

ECOCAPITAL PRIME FUND PLC

ANNUAL REPORT
2020

ECOCAPITAL PRIME FUND PLC

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**ECOCAPITAL PRIME FUND PLC
CORPORATE INFORMATION**

BOARD OF DIRECTORS

Dr Hillar Komla Addo
Mr Desmond Aboagye
Mr Newton Dei-Tutu
Dr Jeffery Kojo Arhin
Mr Charles Semavor
Mr John Selorm Kwame
Agbenyo

REGISTERED OFFICE

No. 3 Hackman Street
(Behind Del Int'l Hospital)
East Legon, Accra
Post Office Box AD 443,
Adabraka, Accra.

CUSTODIAN

Guaranty Trust Bank
(Ghana) Limited
25A, Castle Road,
Ambassadorial Area, Ridge
P.M.B CT 416,
Cantonments, Accra, Ghana

AUDITORS

LinkGates Consult
P.O. Box CT 5028
Cantonments - Accra
linkgatescons@yahoo.com

FUND MANAGER

EcoCapital Investment
Management Limited
No. 3 Hackman Street
(Behind Del Int'l Hospital)
East Legon, Accra
Post Office Box AD 443,
Adabraka Accra

BANKERS

Guaranty Trust Bank
Limited (GT Bank)

REPORT OF THE DIRECTORS TO SHAREHOLDERS OF ECOCAPITAL PRIME FUND PLC

Report of the Directors

The Directors present herewith their report together with the audited financial statements of the Fund for the year ended 31st December 2020.

Statement of Directors Responsibilities

The Directors are responsible for the preparation of financial statements for each financial year, which gives a true and fair view of the state of affairs of the Fund in accordance with International Financial Reporting Standards and in a manner required by the Ghana Companies Act, 2019 (Act 992) and the Securities and Exchange Regulations 2003, (LI 1728) and the Unit Trust and Mutual Funds Regulations 2001, (LI 1695). In preparing these financial statements, the Directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS) and complied with the requirements of the Ghana Companies Act, 2019 (Act 992).

The Directors are also responsible for ensuring that the Fund keeps proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Fund. The Directors are also responsible for safeguarding the assets of the Fund and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Nature of business

The principal activity of the Fund is to invest the monies of its members for their mutual benefit and to hold and arrange for the management of EcoCapital Prime Fund PLC acquired with such monies.

The Fund is licensed by the Securities and Exchange Commission to operate as an authorized Mutual Fund.

Report on the Financial

Statements Financial Results

The results for the year are shown in the Statement of Comprehensive Income in the financial statements. The Fund recorded a total comprehensive income of **Gh¢346,330.00 in 2020.**

**REPORT OF THE DIRECTORS
TO SHAREHOLDERS OF ECOCAPITAL PRIME FUND PLC Cont.**

Distribution policy

The Fund does not distribute income. All income earned is reinvested. Shareholders should be aware that, the prime objective of the Fund is to achieve capital growth and as such income is reinvested to take advantage of the effects of compounding.


Auditors

The Auditors, LinkGates Consult, will continue in office in accordance with the Ghana Companies Act 2019 (Act 992).

Approval of Financial Statements

The financial statements of the Fund were approved by the Board of Directors on ...30/MAR/21.....and were signed on their behalf by:


.....30/MAR/21
Director


.....30/MAR/21
Director

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ECOCAPITAL PRIME FUND PLC**

Opinion

We have audited the financial statements of ECOCAPITAL PRIME FUND PLC, which comprise the statement of financial position as at December 31st, 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of ECOCAPITAL PRIME FUND PLC as of December 31, 2020, and of its financial performance and its cash flows for the year then ended and are in accordance with International Financial Reporting Standards and comply with the Ghana Companies Act, 2019 (Act 992) and Unit Trust and Mutual Funds Regulations 2001, (L.I. 1695).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report.

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, The Board of Directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Fund or to cease operations or have no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Fund's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ECOCAPITAL PRIME FUND PLC-Cont.**

Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ECOCAPITAL PRIME FUND PLC-Cont.**

However, future events or conditions may cause the Fund to cease to continue as a going concern.

