MERBAN FUND LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2014

MERBAN FUND LIMITED

REPORTS AND FINANCIAL STATEMENTS

INDEX

MERBAN FUND LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr Joseph Tackie *(Chairman)* *(Appointed 22/5/15)* Mr. Ras Boateng *(Appointed 22/5/15)* Mr K. Adjei-Adjivonh *(Appointed 22/5/15)* Mr. K. Afriyie Poku *(Chairman)* *(Resigned 21/5/15)* Emmanuel Afari *(Resigned 21/5/15)* Felix Anyinsah *(Resigned 21/5/15)*
REGISTERED OFFICE	Merban House 44 Kwame Nkrumah Avenue P O Box GP 401 Accra
SECRETARY	Brenda S. Afari (Mrs.) *(Appointed 22/4/15)* SSNIT Emporium Airport City Accra
AUDITOR	KPMG Chartered Accountants 13 Yiyiwa Drive, Abelenkpe P O Box 242 Accra
BANKER	Universal Merchant Bank Limited

REPORT OF THE DIRECTORS
TO MEMBERS OF
MERBAN FUND LIMITED

The Directors present their report and the financial statements of the Fund for the year ended 31 December 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

The Fund's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179), the Securities and Exchange Commission Regulations, 2003 (LI 1728), the Securities Industry Law, 1993 (PNDCL 333) as amended by the Securities Industry (Amendment) Act, 2000 (Act 590) and the Unit Trust and Mutual Fund Regulations, 2001 (L.I.1695) and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors have made an assessment of the ability of the Fund to continue as a going concern and have no reason to believe that the Fund will not be a going concern in the year ahead.

NATURE OF BUSINESS

The principal activity of the Fund is mobilising funds for investment in money market instruments, listed equities, and other regulated financial instruments, with the possibility of high earnings.

FINANCIAL RESULTS

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

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

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Fund were approved by the Board of Directors on 30 June 2015 and signed on their behalf by:

....
CHAIRMAN

....
DIRECTOR

INDEPENDENT AUDITOR'S REPORT
TO MEMBERS OF
MERBAN FUND LIMITED

Report on the Financial Statements

We have audited the financial statements of Merban Fund Limited, which comprise the statement of financial position at 31 December 2014, the statements of comprehensive income, changes in net assets attributable to holders of redeemable shares and cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 6 to 25.

Directors' Responsibility for the Financial Statements

The Fund's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179), the Securities and Exchange Commission Regulations, 2003 (LI 1728), the Securities Industry Law, 1993 (PNDCL 333) as amended by the Securities Industry (Amendment) Act, 2000 (Act 590) and the Unit Trust and Mutual Fund Regulations, 2001 (L.I. 1695) and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Merban Fund Limited at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in a manner required by the Companies Act, 1963 (Act 179), the Securities and Exchange Commission Regulations, 2003 (LI 1728), the Securities Industry Law, 1993 (PNDCL 333) as amended by the Securities Industry (Amendment) Act, 2000 (Act 590) and the Unit Trust and Mutual Fund Regulations, 2001 (L.I. 1695).

KPMG

INDEPENDENT AUDITOR'S REPORT

TO MEMBERS OF

MERBAN FUND LIMITED (CONT'D)

Other matter

The financial statements of Merban Fund Limited for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on those financial statements on 27 March 2014.

Report on Other Legal and Regulatory Requirements

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

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 account have been kept and the statements of financial position and comprehensive income are in agreement with the books of account.

SIGNED BY: ANTHONY KWASI SARPONG (ICAG/P/1369)
FOR AND ON BEHALF OF:
KPMG: (ICAG/F/2015/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

30 June 2015

MERBAN FUND LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014

	Note	2014 GH¢	2013 GH¢
Assets			
Cash at bank	10	43,191	1,857
Government securities	11	109,300	186,018
Fixed deposits	12	546,750	235,716
Investment in listed equities	13	304,601	164,385
Total assets		1,003,842	587,976
Liabilities			
Accounts and other payables	14	48,874	9,796
Total liabilities		48,874	9,796
Total net assets		954,968	578,180
Equity			
Share capital	15	821,375	580,226
Retain earnings	17	133,593	(2,046)
Total equity		954,968	578,180

CHAIRMAN

DIRECTOR

The notes on pages 10 to 25 form an integral part of these financial statements.

