



EDC

**EDC GHANA MONEY MARKET UNIT TRUST**  
**ANNUAL REPORT 2018**

Financial Statement for the Year Ending 31st December, 2018

# EDC GHANA MONEY MARKET UNIT TRUST

## **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2018

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## MEMORANDUM NOTICE OF ANNUAL GENERAL MEETING

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Ecobank Head Office Building, 2nd Floor  
2, Morocco Lane, Off the Independence Avenue  
P.O. Box AN 16746  
Accra- Ghana  
Tel: (233) 0302 610 400 /634165  
Email: edc-clientservice@ecobank.com

Notice is hereby given that the **2<sup>nd</sup> Annual General Meeting** of the unitholders of **EDC Ghana Money Market Unit Trust** will be convened at the **Ecobank Head Office Auditorium, Accra** on **Wednesday September 4<sup>th</sup>, 2019 at 11:00 a.m.** for the following purposes:

1. To receive and consider the reports of the Portfolio Manager, Trustees and Auditors for the year ended December 31, 2018;
2. To receive and adopt the Accounts for the year ended December 31, 2018;
3. To appoint or re-appoint the Auditors for the year 2019;
4. To authorize the Directors of EDC Investments Limited (EIL) to determine the fees of the Auditors for the year 2019.

A unitholder of the Trust is entitled to attend and vote or may 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 completed proxy form should be deposited at the office of the Secretary, **Lawfields Consulting, 799/3, 5th Crescent, Asylum Down, Accra** no later than **September 2<sup>nd</sup>, 2019**.

**#799/3 5th Crescent  
Asylum Down  
Accra**

**Dated this 29<sup>th</sup> day of July, 2019**

**BY ORDER OF THE BOARD**

**LAWFIELDS CONSULTING**  
No. 799/3, 5th Crescent  
Asylum Down, Accra (off Ring Road)  
PMB CT 244, Accra- Ghana

**Lawfields Consulting  
Secretary**

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## PARTICULARS OF SERVICE PROVIDERS OF EDC GHANA MONEY MARKET UNIT TRUST

### DIRECTORS OF FUND MANAGER

Paul-Harry Aithnard  
Marcel Yondo-Nkembe  
Rosemary Yeboah  
Mr. Kisseih Antonio

### FUND MANAGER

EDC Investments Limited  
2 Morocco Lane  
Off Independence Avenue  
2nd floor  
P. O. Box AN 16746  
Accra  
Ghana

### TRUSTEE

Universal Merchant Bank (Ghana) Limited  
57 Examination Loop  
North Ridge  
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 DIRECTORS OF THE FUND MANAGER TO THE MEMBERS OF EDC GHANA MONEY MARKET UNIT TRUST

The Directors of EDC Investment Limited (Fund Manager) presents the report and audited financial statements of EDC Ghana Money Market Unit Trust for the year ending 31 December 2018.

### FINANCIAL STATEMENTS

The results for the year ended 31 December 2018 are set out in the attached financial statements.

The Directors of the Fund Manager considers the state of the affairs of the Unit Trust to be satisfactory.

### NATURE OF BUSINESS

EDC Ghana Money Market Unit Trust is a unit trust registered in Ghana. It is licensed by the Securities and Exchange Commission of Ghana and authorized to operate as Unit Trusts, in line with the Unit Trust and Mutual Fund Regulation, 2001 (L.I. 1695).

EDC Ghana Money Market Unit Trust is an open-end unit trust offered to investors who are seeking current income on a steady basis while preserving capital. The Unit Trust's objective is to outperform short term interest rates being offered on Government securities. The Unit Trust shall be wholly invested in fixed income securities.

### DIVIDEND DISTRIBUTION POLICY

The Distribution Policy Unit Holders have the right to receive their distributions or authorize the manager to reinvest their distributions.

Distributions will be paid out to or reinvested for unit Holders quarterly.

Total investment as at 31 December is made up as follows:

	<b>2018</b>	<b>2017</b>
	<b>GH¢</b>	<b>GH¢</b>
Government Notes and Bonds	2,380,161	231,489
Fixed Deposits	1,059,878	2,375,374
Treasury Bills	-	228,311
Cash and cash equivalent	1,002,013	120,762
Receivables	20,183	-
	-----	-----
<b>Total Investments in Financial Assets</b>	<b>4,462,235</b>	<b>2,955,936</b>
	=====	=====

REPORT OF DIRECTORS OF THE FUND MANAGER  
TO THE MEMBERS OF EDC GHANA FIXED INCOME UNIT TRUST

iii. Below are the asset allocation percentages for the year ended:

	2018	2017
	%	%
Government Notes and Bonds	53	8
Fixed Deposits	24	80
Treasury Bills	-	7
Cash	22	4
Receivables	1	-
	-----	-----
<b>Total Financial Assets</b>	<b>100</b>	<b>100</b>
	===	===

**APPROVAL OF FINANCIAL STATEMENTS**

The financial statements of the Unit Trust, were approved by the Directors of EDC Investment Limited (Fund Manager) on ..... and signed on its behalf by:



.....  
DIRECTOR



.....  
DIRECTOR

EDC Investments limited

# Secure the future you want

Invest in the EDC Ghana Money Market Unit Trust  
Start with as little as GH¢ 50.