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

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Compliance with the requirement the Companies Act 2019, Act (922) and the Securities and Exchange Regulations 2003, (LI 1728) and the Unit Trust and Mutual Funds Regulations 2001, (LI 1695).

We confirm that:

- I. 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.
- II. In our opinion proper books of accounts have been kept by the Fund, so far as appears from our examination of those books, and
- III. The statement of financial position and the statement of comprehensive income of the Fund are in agreement with the books of accounts.

The engagement partner on the audit resulting in the independent auditor's report is **Elvis Aaron Amenyitor (ICAG/P/1370)**

For and on behalf of




Linkgates Consult (ICAG/F/2021/205)

P.O Box C.T 5028
Cantonments – Accra

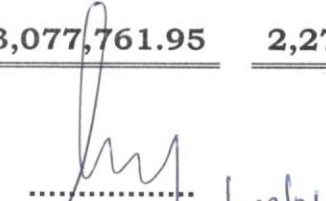
Dated: 30th March, 2021

ECOCAPITAL PRIME FUND PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2020

		2020	2019
ASSETS:	Notes	Gh¢	Gh¢
Cash and Cash Equivalents	9	163,241.74	47,199.84
Financial Instruments at Amortised Cost	8	2,792,894.46	2,151,566.97
Account Receivables	7	110,940.36	74,172.17
Prepaid Expenses		10,685.39	0.00
Total Assets		<u>3,077,761.95</u>	<u>2,272,938.98</u>
SHAREHOLDERS FUND AND LIABILITIES:			
Shareholders Fund:			
Shareholders' Principal	5	2,673,020.86	2,177,030.09
Retained Earnings	10	376,632.72	29,802.17
		<u>3,049,653.58</u>	<u>2,206,832.26</u>
Total Shareholders' Equity			
Liabilities:			
Account Payable	4	28,108.37	16,106.46
Other Liabilities	3	0.00	50,000.00
Total Liability		<u>28,108.37</u>	<u>66,106.46</u>
Total Shareholder's Equity and Liabilities		<u>3,077,761.95</u>	<u>2,272,938.98</u>



 Director 30/MAR/21



 Director 30/MAR/21

The notes on pages 15 to 22 are an integral part of these financial statements.

ECOCAPITAL PRIME FUND PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	2020 Gh¢	2019 Gh¢
Interest Revenue	1	439,481.00	88,734.25
Other Income		33,870.94	0.00
Total Operating Income		473,351.94	88,734.25
Administrative Expenses	2	(126,521.39)	(58,932.08)
Selling and Promotion Expenses		0.00	0.00
Finance Cost		0.00	0.00
Total Operating Expenses		(126,521.39)	(58,932.08)
Net Investment Income		346,830.55	29,802.17
Shareholder's Earning for the Year		346,830.55	29,802.17

The notes on pages 15 to 22 are an integral part of these financial statements

ECOCAPITAL PRIME FUND PLC
STATEMENT OF DISTRIBUTED SHAREHOLDERS EARNINGS
FOR THE YEAR ENDED 31ST DECEMBER 2020

	GH¢
Opening Balance	29,802.17
Distributed Shareholders' Earnings for the Year	346,330.55
Closing Balance	<u>376,133.00</u>

The notes on pages 15 to 22 are an integral part of these financial statements

ECOCAPITAL PRIME FUND PLC
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4.3.1 Interest Revenue

Interest revenue is recognized in the Statement of Comprehensive Income for all interest-bearing financial instruments using the accrual method. The Fund recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met.

4.3.2 Dividend Income

Dividend income is recognized through the Statement of Comprehensive Income if the qualifying date falls within the year under review.

4.4 Valuation of Investments

Securities Listed on a stock exchange or traded on any other organized market are valued at the Last available market price on the relevant valuation day.

Securities that are actively traded on the over-the-counter market are valued at the mean between the most recently quoted bid and offer prices provided by the principal brokers. Securities and assets for which market quotations are not readily available are valued at fair values as determined in good faith by or under the direction of the Board of Directors. Short-term debt securities having a maturity of ninety-one days or less are valued at amortized cost.

