  
P.O. Box AN 16746  
Accra - Ghana

**Attn: Mr. Jojo Rodney Eghan**

9<sup>th</sup> July, 2018

Dear Sir,

**REPORT OF THE CUSTODIAN TO THE INVESTORS OF KIDDIFUND**

We as custodians of Kiddifund write to confirm to investors, the statement of holdings of the Fund as at close of business on 31<sup>st</sup> December 2017.

In our assessment of the statement of holdings based on our records, the statement reflects a true and fair view of the state of affairs of the fund as at 31<sup>st</sup> December 2017.

Please find attached to this letter, the statement of holdings as at 31<sup>st</sup> December, 2017.

Thank you.

Yours Sincerely,

  
**Eunice Amoo-Mensah**  
Investor Services

  
**William Sowah**  
Investor Services



Stanbic Bank Ghana Limited, Stanbic Heights, 215 South Liberation Link, Airport City, Accra, Ghana  
PO Box CT 2344 Cantonments, Accra, Ghana Website: [www.stanbicbank.com.gh](http://www.stanbicbank.com.gh)  
SWIFT: SBICGHAC Telex: 2755 STNBICGH  
Tel. Switchboard: +233 (0) 302 687670-8 Fax: +233 (0) 302 687669  
Email: [stanbicghana@stanbic.com.gh](mailto:stanbicghana@stanbic.com.gh)

Stanbic Bank Ghana Limited  
A member of the Standard Bank Group of South Africa  
Directors: K. A. Awotwi, A. Andani, Ms. M. Botsio Benyah, Prof. E. Aryeetey, K.K. Asomaning, K.S.A. Mills, C. Egan, A. Mohinani, N.D. Benneh, E. Akofio-Sowah



## Valuation Statement

Report Date: 31-Dec-2017

**KIDDIFUND MUTUAL FUND LTD [EDC]**  
5, 2ND RIDGE LINK,  
&#160; NORTH RIDGE,  
&#160; ACCRA

Branch: HEAD OFFICE  
Account Number: 9040004585393  
Currency: GHS

## Fixed Deposits

S/N	Investment Type	Value Date	Maturity Date	Tenor	Days Last Held Interest	Next Interest	Rate	Cost	Market Value	Maturity Value
1	DALEX FINANCE	03/01/2017	03/01/2018	365	362 N/A	03/01/2018	27.25	151,922.37	192,980.95	193,321.22
2	BOND FINANCIAL SERVICE	05/01/2017	05/01/2018	365	360 N/A	05/01/2018	28.50	139,507.25	178,722.16	179,266.82
3	BOND FINANCIAL SERVICE	05/01/2017	05/01/2018	365	360 N/A	05/01/2018	28.50	28,780.16	36,870.14	36,982.51
4	ACCESS BANK GHANA	16/01/2017	16/01/2018	365	349 N/A	16/01/2018	23.00	113,712.33	138,719.70	139,866.17
5	FIRST ATLANTIC MERCHANT BANK	27/01/2017	27/01/2018	365	338 N/A	27/01/2018	23.00	50,000.00	60,649.32	61,500.00
6	UNIBANK GHANA	09/02/2017	09/02/2018	365	325 N/A	09/02/2018	25.00	77,516.37	94,771.73	96,895.46
7	CAL BANK	17/02/2017	17/02/2018	365	317 N/A	17/02/2018	22.00	25,766.86	30,690.10	31,435.57
8	ZENITH BANK GHANA	05/04/2017	05/04/2018	365	270 N/A	05/04/2018	22.00	20,000.00	23,254.79	24,400.00
9	CAL BANK	11/04/2017	11/04/2018	365	264 N/A	11/04/2018	21.50	25,691.17	29,686.32	31,214.77
10	PREMIUM BANK	12/04/2017	12/04/2018	365	263 N/A	12/04/2018	27.00	101,261.04	120,961.17	128,601.52
11	NATIONAL INVESTMENT BANK	27/04/2017	27/04/2018	365	248 N/A	27/04/2018	24.00	50,000.00	58,153.42	62,000.00
12	PREMIUM BANK	15/05/2017	15/05/2018	365	230 N/A	15/05/2018	27.00	35,836.75	41,933.91	45,512.67
13	FIRST ATLANTIC MERCHANT BANK	17/05/2017	17/05/2018	365	228 N/A	17/05/2018	21.00	20,000.00	22,623.56	24,200.00
14	ACCESS BANK GHANA	17/11/2017	16/02/2018	91	44 N/A	16/02/2018	18.50	150,000.00	153,345.21	156,918.49
15	NATIONAL INVESTMENT BANK	20/11/2017	20/11/2018	365	41 N/A	20/11/2018	19.50	150,000.00	153,285.62	179,250.00
16	ACCESS BANK GHANA	22/12/2017	23/03/2018	91	9 N/A	23/03/2018	18.50	24,000.00	24,109.48	25,106.96
17	ACCESS BANK GHANA	29/12/2017	30/03/2018	91	2 N/A	30/03/2018	18.50	115,000.00	115,116.58	120,304.18
								<b>1,278,994.30</b>	<b>1,475,874.16</b>	<b>1,536,776.34</b>