Contact us on: 2nd Floor, New Ecobank Head Office,  
2 Morocco Lane, Off the Independence Avenue  
Telephone: 0302634165  
Email: [edc-clientservice@ecobank.com](mailto:edc-clientservice@ecobank.com)

Terms and Conditions Apply

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**Ecobank**  
The Pan African Bank



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDC GHANA FIXED INCOME UNIT TRUST



**John Kay & Co.**

7th Floor, Trust Towers  
Farrar Avenue, Adabraka  
P. O. Box 16088  
Airport

Tel: +233 (0) 302 235 406  
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### OPINION

We have audited the accompanying financial statements of EDC Ghana Money Market Unit Trust, which comprise the statement of financial position at 31 December 2018, the statement of profit or loss and other 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 7 to 22.

In our opinion, the financial statements give a true and fair view of the financial position of EDC Ghana Money Market Unit Trust as at December 31, 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695)

### 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 Unit Trust 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 EDC INVESTMENTS LTD. (FUND MANAGER) FOR THE FINANCIAL STATEMENTS

The fund manager 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 EDC investments determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The fund manager is also responsible for overseeing the Unit Trust's financial reporting process.

In preparing the financial statements, the Fund manager is responsible for assessing the Unit Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intends to liquidate the Unit Trust 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 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 scepticism throughout the audit. We also:

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDC GHANA FIXED INCOME UNIT TRUST (Cont.)



**John Kay & Co.**

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- 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 Unit Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Trustees.
- Conclude on the appropriateness of the Fund manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Unit Trust'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 Unit Trust 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

Key audit matters identified during the audit have been communicated to those charged with governance in a separate management letter.

### 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 Unit Trust 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/2019/128)

Chartered Accountants

Accra.

..... 2019

## PORTFOLIO MANAGER'S REPORT



### THE ECONOMIC ENVIRONMENT IN 2018

GDP growth in the first half of 2018 expanded in line with projections made at the beginning of the year. However, the momentum moderated in the final quarter closing the year at a 6.8% growth rate. This uptick in growth was largely supported by the strong performance in the industrial sector. Higher production outturns especially in crude oil (100,000 bopd to 140,000 bopd) as well as favorable developments in oil prices and other key export commodities played a significant role.

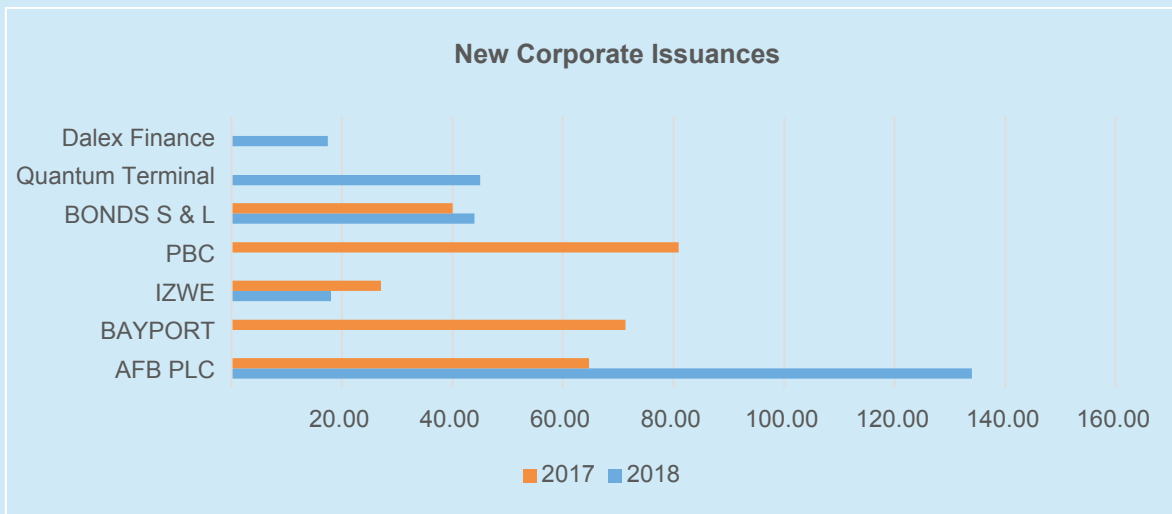
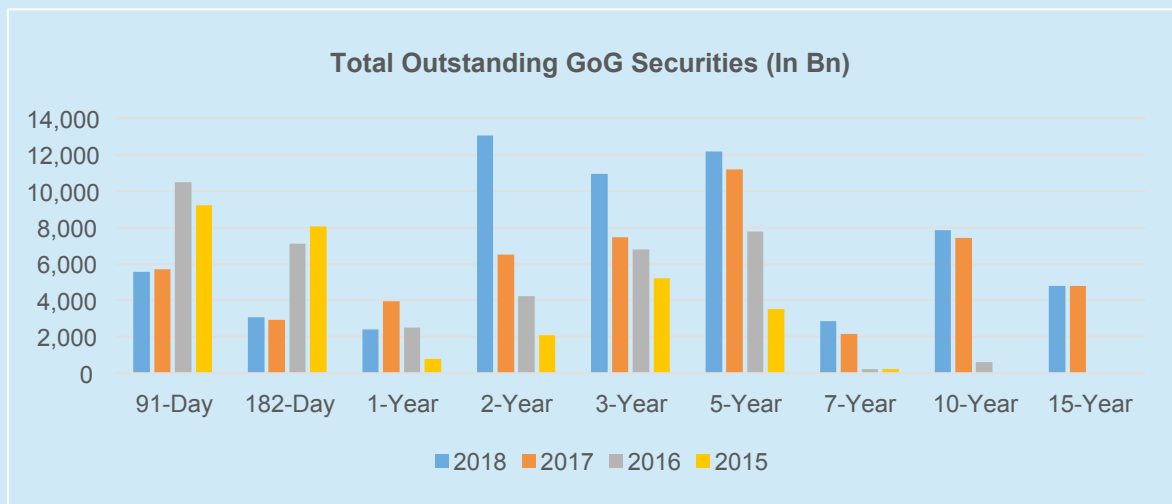
Following government's attempt to improve economic fundamentals, the disinflation process continued in 2018 but at a slower pace. Headline inflation remained broadly anchored within BOGs target trending downwards from 11.8% in 2017 to 9.4% in 2018 - lowest since 2012. This 240 bps drop in inflation was in large part driven by the steady decline in non-food inflation. On account of the steady decline in headline and core inflation as well as other real sector indicators, the monetary policy stance remained unchanged at 17% since May 2018 from the initial 20%. This move by the Monetary Policy Committee resulted in a recovery in private sector credit growth enhancing overall economic activity.

