



CCMF ANNUAL REPORT

2018



ccmf
CHRISTIAN COMMUNITY MUTUAL FUND

VALUE CREATED BY VALUES



Table of Contents

	Page
Contents	
Corporate Information	3
Notice of Annual General Meeting	4
Chairman's Statement	5
Fund Manager's Report	8
CCMF Performance at a Glance	10
Report of the Directors	12
Independent Auditors Report	13
Statement of Financial Assets	16
Statement of Comprehensive Income	17
Statement of Movement in Net Assets	19
Statement of Changes in Equity	20
Notes to the Financial Statements	21
Profile of Directors and Fund Manager	33
Proxy Form	36
Notes	37

This information contained in this document is historical and not necessarily indicative of future results. This report shall not constitute an invitation to buy shares of the Fund. Subscriptions are to be made only on the basis of the current scheme particulars, accompanied by a copy of the latest available Annual Report, and if published thereafter, the most recent half year report

CORPORATE INFORMATION

BOARD OF DIRECTORS

Rev. Dr. Frederick Primrose Deegbe
Nii Adumansa- Baddoo
Sam Okudzeto
Rev. Emmanuel Asiedu-Appiah
Naa Odey Asante
Yaa Peprah Amekudzi
Joseph N.B Tetteh
Leonora Agyarko
Rev. Prof. Emmanuel Martey

THE MANAGER

Black Star Advisors Ltd
4th Floor, The Rhombus
Plot No. 24 Tumu Avenue, Kanda Estates
P.O. Box PMB 59, Accra Ghana

THE CUSTODIAN

Standard Chartered Bank Ghana Ltd.
P.O. Box 768
High Street, Accra

AUDITORS

John Kay & Co.
7th Floor, Trust Towers
Farrar Avenue, Adabraka
P.O. Box KA 16088, Airport, Accra

SECRETARY

Lawfields Consulting
#799/3, 5th Crescent
Asylum Down, Accra (Off Ring Road)
P.O. Box PMB CT 244, Accra, Ghana

NOTICE OF ANNUAL GENERAL MEETING (AGM)

NOTICE IS HEREBY GIVEN that the 7th Annual General Meeting (AGM) of the Christian Community Mutual Fund (CCMF) will be convened at Rev. Peter Kwei Dagadu Memorial Methodist Church, Osu, Ako-Adjei, Accra at 10:00am on Friday, 20th December, 2019 to transact the following business:

Agenda

1. To consider the Directors' Report and the Report of the 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 re-elect Directors retiring by rotation;
4. To authorize the Directors to fix the remuneration of the Auditors;

Note

A shareholder is entitled to attend and vote at the meeting or appoint a proxy who need not be a member of the company to attend and vote in his/her stead. A form of proxy for it to be valid for the purposes of the meeting must be completed and deposited at the principal place of business of the Secretary, not later than forty-eight (48) hours prior to the commencement of the meeting. A proxy form is provided in the Annual Report.

#799/3, 5th Crescent

Asylum Down

Accra

Dated this 28th day of November 2019

BY ORDER OF THE BOARD

Lawfields Consulting

Secretary

CHAIRMAN'S STATEMENT TO CCMF SHAREHOLDERS

Dear Valued Shareholders,

I am delighted to welcome you all to the 7th Annual General Meeting of the Christian Community Mutual Fund. A warm welcome to the members of the family who joined the Fund in 2018. On behalf of the Board of Directors and the Fund Manager, I would like to express my appreciation to you for your support and continued trust in the Fund.

I will begin this report with an overview of the global and Ghanaian economies in 2018, proceed to brief you on the performance of the Fund and conclude with the outlook for the following year.

Global Economic Performance

Global growth slowed down on the back of the trade tensions between the United States and China and some challenges in Europe, including the prolonged Brexit decision. Data from the International Monetary Fund (IMF), showed that the global economy grew at 3.6% for 2018 lower than the 3.8% recorded in 2017. However, the US economy expanded at a fast pace of 2.9% in 2018 from 2.4% in 2017 as tax cuts and spending increases boosted demand. Additionally, a more rapid increase in US interest rates in 2018 supported the strengthening of the US dollar, resulting in substantial reversal of foreign portfolio investments in emerging and frontier markets. The sharp reversal in foreign capital flows triggered an intense depreciation of local currencies across Emerging Markets. Most of these countries saw increases in their external borrowing costs, but the extent of these increases varied widely.

Global headline inflation picked up slightly in 2018, boosted by recovery in international commodity

prices, especially that of crude oil. Headline inflation in advanced economies hit 2.0% in 2018, compared to 1.7% in 2017. Similarly, inflation in emerging markets and developing economies increased to 4.8% in 2018 from 4.3% in 2017.

In Sub-Saharan Africa, growth rate picked up to 3.2% in 2018 from 3.0% on 2017. This was driven mainly by rising commodity prices, stronger household demand, and improved economic activity, mainly in Nigeria.

On the commodity market, developments in international commodity prices were mixed in 2018, supported by uncertainties surrounding Brexit negotiations, OPEC crude oil output cuts, geopolitical tensions in the global economy, and normalisation policy by the US Federal Reserve. Crude oil opened trading in 2018 at US\$69.09 per barrel but declined to US\$57.67 by the close of the year. The average price for the year was US\$71.53 per barrel, up by 30.6% compared to 2017, resulting from reduction in global demand as a result of the trade tensions between US and China. Gold prices exhibited mixed movement, however its average price for 2018 was US\$1,269.33 per fine ounce, a marginal increase above the US\$1,256.38 recorded at the end of 2017. Average Cocoa price in 2018 rose to US\$2,314.57 per tonne compared to US\$2,000.48 in 2017. The rally in prices stemmed from low production in the 2017/2018 crop season in Ivory Coast and Ghana, due to adverse weather conditions. Prices were further boosted by the increase in demand and strong technical signals.

