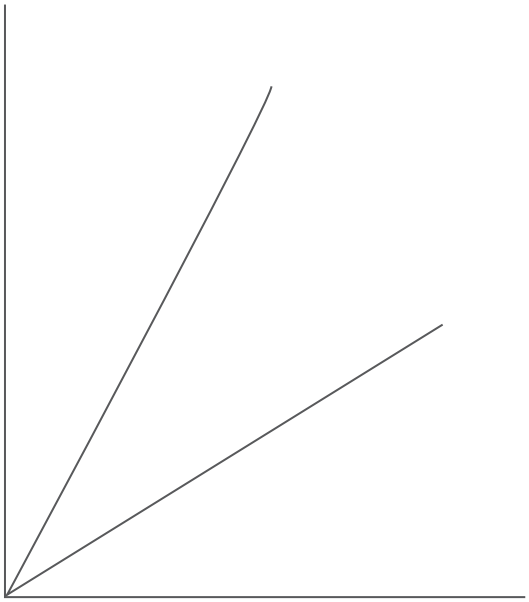
kiddi FUND
...our kids, our future



kiddiFUND Mutual Fund Limited

Annual Report and Financial Statements 2018

Notice of Annual General Meeting

Notice is hereby given that the 6th Annual General Meeting of shareholders of kiddiFUND Mutual Fund Limited will be convened at the office of the Fund Manager, NDK Capital Limited (1st Floor, Omanye Aba Building, opposite the Accra Sports Stadium) on Wednesday, 18th September, 2019 at 10:00am for the following purposes:

1. To consider the Reports of Directors and Auditors for the year ended 31st December, 2018.

2. To receive and adopt the Financial Statements for the year ended 31st December, 2018.

3. To authorize the Directors to fix the remuneration of the Auditors.

4. To transact any other business appropriate to be dealt with at any Annual General Meeting.

A shareholder is entitled to attend and vote or may appoint a proxy to attend and vote on his/her behalf. Such a proxy need not be a shareholder. A copy of the instrument appointing the proxy will be available at the following offices:

1. Principal office of the secretary
   Behind Haatso Puma Filling Station
   H/No. 102
   Haatso-Accra
2. NDK Capital Limited
   1st Floor Omanye Aba Building
   Christianborg-Osu, Accra

The duly completed Form of Proxy may be deposited not later than forty-eight (48) hours prior to the commencement of the meeting at the offices above.

Alternatively, duly signed Form of Proxy can be scanned and emailed to arzconsultgh@gmail.com or cis@ndkcapital.com

Dated 27th August, 2019

BY ORDER OF THE BOARD

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ARZ Consult
(Secretary)

Content

Corporate Information

Board Of Directors	Mr. William Mensah Mr. Enoch Kofi Ampratwum Mrs. Sarah Brainoo Arhin Mrs. Rose Mawunyo Kley Gomez
Registered Office	No.11 Sunflower Road East Legon Accra Ghana
Investment Manager	EDC Investments Limited (Resigned – effective February 28, 2019) Ecobank Head Office Building, 2nd Floor 2, Morocco Lane, Off the Independence Avenue P.O. Box AN 16746 Accra-Ghana
Investment Manager	NDK Capital Limited (Appointed – Effective March 1, 2019) Omanye Aba Building No. 001, 28th February Road Christianborg - Osu, Accra P. O. Box GP 3387 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, 2018.

FINANCIAL STATEMENTS

The results for the fund for year ended 31 December 2018 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 invests primarily in equity securities listed on the Ghana Stock Exchange (GSE) and fixed income securities. kiddiFUND is a 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 Investment as at 31 December is made up as follows:

	2018 GH¢	2017 GH¢
Equities	838,611	789,135
Government Notes and Bonds	924,954	484,280
Corporate Bonds	238,540	147,386
Non-sovereign bond	561,679	-
Fixed Deposits	543,234	1,181,870
Treasury Bills	-	5,002
Cash	387,909	314,053
Total Investments	**3,494,926**	**2,921,726**

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

	2018 (%)	2017 (%)
Equity/Shares	24.30	27.00
Government Notes and Bonds	26.47	16.58
Corporate Bonds	6.83	5.04
Non-sovereign bond	16.07	-
Fixed Deposits	15.54	40.45
Treasury Bills	0.17	
Cash	11.10	10.75
	100	**100**

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the company were approved by the Board of Directors on 30th April, 2019 and signed on its behalf by:

.....

Director

.....