4.5. Foreign Currencies Transactions

In preparing the financial statements of the Fund, transactions in currencies other than the Fund's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Foreign currency differences arising on translation are recognised in profit or Loss.

ECOCAPITAL PRIME FUND PLC
NOTES TO THE FINANCIAL STATEMENTS

REPORTING ENTITY

ECOCAPITAL PRIME FUND PLC is a Limited Liability company incorporated and domiciled in Ghana. The address of its registered office is No. 3 Hackman Street (Behind Del Int'l Hospital) East Legon, Accra Post Office Box AD 443, Adabraka, Accra.

1. DESCRIPTION OF THE FUND

It is an open-ended Money Market Mutual fund established in June 2019 with an unlimited duration. The authorized business of the Fund is to achieve long-term capital growth by investing in a specific diversified portfolio of equity securities listed on the Ghana Stock Exchange and other money market securities of acceptable credit quality.

2. BASIS OF MEASUREMENT

The financial statements have been prepared on a historical cost basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1. Statement of Compliance

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

4.2. Basis of Accounting

The financial statements have been prepared on a historical cost basis except for available-for-sale financial assets and other financial instruments that are measured at fair value as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are presented in Ghana Cedi (GH¢). The Fund presents its statement of financial position in order of Liquidity.

4.3. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

ECOCAPITAL PRIME FUND PLC
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4.6 Distribution Policy

The Fund does not distribute income. ALL income earned is reinvested. Shareholders should be aware that the prime objective of the Fund is to achieve capital growth and as such income is reinvested to take advantage of the effects of compounding.

4.7 Cash and Cash Equivalents

Cash and cash equivalents includes notes and coins on hand and highly liquid financial assets with original maturities of Less than three months, which are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments

	2020	2019
	Gh¢	Gh¢
5 Revenue		
Interest Income	439,481.00	88,734.25
Realised Interest	0.00	0.00
Exchange Gain	0.00	0.00
	<u>439,481.00</u>	<u>88,734.25</u>
	2020	2019
	Gh¢	Gh¢
6 Administrative Expense		
Fund Management Fee	80,999.61	12,598.57
Custodian Expenses	6,479.97	1,007.89
Auditors Remuneration	3,000.00	2,500.00
Direct Expenses	182.02	100.50
Other Expenses	0.00	42,725.12
AGM Expenses	1,445.51	0.00
Administrative Expenses	31,815.55	0.00
Bank Charges	2,598.73	0.00
	<u>126,521.39</u>	<u>58,932.08</u>

ECOCAPITAL PRIME FUND PLC
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2020	2019
7 Other Liabilities	Gh¢	Gh¢
EcoCapital Borrowings	0.00	50,000.00
	0.00	50,000.00
8 Account Payable	Gh¢	Gh¢
Auditors Fee	3,000.00	2,500.00
Fund Management Fee	24,618.88	12,598.57
Custodian Expenses	489.49	1,007.89
	28,108.37	16,106.46
9 Stated Capital	Gh¢	Gh¢
Mutual Fund	2,673,020.86	2,177,030.09
	2,673,020.86	2,177,030.09
10 Shareholder's Earning for the Year	Gh¢	Gh¢
Distributed Shareholders' Earnings	346,830.55	29,802.17
11 Account Receivables	Gh¢	Gh¢
GOG Treasuries	51,590.18	26,884.35
Commercial Paper	8,828.21	17,694.26
GOG Debt Obligation	47,726.07	10,839.46
FD & Other Short Term	2,795.90	18,754.10
	110,940.36	74,172.17

ECOCAPITAL PRIME FUND PLC
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

		2020	2019
		Gh¢	Gh¢
12	Financial Instruments and Balances with Discount Houses		
	GOG Treasuries	599,935.22	988,132.31
	Commercial Paper	235,525.16	260,000.00
	GOG Debt Obligation	555,000.00	269,700.00
	FD & Other Short Term	1,402,434.08	633,764.66
		<u>2,792,894.46</u>	<u>2,151,566.97</u>