MERBAN FUND LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 GH¢	2013 GH¢
Interest income	7	129,824	13,062
Net gain from financial instruments at fair value through profit or loss	9	22,490	(5,312)
Dividend income		12,449	-
Total revenue		164,763	7,750
Fund management fees		(18,757)	(2,383)
Auditors remuneration		(5,532)	(6,000)
Custodian fees		(2,851)	(362)
Other expenses	8	(988)	(1,051)
Total operating expenses		(28,128)	(9,796)
Increase (decrease) in net assets attributable to holders of redeemable shares before tax		136,635	(2,046)
Withholding tax expense		(996)	-
Increase in net assets resulting from operations		135,639	(2,046)

The notes on pages 10 to 25 form an integral part of these financial statements.

MERBAN FUND LIMITED

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 GH¢	2013 GH¢
Balance at 1 January		578,180	-
Increase in net assets attributable to holders of redeemable shares		135,639	(2,046)
Contributions and redemptions by holders of redeemable shares:			
• Issue of redeemable shares during the year	15	278,190	580,226
• Redemption of redeemable shares during the year	15	(37,041)	-
Total contributions and redemptions by holders of redeemable shares		241,149	580,226
Balance at 31 December		954,968	578,180

The notes on pages 10 to 25 form an integral part of these financial statements.

MERBAN FUND LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 GH¢	2013 GH¢
Cash flows from operating activities		
Interest received	129,824	13,062
Dividend received	11,453	-
Realized gain on investment	7,074	-
Operating expenses	(28,128)	(9,796)
Unrealised gain on listed equity securities	15,416	(5,312)
	135,639	(2,046)
Changes in operating activities		
Long term investments	(140,216)	(164,385)
Government securities	76,718	(186,018)
Fixed deposits	(311,034)	(235,716)
Accounts payable	39,078	9,796
	(335,454)	(576,323)
Net cash used in operating activities	(199,815)	(578,369)
Cash flows from financing activities		
Proceeds from issue of redeemable shares	278,190	580,226
Payments on redemption of redeemable shares	(37,041)	-
Net cash from financing activities	241,149	580,226
Net (decrease)/increase in cash and cash equivalents	41,334	1,857
Cash and cash equivalents at 1 January	1,857	-
Cash and cash equivalents at 31 December	43,191	1,857

The notes on pages 10 to 25 form an integral part of these financial statements.

MERBAN FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. GENERAL INFORMATION

Merban Fund Limited is a limited liability Company incorporated and domiciled in Ghana. The financial statements at and for the year ended 31 December 2014 comprise the individual financial statements of the Company. The principal activity of the Fund is to create a pool of funds and invest the said funds in a range of securities.

The Fund is an open-ended mutual fund which is aimed at mobilising funds for investment in money market instruments, listed equities, and other regulated financial instruments, with the possibility of high earnings.

The investment activities of the Fund are managed and administered by UMB Investment Holdings Limited (the Fund Manager) and has Stanbic Bank limited as custodian of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Additional information required under the Companies Act, 1963 (Act 179), the Securities and Exchange Commission Regulations, 2003 (LI 1728), the Securities Industry Law, 1993 (PNDCL 333) as amended by the Securities Industry (Amendment) Act 2000 (Act 590) and the Unit Trust and Mutual Fund Regulations, 2001 (L.I. 1695), have been included, where appropriate.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention except for available-for-sale financial assets which are measured at fair value.

The financial statements comprise the statements of financial position, comprehensive income, changes in net assets and cash flows and notes to the financial statements.

2.3 Functional and presentation currency

The financial statements are presented in Ghana cedis, which is the Fund's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make 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. Estimates and underlying assumptions are reviewed on an on-going 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 revision and future periods, if the revision affects both current and future periods.

Areas involving a higher degree of judgement or complexity, or where assumptions and estimates are considered significant to the financial statements, are disclosed in Note 6.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening statement of financial position at 1 January 2014 for the purpose of transition to IFRS.

3.1 Financial assets and liabilities

All financial assets and liabilities have to been recognised in the statement of financial position and measured in accordance with their assigned category.