Director

Chairman's Statement to Shareholders of kiddiFUND Mutual Fund

INTRODUCTION

Distinguished Shareholders,

On behalf of the Board of Directors of kiddiFUND Mutual Fund, I am delighted to welcome you all to the 6th Annual General Meeting of the kiddiFUND Mutual Fund. I would like to express my profound gratitude for your resolute commitment to kiddiFUND as an avenue for your investment. I am glad to report that KiddiFUND has made a return of 154.7% since inception in 2011. As we present to you the annual report and the financial statement for the year ended 31st December, 2018, I would like to share with you an overview of the Ghanaian economy and conclude with the outlook for the 2019 financial year.

THE ECONOMIC ENVIRONMENT IN 2018

Ghana's GDP for 2018 was 6.3% compared to a growth rate of 8.1% in 2017. Non-oil GDP growth for 2018 was 6.5% up from 4.6% for the same period of 2017. The slowdown in growth in 2018 was largely driven by the lower growth in industry (oil and gas sector) which expanded by 3.6% compared to 8.03% in 2017. Inflation continued on a downward trajectory in 2018, ending the year at 9.4% compared to 11.8% at the end of 2017. The downward trend remained anchored throughout the year within the Bank of Ghana's target of 8±2. The central bank lowered the Monetary Policy Rate from 20% in December 2017 to 17% in May 2018. Volatility in the financial market caused the central bank to hold the rate unchanged through the second half of 2018. The Ghana cedi depreciated against the USD, GBP and EUR in 2018 with YTD depreciation of 0.25%, 3.60% and 2.29% respectively. In spite of the favourable economic factors, the pace of global trade tensions and local banking crises weakened trading activities on the stock market amidst concerns of exchange risk factors. This resulted in a poor performing stock market with negative returns which eroded the gains made on the fixed income portion of the kiddiFUND portfolio.

2019 OUTLOOK

GDP is expected to grow by 7.6% in 2019. This growth is expected to come from the implementation of Government industrialization programmes as well as the expected increase in output volumes of the country's major export commodities.

Inflation is expected to remain within the band of 8 ±2 in 2019. The key towards this achievement would be tightness in policy stance and relative stability in the exchange rate as well as government's ability to reduce its deficits and accumulation of debt stock.

Relatively high international reserves (4.7 months of import cover as at February, 2018) and increased USD inflows from the last IMF disbursement in March, 2019 are expected to keep the cedi stable in 2019. Also, the projected current account surplus (US$ 194.5 million) for Q1'2019, together with the inflows into the capital and financial account, driven mainly by the 2019 Eurobond issue should support the relative stability of the cedi.

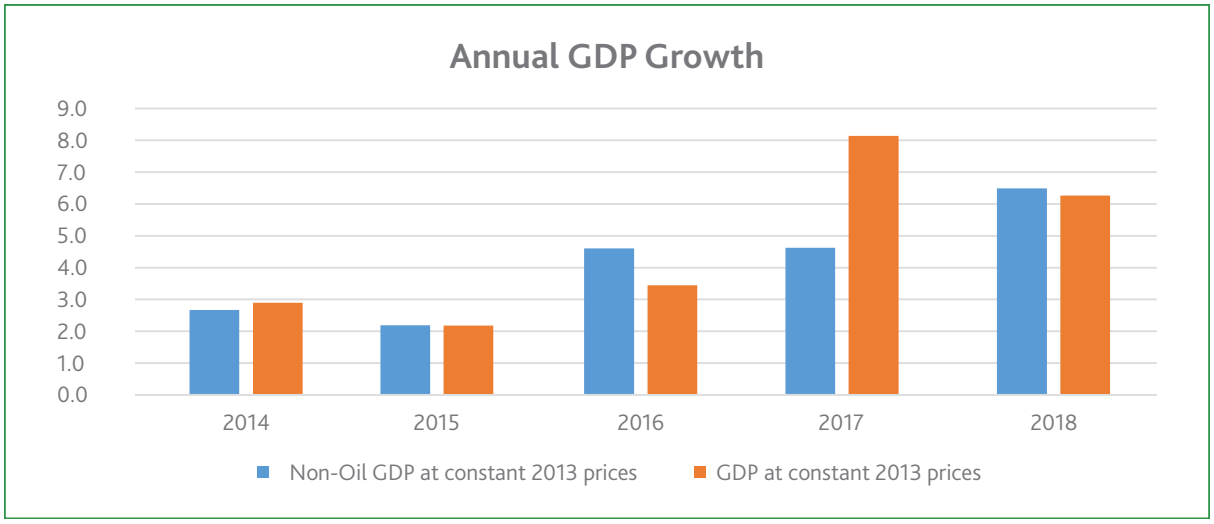
We anticipate that the stock market will remain bearish in 2019 resulting from spill-over effect from the financial industry 'cleanup'. We intend to allocate your funds in fixed income securities with upside potential and also take advantage of stocks that are significantly undervalued. We are committed to working diligently to ensure sustained growth and returns.