The cedi suffered a sharp depreciation of 8.4% in 2018 compared to 4.9% in 2017, despite its resilience (3.2% appreciation) in the first quarter. The strengthening of the US Dollar and its spillover effects as well as increased domestic demand exerted pressure on the currency. Furthermore, increased imports from USD 12.65 Bn in 2017 to USD 13.09 Bn in 2018 resulted in a decrease in Gross International Reserves of 3.7 months of import cover compared to 4.3 months of import cover a year earlier. Although expenditure was marginally below target, revenue fell short of budget by 8.3% for 2018 resulting in an overall deficit of 3.8%.

## PORTFOLIO MANAGER'S REPORT

### THE FIXED INCOME MARKET IN 2018

Ghana's fixed income market recorded significant growth in new issuances and secondary market trading which was buoyed by the increased levels of liquidity of Pension Funds and Collective Investment Schemes. A total of GHS 62.6 Billion Government of Ghana Securities was outstanding as at the end of 2018 representing an increase of 20% compared to the same period in 2017. In line with the Governments' debt reprofiling strategy, outstanding shorter dated instruments stood at GHS 11.03 Billion representing a decline of 12%. Medium and Longer dated securities on the other hand increased by 31% to GHS 51.7 Billion. Excluding ESLA, a total of GHS 258.44 new corporate issuances was done representing of a decline of 9% from 2017. AFB Plc issued a total of GHS 134 million representing 52% of all new corporate issuances.

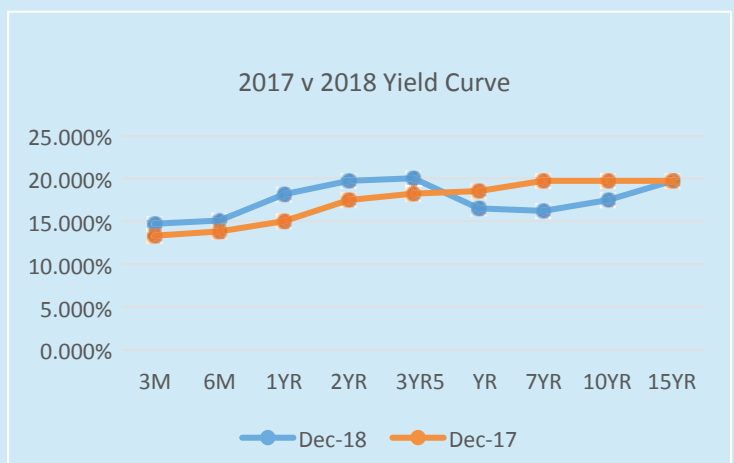
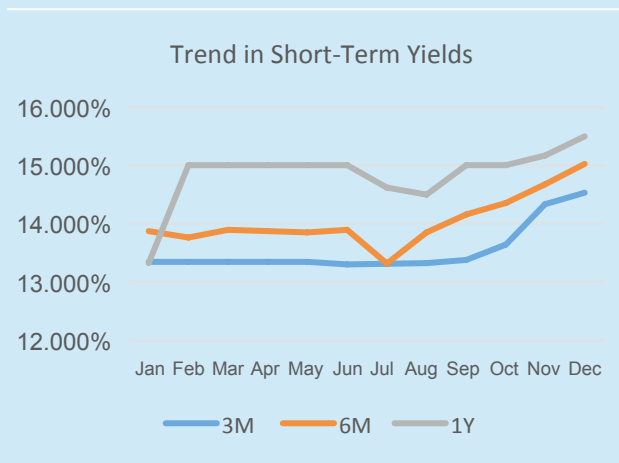


