PLUS INCOME FUND

FINANCIAL STATEMENTS

PLUS INCOME FUND PLC

Financial Statements
For the year ended
31st December 2020

FINANCIAL STATEMENTS

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CORPORATE INFORMATION

BOARD OF DIRECTORS	Bright Asare Bediako Derrick Darkwah Eugene Gilbert Amponsah Nana Aba Seguah Derby Otu Kwesi Hughs Patrick Nii Ayaa Mensah Randolf Babamidele Kwame Rodrigues
REGISTERED OFFICE	The Rhombus No. 24 Tumu Avenue, Kanda Estate Accra P. O. Box 59 Osu Accra
INVESTMENT MANAGER	Black Stars Advisors Limited The Rhombus No. 24 Tumu Avenue, Kanda Estate Accra P. O. Box 59 Osu Accra
CUSTODIAN	Stanbic Bank (Ghana) Limited Stanbic Height Plot 215, South Liberation Road Airport City, Accra
AUDITORS	John kay and Co 7th Floor, Trust Towers Farrar Avenue P. O. Box KIA 16088 Accra

REPORT OF THE DIRECTORS
TO THE MEMBERS OF PLUS INCOME FUND PLC

The Board of Directors presents the report and audited financial statements of Plus Income Fund Plc for the year ended 31 December 2020.

FINANCIAL STATEMENT AND DIVIDEND

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

The Board of Directors consider the state of the company's affairs to be satisfactory.

NATURE OF BUSINESS

Plus Income Fund Plc 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.

Plus Income Fund Plc ("The Fund") is an open-end mutual fund which shall invest primarily in equity securities listed on the Ghana Stock Exchange (GSE) and fixed income securities. The Fund 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:

	2020 GH¢	2019 GH¢
Government Notes and Bonds	3,474,325	300,465
Local government securities	512,024	732,573
Cash	140,089	279
Total Investments	**4,126,438**	**1,033,317**

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

	2020 (%)	2019 (%)
Government Notes and Bonds	84	29
Local government securities	13	71
Cash	3	-
	100	100

REPORT OF THE DIRECTORS
TO THE MEMBERS OF PLUS INCOME FUND PLC (CONT'D)

Approval of financial statements

The financial statements of the fund as indicated above were approved by the board of directors on 30TH JULY, 2021 .... and are signed on its behalf by:

Name Derrick Darkwah

Signature ....

Name Eugene G. Amponsah

Signature 02/08/2021

John Kay & Co.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PLUS INCOME FUND PLC

Opinion

We have audited the accompanying financial statements of Plus Income Fund Plc, which comprise the statement of financial position at 31 December 2020, the statement of profit or loss for the year ended, statement of movement in net assets for the year ended, statement of cash flows for the year ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 14-29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Plus Income Fund Limited as at 31 December 2020 and the Company's financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS)) and the requirements of the Companies Act 2019, (Act 992) of Ghana, 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 Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IESBA) and have fulfilled our other ethical responsibilities in accordance with the code. 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 2019, (Act 992) of Ghana, Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695) and for such internal control as management 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 Company's financial reporting process.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 management either intends to liquidate the Company 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 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.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PLUS INCOME FUND LIMITED (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 Company'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 Company'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 Company 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 represents 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.

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.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PLUS INCOME FUND LIMITED (CONT'D)

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992) 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 Company 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/2021/128)
Chartered Accountants
Accra

……………………………5/8/2021

STATEMENT OF FINANCIAL ASSETS
AS AT 31 DECEMBER 2020

	MARKET VALUE GH¢	PERCENTAGE OF NET ASSETS
FIXED INTEREST SECURITIES		
Debt securities		
Government Notes and Bonds	3,474,325	85
Local government securities	512,024	13
	3,986,349	**98**
Funds on call		
Cash and cash equivalent	140,089	3
Total Investment securities	**4,126,438**	**101**
Total liability	(45,476)	(1)
Net investment	**4,080,962**	**100**

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note (s)	2020 GH¢	2019 GH¢
Assets			
Cash and cash equivalent	9	140,089	279
Financial assets at amortised cost	12	3,986,349	1,033,038
Total Assets		**4,126,438**	**1,033,317**
Represented By:			
Members' fund	13	4,080,962	1,024,304
Liabilities			
Account payables	14	45,476	9,013
Total Members' Fund and Liabilities		**4,126,438**	**1,033,317**