3.1.1 Financial assets

The Fund classifies its financial assets in the following categories: held to maturity, loans and receivables, fair value through profit or loss. Management determines the classification of its financial assets at initial recognition.

(a) Held-to-maturity

The Fund classifies investments in government securities and fixed deposits as held-to-maturity.

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Fund has the positive intent and ability to hold to maturity and which are not designated at fair value through profit or loss or available-for-sale.

Held to maturity assets are initially recognised at fair value plus incremental direct transaction costs, and subsequently measured at amortised cost using the effective interest method.

Any sale or reclassification of a significant amount of held to maturity asset not close to their maturity would result in the reclassification of all held to maturity assets as available-for-sale, and would prevent the Fund from classifying investment securities as held-to-maturity for the current and the following two financial years. Differences between the carrying amount (amortised cost) and the fair value on the date of the reclassification are recognised in other comprehensive income.

(b) Loans and receivables

The Fund classifies cash and bank as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

(i) those that the Fund intends to sell immediately or in the short term, which are classified as held for trading, and those that the Fund upon initial recognition designates at fair value through profit or loss;

(ii) those that the Fund upon initial recognition designates as available for sale; or

(iii) those for which the holder may not recover substantially all of the initial investment, other than because of credit deterioration.

(c) Fair value through profit or loss (FVTPL)

The Fund classifies investments in equity as held for trading. A financial instrument is classified as held for trading if:

(i) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

(ii) on initial recognition, it is part of a portfolio that is managed together and for which there is evidence of a recent pattern of short-term profit taking; or

(iii) it is a derivative, other than a designated and effective hedging instrument.

The Fund designates all debt and equity investments at FVTPL on initial recognition because it manages these securities on a fair value basis in accordance with its documented investment strategy.

(d) Recognition

The Fund uses trade date accounting for regular contracts when recording financial asset transactions. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or re-pledge them.

3.1.2 Financial liabilities

Financial liabilities are held at amortised cost.

(a) Other liabilities measured at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category. They are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities measured at amortised cost include balances due to brokers, accrued expenses and other payables.

3.1.3 Determination of fair value

For financial instruments traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide, bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using FX rates and counterparty spreads existing at the reporting dates.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair value for loans and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

3.1.4 Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from these assets expire or when the Fund transfers substantially all the risks and rewards of ownership. Financial liabilities are derecognised when contractual obligations are discharged, cancelled or expire.

3.1.5 Reclassification of financial assets

The Fund may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category, if the financial asset is no longer held for the purpose of being sold in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Fund may choose to reclassify financial assets that would meet the definition of loans and receivables out of held-for-trading or available-for-sale categories, if the Fund has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

3.1.6 Classes of financial instruments

The Fund classifies financial instruments into classes that reflect the nature and characteristics of those financial instruments. The classification is set out in the table below:

Category (as defined by IAS 39)	**Class (as determined by the Fund)**	
Financial assets	Fair value through profit or loss	Investments in listed equities
	Held to maturity	Government securities and Fixed deposits
	Loans and receivables	Cash and Bank
Financial liabilities	Other financial liabilities	Accounts payable

3.1.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.1.8 Impairment of financial assets

A financial asset not classified at FVTPL is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is 'impaired' if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) and that loss event(s) had an impact on the estimated future cashflows of that asset(s) that can be estimated reliably.

3.1.8 Impairment of financial assets (cont'd)

Objective evidence that financial assets are impaired includes significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of the amount due on terms that the Fund would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, or adverse changes in the payment status of the borrowers.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

3.2 Interest

Interest income and expense, including interest income from non-derivative financial assets at FVTPL, are recognised in profit or loss, using the effective interest method. The effective interest rate 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 repricing 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 profit or loss as interest income and interest expense, respectively.

3.3 Dividend income and dividend expense

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities designated as at FVTPL is recognised in profit or loss in a separate line item. The Fund incurs expenses on short positions in equity securities equal to the dividends due on these securities. Such dividend expense is recognised in profit or loss in net gain from financial instruments at FVTPL when the shareholders' right to receive payment is established.

3.4 Net gain from financial instruments at fair value through profit or loss

Net gain from financial instruments at FVTPL includes all realised and unrealised fair value changes, dividends paid on securities sold short and foreign exchange differences, but excludes interest and dividend income.

