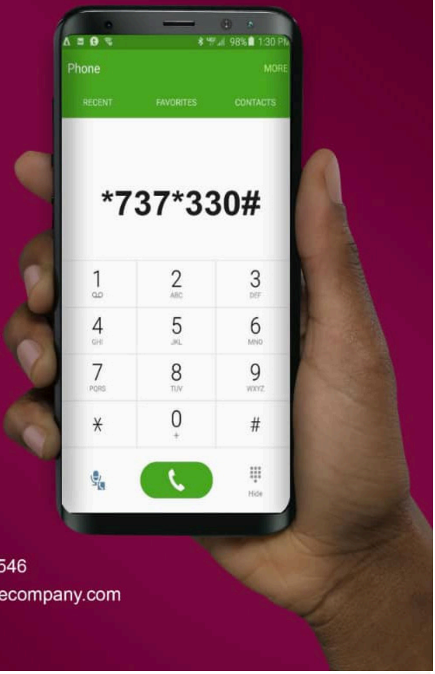
# ELITE MUTUAL FUND PLC

# 2022

ANNUAL REPORT

# FFC USSD CODE IS LIVE!




***TRANSFERRING FUNDS INTO YOUR FIRST FINANCE MUTUAL FUNDS NOW AT YOUR FINGERTIP***

1. Dial ***737*330#**
2. Select the Type of Fund
   (1. Financial Independence and 2. Elite)
3. Enter your seven-digit First Finance Account Number
4. Ensure your name on your Mutual Fund appears before proceeding
5. Enter your Investment Amount
6. Choose the payment option (1. GT Accountholder, 2. MTN momo, 3. Tigo Cash, 4.Vodafone Cash)
7. Confirm your transaction.

*Contact us for more details*


Tel: 233 0302 231536/546
Email: info@firstfinancecompany.com


# Top UP your INVESTMENT

## Dial USSD Code

# *737*330#

Pay through our collection Banks GT Bank, ABSA and Stanbic Bank. Both Mutual Funds are managed by First Finance Company (FFC)

# TABLE OF CONTENTS

# NOTICE OF 3RD VIRTUAL ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT on the 12th day of December, 2023, the 3rd Annual General Meeting of Elite Mutual Fund PLC (hereinafter, the "Company") will be held virtually and streamed live via Zoom at 9:30pm to transact the following business:

## AGENDA



- To receive and adopt the Financial Statements of the Company for the year ended 31st December 2022, together with the reports of Directors and the external Auditors.
- To confirm the appointment of new Directors.
- To fix the remuneration of the external Auditors.
- To change the name of the Fund from Elite Mutual Fund PLC to First Finance Elite Mutual Fund Plc.
- A.O.B

## BY ORDER OF THE BOARD

SIGNED
PHILIP EDEM KUTSIENYO (SOLICITOR)
DATED IN Accra THIS 1st Day of November 2023.

NOTES

A Shareholder of the Company is entitled to attend and vote at the meeting or to appoint a proxy to attend and vote in his or her stead. A proxy need not be a Shareholder of the Company. A proxy form is enclosed with the accounts. Completed proxy forms should be lodged with the Company via email at ekoranteng@firstfinancecompany.com not less than 48hours before the appointed time for the meeting (that is, not later than 8th of December 2023).

# THIS SERVES AS NOTICE TO ALL MEMBERS

## INSTRUCTIONS TO PARTICIPATE IN THE VIRTUAL ANNUAL GENERAL MEETING (AGM)

- A private zoom link, password and/or SMS, together with other details of participation to the meeting, will be sent to all Directors and Shareholders by the 5th December 2022.
- Shareholders who do not receive the access details should contact Ezekiel Koranteng at ekoranteng@firstfinancecompany.com any time before the date of the AGM.
- Shareholders will be granted access once they are verified.

## PARTICIPATING IN THE AGM

- Access to the meeting will be granted from 08:30am on the day of the meeting and the AGM will officially begin at 09:00am. There are two 2 simple steps to vote during the Virtual AGM.
- Voting will be done via a USSD code and a web portal. The token to access the voting platform will be shared with shareholders by SMS before the meeting date.
- At the time of voting, the relevant resolution will appear on your screen. Select your preferred option - “For”, “Against” or “Abstain“ - to vote on a motion.