Overview of Ghana's Economy

Ghana's economy grew at 6.3% in 2018 down from 8.1% growth in 2017, driven mainly by growth in the services sector and increased investment in the agricultural sector. Non-oil GDP grew by 5.8% in 2018 compared to 4.6% in 2017 year-on-year.

Data from the Ministry of Finance showed that total government revenue amounted to GHS 47.6 billion (16.0% of GDP) compared to GHS 41.5 billion (16.2% of GDP) in 2017. Total government expenditure for 2018 increased to GHS 58.2 billion (19.4% of GDP) from GHS 52.0 billion (20.3% of GDP). These developments resulted in an overall fiscal deficit of 3.8% in 2018 from 4.8% in 2017. The deficit was financed from both domestic and foreign sources.

Total public debt stock rose by 21.5% to GHS 173.2 billion (58.0% of GDP) from Q4 2017 to Q4 2018. Of the total debt stock, domestic debt represented 50.2%, while external debt represented 49.8%.

The year ended with a headline inflation of 9.4% as compared to 11.8% in 2017. The decline was driven by non-food inflation, which fell to 9.8% in December 2018 from 13.6% in December 2017. In contrast, food inflation was persistent, moving up to 8.7% from 8.0%. Most importantly, inflation remained in its medium-term target band of $8 \pm 2\%$ after Q1 2018. Consequently, the Monetary Policy Committee reduced the Monetary Policy Rate (MPR) by a cumulative 300 basis points to 17.0% by the end of the year. The lowering of the MPR during the year led to declines in the lending-deposit rate spread and interbank rates.

During the review year, the Ghana Cedi traded weakly against the US dollar, largely due to the

reaction of emerging markets to the normalisation of US Fed rates, external financing obligations and domestic demand pressures. The cedi recorded a cumulative depreciation of 8.4% against the US Dollar as against 4.9% in 2017. However, it cumulatively depreciated against the British Pound by 3.3% from 12.9% in 2017 and 3.9% from 16.2% in 2017 against the Euro.

Activities on the Ghana Stock Exchange were affected by the financial sector challenges and unfavourable global events such as international trade tensions, US Fed rate hikes, and the depreciation of the local currency. The GSE Composite Index (GSE-CI) contracted by 0.3% in year-on-year terms compared to a growth of 52.7% in 2017. Total market capitalisation of the GSE in 2018 grew by 4.0% to GHS 61.1 billion, driven mainly by the IPO of MTN Ghana. However, this growth was lower than the 11.6% in 2017.

On the fixed income front, interest rates showed mixed trends on a year-on-year basis. Generally, yields narrowed at the beginning of the year, and then picked up as the year came to an end. The 2-year note started at 17.18% at the beginning of the year, then narrowed to 16.00% in the middle of the year, before it widened to 19.50% at the close of the year. The 5-year bond narrowed by 110 basis points to 16.50% at the close of the year. However, the 10-year bond widened by 601 basis points from 15.22% in 2017 to 21.23% in 2018.

Outlook for 2019 and Closing Remarks

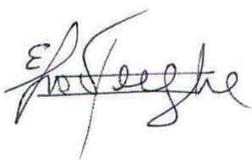
According to the World Bank, the global economic growth in 2019 is estimated to decline to 3.0% due to factors such as trade tensions, low financial market sentiments as well as contraction in some emerging markets. That notwithstanding, Ghana's GDP is estimated to grow at 7.1% in 2019 driven

largely by growth in the non-oil sector. Projected end-period inflation to hit 8%, within the medium-term target band of 8±2%. On this broadly positive outlook, I want to express my immense appreciation to you our cherished shareholders for your resolute support thus far.

Despite the poor performance of the Ghana Stock Exchange market, CCMF generated an annualized return and a year-to date return of 6.54% and 6.52% respectively by end of 2018, and a cumulative return of 184.35% since its inception in September 2010, higher than that of the GSE Composite index of 157.22%.

As I conclude, permit me to reaffirm our commitment to delivering long-term value, while we count on your continued patronage in the foreseeable future.

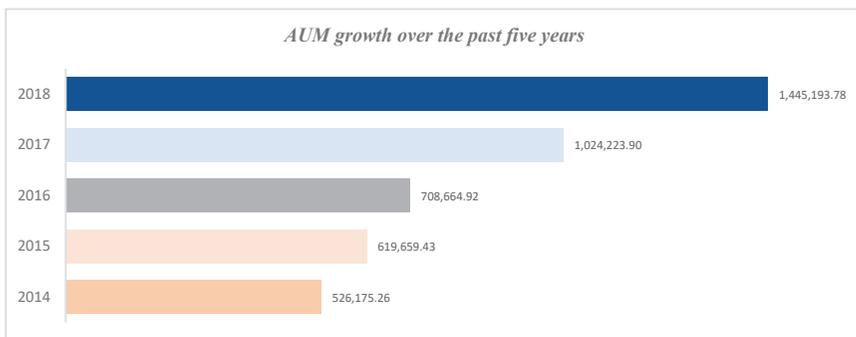
Thank you all for the unwavering confidence in CCMF and may the coming year be a prosperous year for us all.

A handwritten signature in black ink, appearing to read 'Fred Deegbe', written over a horizontal line.