Net realised gain from financial instruments at FVTPL is calculated using the average cost method.

3.5 Fees and commission expenses

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

3.6 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances held with Banks and highly liquid financial assets with original maturities of three (3) months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Fund in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost.

3.7 Tax

Under the current system of taxation in Ghana, the Fund is exempt from paying income taxes. However, dividend income received by the Fund is subject to withholding tax. During the year, the withholding tax rate applicable to dividend income was 8% (2013:8%). Income that is subject to such tax is recognised gross of the taxes and the corresponding withholding tax is recognised as tax expense.

3.8 Foreign currency

Transactions in foreign currencies are translated into the functional currency using the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the exchange rate 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 gain from financial instruments at FVTPL.

3.9 New standards and interpretations not yet adopted

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

3.9.1 IFRS 9 Financial Instruments

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

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on the initial assessment, this standard is not expected to have a material impact on the Fund.

3.9.2 Amendment to IAS 24

Annual Improvements to IFRS 2010–2012 Cycle – Amendment to IAS 24, issued in December 2013, extends the definition of a related party to include a management entity that provides key management personnel services to the reporting entity. The amendment specifies that if key management personnel services are provided by a management entity, then the reporting entity is required to separately disclose the amounts incurred for the provision of key management personnel services that are provided by that management entity. However, the reporting entity is not required to look through the management entity and disclose compensation paid by the management entity to its employees and directors.

An entity applies the amendment for annual periods beginning on or after 1 July 2014. Earlier application is permitted. As the Fund is already disclosing this information, the amendment will not have an impact on the Fund.

4. FINANCIAL RISK MANAGEMENT

The Fund maintains positions in a variety of non-derivative financial instruments in accordance with its investment management strategy. The primary investment strategy of the Fund includes:

- Offer a well-diversified blend of securities to the Fund in such a way that the Fund's portfolio will be well cushioned to withstand any market volatility;
- Invest in high earning and carefully selected money market instruments;
- Invest in shares of high growth and strategic sectors of the economy and equity linked projects; and
- Periodically review and modify investments and investment strategies as market conditions change.

The Fund's investment portfolio comprises listed equities, fixed deposits and non-derivative financial instruments.

The Fund's investment manager has been given discretionary authority to manage the assets in line with the Fund's investment objectives. In instances where the portfolio has diverged from target asset allocations, the Fund's investment manager is obliged to take immediate actions to rebalance the portfolio in line with the established targets.

The risks arising from financial instruments to which the Fund is exposed are financial risks, which include credit risk, market risk and liquidity risk.

4.1. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from non-derivative financial instruments held by the Fund and cash and cash equivalents.

The Company is also exposed to other credit risks arising from investments in government securities and other exposures arising from its trading activities ('trading exposures'), including non-equity trading portfolio assets.

4.1.1 Concentration of credit risk

The investment manager reviews the credit concentration of debt securities held based on counterparties and industries.
As at the reporting date, the Fund's debt securities exposures were concentrated in the following industries.

	2014 GH¢	2013 GH¢
Financial institutions:		
Fixed deposits	546,750	235,716
Investment in listed equities	304,601	164,385
Bank balances	43,191	1,857
	894,542	401,958
Government		
Government securities	109,300	186,018
	109,300	186,018

4.2 Market risk

Market risk is the risk that changes in market prices – such as interest rates, foreign exchange rates, equity prices and credit spreads will affect the Company's income or the value of its holding of financial instruments. The Fund's strategy for the management of market risk is driven by the Fund's investment objective. The primary investment objective of the Fund is to seek growth and create value for shareholders by investing in money market instruments, listed equities, and other regulated financial instruments. The Fund's market risk is managed on a daily basis by the Fund Manager in accordance with the policies and procedures in place. In managing market risk, the Fund Manager shall not engage in any hedging transactions or borrowing on behalf of the Fund for the purpose of acquiring securities or properties unless approved by the Board of Directors of the Fund. However, borrowing may be done for the purpose of ensuring liquidity, if the need arises. This may not be more than 10% of the total net assets of the Fund.