# Chairman's Statement to Elite Mutual Fund PLC Shareholders.

Mr. Isaac Tettey
( Board Chairman )

On behalf of the Board of Directors, I welcome you, our esteemed shareholders, to the 3rd Annual General Meeting (AGM) of the Elite Mutual Fund PLC.

I will commence my report by providing an overview of significant events in the global economy in the year under review.

Following that, I will present a highlight of Ghana's economic performance, and finally delve into the performance of the Fund.

## Key Higlights of the Global Economy

- In 2022, the global economy faced a downturn due to ongoing tensions between Russia and Ukraine, heightened inflation, disruptions in the supply chain, and a significant energy shortage.
- A rapid surge in energy and food costs triggered a cost-of-living emergency in numerous countries, leading to reduced demand for both households and businesses.
- Most central banks undertook rapid policy hikes targeted at slowing inflation, further tightening financial conditions and resulting in an economic slowdown.

## Review of Ghana's Economy

Ghana's GDP growth was estimated at 3.1 percent in the year 2022, as compared to the 5.1 percent recorded for 2021. The slower growth was on the back of slowdown in economic activities fuelled by persistent supply-chain constraints, tightened global financing conditions and rising input costs.

The Services and the Agriculture sectors were the main drivers of growth, which grew by 5.5 percent and 4.2 percent respectively, while Industrial sector grew by 0.9 percent. Overall, the Services sector remained the main contributor to GDP growth with a 44.9 percent share against a 48.5 percent share recorded in the year 2021. The Industrial sector followed with a 34.2 percent share in 2022, versus 30.4 percent in 2021. The Agriculture sector, however recorded a marginal decline with a 20.9 percent share, compared to 21.1 percent for 2021.

Inflation remained elevated in 2022, increasing consistently with a monthly average 3.7 percent, driven by both demand pressures and supply side shocks. Headline inflation recorded a full year average of 31.47 percent to pin at 54.1 percent in December 2022 from a 12.6 percent recorded in the previous year, 2021.

The acceleration in prices was mainly driven by the lagged effects of the sharp currency depreciation recorded in the last quarter of the year. Food and non-food inflation went up significantly. Food inflation surged to 59.7 percent in December 2022 from 12.8 percent recorded in December 2021, while non-food inflation rose to 49.9 percent from 12.5 percent over the same comparative period.

## FUND PERFORMANCE

The Elite Fund experienced growth in its Assets under Management (AUM), a near 15 percent rise from the previous year. Total assets of the Fund increased to GH¢ 0.83million from the GH¢0.73 million recorded for the year 2021.

Number of shares outstanding ended the year at 542,364, representing 0.1 percent dip from the previous year. Your Fund recorded a year-to-date return of 14.40 percent for year 2022 and compares favorably with the benchmark return of 2.8 percent.

Cumulatively from inception, shareholders value increased to 51.9 percent at the end of the 2022 financial year.

## CLOSING REMARKS

The World Bank anticipates a difficult year ahead, revising its global growth projection down to 1.7 percent. This downward revision is primarily due to the economic slowdowns observed in the advanced economies.

Inflation remains a prominent concern for policymakers during the first half of 2023 amid striking a balance between maintaining price stability and supporting a fragile economic recovery.

Looking ahead, the IMF foresees a turbulent path to recovery, as emerging risks in the financial sector necessitate prudent policy responses, even in the face of persistent inflation pressures.

In conclusion, we are confident that we are in a favorable position to sustain growth of the Fund, and I want to reassure shareholders that your Directors remain steadfast in providing direction and working with the Fund Managers to ensure continuous increase in shareholders' value.

I would like to extend my gratitude to my fellow directors for their cooperation and support during the period.

On behalf of the Board, I would like to express my appreciation to shareholders for your dedication to the Fund and we encourage you to continue to uphold and remain focused on your long-term goal of achieving your investment objectives.

MR. ISAAC TETTEY
(BOARD CHAIRMAN)

# FUND MANAGER'S REPORT

JOSEPH OTUROKU
( PORTFOLIO MANAGER )

## ECONOMIC REVIEW

### The Global Economy

The global economy in 2022 faced numerous shocks as rising inflationary pressures eroded household purchasing power and dimmed hope of economic recovery, amid aggressive policy tightening as well as spillover effects from the geo-political tension between Russia and Ukraine.