William Mensah
Chairman

Fund Manager's Statement to Shareholders of kiddiFUND Mutual Fund

ECONOMIC ENVIRONMENT IN 2018

After two years of sluggish growth from 2014 to 2016, GDP growth recovered to 8.5% in 2017 and 6.3% in 2018. The relatively high growth is largely attributed to increased investment in the agricultural and industrial sectors. Ghana's debt to GDP ratio improved from 69.8% to 55.5% following the rebasing of GDP in 2018.



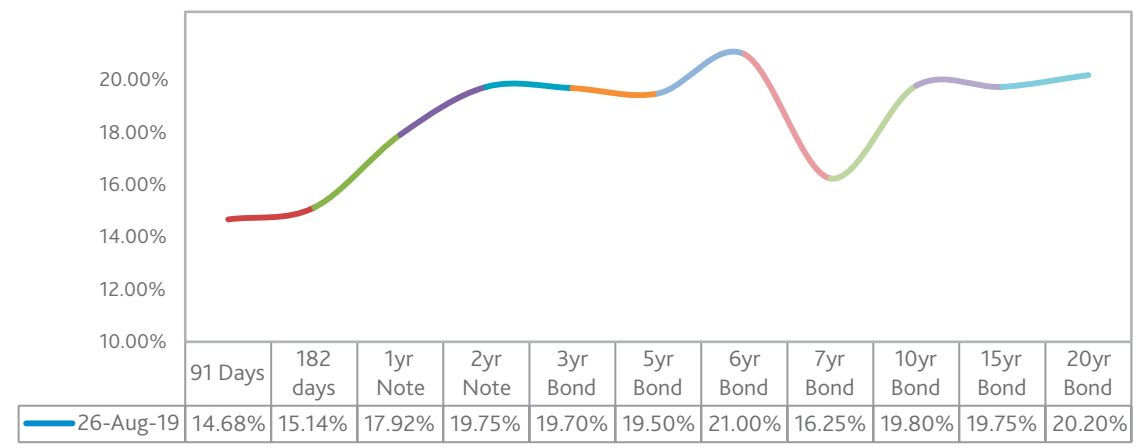
INFLATION DEVELOPMENTS

Inflation as measured by y/y Consumer Price Index (CPI) trended downwards from a peak of 11.8% in Dec-17 to 9.4% in Dec-18. This resulted from a tight monetary policy stance by the Bank of Ghana coupled with improved fiscal discipline to drive inflation to the target of 8 ±2 percent band. As a result of a combination of improved inflation and relative stability of the local currency against the US Dollar (depreciation of 8.4%) gave room for the Monetary Policy Committee (MPC) to reduce the Monetary Policy Rate (MPR) by 300 basis points to 17%.

THE FIXED INCOME MARKET IN 2018

The spillover effects of the local banking sector crisis coupled with unfavorable global events including trade tensions, global inflation, and Fed rate hikes among others impacted negatively on the local market. A combination of these led to significant sell-offs in emerging and frontier markets in 2018 by offshore bond holders who sought to benefit from the FED rate hikes.