There has also been improved secondary market trading of Government of Ghana Securities resulting in better price discovery. A total of GHS 41.5 billion was traded in 2018 which is up by 27%. The month of February 2018 recorded the highest value of trade of GHS 4.6 billion.

## PORTFOLIO MANAGER'S REPORT



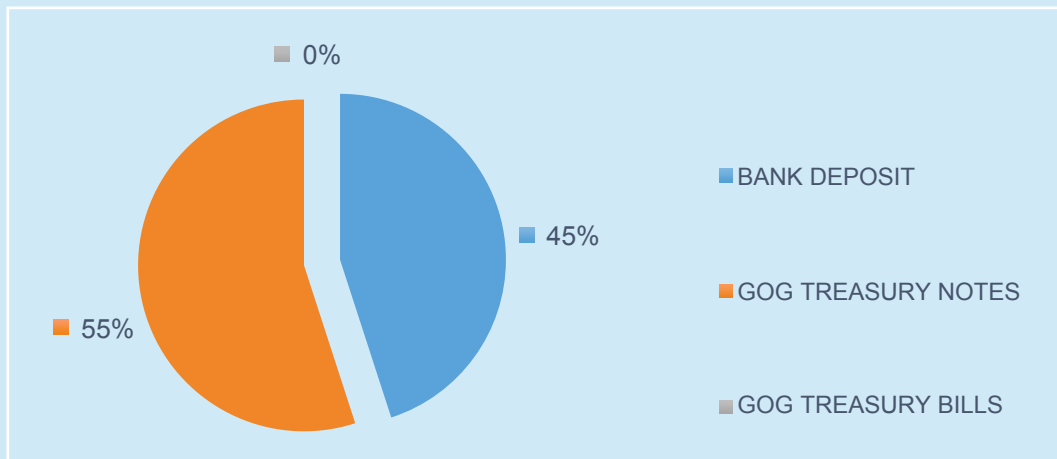
There were marginal increases in interest rates on short-dated bills across the yield curve. Yields on the 91-Day and 182-Day bills inched up from 13.3% and 13.8% in 2017 to 14.5% and 15.02% respectively. The medium-term securities (2, 3 and 5-Year) traded between the band of 16% and 20% respectively in 2018, 400bps higher compared to 2017 except the 5-Year which dropped by 200bps to 16.5% from 18.5% in 2017. Owing to government’s debt restructuring efforts, the longer end of the yield curve witnessed a decline with the 7, 10-year bonds clearing at 16.25%, 17.50% respectively at the end of 2018.



### PORTFOLIO STRUCTURE

The Objective of the EDC Money Market Trust seeks to maximize income in line with prevailing Ghanaian money market rates, while aiming to preserve capital and to maintain a high degree of liquidity by investing in a broadly diversified portfolio of short-term, high quality money market securities. 100% of the Trust’s assets are invested in well diversified portfolio of short-term money market securities.

## PORTFOLIO MANAGER'S REPORT



### PORTFOLIO PERFORMANCE

The Trust returned 15.1% in 2018 outperforming a benchmark return of 10.1%. Since its inception in July, 2016, the Trust has registered a cumulative return of 45.30% as against a benchmark return of 29.43%.

### ASSET UNDER MANAGEMENT

The assets of the Trust continued its growth trajectory in 2018, growing by 57% from GHS 2.8 Million to GHS 4.4 Million. The Trust registered a total subscription of GHS 2.5 Million and a total redemption of GHS 1.4 Million resulting in a net subscription of GHS 1.1 Million. The total number of clients at the end of December 2018 stood at 253.

### OUTLOOK AND STRATEGY FOR 2019

We expect GDP to expand above 6% in 2019. The Mining and Quarrying sub-sector is expected to lead the economic growth. We expect revenue challenges to continue in 2019 as the government devises new revenue gaining measures. As result, the fiscal deficit is expected to be financed through both domestic and external borrowing. With a reduction in inflationary pressures towards the end of 2018, we expect inflation to fall within the Central Bank's target band of 8% +/- 2% in 2019 on the back of tighter fiscal policies. We believe the Central Bank has little room to ease monetary policy in the medium term given the currency volatility issues we are likely to experience.