These among other factors hampered on economic activities especially in advanced economies. Emerging markets and developing economies were also faced with tighter global financing conditions in the capital markets as well as weaker external demand. The relaxation of pandemic restrictions, supply chain holdbacks, and falling energy prices were expected to support economic turnaround. However, the International Monetary Fund (IMF) revised global growth projection from 3.4 percent to 2.7 percent in the last quarter of 2022, reflecting a significant growth moderation in advanced economies.

Global financial conditions and access to capital markets remained tight during the first half of 2022 on the back of elevated price pressures resulting in most central banks maintaining a rapid pace of monetary policy tightening.

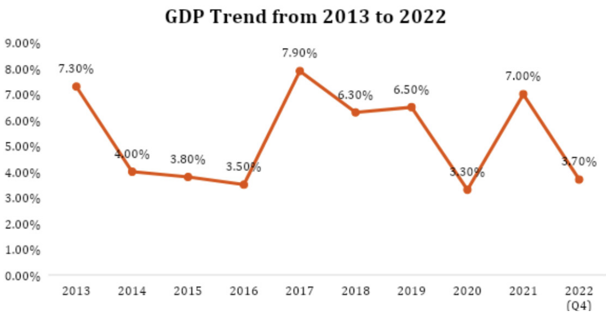
# The Local Economy - Highlights of Key Economic Indicators

## Gross Domestic Product (GDP)

Ghana's real GDP growth was projected at 3.1 percent in the year 2022, as compared to the 5.1 percent recorded for 2021.

The slower growth was on the back of slowdown in economic activities fuelled by persistent supply-chain constraints, tightened global financing conditions and rising input costs. The Services and the Agriculture sectors were the main drivers of growth, which grew by 5.5 percent and 4.2 percent respectively, while Industrial sector grew by 0.9 percent. Overall, the Services sector remained the main contributor to GDP growth with a 44.9 percent share against a 48.5 percent share recorded in the year 2021.

The Industrial sector followed with a 34.2 percent share in 2022, versus 30.4 percent in 2021. The Agriculture sector, however recorded a marginal decline with a 20.9 percent share, compared to 21.1 percent for 2021.




*SOURCE: Bank of Ghana, IMF, Ghana Statistical Service*

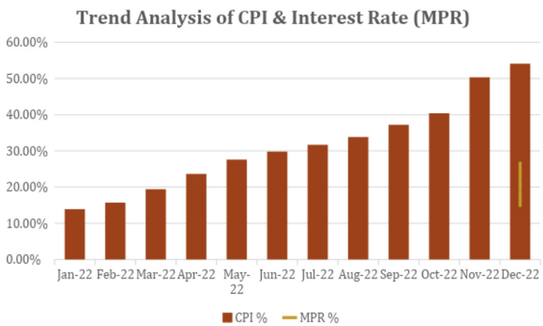
# Consumer Price Inflation (CPI)

Inflation remained elevated in 2022, increasing consistently with a monthly average 3.7 percent, driven by both demand pressures and supply side shocks. Headline inflation recorded a full year average of 31.47 percent to pin at 54.1 percent in December 2022 from a 12.6 percent recorded in the previous year, 2021. The acceleration in prices was mainly driven by the lagged effects of the sharp currency depreciation recorded in the last quarter of the year. Food and non-food inflation went up significantly.

Food inflation surged to 59.7 percent in December 2022 from 12.8 percent recorded in December 2021, while non-food inflation rose to 49.9 percent from 12.5 percent over the same comparative period.

# Interest Rates

The Central bank at its November 2022 meeting hiked the benchmark monetary policy rate by a further 250 bps to 27.0 percent from the 24.5 percent position in October, beating market forecasts of 26 percent, and sending the cost of borrowing to the highest since 2003. For the period, the benchmark interest rate quickened by 12.5 percentage points compared to its 14.5 percent year open position.




*SOURCE: Bank of Ghana and Ghana Statistical Service*

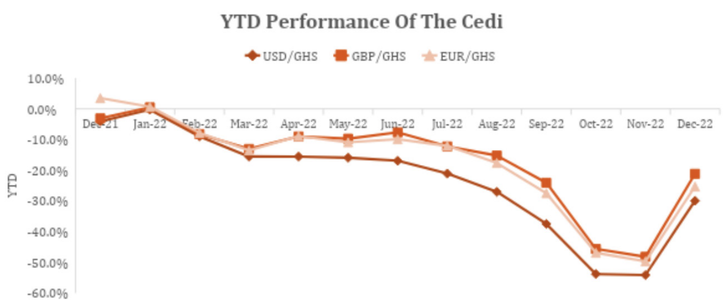
# EXCHANGE RATE

The Ghana cedi came under severe pressure in the year fuelled by sovereign downgrades and lack of access to the international capital markets.