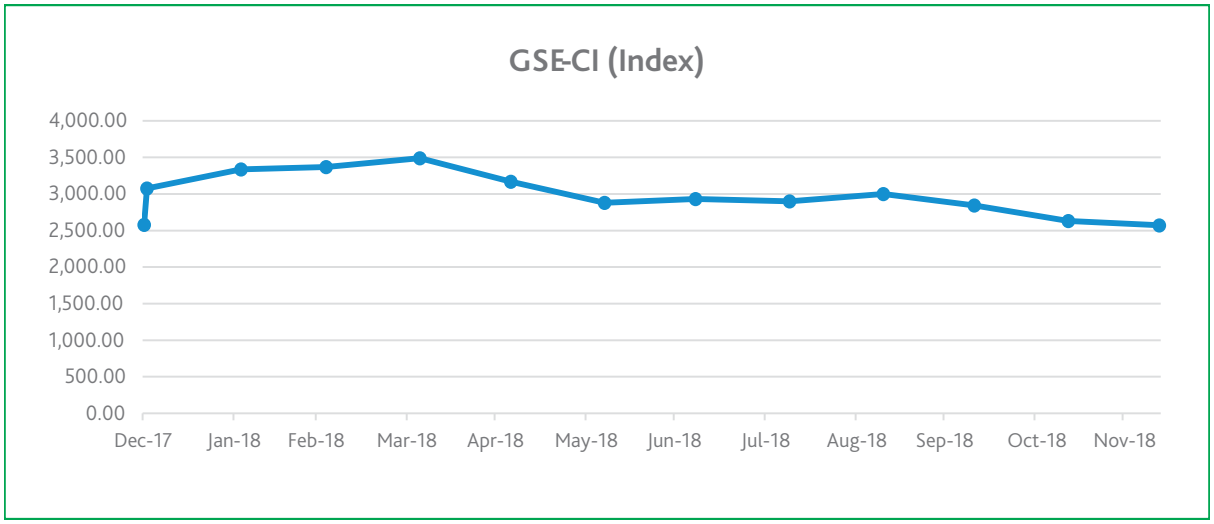
Offshore holding of Cedi debt declined by about GHC 5.7 billion to GHC 26.65 billion between April and October 2018. This changed the appetite of investors by shifting demand to shorter dated instruments. This development consequently led to a rise in nominal yields (e.g. 91-day Treasury bill rose from 13.31% to 14.59%).



	91 Days	182 days	1yr Note	2yr Note	3yr Bond	5yr Bond	6yr Bond	7yr Bond	10yr Bond	15yr Bond	20yr Bond
26-Aug-19	14.68%	15.14%	17.92%	19.75%	19.70%	19.50%	21.00%	16.25%	19.80%	19.75%	20.20%

THE EQUITIES MARKET IN 2018

The benchmark GSE Composite Index ended the year 2018 with a negative return of 0.3% from a positive return of 52.7% in the previous year. The decline was led by the GSE-FSI which recorded a loss of -6.79% for 2018 against a gain of 49.51% for the same period last year. Volatility in exchange rate, global trade tensions as well as the recent development in the banking sector contributed to this poor performance.



FUND PERFORMANCE AND PORTFOLIO STRUCTURE

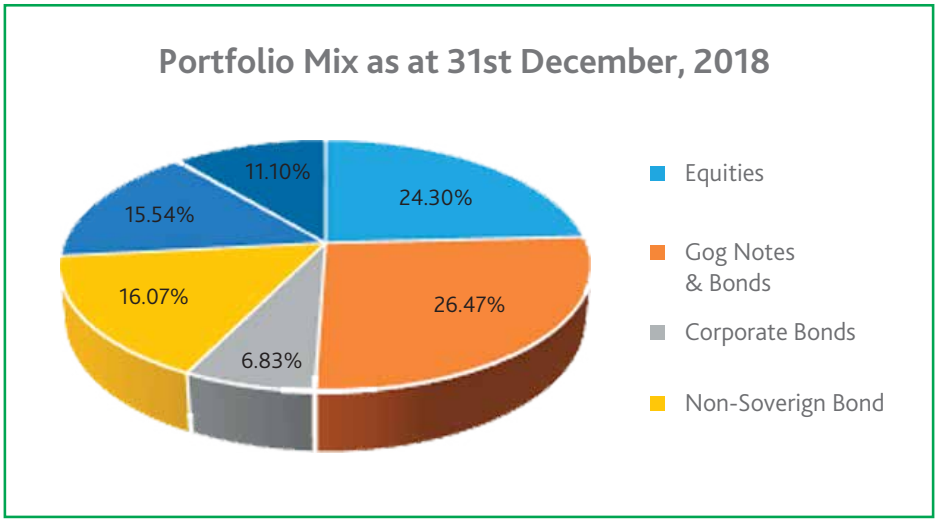
The objective of the kiddiFUND Mutual Fund remains the preservation and enhancement of shareholders' wealth to meet medium to long term financial goals. The Fund remained heavily skewed towards fixed income securities which accounted for 75% of the Fund. This represented an increase of about 200bps over the 2017 holding of 73% of the Fund. Investments were held in Treasury Bonds (26.47%), Non Sovereign Bonds (16.07%) and Corporate Bonds (6.83%). Others included Fixed Deposits (15.54%), Treasury Bills (0.17%) and Cash (11.10%).