Derrick Dorkwah 03/08/2021

Director **Signature** **Date**

Eugene G. Amponsah .... 2ND AUGUST 2021

Director **Signature** **Date**

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note (s)	2020 GH¢	2019 GH¢
Revenue			
Interest Income	8	240,205	33,434
Total Revenue		**240,205**	**33,434**
Expenses			
General Expenses	15	(97,492)	(9,130)
Total operating expenses		**(97,492)**	**(9,130)**
Operating profit before tax		142,713	24,304
Other income	16	137,030	-
Increase in net assets available for benefits		**279,743**	**24,304**

ACCUMULATED NET INVESTMENT INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 GH¢	2019 GH¢
Income as at 1 January	24,304	-
Transfer from income and distribution statement	279,743	24,304
	304,047	**24,304**

STATEMENT OF MOVEMENTS IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 GH¢	2019 GH¢
Changes in net assets from operations		
Change in:		
Net Investment Income	279,743	24,304
Net change in net assets from operations	**279,743**	**24,304**
Change in net assets from capital transactions		
Proceeds from Issue of Shares	3,009,936	1,000,000
Share Redemption	(233,021)	-
Net change in net assets from capital transactions	2,776,915	1,000,000
Net additions to net assets	**3,056,658**	**1,024,304**
Analysis of changes in movements in net assets for the year		
At 1 January	1,024,304	-
Net additions to net assets	3,056,658	1,024,304
At 31 December	**4,080,962**	**1,024,304**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Capital Transactions	Income	Total
2020	**GH¢**	**GH¢**	**GH¢**
At 1 January	1,000,000	24,304	1,024,304
Net Income from operations	-	279,743	279,743
Share Issue	3,009,936	-	3,009,936
Shares Redemption	(233,021)	-	(233,021)
At 31 December	**3,776,915**	**304,047**	**4,080,962**

	Capital Transactions	Income	Total
2019	**GH¢**	**GH¢**	**GH¢**
At 1 January	-	-	-
Net Income from operations	-	24,304	24,304
Share Issue	1,000,000	-	1,000,000
Shares Redemption	-	-	-
At 31 December	**1,000,000**	**24,304**	**1,024,304**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 GH¢	2019 GH¢
Cash flow from operating activities		
Increase in net assets attributable to unit holders	279,743	24,304
Adjustment for:		
Interest Income	(86,993)	(33,434)
	192,750	(9,130)
Change in		
Account Payables	36,463	9,013
Net cash flow from operating activities	**229,213**	**(117)**
Cash Flow from Investing Activities		
Purchase of financial Assets	(3,086,867)	(2,355,470)
Proceeds from matured financial Asset	220,549	1,354,251
Interest Income	-	1,615
Net cash flow from investing activities	**(2,866,318)**	**(999,604)**
Cash Flow from Financing Activities		
Proceeds from issuance of units	3,009,936	1,000,000
Amount paid on redemption of units	(233,021)	-
Net cash flow from financing activities	**2,776,915**	**1,000,000**
Net increase/Decrease in cash and cash equivalents	139,810	279
At 1 January	279	-
At 31 December	**140,089**	**279**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. REPORTING ENTITY

Plus Income Fund Plc is a mutual fund investment company whose primary objective is to obtain contributions from members and invest same for their benefit. Plus Income Fund Plc 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 "Plus Income Fund", which means it will invest in a combination of listed equities, bonds, as well as other suitable fixed income securities to achieve its investment objective. The investment activities shall be managed by Black Star Advisors Limited.

2. BASIS OF ACCOUNTING

(a) Basis of preparation

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

(b) Functional and presentation currency

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

(c) Use of estimates and judgement

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. SIGNIFICANT 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) *Investment income recognition*

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a. Non-derivative financial instruments (cont'd)

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

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

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

b.. Derivative financial instruments

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

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

c. Financial Liabilities

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

d. Off Setting

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iii) Financial Instruments (cont'd)

e. Amortisation 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.

i. 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.

ii. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iii) Financial Instruments (cont'd)

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D

(i) Impairment of financial assets (cont'd)

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.

(j) 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.

(k) 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.

(l) 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

(m) Fees and commission

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

4. NEW AND AMENDED STANDARDS EFFECTIVE FOR THE CURRENT PERIOD

In the current year, the Trust 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 2019.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2019, they did not have a material impact on the annual financial statements of the Trust.