The tight monetary policy stance by the US Federal Reserve led to an intense portfolio reversals amid heightened foreign exchange demand pressures.
At the beginning of the last quarter of 2022, the cedi depreciated sharply, underpinned by negative sentiments surrounding the Domestic Debt Exchange Programme (DDEP).

However, it reversed sharply the losses in December 2022 after government reached a Staff Level Agreement (SLA) with the International Monetary Fund (IMF).

As at year end of 2022, the cedi depreciated by 29.97 percent to the US dollar, 21.19 percent to the British pound and 25.34 percent to the Euro as compared to 4.1 percent and 3.1 percent depreciation to the US dollar and British pound respectively and a 3.5 percent gain to the Euro in 2021.

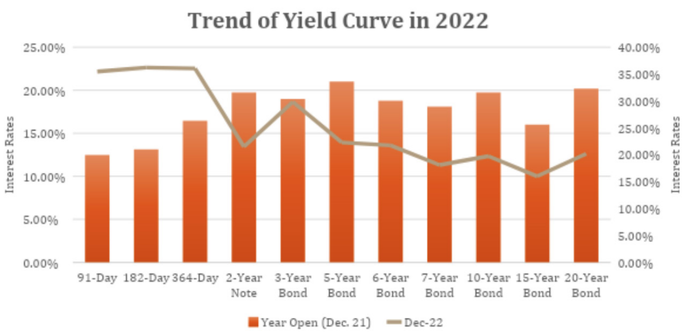



*SOURCE: Bank of Ghana*

# FIXED INCOME MARKET IN 2021

Interest rates development on the fixed income market largely trended upwards across the spectrum of the yield curve, consistent with the tight monetary policy stance by the central bank. The 91-Day and 182-Day Treasury bill rates increased to 35.48 percent and 36.23 percent respectively, in December 2022, from 12.49 percent and 13.19 percent respectively, recorded in 2021. Equally, the yield on the 364-Day Treasury bill rose to 36.06 percent in December 2022 from the 16.46 percent position in December 2021.

Similarly, the rates on the 2-Year, 3-Year, 5-Year and 6-Year bonds advanced to 21.50 percent, 29.85 percent, 22.30 percent, and 21.75 percent, respectively, from 19.75 percent, 19.00 percent, 21.00 percent and 18.80 percent, respectively in the same period last year. However, rates on the long-dated treasury bonds remained flat.




*SOURCE: Bank of Ghana & Ghana Fixed Income Market*

# EQUITY MARKET IN 2021

The Ghana Stock Exchange Composite Index (GSE-CI) decreased to 2,443.91 points in December 2022 from 2,789.34 points recorded in the corresponding period of 2021.

This translates into a year-on-year loss of 12.4 percent in December 2022 compared to a gain of 43.7 percent in December 2021.The GSE-Financial Stocks Index (GSE-FSI) closed at 2,052.60 points, a YTD loss of 4.6 percent compared to a gain of 20.7 percent, recorded at the end of 2021. Total Market Capitalization settled at GH¢64.51 billion at the end of December 2022, representing a marginal growth of 0.02 percent, compared with a growth of 18.6 percent in December 2021.

The year-on-year loss was attributed to uncertainties induced by inflationary and exchange rate pressures, as well as portfolio reversals.

## Total Market Capitalization settled at GH¢64.51 billion

# GHANA STOCK MARKET PERFORMANCE

| *GSE Stock Indices/Capitalization* | *Dec. 2021* | *YTD Change* | *Dec. 2022* | *YTD Change* |
|---|---|---|---|---|
| *GSE Composite Index (GSC CI)* | *2,789.34* | ***43.66%*** | *2,443.91* | ***-12.38%*** |
| *GSE Financial Stock Index (GSE FI)* | *2,151.85* | ***20.70%*** | *2,052.59* | ***-4.61%*** |
| *Market Capitalization (GH₵'M)* | *64,495.20* | ***18.61%*** | *64,507.22* | ***0.02%*** |

# PORTFOLIO REPORT
## FUND REVIEW

### INVESTMENT OBJECTIVE

The Fund seeks to provide investors with income and capital growth to meet their medium to long-term investment objectives while ensuring liquidity and capital preservation.