Exposure to equities however decreased from 27% to 25% in 2018. Investment in equities were spread across five sectors. These were Banking Sector (14.77%), Insurance Sector (1.33%) and Food Beverage and Household Sector (4.79%). The other sectors were Agro-processing (2.12%) and Oil &Gas (2.32%).

The Fund opened the year at a price of GHS 0.24 and closed at a price of GHS 0.25. This represented 4.09% (versus 28.3% in 2017) return for the year and a cumulative return of 152.5% from the Fund's inception in 2012 to the end of 2018. The Fund's AUM grew by 14.0% y/y (versus 55.2% y/y in 2017) to GHS 3.32 million in 2018.

Returns on the fund was affected by the general decline in interest rates on the fixed income market. Additionally, the poor performance of the equity market eroded the gains made as the stock market closed 2018 loosing 0.3%.

Portfolio Mix as at 31st December, 2018



Historical Performance						
Since Inception (2012-2018)	2013	2014	2015	2016	2017	2018
154.70%	25.23%	17.97%	11.59%	14.40%	28.35%	4.09%

ASSETS UNDER MANAGEMENT

The Net Asset Value of the Fund as at the end of 2018 stood at GHS 3,421,210 as against GHS 2,883,137 in 2017. This represents a growth rate of 19%. Total inflow was GHS 867,845 as against an outflow of GHS 601,626 indicating a net inflow position of GHS 266,219.

OUTLOOK AND STRATEGY FOR 2019

In Ghana, we expect the ongoing economic recovery to continue on a positive trajectory in 2019. GDP growth is projected at 7.6% by the Finance Ministry. Government industrialization programmes as well as the expected increase in output volumes of the country's major export commodities have been cited as the main driver for this projected growth.

We also expect inflation targets to fall within the central banks medium term target of 8% +/- 2% by the end of 2019 as components of the Consumer Price Index (CPI) basket declines. Volatility in exchange rate coupled with upward adjustment of fuel prices in line with rising crude oil price on the international market pose a risk to inflation.

Given the MPC accommodative stance, we do not expect a rate hike in the near term. We expect short-term yields to remain broadly stable at current levels, subject to a reduction in upside risks to inflation. In our view, the prevailing inflation-adjusted yields of 5% – 6% for T-bills are on the higher side when compared with historical averages recorded during periods of single digit inflation (3% - 4%). Against this backdrop, we anticipate inflation-adjusted yields of 2%

– 3% for T-bills by FY2019. The government's appetite to borrow more in 2019 to fund a higher fiscal deficit target of 4.2%, up from 3.7% in 2018, could however trigger rate hikes as we approach year-end. Hence, we will seek to decrease the duration of the fixed income portfolio to minimize interest rate risk.

We expect the equity market to remain bearish in 2019 as confidence in the financial sector remains low whiles yields on fixed income securities remain attractive. The strategy is to seek stocks that are significantly undervalued. We will also invest in fixed income securities with upside potential.

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Harriet Mate-Kole
Portfolio Manager

Independent Auditor's Report to the Members of EDC kiddiFUND Mutual Fund Limited

OPINION

We have audited the accompanying financial statements of EDC kiddiFUND Mutual Fund Limited, 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 31 to 52.

In our opinion, the financial statements give a true and fair view of the financial position of EDC kiddiFUND Mutual Fund Limited as at December 31, 2018 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 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

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.

John Kay & Co
.....2019

Statement of Financial Assets Designated Through Profit or Loss as at 31 December 2018

Equity Investments	Shares	Price Per Share GH¢	Market Value GH¢	Percent of Net Assets %
Banking				
HFC Bank Ghana Limited	10,000	0.69	6,900	0.21
Ecobank Transnational Incorporated	171,066	0.16	27,371	0.83
Ghana Commercial Bank	26,400	4.60	121,440	3.67
Standard Chartered Bank	8,867	21	186,207	5.62
CAL Bank	109,600	0.98	107,408	3.24
Ecobank Ghana Limited	2,970	7.50	22,275	0.67
Société Générale Ghana Limited	23,333	0.75	17,500	0.53
Financial Services				
State Insurance Company	20,000	0.19	3,800	0.11
Enterprise Insurance	18,000	2.24	40,320	1.22
Food, Beverages & Household				
Guinness Ghana Breweries Ltd	2,075	2.18	4,524	0.14
Fan Milk Ltd	13,800	8.00	110,400	3.33
Patterson Zochonis Comp. Ltd	40,000	0.41	16,400	0.50
Unilever Ghana Limited	1,524	17.78	27,097	0.82
Agro-Processing				
Benso Oil Palm Plantation	13,800	5.09	70,242	2.12
Oil & Gas				
Total Petroleum	12,840	3.4	43,656	1.32
Ghana Oil Co Ltd	10,600	3.12	33,072	1.00
			838,611	**25.32**