## Treasury Bills

S/N	Investment Type	Value Date	Maturity Date	Tenor	Days Last Held Interest	Next Interest	Rate	Cost	Market Value	Face Value
1	182 DAY BILL	27/12/2017	25/06/2018	180	176 N/A	25/06/2018	13.05	5,000.00	5,007.67	5,345.00
								<b>5,000.00</b>	<b>5,007.67</b>	<b>5,345.00</b>

## Equities

S/N	Security Name	Number of Shares	Cost Value	Current Rate	Market Value
1	BENSO OIL PALM PLANTATION	13800	56,267.70	6.12	84,456.00
2	CAL BANK LTD	65900	67,639.74	1.08	71,172.00
3	CAL BANK LTD	30000	30,450.00	1.08	32,400.00
4	ECOBANK GHANA LTD.	2500	34,711.98	7.60	19,000.00
5	ECOBANK GHANA LTD.	200	1,634.15	7.60	1,520.00
6	ECOBANK TRANSNATIONAL INC.	171066	48,984.30	0.16	27,370.56
7	ENTERPRISE GROUP LTD.	16200	25,074.56	3.70	59,940.00
8	ENTERPRISE GROUP LTD.	6800	19,728.24	3.70	25,160.00
9	FAN MILK LTD.	3500	29,927.64	17.70	61,950.00
10	FAN MILK LTD.	1200	23,994.60	17.70	21,240.00
11	GHANA COMMERCIAL BANK LTD.	200	964.25	5.05	1,010.00
12	GHANA COMMERCIAL BANK LTD.	33200	158,152.88	5.05	167,660.00
13	GHANA OIL COMPANY LIMITED	10600	14,076.06	2.69	28,514.00
14	GUINNESS GHANA BREWERIES LTD.	2075	9,309.08	2.06	4,274.50
15	HFC BANK (GHANA) LTD.	10000	9,309.08	1.39	13,900.00
16	PZ CUSSONS GHANA LTD.	40000	14,209.07	0.20	8,000.00
17	SIC INSURANCE COMPANY LTD.	20000	7,933.46	0.10	2,000.00
18	SOCIETE GENERALE GHANA LIMITED	20000	15,631.00	0.82	16,400.00
19	STANDARD CHARTERED BANK GH. LTD.	3100	61,576.95	25.25	78,275.00
20	TOTAL PETROLEUM GHANA LTD.	12840	25,365.96	3.53	45,325.20
21	UNILEVER GHANA LTD.	524	9,621.34	12.84	6,728.16
22	UNILEVER GHANA LTD.	1000	12,992.00	12.84	12,840.00
			<b>677,554.04</b>		<b>789,135.42</b>



<b>Cash</b>			
<b>S/N</b>	<b>Cash Type</b>		<b>Amount</b>
1	CALL		13,832.42
2	COLLECTION		0.00
3	CURRENT		0.00
			<u>13,832.42</u>
		<b>Cost Value</b>	<b>Market Value</b>
		<b>Net/Maturity Value</b>	
	<b>Total Investments</b>	<u>2,581,376.27</u>	<u>2,919,926.57</u>
			<u>2,981,166.08</u>

ANGELA AGBUGBLAH  
Prepared By

AMA MARTINSON  
Approved By

**PROXY FORM**

I/We.....of.....

Being a member(s) of kiddiFUND (“the Company”) hereby appoint.....

of.....

As my/our proxy to attend on my/our behalf, the Annual General Meeting of the Fund, to be held at the **Ecobank Head Office, Accra** on **Wednesday 5th September, 2018** for the following purposes and to vote on my/our behalf on matters as directed below:

I/We direct that my/ our votes(s) be cast on the specified resolution as indicated by an X in the appropriate space.

RESOLUTIONS		FOR	AGAINST
1.	To consider the Report of Directors and Auditors for the year ended 31st December 2017		
2.	To receive and adopt the accounts for 2017		
3.	To Authorize the Directors to fix remuneration of the Auditors		
4.	To approve remuneration of Directors		
5.	To transact any other business appropriate to be dealt with at any Annual General Meeting.		

Shareholder’s Signature .....Date .....2018

**Notes**

1. 1. A proxy need not be a member of the fund.
2. Unless otherwise instructed, the proxy will vote as he sees fit.
3. To be valid, this form must be signed and deposited at the Registered Office of the Secretary not less than forty-eight (48) hours before the commencement of the meeting.
4. In the case of joint holders the signature of only one of the joint holders is required.
5. In the case of a body corporate the form must be under seal or under the hand of a duly authorized officer.
6. The completion of and return of a proxy form does not prevent a Shareholder from attending the meeting and voting thereat.