### INVESTMENT STRATEGY

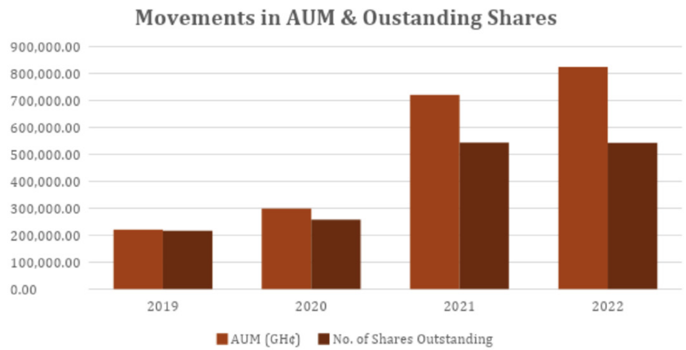
The Elite Fund invests in fixed income securities, equities, and alternative investments. These include but not limited to treasury bills and notes, commercial papers, banker's acceptances, certificates of deposits, bonds, listed and non-listed equities, and other alternative investments issued by reputable institutions across the globe.

## FUND DETAILS

| **Fund Type** | **Open End** |
|---|---|
| Risk Level | Medium-High |
| Launch Date | September 25, 2019 |
| Fund Manager | First Finance Company |
| Custodian | Republic Bank |
| Auditor | John Kay & CO. |
| Solicitor | Mr. Philip Edem Kutsienyo Esq. |
| Front-end/Back-end Loading | No front-end load. Back-end load applies to funds redeemed the first 3 years of investment. |
| Fund Category | Balanced Fund |
| Listing | None |
| Valuation Days | Monday – Friday |
| Management Fee | 2.5% p.a. |
| Administration Fee | 1.50% |

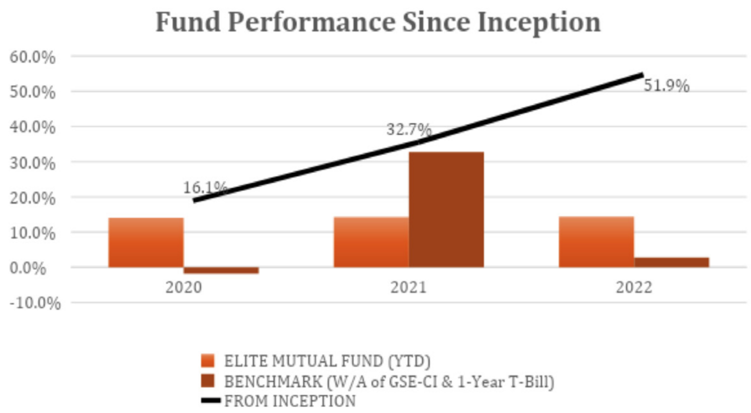
# Movements in AUM and Shares Outtading

Total Assets Under Management (AUM) at the end of year 2022 stood at GH¢0.83 million. This represent a 14.7 percentage points increase from the previous GH¢0.73million recorded at the end of the 2021 financial year. Number of shares outstanding ended the year at 542,364, a 0.1 percent decline compared to year 2021.




# Fund price and Returns

Price per share increased to GH¢1.5186 at the end of year 2022, up from GH¢1.3274 recorded in the same period year 2021. The Fund recorded a year-to-date return of 14.40 percent for year 2022 and compares favorably with the benchmark return of 2.8 percent. Cumulatively from inception, shareholders value increased to 51.9 percent at the end of the 2022 financial year.




# Monthly Performance (%)

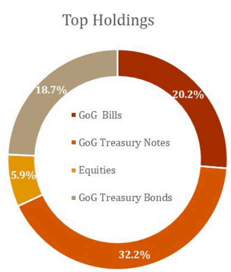
| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2019** | | | | | | | | | | | 0.65 | 1.12 | 1.78 |
| **2020** | 0.79 | 0.92 | 1.20 | 0.96 | 2.20 | 0.06 | 1.22 | 1.45 | 1.09 | 1.06 | 1.19 | 1.31 | 14.06 |
| **2021** | 0.69 | 1.08 | 1.10 | 1.22 | 1.33 | 1.21 | 0.98 | 0.95 | 1.27 | 1.11 | 1.75 | 0.75 | 14.29 |
| **2022** | 1.26 | 1.13 | 1.13 | 1.06 | 0.43 | 1.20 | 1.30 | 0.99 | 1.11 | 1.29 | 1.30 | 1.34 | 14.40 |

** Fund lunched 04-Nov-19*



# Portfolio Composition

The Elite Fund is a balanced fund investing asset classes across the fixed income and the equity markets.