Fred Deegbe (Rev. Dr.)
CHAIRMAN

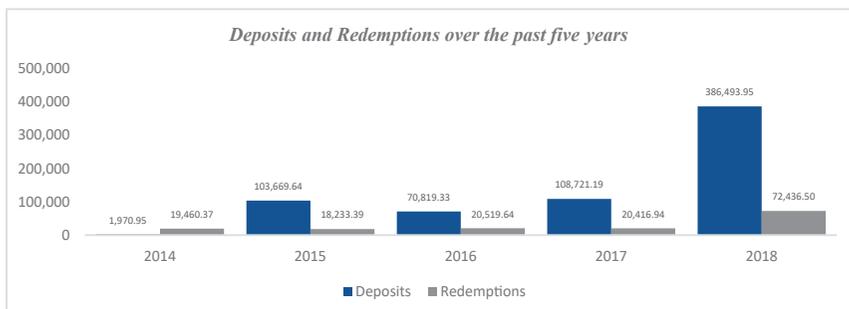
FUND MANAGER'S REPORT

CCMF started with a total asset value of GHS 1,021,170.85 as at 1st January 2018, which increased by 41.52% as at the end of the year. This was mainly attributed to the outstanding performance of the Fund over the years and the consistent contributions by both existing and new clients. At the end of 2018, listed equities constituted 15.26% of the total asset value, whereas fixed income investments constituted 68.08%. The chart below shows the AUM growth of the Fund from 2014 to 2018.



The Fund has also generated a cumulative return of 184.35% as at end of 2018, from its inception in September 2010, with the unit price rising from GHS 0.2000 to GHS 0.5687. This represents an annualized return of 6.54%, which compares favourably with other balanced mutual funds.

In terms of deposits and redemptions, both reached new highs in 2018, depicted in the chart below, with deposits recording an increment of 255.49% in 2018 from GHS 108,721.19 in 2017. Similarly, redemptions grew by 254.79% from 2017 to 2018. However, over the year under review, the Fund witnessed significantly high retention ratios as deposits far outstripped redemptions.



As part of our revised investment strategy and risk management procedures, the Fund invested in government bonds in order to reduce the risk profile of the Fund. The Fund liquidated some fixed deposit investments and reinvested these in government securities as part of the risk management strategies adopted by the Fund. The Fund purchased a 3 and a 2-year GoG bond, and a 10-year ESLA bond which is a quasi-government bond. The fund also purchased corporate bonds from Bayport Financial services and Izwe Savings and Loans.

On the equity front, CCMF purchased 40,000 shares from MTN to add to its existing equity portfolio. As a balanced fund, CCMF continues to maintain a good balance of fixed income and equity instruments which helps to reduce risk.

Outlook

In a bid to ensure superior and competitive returns, the Fund will reduce their exposure to equity due to its poor performance over the last quarter and expected continued poor performance in the forthcoming year, to more fixed income investment. We will continue to monitor the market closely to take advantage of the anticipated activities while managing risk to earn the best risk adjusted returns for the Fund. The Fund will also pursue growth in institutional deposits to diversify and increase both the clientele base and the assets under management of the Fund, while simultaneously improving our existing relationship with retail clients. We will continue to adhere to the underlying values upon which CCMF stands, while maintaining a portfolio that yields the best possible returns for our shareholders. We believe that the Fund will continue to remain the most attractive balanced mutual fund in the mutual fund market.

Thank you.



Eric Appiah

FUND MANAGER

CCMF PERFORMANCE AT A GLANCE

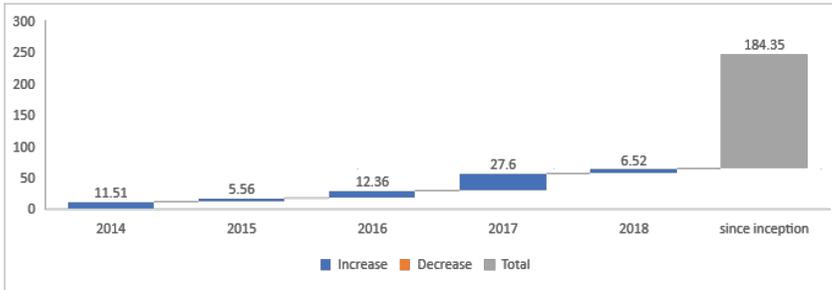
Comparable Returns

CCMF Annualized Return	1-Year Note	GSE-CI Return
6.54%	15.00%	-0.29%

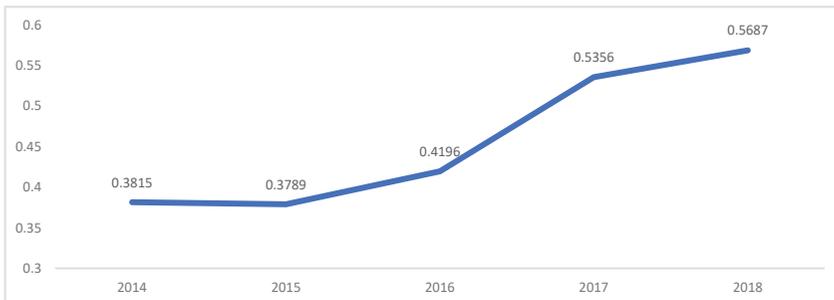
Performance Summary

	Beginning Value	Ending Value	Change
Price(GHS)	0.5339	0.5687	6.52%
Net Asset Value(GHS)	989,794.06	1,365,784.53	37.99%
Shares Outstanding	1,853,861	2,401,737	29.55%
Assets Under Management(GHS)	1,021,170.85	1,445,193.78	41.52%

Historical Returns(%)