Following the elevated levels of debt, upside risk to inflation and vulnerability of Ghana's external sector, we foresee increases in yields along the yield curve with a more profound increase at the longer-end of the curve. We will thus cautiously reduce the duration of the portfolio to take advantage of expected yield rise.

### CONCLUSION

We continue to urge you our valued clients to continue to invest with confidence in the Trust. We remain committed to enhancing the value of your investments.

**Paul mante** - Portfolio Manager

## REPORT OF THE TRUSTEES TO THE UNIT HOLDERS OF THE EDC GHANA FIXED INCOME UNIT TRUST FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2018

In our opinion, according to the information made available to us and the explanations provided, we confirm that all in all material respects, the manager has managed the scheme during the year covered by these financial statements in accordance with the Trust Deed and all regulations for the time being in force under the Unit Trust and Mutual Funds Regulations, 2001, (L.I 1695)

Dated this 30th Day of April, 2019

A handwritten signature in blue ink, consisting of stylized initials and a long horizontal stroke extending to the right.

For: **UNIVERSAL MERCHANT BANK LIMITED**

**STATEMENT OF FINANCIAL ASSETS DESIGNATED  
THROUGH PROFIT OR LOSS AS AT 31 DECEMBER 2018**

**FIXED INTEREST SECURITIES**

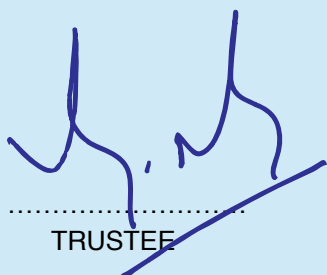
	Market Value GH¢	Percentage of Net Asset (%)
<b><i>Treasury Bills</i></b>		
182 - Day Treasury Bills	-	-
91 - Day Treasury Bills	-	-
	-----	-----
	-	-
	-----	-----
<b><i>Treasury Notes &amp; Bonds</i></b>		
1 - Year Fixed Rate Notes	647,988	14.80
2 - Year Fixed Rate Notes	1,226,618	28.02
3 - Year Fixed Rate Notes	505,556	11.55
	-----	-----
	<b>2,380,161</b>	<b>54.37</b>
	-----	-----
<b><i>Certificates of Deposits</i></b>		
182 - Day Fixed Deposits	512,462	11.71
365 – Day Fixed Deposits	547,416	12.50
	-----	-----
	<b>1,059,878</b>	<b>24.21</b>
	-----	-----
<b><i>Receivables</i></b>		
	20,183	0.46
<b><i>Funds on Call</i></b>		
Cash	114,083	2.61
Call deposits	887,929	20.28
	-----	-----
	<b>1,002,013</b>	<b>22.89</b>
	-----	-----
TOTAL INVESTMENT IN FINANCIAL ASSETS	4,462,235	101.92
TOTAL FINANCIAL & OTHER LIABILITIES	(84,260)	(1.92)
	-----	-----
<b>TOTAL FINANCIAL ASSETS</b>	<b>4,377,975</b>	<b>100</b>
	=====	====



## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

**FIXED INTEREST SECURITIES**

<b>Financial Assets</b>	<b>Note (s)</b>	<b>2018 GH¢</b>	<b>2017 GH¢</b>
Cash and cash equivalents	12	1,002,013	120,762
Financial assets designed as at fair value	13	3,460,222	2,724,451
<b>Total Financial Assets</b>		<b>4,462,235</b>	<b>2,845,213</b>
<b>Represented by:</b>			
Members' Fund		4,377,275	2,774,656
<b>Financial &amp; Other Liabilities</b>			
Accounts payables	14	84,960	70,557
<b>Total Members' Fund and Financial &amp; Other Liabilities</b>		<b>4,462,235</b>	<b>2,845,213</b>



.....  
TRUSTEE

30 April, 2019

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDING 31 DECEMBER 2018**

<i>Revenue</i>	<b>Note (s)</b>	<b>2018 GH¢</b>	<b>2017 GH¢</b>
Interest Income	9	543,087	522,387
		-----	-----
<b>Total Revenue</b>		<b>543,087</b>	<b>522,389</b>
		-----	-----
<b>Expenses</b>			
Investment Management Fees		36,699	29,366
Trustee Fees		14,680	8,310
General Administrative Expenses	15	1,465	530
Audit Fees		7,000	7,000
		-----	-----
<b>Total Operating Expenses</b>		<b>59,844</b>	<b>45,206</b>
		-----	-----
<b>Operating profit before tax</b>		<b>483,243</b>	<b>477,183</b>
Taxation		-	-
		-----	-----
<b>Increase in Net Assets Available for Redemptions</b>		<b>483,243</b>	<b>477,183</b>
		=====	=====