4. NEW AND AMENDED STANDARDS EFFECTIVE FOR THE CURRENT PERIOD (CONT'D)

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.
It was effective for Annual periods beginning on or after 1 January 2020

Definition of a Business (Amendments to IFRS 3)
The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020

Definition of Material (Amendments to IAS 1 and IAS 8)
The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.
It was effective for annual reporting periods beginning on or after 1 January 2020

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

It was effective for annual reporting periods beginning on or after 1 January 2020

Covid-19-Related Rent Concessions (Amendment to IFRS 16)
The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

It was effective for Annual reporting periods beginning on or after 1 June 2020.

5. NEW AND REVISED STANDARDS IN ISSUE NOT YET EFFECTIVE

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)

Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Effective for annual reporting periods beginning on or after 1 January 2023

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.
Effective for annual reporting periods beginning on or after 1 January 2022

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Effective for annual reporting periods beginning on or after 1 January 2022

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Effective for annual reporting periods beginning on or after 1 January 2022.

5. NEW AND REVISED STANDARDS IN ISSUE NOT YET EFFECTIVE (CONT'D)

Annual Improvements to IFRS Standards 2018–2020
Makes amendments to the following standards:

- **IFRS 1** – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- **IFRS 9** – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- **IFRS 16** – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- **IAS 41** – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

These are effective for annual reporting periods beginning on or after 1 January 2022

Amendments to IFRS 17
Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are:

- Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023
- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk
- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination
- Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level
- Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives
- Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts
- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach

Effective for annual reporting periods beginning on or after 1 January 2023

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)
The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

5. NEW AND REVISED STANDARDS IN ISSUE NOT YET EFFECTIVE (CONT'D)

Classification of Liabilities as Current or Non-current —Deferral of Effective Date (Amendment to IAS 1)
The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

Effective for annual reporting periods beginning on or after 1 January 2021

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

7. RELATED PARTIES AND KEY CONTRACTORS

a. *Fund Managers*

The Directors of the fund appointed Black Stars Advisors Limited, an investment management company incorporated in Ghana and duly licensed by the Security and Exchange Commission of Ghana to implement the investment strategy and objectives as stated in the Fund's investment management policy manual. Under that investment management agreement, Black Stars Advisors Limited receives a management fee at annual rate of 0.2% of the net asset value attributable to members of the Fund. The management fees incurred during the year amounted to GH¢8,705. Included in the payables as at 31 December 2020 were fund management fees payable of GH¢8,705.

b. *Fund Custodians*

The Directors of the fund appointed Stanbic Bank (Ghana) Custody Services a Limited Liability Company incorporated in Ghana and duly licensed by Security and Exchange Commission of Ghana, to provide custody services as prescribed in the Fund's policy manual. Under the custody agreement, the Custodian receives a custodian fee at an annual rate of 0.25% of the net asset value attributable to members of the Fund. The Custodian fees charged during the year amounted to GH¢4,353. Included in the payables as at 31 December 2020 were custodian fees of GH¢4,353.

8. Interest Income

	2020 GH¢	2019 GH¢
Financial assets at amortised cost	237,845	33,383
Credit Interest	2,360	51
	240,205	**33,434**

9. Cash and cash equivalents

	2020 GH¢	2019 GH¢
Cash and bank balances	140,089	279
	140,089	**279**

NOTES TO THE FINANCIAL STATEMENT (CONT'D)

10. Financial Instruments

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

2020

	Balance 1/1/2020 GH¢	Purchases/ Sales at cost GH¢	Accrued interest GH¢	Value 31/12/2020 GH¢
Government notes and bonds	300,465	3,086,867	86,993	3,474,325
Local government securities	732,573	(220,549)	-	512,024
	1,033,038	**2,866,318**	**86,993**	**3,986,349**

2019

	Balance 1/1/2019 GH¢	Purchases/ Sales at cost GH¢	Accrued interest GH¢	Value 31/12/2019 GH¢
Government notes and bonds	929,347	(646,088)	17,206	300,465
Local government securities	1,426,123	(708,163)	14,613	732,573
	2,355,470	**(1,354,251)**	**31,819**	**1,033,038**