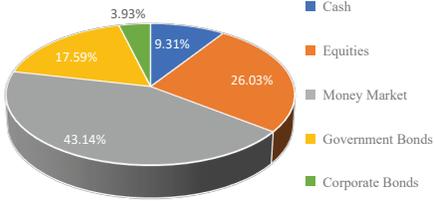


CCMF end of year prices

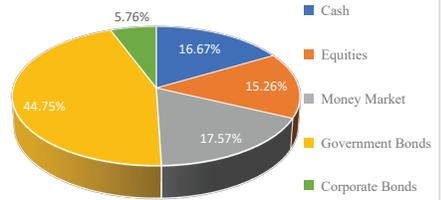


PORTFOLIO STRUCTURE

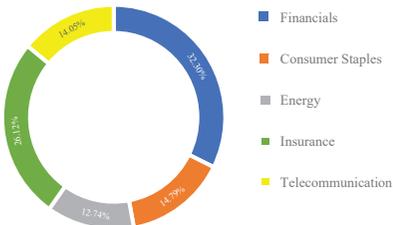
2017



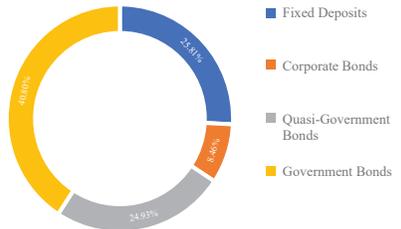
2018



Equities Summary



Fixed Income Securities



4 GREAT REASONS TO CHOOSE CCMF



NO RESTRICTIONS ON WITHDRAWALS

You can easily withdraw your funds at any time



ONLY GHC10.00

to activate

You can contribute only

GHC10.00 to activate your account

SAFE KEEPING OF INVESTMENT



All investments are in the safe-keeping of the custodian (Standard Chartered Bank)

EASY TRACKING OF INVESTMENT



Receive SMS Notifications each time your account is credited or debited

REPORT OF DIRECTOR'S OF THE FUND TO THE MEMBERS OF CHRISTIAN COMMUNITY MUTUAL FUND LIMITED

The Board of Directors presents the report and audited financial statements of Christian Community Mutual fund Limited (the Fund) for the year ended 31st December 2018.

Financial Statements

The results for the period are set out in the attached financial statements.

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

Nature of Business

Christian Community Mutual Fund Limited is a mutual fund registered in Ghana, to invest the monies of its members for their mutual benefit and to hold and arrange for the management of money market securities acquired with such monies. The Company is licensed by the Securities and Exchange Commission to operate as an authorized

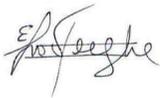
mutual fund, in line with the Unit Trust and Mutual Fund Regulation, 2001 (L.I. 1695). The Fund's objective is to maximize total return, emphasizing current income, and to a greater extent, providing opportunities for capital appreciation.

Dividend Distribution Policy

It is the policy of the Fund to re-invest all its investment income. Annual dividends shall neither be declared nor distributed. As such, individual investors should benefit from a growth in the Net Asset Value of each unit/share of the fund they hold.

Approval of Financial Statements

The financial statements of the Fund were approved by the Board of Directors of the Fund on 28th November, 2019 and signed on its behalf by:



.....
Fredrick P. Deegbe (Rev. Dr.)
Chairman



.....
Nii Adumansa-Baddoo
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHRISTIAN COMMUNITY MUTUAL FUND LIMITED

Opinion

We have audited the financial statements of Christian Community Mutual Fund, which comprise Statement of Financial Position as at 31st December 2018 and the Statement of Comprehensive Income and Statement of movement in net assets for the period ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial transactions of the Fund as at 31 December, 2018, and of its financial performance and its movement in net assets for the period ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 1963, (Act 179) 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 Mutual Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

In accordance with ISAs, this part of our report is intended to describe the matters communicated with those charged with governance that we have determined, in our professional judgement, were most significant in the audit of the financial statements. We have determined that, there are no matters to report under key audit matters.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements, the Directors are 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 members at a general meeting either intends to liquidate the 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 objectives are 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management'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 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.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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 Fund so far as it appears from our examination of those books

The engagement partner on the audit resulting in this Independent Auditor's Report is **John Armstrong Yao Klinogo (P/No-ICAG/P/1116)**

John Kay & Co

.....
For and on behalf of John Kay & Co. (ICAG/F/2019/128)
Chartered Accountants
Accra

12/12/2019

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

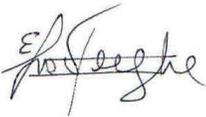
EQUITY INVESTMENTS	SHARES	PRICE PER SHARE SHARE GH¢	MARKET VALUE GH¢	PERCENT OF NET ASSETS %
Banking				
Republic Bank Ghana Limited	19,627	0.69	13,542	1.20
Societe General Ghana	21,560	0.75	16,170	1.43
CAL Bank	31,200	0.98	30,576	2.71
GCB Bank	2,000	4.60	9,200	0.81
Insurance				
Enterprise Group Limited	20,000	2.24	44,800	3.97
State Insurance Company Limited	57,000	0.19	10,830	0.96
Manufacturing				
Fan Milk Ltd	4,000	8	32,000	2.83
Petroleum Products				
Total Petroleum Ghana Ltd	4,600	3.4	15,640	1.38
Tullow Oil Ghana Ltd	1,000	11.94	11,940	1.06
Telecommunications				
MTN Ghana	40,000	0.79	31,600	2.80
			216,298	19.15
FIXED INTEREST SECURITIES				
Debt securities				
<i>Government Bond</i>				
10-year Bond			252,914	22.39
7-year Bond			103,184	9.14
3-year Bond			41,484	3.67
2-year Bond			50,462	4.47
			448,044	39.67
<i>Corporate Bond</i>				
3-year Bond			276,122	24.45
			276,122	24.45
Fixed Deposit				
365- Days Fixed Deposit			46,705	4.14
182-Days Fixed Deposit			202,461	17.92
			249,166	22.06
Total Investment Securities			1,189,630	105.33
TOTAL LIABILITY			60,161	(5.33)
TOTAL NET INVESTMENT			1,129,469	100.00