Fixed Interest Securities		
Debt securities		
Treasury Bonds		
1 -Year Fixed Rate Note	110,556	1.56
2 -Year Fixed Rate Note	520,890	15.73
3 -Yr Fxd Rate Sec Note	198,580	6.00
5-Yr Fxd Rate Sec Note	43,209	1.30
7-Year Fixed Rate Note	51,719	1.56
	924,954	**27.93**
Non-Sovereign Bond		
10 -year ESLA Bond	561,679	16.42
Corporate Bond		
5 Yr Unsecured Fixed Rate Note	86,565	2.53
5 Yr Izwe Floating Rate Senior Secured Note	93,309	2.73
Afb 6 Yr Floating Rate Senior Unsecured Note	61,075	1.79
	240,949	7.04
Less provision for impairment	(2,409)	(0.07)
	238,540	**6.97**
Treasury Bills		
182-Days Treasury Bills	-	-
Held-to-maturity securities		
Certificates of Deposit		
365 Day	499,741	15.09
Funds on call	387,909	11.71
Total Investment Securities	3,451,433	104.22
Total Liabilities	(139,868)	(4.22)
Total Net Assets	**3,311,564**	**100**

Statement of Financial Position as st 31 December 2018

Assets	Notes	2018 GH¢	2017 GH¢
Cash and cash equivalents	11	387,909	314,053
Non pledge financial assets at fair value			
Through profit and loss	12	3,107,017	2,607,673
Interest receivable		-	-
Total Assets		**3,494,926**	**2,921,726**
Represented By:			
Members' fund	13	3,421,210	2,883,137
Liabilities			
Account payables	14	73,716	38,589
Total Members' Fund and Liabilities		**3,494,926**	**2,921,726**

Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note (s)	2018 GH¢	2017 GH¢
Revenue			
Interest income	6	579,790	408,316
Dividend income		5,944	19,070
Net realized gain on investment		20,684	-
Net gains/(Loss) from financial instruments at fair Value through profit and loss	8	(215,793)	259,419
Provision for impairment loss		(2,409)	
Total Revenue		**388,215**	**686,805**
Expenses			
Fund management		84,587	60,358
Custodian fees		8,459	7,243
General expenses	15	21,817	14,887
Audit fees		4,500	4,500
IFRS conversion fees		-	-
Total operating expenses		**116,363**	**86,988**
Operating profit before tax		**271,852**	**599,817**
Tax		-	-
Increase in net assets available for benefits		**271,852**	**599,817**

Accumulated Net Investment Income for the Year Ended 31 December 2018

	2018 GH¢	2017 GH¢
Balance as at 1 January	931,559	331,741
Transfer from Income and Distribution Statement	271,852	599,817
Balance at 31 December	**1,203,411**	**931,558**

Statement of Movements in Net Assets for the Year Ended 31 December 2018

	2018 GH¢	2017 GH¢
Change in net assets from operations		
Change in:		
Net Investment Income	271,852	599,818
Prior Year Adjustment		54,361
Net change in net assets from operations	**271,852**	**654,179**
Change in net assets from capital transactions		
Proceeds from Issue of Shares	867,845	770,932
Share Redemption	(601,626)	(370,325)
Net change in net assets from capital transactions	**266,219**	**400,607**
Net additions to net assets	**538,072**	**1,054,786**
Analysis of changes in cash and cash equivalents for the year		
At 1 January	2,883,138	1,828,351
Net additions to net assets	538,072	1,054,786
At 31 December	**3,421,210**	**2,883,137**

Statement of Changes in Equity for the Year Ended 31 December 2018

31 December 2018	**Capital Transactions GH¢**	**Investments GH¢**	**Total GH¢**
At 1 January	1,951,579	931,559	2,883,138
Net Income from Operations		229,918	229,918
Share Issue	867,845		867,845
Shares Redemption	(669,337)		(669,337)
At 31 December	**2,150,087**	**1,161,477**	**3,311,564**