# Regulatory and Market Developments in 2022

## Mark-to-Market Directive by the Regulator (SEC)

The Securities and Exchange Commission (SEC) in October 2022, issued directive to all capital market operators to , adopt the Fair Value through Comprehensive Income (FVOCI) method in line with International Financial Regulatory Standards (IFRS) 9 in valuing holdings in listed securities with immediate effect.

This action was on the back of the high interest rate environment in Ghana with its adverse effects on liquidity in the secondary bond market, and high clients' redemption requests, compelling the sale at deep discount, investment securities normally designated as held to maturity.

This directive implied that Collective Investment Schemes (CIS) prices will directly be impacted by the volatilities being witnessed on the secondary fixed income alongside equity market since all listed securities will be marked-to-market prices.

The Fund Manager in consultation with the Board wrote to the SEC seeking an extension to comply with the directive effectively from January 1st, 2023. This request was granted and communicated to shareholders accordingly.

adopt the Fair Value through Comprehensive Income (FVOCI) method

# Regulatory and Market Developments in 2022

## The Domestic Debt Exchange Programme and Impact

In December 2022, the government lunched the Domestic Debt Exchange Programme (DDEP), as part of the conditions required to receive external support from the International Monetary Fund (IMF).

The invitation was to eligible bondholders (holders of ESLA, Daakye and Government of Ghana bonds) to exchange their bonds for a set of New Bonds with new terms.

Collective Investment Schemes, that is mutual funds and unit trusts placed under "Category A" Bond holders were issued with two new sets of bonds with maturities dating 2027 and 2028 at a coupon rate of 10 percent.

Additionally, some relief measures were accessible to eligible bond holders who participated in the programmme. This included potential access to a liquidity support fund established by the Regulator.

The Fund participated in the program to gain access to the Ghana Financial Stability Fund (GFSF) when fully established as well as pave way for easy access to the secondary bond market for liquidity needs.

The Fund tendered its holdings in the Government of Ghana bonds and was allotted a total of GHS 410,254.00 in New Bonds at a coupon rate of 10 percent. The programme concluded and settlement was done on 21st February, 2023.

# Outlook/Investment Strategy for 2022

The Ghanaian economy is expected to weaken in 2023, with real GDP growth slowing to 2.9 percent, from an estimated 3.3 percent in 2022 according to Fitch Solutions.

While healthy export growth will provide some cushion to the economy, domestic demand is projected to soften on still-elevated price pressures, fiscal consolidation and weaker access to credit for both businesses and the government amid a tighter global financial market.

The lingering uncertainties around Ghana's external debt restructuring programme and exchange rate volatility pose downside risks to the short-term economic outlook. We expect the fixed income market to bounce back after the final completion of the debt restructuring programs.

We shall continuously monitor the yield curve and take advantage of high-yielding securities in the fixed income and equity markets to improve returns with an eye on minimizing the downside risk.

Joseph Oturoku
**Portfolio Manager**

# REPORT OF THE BOARD OF DIRECTORS

In accordance with section 136 of the Companies Act, 2019 (Act 992), the directors have the pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2022.

## DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive for the year ended, the statement of changes in equity 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 in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992) of Ghana and Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695).

The directors' responsibilities include designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

## FINANCIAL RESULT AND DIVIDEND

The results for the year are set out in the financial statements from pages 8-14. 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.

Total investment as at 31 December is made up as follows:

# TOTAL INVESTMENT AS AT 31 DECEMBER 2022 IS MADE UP AS FOLLOWS:

| | GH¢ | Percentage % |
|---|---|---|
| Equity Investments | 49,232 | 6 |
| Collective Investments Scheme | 80,190 | 10 |
| Government Bonds | 563,945 | 70 |
| Money Market Securities | 29,714 | 4 |
| Cash | 81,623 | 10 |
| **Total Investments** | **804,704** | **100** |

# NATURE OF BUSINESS

Elite Mutual 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.