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

Revenue	Notes	2018 GH¢	2017 GH¢
Interest Income	7	185,152	151,521
Dividend Income	8	3,940	2,188
Gains/(Loss) on Investments at FVTPL	10	(79,609)	76,746
Other Receivable		910	–
Total Revenue		<u>110,393</u>	<u>230,455</u>
Expenses			
Fund Management		31,813	24,639
Custodian Fees		3,740	2,452
General Expenses	10	11,278	6,784
Audit Fees		3,000	3,000
Total Operating Expenses		<u>(49,831)</u>	<u>(36,875)</u>
Operating Profit Before Tax		60,562	193,580
Taxation	18	–	–
Operating Profit After Tax		<u>60,562</u>	<u>193,580</u>

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note(s)	2018 GHC	2017 GHC
Assets			
Cash and Cash Equivalents	11	195,211	26,678
Investments at FVTPL	9	216,298	265,907
Investment at Amortized Cost	13	973,332	728,395
Receivables	15	41,562	226
Total Assets		<u>1,426,403</u>	<u>1,021,206</u>
Current Liabilities			
Account Payables	14	60,161	39,520
Net Total Assets		1,366,242	981,686
Represented By:			
Accumulated Income		573,673	505,357
Capital Account	16	792,569	476,329
Members' Fund		<u>1,366,242</u>	<u>981,686</u>



Fredrick P. Deegbe (Rev)
Chairman



Nii Adumansa-Baddoo
Director

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	140,171	116,834
Unrealized Gains/(Loss)	(79,609)	76,746
Prior Year Adjustment	3,877	-
Net Change in Net Assets from Operations	<u>64,439</u>	<u>193,580</u>
Change in net Assets from Capital Transactions		
Proceeds from Issue of Shares	388,677	110,940
Share Redemption	(72,437)	(20,417)
Net Change in Net Assets from Capital Transactions	<u>316,240</u>	<u>90,523</u>
Net additions to Net Assets	<u>380,679</u>	<u>284,103</u>
Analysis of movement in net asset for the year		
At 1 January	981,686	697,583
Prior Year Adjustment	3,877	-
Net additions to net assets	380,679	284,103
At 31 December	<u>1,366,242</u>	<u>981,686</u>

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

31 December 2018	Capital Account GH¢	Accumulated Income GH¢	Total GH¢
At 1 January	476,329	505,357	981,686
Prior Year Adjustment	—	3,877	3,877
Increase in Net Assets from Operations	—	64,439	64,439
Share Issue	388,677	—	388,677
Shares Redemption	(72,437)	—	(72,437)
At 31 December	<u>792,569</u>	<u>573,673</u>	<u>1,366,242</u>

31 December 2017	Capital Account GH¢	Accumulated Income GH¢	Total GH¢
At 1 January	385,806	311,777	697,583
Increase in Net Assets from Operations	—	193,580	193,580
Share Issue	110,940	—	110,940
Shares Redemption	(20,417)	—	(20,417)
At 31 December	<u>476,329</u>	<u>505,357</u>	<u>981,686</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED TO 31 DECEMBER 2018

NOTES TO FINANCIAL STATEMENTS

1. Reporting Entity

Christian Community Mutual Fund Limited (The Fund) is a mutual fund investment company registered and operating in the Republic of Ghana. The objective of the fund is to maximize total return of shareholders.

2. Basis of Accounting

These financial statements have been prepared in accordance with the Unit Trust and Mutual Funds Regulations, 2001 (L.I.1675) and comply with the International Financial Reporting Standards (IFRS).

3. Functional and Presentation Currency

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

4. Use of Judgements and Estimates

In preparing these financial statements, the Fund's management has made judgments, 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.

5. Accounting Policies

The following principal accounting policies have been consistently applied during the period in the preparation of the Fund's financial statements

- i. 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 recognized 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 recognized in the profit or loss as interest income or interest expense, respectively.

b) Pooled Investment Income

Income arising from the underlying investment of the pooled investment vehicles that is reinvested within the pooled investment vehicles is reflected in the unit price. Such income is reported within the change in market value.

- ii. Financial Instruments

- i. Financial Assets

The fund classifies its investments into the following categories: financial assets at fair value through profit or loss, and assets at amortized cost. The classification depends on the purpose for which the investments were acquired. The Fund determine the classification of the investments at the initial recognition and re-evaluates this at every reporting date.

ii. Financial Assets at Fair Value Through Profit or Loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified into this category at inception and is acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so, designated by Fund.

iii. Investment Held at Amortized Cost

Investments held at amortised cost are non-derivative financial assets with fixed or determinable payments and fixed maturity. In determining the classification of financial assets to the above class, two test criteria are applied;

Business Model Test:

The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

Cash Flow Characteristics Test:

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The Fund have assessed the business model of the Pension Scheme and cash flow characteristics of its fixed income investments and elected to classify all fixed income instruments under amortised cost.

iv. Initial Recognition of Financial Asset

Purchase and sales of financial assets held at fair value through profit or loss and liabilities are recognized on the date the Fund commit to purchase or sell the asset. Financial assets are initially recognized at fair value plus directly

attributable transaction costs, except for financial assets at fair value through profit or loss.

v. Subsequent Measurement of Financial Asset

Financial Assets classified as fair value through profit or loss are subsequently measured at fair value with the resulting changes recognized in the Statement of Changes in Net Assets.

vi. De-Recognition

Financial assets are derecognized when the right to receive cash flows from the financial assets has expired or where the Scheme has transferred substantially all risks and rewards of ownership. Any interest in the transferred financial assets that is created or retained by the Scheme is recognized as a separate asset or liability.

Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expired.

vii. Amortized Cost Measurement

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

viii. Identification and Measurement of Impairment

A financial asset or a group of financial assets are impaired using the "expected credit loss" model, where the Fund calculate the

allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes.

The Expected Credit Loss Model (ECL) is used in the recognition of impairment losses. The ECL means that on the day an entity recognizes (enters into an investment contract) a financial asset, it has to provide from day 1 credit losses up to 12 months expected credit loss even if the financial assets are not credit impaired. When the issuer's credit risk worsens due to some observed conditions, then a lifetime ECL must be booked.

Objective evidence that financial assets are impaired can include default or delinquency by a debt issuer and other observable data that suggests adverse changes in the payment status of the debt issuer.

The Fund first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Fund determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized, are not included in a collective assessment of impairment.

Future cash flows in a group of financial assets that are collectively valued for impairment are estimated on the basis of the historical loss

experience for assets with credit risk characteristics similar to those in the Scheme. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based, and to remove the effects of conditions in the historical period that do not exist currently. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the Statement of Changes in Net Assets.

iii. 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 Trust in the management of short term commitment, other than cash collateral provided in respect of derivatives and security borrowing transactions.

iv. Redemption Payable

Redemption payables are included in the financial statements on an accrual basis where members become entitled to such benefits.

6. Transactions with Related Parties and Key Contractors

a) Fund Manager

The Fund's investment activities are managed by Blackstar Advisors Limited.

The fund manager receives a fee based of net asset value of 2.5% accrued daily and paid quarterly. Total management fee charged during

the period amounted to GH¢31,813. The amount included in payables as at 31st December, 2018 amounted to GH¢55,450.

b) Custodian

Custodian of the Fund is Standard Chartered Bank Ghana Limited. The Custodian receives a fee based on total asset value of 0.25% accrued daily and paid quarterly. The total custodian fee charged during the period amounted to GH¢3,740. The amount included in payables as at 31st December, 2018 amounted to GH¢936.

7. Interest income

	2018 GH¢	2017 GH¢
Debt Securities	84,633	11,988
Fixed Deposit	100,519	139,533
	<u>185,152</u>	<u>151,521</u>

8. Dividend Income

	2018 GH¢	2017 GH¢
Dividend Received	1,597	2,188
Right Issue	2,343	-
	<u>3,940</u>	<u>2,188</u>

9. Financial instruments

a. Analysis of changes in fair value of financial instruments at fair value through profit or loss

31 December 2018	Balance 1/1/18 GH¢	Purchases/ Disposal GH¢	Accrued Interest GH¢	Changes in Fair Value GH¢	Value 31/12/18 GH¢
Quoted Shares	265,907	30,000	—	(79,609)	216,298
GoG Bonds	179,651	255,490	12,903	—	448,044
Fixed Deposits	508,590	(278,253)	18,829	—	249,166
Corporate Bond	40,154	226,235	9,733	—	276,122
	<u>994,302</u>	<u>233,472</u>	<u>41,465</u>	<u>(79,609)</u>	<u>1,189,630</u>
31 December 2017	Balance 1/1/17 GH¢	Purchases/ Disposal GH¢	Accrued Interest GH¢	Changes in Fair Value GH¢	Value 31/12/17 GH¢
Quoted Shares	189,161	—	—	76,746	265,907
GoG Bonds	—	172,970	6,681	—	179,651
Fixed Deposits	460,260	26,016	22,314	—	508,590
Corporate Bond	40,228	(228)	154	—	40,154
	<u>689,649</u>	<u>198,758</u>	<u>29,149</u>	<u>76,746</u>	<u>994,302</u>

10. General Expenses

	2018 GH¢	2017 GH¢
Registration & License	–	500
AGM Cost	5,099	5,218
Bank Charges	135	16
Legal Fees	5,500	–
VAT	544	1,050
	<u>11,278</u>	<u>6,784</u>

11. Cash and Cash Equivalents

	2018 GH¢	2017 GH¢
Cash and Bank Balances	<u>195,211</u>	<u>26,678</u>

12. Financial Assets

	2018 GH¢	2017 GH¢
Debt Securities	724,166	219,805
Quoted Equity	216,298	265,907
Fixed Deposit	249,166	508,590
	<u>1,189,630</u>	<u>994,302</u>

13. Classification of Financial Assets and Financial Liabilities

31 December 2018	Notes	Designated at fair value GH¢	Amortized Cost GH¢	Loan and receivable GH¢	Other Liabilities GH¢	Total GH¢
Cash and Cash equivalents	11	—	—	195,211	—	195,211
Investments at FVTPL	—	216,298	—	—	—	216,298
Investments at Amortized Cost	—	—	973,332	—	—	973,332
Other Receivables	16	—	—	41,562	—	41,562
		<u>216,298</u>	<u>973,332</u>	<u>236,773</u>	<u>—</u>	<u>1,426,403</u>
Payables under service level agreements						
Due to Brokers	14	—	—	—	55,450	55,450
Other Payables	14	—	—	—	4,711	4,711
					<u>60,161</u>	<u>60,161</u>