31 December 2017	Capital Transactions GH¢	Investments GH¢	Total GH¢
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
At 31 December	**1,951,579**	**931,559**	**2,883,138**

Portofolio Summary at 31 December 2018

Description	Position as at 31.12.2018	Value as at 31.12.2018 GH¢	Purchases as at 31.12.2018 GH¢	Sales as at 31.12.2018 GH¢
Banking				
HFC Bank Ghana Limited	10,000	6.900	-	-
Ecobank Transnational Incorporated	171,066	27,371	-	-
Ghana Commercial Bank	26,400	121,440		-
Standard Chartered Bank	8,867	186,207	47,554	-
CAL Bank	109,600	107,408	112,967	-
Ecobank Ghana	2,970	22,275	2,226	-
Societe Generale Ghana Limited	23,333	17,500	27,483	
Financial Services				
State Insurance Company	20,000	3,800	-	-
Enterprise Insurance	18,000	40,320	-	
Food, Beverages & Household Products				
Guinness Ghana Breweries Ltd	2,075	4,524	-	-
Fan Milk Ltd	13,800	110,400	75,037	-
Patterson Zochonis Comp. Ltd	40,000	16,400	-	-
Uniliver	1,524	27,097	-	
Agro-Processing				
Benso Oil Palm Plantation	13,800	70,242	-	-
Oil & Gas				
Total Petroleum	12,840	43,656		
Ghana Oil Co Ltd	10,600	33,072		-
		838,611	**265,267**	**-**

Statement of Cash Flow
For the Year Ended December 2018

Cash flow from operating activities	2018 GHS	2017 GHS
Increase in net assets attributable to unit holders	299,918	599,817
Prior year Adjustment		54,361
Adjusted for:		
Dividend	(5,944)	(19,070)
Interest recievable	(208,546)	(161,431)
Interest income	(371,243)	(246,886)
Net Realised (gain) / loss on investment	215,793	(259,419)
Provision for impairment loss	2,409	-
Change in liabilities	139,868	(22,235)
	2,255	**(54,861)**
Cash flow from investing activities		
Purchase of financial assets	(504,095)	(325,648)
Proceeds from matured financial Assets	371,243	161,431
Dividend	5,944	19,070
Net Cash flow from investing activities	**(126,908)**	**(145,147)**
Cash flow from financing activities		
Proceeds from issuance of units	867,845	770,932
Amount paid on redemption of units	(669,337)	(370,325)
Net Cash flow from financing activities	**198,508**	**400,607**
Net increase (decrease) in cash and cash equivalent	**73,856**	**200,597**
Cash and cash equivalent at 1 January	**314,053**	**113,455**
Cash and cash equivalent at 31 December	**387,909**	**314,053**

Notes to the Financial Statements for the Year Ended 31 December 2018

1. REPORTING ENTITY

kiddiFUND Mutual Fund Limited is a mutual fund investment 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 "kiddiFUND", 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 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

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.

(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 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.

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

EDC Ghana kiddiFUND Mutual Fund applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018. 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 2018. 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 kiddiFUND has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 9. Financial Instruments 1
- IFRS 15. Revenue from Contracts with Customers (and the related Clarifications) 1
- IFRS 16. Leases 2
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions1
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture 3
- Amendments to IAS 40 Transfers of Investment Property 1
- IAS 7 Disclosure Initiative – Amendments to IAS 7 1
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12 1
- 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 2018, 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' 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.

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 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. Interest income

	2018 GH¢	2017 GH¢
Interest income from financial assets carried at amortized cost:		
Cash and cash equivalents	186,164	7,903
Interest income on financial instruments designated as at fair value through profit or loss:		
Debt securities	236,184	112,087
Held-to-maturity	157,442	288,326
	579,790	408,316

7. Financial instruments

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

2018

	Balance 1/1/2018 GH¢	Purchase/(sales) at Cost GH¢	Accrued interest GH¢	Change in fair value GH¢	Value 31/12/2018 GH¢
Quoted Shares	789,136	256,267	-	(215,793)	838,611
Ghana Government securities	484,280	353,412	87,262	-	924,954
Corporate bonds	147,386	75,305	15,849	-	238,540
Treasury Bills	0	553,963	7,716	-	561,679
Fixed and time deposits	5,001	(12,230)	7,229	-	0
Corporate Bonds	1,181,870	(553,807)	90,491	-	718,554
	2,607,673	**681,911**	**208,546**	**(215,793)**	**3,282,337**