**ACCUMULATED NET INVESTMENT INCOME  
FOR THE YEAR ENDING 31 DECEMBER 2018**

	<b>2018 GH¢</b>	<b>2017 GH¢</b>
Balance as at 1 January	477,183	-
Transfer from income and distribution statement	483,243	477,183
	-----	-----
<b>Balance as at 31 December</b>	<b>960,426</b>	<b>477,183</b>
	=====	=====

**STATEMENT OF MOVEMENTS IN NET ASSETS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>2018 GH¢</b>	<b>2017 GH¢</b>
<b><i>Change in Net Assets from Operations</i></b>		
Net Investment Income	483,243	477,183
	-----	-----
<b>Net change in Net Assets from Operations</b>	<b>483,243</b>	<b>477,183</b>
	-----	-----
<b>Change in Net Assets from Capital Transactions</b>		
Proceeds from Issue of Shares	2,502,721	2,868,694
Share Redemption	(1,383,346)	(571,221)
	-----	-----
<b>Net Change in Net Assets from Capital Transactions</b>	<b>1,119,376</b>	<b>2,297,473</b>
	-----	-----
<b>Net Additions to Net Assets</b>	<b>1,602,619</b>	<b>2,774,656</b>
	=====	=====
<b>Analysis of Changes of Movements in Net Assets for The Year</b>		
At 1 January	2,774,656	-
Net Additions to Net Assets	1,602,619	2,774,646
	-----	-----
<b>At 31 December</b>	<b>4,377,275</b>	<b>3,017,873</b>
	=====	=====

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	CAPITAL TRANSACTION GHS	INVESTMENTS GHS	TOTAL GHS
<b>Dec-18</b>			
Balance at 1 January	2,297,473	477,183	2,774,656
Net income from operations	-	483,243	483,943
Share Issue	2,502,721	-	2,502,721
Shares Redemption	(1,383,346)	-	(1,383,346)
	-----	-----	-----
<b>At 31 December</b>	<b>3,416,849</b>	<b>960,426</b>	<b>4,377,2751</b>
	=====	=====	=====

	CAPITAL TRANSACTION GHS	INVESTMENTS GHS	TOTAL GHS
<b>Dec-17</b>			
Balance at 1 January	-	-	-
Net income from operations	-	477,183	477,183
Share Issue	2,868,694	-	2,868,694
Shares Redemption	(571,221)	-	(571,221)
	-----	-----	-----
<b>At 31 December</b>	<b>2,297,473</b>	<b>477,183</b>	<b>2,774,656</b>
	=====	=====	=====

## MOVEMENTS IN ISSUED SHARES (UNITS) FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 No. of Shares	2017 No. of Shares
Balance at 1 January	816,204	73,716,432
Issued during the year	2,152,717	150,208,484
Redemption during the year	(1,363,535)	(558,316)
	-----	-----
<b>Balance at 31 December</b>	<b>1,605,386</b>	<b>816,204</b>
	=====	=====

**STATEMENT OF CASHFLOW  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>2018</b>	<b>2017</b>
	<b>GH¢</b>	<b>GH¢</b>
<b><i>Cash Flows from Operating Activities:</i></b>		
Interest in Net Assets Attributable to Unit Holders	483,243	477,183
<b>Adjusted for</b>		
Interest Receivable	(188,459)	(278,287)
Interest Income	(313,918)	(244,100)
Change in Liabilities	13,703	70,557
	-----	-----
	<b>(5,431)</b>	<b>23,573</b>
	-----	-----
<b><i>Cash Flow from Investing Activities</i></b>		
Purchase of financial assets	(546,612)	(2,446,164)
Proceeds from matured financial Assets	313,918	244,100
	-----	-----
	<b>(232,694)</b>	<b>(2,202,064)</b>
	=====	=====
<b><i>Cash Flow from Financing Activities</i></b>		
Proceeds from Issuance of Units	2,502,721	2,868,694
Amount Paid on Redemption Of Units	(1,383,346)	(571,221)
	-----	-----
	<b>1,119,375</b>	<b>2,297,473</b>
	-----	-----
Net Increase (Decrease) In Cash and Cash Equivalent	881,251	120,762
Cash and Cash Equivalent At 1 January	120,762	-
	-----	-----
<b>Cash and Cash Equivalent At 31 December</b>	<b>1,002,013</b>	<b>120,762</b>
	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### NOTES TO FINANCIAL STATEMENTS

#### 1. REPORTING ENTITY

EDC Ghana Money Market Unit Trust is a unit trust investment whose primary objective is to obtain contributions from members and invest same for their benefit. EDC Ghana Money Market Unit Trust is a Unit Trust registered and operating in the Republic of Ghana. The address and registered office of the promoters can be found on page 1 of the financial statements.

The Unit Trust is an open ended investment Unit Trust primarily involved in investing members contribution in, investment-grade debt securities and derivatives, with the objective of providing members with above-average returns over medium to long term.