31 December 2017	Notes	Designated at fair value GH¢	Amortized Cost GH¢	Loan and receivable GH¢	Other Liabilities GH¢	Total GH¢
Cash and Cash equivalents	11	—	—	26,678	—	26,678
Investments at FVTPL	—	265,907	—	—	—	265,907
Investments at Amortized Cost	—	—	728,395	—	—	728,395
Other Receivables	16	—	—	226	—	226
		<u>265,907</u>	<u>728,395</u>	<u>26,904</u>	<u>—</u>	<u>1,021,206</u>

Payables under service level agreements						
Due to Brokers	14	–	–	–	31,391	31,391
Other Payables	14	–	–	–	8,129	8,129
					39,520	39,520

14. Accounts Payable

	2018 GH¢	2017 GH¢
Fund Management Fees	55,450	31,391
Custody Fees	936	509
Redemption Fees	–	3,863
General Expense	775	757
Audit Fees	3,000	3,000
	60,161	39,520

15. Receivables

	2018 GH¢	2017 GH¢
Matured Investments	41,152	–
Tax Credit	410	226
	41,562	226

16. Capital Account

	Units	2018 GH¢	Units	2017 GH¢
Balance at 1 January	1,853,861	476,329	1,671,612	385,806
New Shares Issued	672,714	388,677	225,106	110,940
	<u>2,526,576</u>	<u>865,006</u>	<u>1,896,718</u>	<u>496,746</u>
Shares Redemption	(124,839)	(72,437)	(42,857)	(20,417)
Balance at 31 December	<u>2,401,736</u>	<u>792,569</u>	<u>1,853,861</u>	<u>476,329</u>

17. Prior Year Adjustment

The amount charged to the statement of comprehensive income in 2017 as management fees was more than the payable amount in the statement of financial position of 2017 by GH¢3,877. This is corrected through the prior year adjustment in the current year.

18. 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.

19. New Standards and Interpretations Adopted

IFRS 9, Financial Instruments published in July 2014, has replaced 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 derecognition of financial instrument from IAS 39.

IFRS 9 was effective for annual reporting periods beginning 1 January 2018.

20. Risk Associated with Financial Instruments

The Fund's activities expose it to a variety of risks due to the nature of its activities. These risks include credit risk, Liquidity risk and market risk (including interest rate risk and price risk). The Fund's objective in managing these risks is the protection and enhancement of shareholder value. The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of a loss being incurred on securities in custody as a result of the custodian's insolvency, negligence, misuse of assets, fraud, poor administration or inadequate record-keeping. Although an appropriate legal framework is in place that reduces the risk of loss of value of the securities held by the custodian, in event of its failure, ability of the fund to transfer the securities might be temporarily impaired.

The Fund's risk management policies are approved by the management of the Fund and seek to minimize the potential adverse effects of these risks on the Trust's financial performance. The risk management system is an on-going process of identification, measurement, monitoring and controlling.

a) *Credit Risk*

Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Fund. At reporting date, financial assets exposed to credit risk include, cash and cash equivalents disclosed in note 11 and debt instruments disclosed in note 10 to the financial statements. It is the opinion of the fund managers that, the carrying amounts of these financial assets represent the maximum credit risk exposure at the reporting date.

Risk exposure arising from cash and cash equivalents: The Fund's cash and cash equivalents are mainly held by Standard Chartered Bank Ghana limited, Barclays Bank Ghana Limited and Access Bank Ghana limited.

Risk exposure to investment debt securities and concentration of credit risk is shown in statement of financial assets designated at fair value through profit or loss of the financial statements.

b) *Liquidity Risk*

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to daily cash redemption. The Fund's policy is to maintain 5% of its assets in short-term instruments for the purpose of handling redemption by unit holders.

c) *Market Risk*

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

i. *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is exposed to interest rate risk as it invests its cash and cash equivalent in short term interest rates. The asset manager manages the Fund's exposure to interest rate on daily basis in accordance with the Fund's investment objectives and policies. The Fund's overall exposure to interest rate risk is monitored on a monthly basis by the management of Christian Community Mutual Fund Limited.

ii. *Interest Rates Sensitivity*

The sensitivity analysis reflects how net assets attributable to holders of units would have been affected by changes in relevant risk variable that were reasonably possible at the reporting date. Management has determined that fluctuation in interest rates of 20 basis points is reasonable considering the economic environment in which the Fund operates.

iii. **Currency Risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund invests in securities denominated in United States Dollars. Accordingly, the value of the fund's net assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore the fund is subject to foreign exchange risk. Exchange risk exposures are managed within approved policy parameters.

iv. **Price Risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. The Fund is exposed to equity prices risk which arises from its investment in equity securities.

The investment manager manages the Fund's equity price risk on a daily basis in accordance with the Funds investment objectives and policies of 50 % (+/-10%). The Fund's overall market positions are monitored on quarterly basis by the Board of Directors.

21. **Fair Value Measurement**

The Fund classifies fair value measurement within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and lowest prices to unobservable inputs (Level 3). The levels of the fair value hierarchy are

Level 1	Quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within level1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Inputs are observable for the assets or liabilities.

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that actively are actively involved in the relevant market.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for asset or liability at measurement date. However, the fair value measurement objective remains the same. Therefore, unobservable inputs reflect the assumptions that market participants would use when pricing the assets or liability, including assumptions about risk.

The following table provides an analysis of financial instruments measured at fair value at the period end date by the level in the fair value hierarchy into which the fair value measurement is categorized.