2017

	Balance 1/1/2017 GH¢	Purchase at Cost GH¢	Accrued interest GH¢	Change in fair value GH¢	Value 31/12/2017 GH¢
Quoted Shares	364,914	164,802	-	259,418	789,136
Ghana Government Securities	133,236	299,536	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
	1,775,720	**320,959**	**251,575**	**259,418**	**2,607,673**

8. Unrealized gains / (losses) on investment

	2018 GH¢	2017 GH¢
Market value of investments	838,611	789,135
Cost of investments	(1,054,403)	(529,716)
	(215,793)	**259,419**

9. Capital transactions

	2018 No. Of shares	2017 No. Of Shares
Shares in issue at beginning	3,097,682	1,180,108
New issues	3,287,981	3,307,378
Redemptions	(2,408,176)	(1,389,804)
Shares (withdrawn) / issued	**3,977,488**	**3,097,682**

10. Purchase and sale of long-term securities

	2018 Purchases GH¢	2018 sales GH¢	2017 purchases GH¢	2017 sale GH¢
Hfc Bank Ghana Ltd	-	-	-	-
Ecobank Transnational Incorporated	-	-	-	-
Ghana Commercial Bank Ltd	-	-	12,576	-
Ecobank Ghana	2,226	-	1,634	-
Standard Chartered Bank	47,554	-	13,017	
Cal Bank	-	-	30,450	-
State Insurance Company	112,967	-	-	-
Enterprise Insurance Company	-	-	22,898	-
Guinness Ghana Breweries Ltd	-	-	-	-
Fan Milk Ltd	75,037	-	39,198	-
Patterson Zochonis Company Ltd	-	-	-	-
Benso Oil Palm Plantation	-	-	-	-
Uniliver Ghana Limited	-	12,992	-	
Total Petroleum	-	-	13,970	-
Ghana Oil Co Ltd	-			
Societe Generale Ghana Limited	27,483	-	15,631	-
	265,267	**-**	**164,802**	**-**

11. Cash and cash equivalents

	2018 GH¢	2017 GH¢
Cash and bank balances	387,909	314,053
	387,909	**314,053**

12. Financial assets designated as at fair value through profit or loss

	2018 GH¢	2017 GH¢
Debt securities	1,727,582	631,666
Quoted equity investments	838,611	789,135
Held to maturity securities	543,234	1,186,872
Provision for impairment loss	(2,409)	-
	3,107,017	**2,607,673**

13. Members' funds

	2018 GH¢	2017 GH¢
Accumulated net investment income	1,203,411	931,558
Stated capital registered	100,000	100,000
Movement on shares issued	2,117,798	1,851,579
	3,421,210	**2,883,137**

14. Payable under service level agreements

	2018 GH¢	2017 GH¢
Management fees	60,343	17,451
Audit fees	4,500	4,500
Custody fees	1,500	9,265
Vat	788	788
Other current liability	6,585	6,585
	73,716	**38,589**

15. General expense

	2018 GH¢	2017 GH¢
Directors emolument	10,500	6,000
Board expenses	3,407	-
Stationery and printing	2,115	2,115
Interest and similar charges on investment	710	-
Secretarial fee	2,400	1,200
Legal Assistance costs	-	-
Board fees	-	740
Bank charges	205	-
AGM expenses	1,693	4,043
VAT	788	788
	21,817	**17,887**

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. Provision for impairment loss

Provision for impairment loss of 1% was made on corporate bonds in accordance with international financial reporting standard 9.

18. Directors' shareholding

kiddiFund	**shares**	**percent**
Rose Gomez	101,675	1.13%
William Mensah	45,474	0.51%
Enoch Ampratwum	112,795	1.25%

19. Transactions through stock brokers

The fund's transactions were through EDC Stockbrokers Limited.

20. Event after reporting period

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

21. 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 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 **NDK Capital Limited Office**, Accra on **Wednesday, 18th September, 2019** for the following purposes and to vote on my/our behalf on matters as directed below:

I/We direct that my/our votes be cast on the specified resolution as indicated by an x in the appropriate space

Resolutions	For	Against
1. To consider the Reports of Directors and Auditors for the year ended 31st December 2018		
2. To receive and adopt the Financial Statements for the year ended 31st December, 2018.		
3. To Authorize the Directors to fix the remuneration of the Auditors.		
4. To transact any other business appropriate to be dealt with any Annual General Meeting.		

Shareholder's Signature……Date……2019

Notes

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 or the Fund Manager 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.