The investment activities of the Unit Trust are managed by EDC Investments Limited, and the trustee services of the Unit Trust is delegated to Universal Merchant Bank (Ghana) Limited.

#### 2. BASIS OF ACCOUNTING

##### a. Basis of preparation

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 judgements and estimates

In preparing these financial statements, the Unit Trust's 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 Unit Trust's 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

## 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 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.

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 Unit Trust 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 Unit Trust on initial recognition designates at fair value through profit and loss; (b) those that the Unit Trust 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 Unit Trust's 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 Unit Trust's right to receive payment is established.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Regular way purchases and sales of available-for-sale financial assets are recognised on trade-date, i.e. the date on which the Unit Trust 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 Unit Trust to sell more than an insignificant 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 Unit Trust 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 Unit Trust 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### (f) Hedge Accounting

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Unit Trust 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 Unit Trust granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that The Unit Trust 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 Unit Trust.

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 Unit Trusts 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 Unit Trust 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 4. AMENDMENTS TO IFRSS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT PERIOD

EDC Ghana Money market Unit Trust applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The Unit Trust 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 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 Unit Trust.

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 Unit Trust has provided the information for the current period in page 14

a. 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.

b. 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.

EDC Ghana Balanced Fund has not applied the following new and revised IFRSs that have been issued but are not yet effective:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

- 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 Transactions1
- v. Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or 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 Cycle1 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.

### 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 Unit Trust has performed a high-level impact assessment of all three; Classification and measurement, Impairment and Hedge accounting aspects of IFRS 9. Overall, the Unit trust 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. Unit Trust 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'

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 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.

#### 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 Unit Trust 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 Unit Trust.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 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 Unit Trust.

### 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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 Unit Trust.

#### 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

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. RELATED PARTIES AND KEY CONTRACTORS

#### a. Transaction with Trustees

The Trustee of the Unit Trust is Universal Merchant Bank Limited, a Bank incorporated in Ghana and duly licensed by the Security and Exchange Commission of Ghana as a unit trust fund trustee. Under the investment management agreement, the investment managers receive a management fee at an annual rate of 0.40% of the net asset value attributable to members of the Unit Trust. The total Trustees fees charged during the year amounted to GH¢14,680. Included in the payables were Trustees fee of GH¢ 14,680.

#### b. Fund Managers

EDC Investments Limited, an investment management company incorporated in Ghana and duly licensed by the Security and Exchange Commission of Ghana is the fund manager of the Unit Trust. It has the responsibility of implementing the investment strategy and objectives as stated in the Unit Trusts' investment management policy manual. Under the unit trust management agreement, the fund managers receive a management fee at an annual rate of 1% and 1.25% of the net asset value attributable to institutional and retail members of the Unit Trust respectively. The management fees incurred during the year amounted to GH¢ 36,699. Included in the payables as at 31 December 2018 were fund management fees payable of GH¢ 36,699.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 7. CONTRIBUTION

	2018 GH¢	2017 GH¢
Balance as at 1 January	2,297,473	-
Contribution during the year	2,194,923	2,868,694
	-----	-----
Redemptions paid	4,492,396 (1,383,346)	2,868,694 (571,221)
	-----	-----
	<b>3,109,051</b>	<b>2,297,473</b>
	=====	=====

### 8. REDEMPTIONS

	2018 GH¢	2017 GH¢
Redemption Paid	1,383,346	571,221
	-----	-----
	<b>1,383,346</b>	<b>571,221</b>
	=====	=====

### 9. INTEREST INCOME

	2018 GH¢	2017 GH¢
Interest income from financial assets carried at amortized cost		
Cash and Cash Equivalent	42,673	-
Interest income on financial instruments designed as at fair value		
Through profit or loss:		
Debt securities	129,032	-
Held to maturity	371,382	-
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	<b>543,087</b>	<b>522,389</b>
	=====	=====



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 10. FINANCIAL INSTRUMENTS

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

2018	Balance 1/1/17 GH¢	Purchase/ (Sales) GH¢	Accrued interest GH¢	Change in fair value GH¢	Value at 31/12/17 GH¢
Ghana Government Securities	242,826	2,071,684	65,651	-	2,380,161
Treasury Bills	118,062	(118,062)	-	-	-
Fixed and time deposits	2,363,563	(538,563)	122,807	-	1,947,807
	<u>2,724,451</u>	<u>1,415,059</u>	<u>188,459</u>	<u>-</u>	<u>4,327,969</u>

2017	Balance 1/1/18 GH¢	Purchase/ (Sales) GH¢	Accrued interest GH¢	Change in fair value GH¢	Value at 31/12/18 GH¢
Ghana Government Securities	-	220,000	22,826	-	242,826
Treasury Bills	-	114,239	3,822	-	118,062
Fixed and time deposits	-	2,111,925	251,638	-	2,363,563
	<u>-</u>	<u>2,446,164</u>	<u>278,287</u>	<u>-</u>	<u>2,724,451</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 11. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