11. Capital transaction

	2020 No. of shares	2019 No. of shares
Shares in issue at beginning	1,000,000	-
New issues	2,625,561	1,000,000
Redemptions	(208,124)	-
	3,417,437	**1,000,000**

12. Financial assets designated at amortised cost

	2020 GH¢	2019 GH¢
Government notes and bonds	3,474,325	300,465
Local government securities	512,024	732,573
	3,986,349	**1,033,038**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. Members' funds

	2020 GH¢	2019 GH¢
At 1 January	1,024,304	-
Contribution	3,009,936	1,000,000
Redemption	(233,021)	-
Net investment income	279,743	24,304
At 31 December	**4,080,962**	**1,024,304**

14. Accounts payable

	2020 GH¢	2019 GH¢
Management fees	8,705	2,568
Custody fees	4,353	539
Administrator fees	12,187	-
Sales agent fees	2,069	-
Audit fees	5,906	5,906
Transaction costs	9,976	-
Other payables	2,280	-
	45,476	**9,013**

15. General Expense

	2020 GH¢	2019 GH¢
Management fees	8,705	2,568
Custody fees	4,353	539
Administrator fees	12,187	-
Sales agent fees	2,069	-
Audit fees	5,906	5,906
Cost of Securities	-	117
Transaction costs	61,117	-
Other expenses	3,155	-
	97,492	**9,130**

16. Other income

	2020 GH¢	2019 GH¢
Unrealised gains	23,702	-
Realised gains	113,328	-
	137,030	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. 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 withholds taxes on payment made to directors and other service providers.

18. Transactions through stock brokers

The fund's transactions were through Black Star brokers Limited.

19. FINANCIAL RISK MANAGEMENT

(a). Asset/Portfolio/Credit risk

Credit risk is the risk that counterparties (i.e. financial institutions and companies) in which the Fund's assets are invested will fail to discharge their obligations or commitments to the Fund, resulting in a financial loss to the Fund.

The Scheme's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meets the standards set out in the SEC guidelines and the Fund's investment policy statement.

(b). Liquidity risk

Liquidity risk is the risk that the fund either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due. The Scheme's approach to managing liquidity is to ensure that it will maintain adequate liquidity in the form of cash and very liquid instruments to meet its liabilities (including benefits) when due.

The following are contractual maturities of financial assets

Financial Assets	3 Months or less (GH¢)	4-6 Months (GH¢)	7 months or more (GH¢)
Government Notes and Bonds	-	305,924	3,168,400
Local Government Securities	-	512,024	-
Total	-	**817,949**	**3,168,400**

(b). Liquidity risk (cont'd)

The following are contractual maturities of financial Liabilities

31 December 2020

Financial Liabilities	3 Months or less (GH¢)
Administrative Expenses Payable	45,476
Total	**45,476**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(c). Fair value of financial assets and liabilities

Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that the Directors expect would be available to the Company at the balance sheet date. The fair values of the Company's financial assets and liabilities approximate the respective carrying amounts.

The fair value hierarchy is as follows:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly and
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair values of the Company's investments at FVTPL and FVTOCI approximates its carrying amounts.

(d) Market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. This systematic risk cannot be mitigated through diversification.

(e) Equity Price risk

Listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Scheme's policy over equity price risk is to minimise its exposure to equities and only deal with equities that meets the standards set out in the SEC guidelines and the Scheme's investment policy statement. Keen attention is paid to the equity market to realize capital gains on equity securities.

(f) Interest Rate risk

Interest 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 investment managers advise the Trustees on the appropriate balance of the portfolio between equity, fixed rate interest, and variable rate interest investments. The scheme uses duration targeting as a means of mitigating the effects of the risk. The target duration is regularly reviewed by the Trust Board. For some of the bonds with issuers other than the Government of Ghana, investments are placed with a floating rate to hedge against this risk.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(g) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Fund's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of Fund behaviour. Operational risks arise from all of the Fund's operations and are faced by all pension schemes.

The Scheme's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Scheme's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the administrator. This responsibility is supported by the development of following policies and standards;

- governing rules and trust deed;
- investment policy statement;
- requirements for the reporting of non-compliance with regulatory and other legal requirements;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Compliance with the Fund governing rules is supported by a programme of annual reviews undertaken by the external auditor. The results of these reviews are discussed with Trustees.

20. Events 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 and Authorized for issue

on...30TH JULY...2021

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