4.2.1 Interest rate risk

Interest rate risk is the exposure of current and future earnings and capital to adverse changes in the level of interest rates. Exposure to interest rate risk can result from a variety of factors, including:

- differences between the timing of market interest rate changes and the timing of cash flows (repricing risk);
- changes in the shape of market interest rate curves producing different effects on yields on similar instruments with different maturities (yield curve risk);
- changes in the level of market interest rates producing different effects on rates received or paid on instruments with similar repricing characteristics (basis risk); and
- interest-related options embedded in contracts with customers.

The Fund uses gap analysis to measure its exposure to interest rate risk. Through this analysis, it compares the values of interest rate sensitive assets and liabilities that mature or reprice at various time periods in the future. The Fund may make judgmental assumptions about the behaviour of assets and liabilities which do not have specific contractual maturity or repricing date.

4.2.1 Interest rate risk

The table below summarises the repricing profiles of the Fund's financial instruments and other assets and liabilities as at 31 December 2014. Items are allocated to time periods by reference to the earlier of the next contractual interest rate repricing and maturity dates.

At 31 December 2014

	Up to 1mth GH¢	1-3mths GH¢	3-12mths GH¢	1-5yrs GH¢	Non-interest bearing GH¢	Total GH¢
Bank balances	-	-	-	-	43,191	43,191
Government securities	-	109,300	-	-	-	109,300
Fixed deposits	111,721	226,753	208,276	-	-	546,750
Investment in listed equities	-	-	-	-	304,601	304,601
Total financial assets	111,721	336,053	208,276	-	347,792	1,003,842

4.2.1 Interest rate risk (cont'd)

At 31 December 2014

	Up to 1mth GH¢	1-3mths GH¢	3-12mths GH¢	1-5yrs GH¢	Non-interest bearing GH¢	Total GH¢
Liabilities						
Account payables	-	-	-	-	48,874	48,874
Total financial liabilities	-	-	-	-	48,874	48,874
Interest repricing gap	111,721	336,053	208,276	-	298,918	954,968

At 31 December 2013

	Up to 1mth GH¢	1-3mths GH¢	3-12mths GH¢	1-5yrs GH¢	Non-interest bearing GH¢	Total GH¢
Total assets	39,202	-	382,532	-	166,242	587,976
Total liabilities	-	-	-	-	9,796	9,796
Interest repricing gap	39,202	-	382,532	-	156,446	578,180

4.2.2 Currency risk

The Fund's currency risk is managed on a daily basis by the investment manager in accordance with the policies and procedures in place. At 31 December 2014, all assets and liabilities of the Fund were denominated in the presentation and functional currency therefore there is no currency mismatch.

4.2.3 Other price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

Price risk is managed by the investment manager by diversifying the portfolio. The Fund's policy for the concentration of its investment portfolio profile is as follows:

The Fund shall invest a minimum of 30% of its total assets in equity and equity securities of public companies traded on the Ghana Stock Exchange and other regulated stock exchanges in emerging markets if the Directors and the Custodian deem it right and in the interest of the Fund and with the approval of the Securities and Exchange Commission. However, the investment shall not exceed 10% of the Net Assets in a single Company at the time that such investment is made. The Fund shall also invest a minimum of 30% of its total assets in money market instruments and shall keep a minimum of 5% of its Fund value in cash or such other liquid security, as the Manager shall determine. This is to ensure that there is adequate liquidity to meet redemption requests at any point in time.

The portfolio of the Fund shall be composed of the following:

Asset Class	Minimum	Maximum
Equities	30%	70%
Money Market Instruments	30%	70%
Cash/Near Cash	5%	10%

4.2.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities with financial instruments, either internally within the Fund or externally at the Fund's service providers, 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 investment management behaviour.

The Fund's objective is to manage operational risk so as to balance the limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors. The primary responsibility for the development and implementation of controls over operational risk rests with the board of Directors. The Directors' assessment of the adequacy of the controls and processes in place at the service providers with respect to operational risk is carried out via regular discussions with the service providers and a review of the service providers' operational reports on internal controls

Substantially all of the assets of the Fund are held by Stanbic Bank Limited. The bankruptcy or insolvency of the Fund's Custodian may cause the Fund's rights with respect to the securities held by the Custodian to be limited. The Investment Manager monitors the credit ratings and capital adequacy of its Custodian on a regular basis