31 December 2018	Note	Held for Trading  GH¢	Designated as at Fair Value GH¢	Loan and Receivables  GH¢	Other Liability  GH¢	Total  GH¢
Cash and cash equivalents	12	-	-	1,002,013	-	1,002,013
Non-pledged financial assets at fair value through profit or loss	13	-	3,460,222	-	-	3,460,222
		----	-----	-----	-----	-----
		-	<b>3,460,222</b>	<b>1,002,013</b>	-	<b>4,462,235</b>
		==	=====	=====	=====	=====
Payables under service level agreements	14	-	-	-	58,903	58,903
Taxation	16	-	-	-	-	-
Other payables (Due to EDC)		-	-	-	25,357	25,357
		---	---	----	-----	-----
		-	-	-	<b>84,260</b>	<b>84,260</b>
		==	==	===	=====	=====
31 December 2017	Note	Held for Trading  GH¢	Designated as at Fair Value GH¢	Loan and Receivables  GH¢	Other Liability  GH¢	Total  GH¢
Cash and cash equivalents		-	-	120,762	-	120,762
Non-pledged financial assets at fair value through profit or loss		-	2,724,451	-	-	2,724,451
		----	-----	-----	-----	-----
		-	<b>2,724,451</b>	<b>120,762</b>	-	<b>2,845,213</b>
		==	=====	=====	=====	=====
Payables under service level agreements		-	-	-	45,201	45,201
Taxation		-	-	-	-	-
Other payables (Due to EDC)		-	-	-	25,356	25,356
		---	---	----	-----	-----
		-	-	-	<b>70,557</b>	<b>70,557</b>
		==	==	=====	=====	=====

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. CASH AND CASH EQUIVALENTS**

	2018 GH¢	2017 GH¢
Cash and Bank Balances	114,083	120,763
Call deposit	887,929	-
	-----	-----
	<b>1,002,013</b>	<b>120,763</b>
	=====	=====

**13. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	2018 GH¢	2017 GH¢
Debt Securities	2,380,161	349,077
Held to Maturity Securities	1,080,061	2,375,374
	-----	-----
	<b>3,460,222</b>	<b>2,724,451</b>
	=====	=====

**14. PAYABLE UNDER SERVICE LEVEL AGREEMENTS**

	2018 GH¢	2017 GH¢
Investment management fees	36,699	29,366
Trustee fees	14,680	8,310
Audit fees	7,000	7,000
Due to EDC	25,357	25,356
Other current liability	1,225	525
	-----	-----
	<b>84,960</b>	<b>70,557</b>
	=====	=====

**15. GENERAL ADMINISTRATIVE EXPENSES**

	2018 GH¢	2017 GH¢
Charges on transfers to customers	240	252
Other expenses	1,225	5
	-----	-----
	<b>1,465</b>	<b>530</b>
	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 16. TAXATION

Income of approved unit trust scheme or mutual fund is exempt for tax from tax 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. TRANSACTIONS THROUGH STOCK BROKERS

The Unit Trust'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.

### 19. 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 30th April 2019

## PROXY NFORM

Ecobank Head Office Building, 2nd Floor  
2, Morocco Lane, Off the Independence Avenue  
P.O. Box AN 16746  
Accra- Ghana  
Tel: (233) 0302 610 400 /634165  
Email: edc-clientservice@ecobank.com

I/We ..... of .....  
being a member(s) of **EDC Ghana Money Market Unit Trust** (“the Company”) hereby  
appoint.....of..... as my/our proxy  
to attend on my/our behalf, the **2nd Annual General Meeting** of the Trust, to be held at the **Ecobank Head Office Auditorium, Accra on Wednesday September 4, 2019 at 11:00 a.m.** 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 receive and consider the reports of the Portfolio Manager, Trustees and Auditors for the year ended December 31, 2018		
2. To receive and adopt the Accounts for the year ended December 31, 2018		
3. To appoint or re-appoint the Auditors for the year 2019		
4. To authorize the Directors of EDC Investments Limited (EIL) determine the fees of the Auditors for the year 2019		

Shareholder’s Signature .....Date .....2019

### Notes

1. A proxy need not be a member of the Company.
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 unitholder from attending the meeting and voting thereat.

EDC Investments Limited

# Resolve your concerns quickly and effectively

Kindly reach out to us using the below channels for timely and appropriate responses to your concerns.

1. For enquiries and feedback kindly email **[edc-clientservice@ecobank.com](mailto:edc-clientservice@ecobank.com)**
2. If you are not satisfied and wish to escalate your complaint kindly send email to **[complaints-edcgh@ecobank.com](mailto:complaints-edcgh@ecobank.com)**

**To speak to a helpdesk representative, please call +233 302 634154**

**Visit: [ecobank.com/swam](http://ecobank.com/swam)**



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[ecobank.com](http://ecobank.com)



**Ecobank**  
The Pan African Bank