		2020	2019
		Gh¢	Gh¢
13	Bank and Cash Balances		
	Cash in Hand	12,121.21	915.36
	Gt Operations	3,430.36	7,299.40
	Gt Custody Main	69,642.02	13,681.73
	Gt Custody Client	879.26	(31,084.23)
	Gt Custody Call Account	32,964.29	0.00
	Gt Collection	39,107.72	56,387.58
	Republic Bank	1,331.37	0.00
	EcoCapital Collection	3,765.51	0.00
		<u>163,241.74</u>	<u>47,199.84</u>

14 **Shareholders' Fund**

The Capital of the Fund represents the Shareholders' contribution to the Fund. This can vary from time to time depending on the shares subscribed and redeemed over the period. The Fund is not subjected to external capitalization and has no legal restriction on the issue, repurchase or resale of redeemable shares beyond those included in the scheme particulars of the Fund. The objectives for managing capital are:

- To undertake investments that meet the description, risk exposure and expected return of the Fund as indicated in the scheme particulars
- To achieve consistent returns while safeguarding capital by investing in a diversified portfolio, by participating in the money market and other capital market.
- To maintain sufficient Liquidity to meet the expenses of the Fund as well as redemption requests from Shareholders.

ECOCAPITAL PRIME FUND PLC
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15 **Shareholder's Earning for the Year**

This represents the residual of the cumulative annual profit that is available for distribution to Shareholders

	2020	2019
	Gh¢	Gh¢
Shareholder's Earning for the Year		
Distributed Shareholders' Earnings	<u>346,830.55</u>	<u>29,802.17</u>

16 **Contingencies and Commitments**

The Fund operates in the financial service industry and is subject to legal proceedings in the normal course of business. As at the reporting date, there were no potential or threatened Legal proceedings, for or against the Fund. There are no contingencies associated with the Fund's compliance or Lack of compliance with Regulations.

17 **RELATED PARTIES TRANSACTION**

Parties are considered related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one-party controls both. The definition of related party includes the Fund Manager (EcoCapital Investment Management Limited), Custodian (GT Bank) and the Non-Executive Directors of the Fund.

I. Fund Manager (EcoCapital Investment Management Limited)

The Fund Manager is entitled to receive a management fee of 2.5% per annum calculated on the Net Asset Value of the Fund. Management fees are payable monthly in arrears.

For the year ending 2020, the total management fee is as follows:

	2020	2019
	Gh¢	Gh¢
Fund Management Fee		
Fees	<u>80,999.61</u>	<u>12,598.57</u>

II. Custodian (GT Bank)

The Custodian carries out the usual duties regarding custody, cash and securities deposit without any restrictions. This means that the Custodian is in particular, responsible for the collection of dividend, interest and proceeds of maturing

ECOCAPITAL PRIME FUND PLC
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

securities, the exercise of options and, in general, for any other operation concerning the day-to-day administration of the Fund.

The total Custodian and administration fee for the year 2020 is as follows:

	2020	2019
	Gh¢	Gh¢
Custodian (GT Bank)		
Fees	<u>6,479.97</u>	<u>1,007.89</u>

III. Non-Executive Directors

During the year 2020, no remuneration was paid to the Directors'

18 FINANCIAL RISK MANAGEMENT

i. Objective and Policy

The Fund's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing controls, identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

ii. Risk Management Structure

The Fund's Investment Manager is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management of the Fund.

iii. Risk Measurement and Reporting System

The Fund's risks are measured using a method that reflects both the expected Loss Likely to arise in normal circumstances and

unexpected Losses that are an estimate of the ultimate actual Loss based on statistical models.

ECOCAPITAL PRIME FUND PLC
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

The models make use of the probabilities derived from historical experience, adjusted to reflect the economic environment. Monitoring and controlling risks are primarily set up to be performed based on Limits established by the Board of Directors.

These Limits reflects the business strategy including the risk that the Fund is willing to accept in the market environment. In addition, the Fund monitors and measures the overall risk in relation to the aggregate risk exposure across all risk types and activities.

19 **TAXATION**

Under section 42 of Securities Industry Law, 1993 P.N.D.C.L. (333), Mutual funds are not liable to pay income tax or any other tax including Levy in respect of income on profits or gains derived by it from any source.