4.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's policy and the investment manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemptions of shares, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's financial assets include listed equity investments, which are generally liquid. In addition, the Fund holds investments in government security and fixed deposits from financial institutions. The Fund's investments in listed securities are considered to be readily realisable because they are traded on the Ghana Stock Exchange. The Fund's liquidity risk is managed on a daily basis by the Fund Manager in accordance with the policies and procedures in place. The Manager of the Fund will at all times maintain prudent levels of liquidity. The Fund, for liquidity purposes, will invest a maximum of 10% of its Net Assets in short term securities or near cash investments. Borrowing which are approved by the Board of Directors of the Fund may be done for the purpose of ensuring liquidity, if the need arises. This may not be more than 10% of the total net assets of the Fund.

4.3.1 Non-derivative financial liabilities and assets held for managing liquidity risk

The table below presents the cash flows payable by the Company under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the balance sheet date.

The amounts disclosed in the table are the contractual undiscounted cash flows.

2014	Up to 1mth GH¢	1-3mths GH¢	3-12mths GH¢	1-5years GH¢	Total GH¢
Liabilities					
Account payables	48,874	-	-	-	48,874
Total liabilities (Contractual maturity dates)	48,874	-	-	-	48,874

4.3.1 Non-derivative financial liabilities and assets held for managing liquidity risk (cont'd)

2014	Up to 1mth GH¢	1-3mths GH¢	3-12mths GH¢	1-5years GH¢	Total GH¢
Assets					
Fixed deposits	-	338,474	208,276	-	546,750
Investments in listed equities	-	-	-	304,601	304,601
Government securities	-	-	109,300	-	109,300
Bank balances	43,191	-	-	-	43,191
Assets held for managing liquidity risk (contractual maturity dates)	43,191	338,474	317,576	304,601	1,003,842
Liquidity gap	(5,683)	338,474	317,576	304,601	954,968

2013	Up to 1mth GH¢	1-3mths GH¢	3-12mths GH¢	1-5years GH¢	Total GH¢
Total liabilities (Contractual maturity dates)	9,796	-	-	-	9,796
Assets held for managing liquidity risk (contractual maturity dates)	1,857	40,221	381,513	164,385	587,976
Liquidity gap	(7,939)	40,221	381,513	164,385	578,180

4.4 Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Company's balance sheet at fair values.

	Carrying value 2014 GH¢	Fair value 2014 GH¢	Carrying value 2013 GH¢	Fair value 2013 GH¢
Financial assets				
Fixed deposits	546,750	546,750	235,716	235,716
Investment in listed equity securities	304,601	304,601	164,385	164,385
Government securities	109,300	109,300	186,018	186,018
Bank balances	43,191	43,191	1,857	1,857
Financial liabilities				
Accounts and other payables	48,874	48,874	9,796	9,796

Fair Value Hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

14. ACCOUNT PAYABLES

	2014 GH¢	2013 GH¢
Accrued fund management fees	21,140	2,383
Accrued audit fees	11,532	6,000
Balance due to broker	13,906	-
Accrued custodian fees	279	362
Other payables	2,017	1,051
	48,874	9,796

15. CAPITAL ACCOUNT

	2014		2013	
	Number of Shares	GH¢	Number of Shares	GH¢
Shares in issue at 1 January	5,801,557	580,226	-	-
Shares issued during the year	2,466,282	278,190	5,801,557	580,226
	8,267,839	858,416	5,801,557	580,226
Shares redeemed	(348,173)	(37,041)	-	-
Shares in issue at 31 December	7,919,666	821,375	5,801,557	580,226

16. RELATED PARTY

The Fund appointed UMB Investment Holdings Limited, an Investment Management Company incorporated in Ghana, to implement the investment strategy as specified in the prospectus. Under the investment management agreement, the Investment Manager receives a management fee at an annual rate of 2.5% of the net asset value attributable to holders of redeemable shares as defined in the prospectus. The investment management fees incurred during the year amounted to GH¢18,757 (2013: GH¢2,383).

17. RETAINED EARNINGS

	2014 GH¢	2013 GH¢
At 1 January	(2,046)	-
Profit for the year	135,639	(2,046)
At 31 December	133,593	(2,046)

18. TRANSITION TO IFRS

There were no material reconciling items in the conversion from Ghana Accounting Standard (GAS) to IFRS.