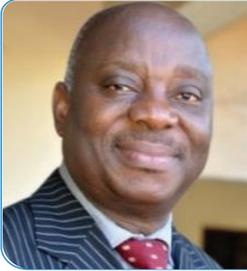
As at 31 December, 2018 Investments T FVTPL Quoted Securities	Level 1	Level 2	Level 3	Total
Equity	216,298	—	—	216,298
Debt securities				
Government Bond	—	448,044	—	448,044
Corporate Bond	—	276,122	—	276,122
Fixed Deposits				
182 Days Fixed Deposits	—	202,461	—	202,461
365 Days Fixed Deposits	—	46,705	—	46,705
Total recurring fair value Measurement of assets	<u>216,298</u>	<u>973,332</u>	<u>—</u>	<u>1,189,630</u>

There were no transfers between levels during the period

22. Event After Reporting Period

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

PROFILE OF DIRECTORS AND FUND MANAGER



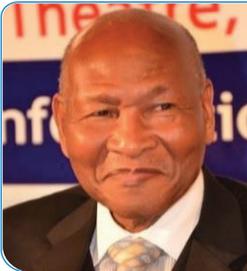
Rev. Dr. Frederick Primrose Deegbe - Board Chairman

- Senior Pastor - Calvary Baptist Church
- Serves on the Advisory Council, Institute of Fiscal Studies
- Board Member - Coalition of Domestic Election Observers



Nii Baddoo Adumansa - Vice Chairman

- Chief Executive, NABS Business Consulting
- Associate, Aerospace Services International, USA
- Member, Institute of Chartered Accountants (ICAG), Ghana
- Dean Faculty of Corporate Governance, ICAG, Ghana
- Holds an MBA from Henley Business School, University of Reading UK



Sam Okudzeto - Barrister at Law

- Chairman - Challenge Enterprise
- Chairman - College of Health Sciences Endowment Fund
- Former Board Member, Bank of Ghana (BOG)
- Member of the Disciplinary Committee, The General Legal Council
- Serves on the ARCH Hall Ltd, a company limited by guarantee
- Member, Council of State



Emmanuel Asiedu Appiah

- Board Member - First Allied Savings and Loans
- Board Member- Blacksmith Brokers Ltd
- Board Member - Africa Aurora Business Network (AABN)
- Head Pastor, Redeemed Baptist Church, Oyarifa



Naa Odey Asante

- Executive Director, Christian Community Microfinance Limited
- Analyst -Mel Consulting Ltd,
- FSGN Consult, Microfinance Consultant



Yaa Peprah Amekudzi

- Programme Director – Cadbury Cocoa
- Former Deputy Regional Director, West Africa at Right to Play
- Former Country Director, Hope for Africa Children Initiative



Joseph N.B Tetteh

- Honorary Treasurer - Christian Council of Ghana
- Director of Human Resources & Statistics, Presbyterian Church of Ghana, Osu
- Chairman of Board of Management, Osu Preparatory
- Council Member and Treasurer, Ghana Association of Bankers
- Member of Board of Trustees, GETFUND



Leonora Agyarko

- Legal Practitioner and the Managing Partner, SELEGYM Consult
Board Member, CAL Bank
- Board Member, Clark Sustainable Resources Development
- Board Member, AFS Intercultural Exchanges
- Member, International Federation of Women Lawyers (FIDA)



Rt. Rev. Prof. Emmanuel Martey

- Former Moderator of the Presbyterian Church of Ghana
- Full Professor in Systematic Theology
- Former Board Chairman- Dominion University College Board of Governors
- Former Board Member-Regent University College of Science and Technology Council
- Former Chairman-Academic Board, Good News Theological College and Seminary
- Former Board Member - Good News Theological College and Seminary Board of Governors
- Former Chairman- National Committee on Basic and Secondary Schools
- Former Member of Ghana Education Service (GES) Council
- Former Chairman-Board of Trustees of the Ghana Prisons Ministry



Eric Appiah Fund Manager

- Extensive experience in Investment Banking, Asset Management and Private Equity.
- Worked at Deutsche Bank in the Global Markets FX Margin trading business
- Worked as a Hedge Fund Research Analyst at Fortune Asset Management in London.
- Served as the Vice President on the credit derivatives trading desk and Fixed Income Research Team at Bear Stearns.
- Former Senior Fixed Income Credit Research Analyst for Cairn Capital in London, UK.
- Former Head of the Capital Markets department at IC Securities.
- BSc. Mathematics and Statistics and MSc. in Corporate Risk and Security Management from the University of Southampton.

PROXY FORM

I/We-----of-----being a member(s) of Christian Community Mutual Fund (“the Company”) hereby appoint-----or failing him the duly appointed Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the 7th Annual General Meeting of the Company to be held at the Rev. Peter Kwei Dagadu Memorial Methodist Church, Osu Ako – Adjei, Accra on Friday, 20th December, 2019, at 10:00am prompt and any adjournment thereof. I/We direct that my/our vote(s) be cast on the specified resolution as indicated by an X in the appropriate space.

Resolutions	For	Against	Abstain
1. . Report of Directors and Auditors			
2. To receive and adopt the financial statements for the year ended 31st December, 2018			
3. Re-election of the following Directors who are retiring by rotation; <ul style="list-style-type: none"> • Frederick Primrose Deegbe (Reverend Dr.) • Sam Okudzeto • Reverend Professor Emmanuel Martey • Leonora Agyarko • Joseph Nii Budu Tetteh • Emmanuel Asiedu- Appiah • Nii Adumansa –Baddoo • Yaa Peparah Agyeman Amekudzi (Mrs.) • Naa Odey Asante (Mrs.) 			
4. To authorize the Directors to fix remuneration of Auditors			

Shareholder’s Signature:

Signed ----- day of ----- 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 shareholder from attending the meeting and voting thereat.

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