Elite Mutual Fund Plc ("The Fund") is an open-end mutual fund which invests primarily in equity securities listed on the Ghana Stock Exchange (GSE), fixed income securities and alternative investments.

The Fund is targeted at middle income earners who want to invest on monthly basis in order to meet education and retirement needs and other medium to long term objectives such as home acquisition, home improvements and vacation.

# REPORT OF THE BOARD OF DIRECTORS
CONTD.

## INTEREST REGISTER

During the year under review, no director had any interest in contracts and proposed contracts with the company, hence there were no entries recorded in the Interests Register as required by sections 194 (6), 195 (1)(a) and 196 of the Companies Act 2019, (Act 992).

## AUDITOR'S REMUNERATION

In accordance with Section 140 of the Companies Act, 2019 (Act 992), Messrs John Kay & Co. agreed with the directors to charge a fee inclusive of VAT, Covid Levy, NHIL and GET Fund.

Refer to Note 11 of this financial statement for the amount payable as audit fees.

## CORPORATE SOCIAL RESPONSIBILITY

The company did not contribute to corporate social responsibility during the year under review.

## BUILDING THE CAPACITY OF DIRECTORS

The directors did not engage in any training on corporate governance.

## APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the company as indicated above were approved by the Board of Directors on

10 June 2023
........................

and are signed on its behalf by:

Mr. Isaac Tettey
**Chairman**

Dr. Victor Baah Danquah
**Director**

John Kay & Co.
7th Floor, Trust Towers
Farrar Avenue, Adabraka
P. O. Box K I A 16088
Airport, Accra
Tel: +233 302 235406
+233 302 238370
Fax: +233 302 238371
Email: info@johnkay.net

# Independent Auditors' Report

To the members of Elite Mutual Fund PLC

## Opinion

We have audited the accompanying financial statements of Elite Mutual Fund plc, which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss for year ended, statement of changes in equity 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 15-34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Elite Mutual Fund plc as at 31 December 2022, Fund's financial performance and its movement in net assets for the year ended in accordance with International Financial Reporting Standards (IFRS)

## 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 Statement 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

John Kay & Co.
7th Floor, Trust Towers
Farrar Avenue, Adabraka
P. O. Box K I A 16088
Airport, Accra
Tel: +233 302 235406
+233 302 238370
Fax: +233 302 238371
Email: info@johnkay.net

# Independent Auditors' Report
CONTD.

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 objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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

John Kay & Co.
7th Floor, Trust Towers
Farrar Avenue, Adabraka
P. O. Box K I A 16088
Airport, Accra
Tel: +233 302 235406
+233 302 238370
Fax: +233 302 238371
Email: info@johnkay.net

# Independent Auditors' Report
CONTD.

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.

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

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

## 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.

JK John Kay & Co.
7th Floor, Trust Towers
Farrar Avenue, Adabraka
P. O. Box KIA 16088
Airport, Accra
Tel: +233 302 235406
+233 302 238370
Fax: +233 302 238371
Email: info@johnkay.net

# INDEPENDENT AUDITORS' REPORT
CONTD.

## OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## 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 Gilbert Adjetey Lomofio **(ICAG/P/1417):**

John Kay & Co

**10 June 2023**

For and on behalf of John Kay & Co.
(ICAG/F/2023/128)
Chartered Accountants
Accra.

# FINANCIAL STATEMENTS

## Statement of Financial Assets designated through Profit or Loss and other comprehensive income as at 31 December 2022

| Equity Investments Net Assets | Shares | Price Per GH¢ | Market Value GH¢ | Percentage of Value GH¢ % |
|---|---|---|---|---|
| GCB Bank | 2,500 | 3.94 | 9,850 | 1 |
| EGL | 5,776 | 3.20 | 18,483 | 3 |
| TOTAL | 2,340 | 4.00 | 9,360 | 1 |
| MTN Ghana | 7,800 | 0.88 | 6,864 | 1 |
| EGH | 704 | 6.64 | 4,675 | 1 |
| Total | | | **49,232** | **7** |
| **Collective Investments Scheme** | | | | |
| Crystal Wealth Fund | 33,068 | 2.43 | 80,190 | 11 |
| | | | 80,190 | 11 |
| **GOVERNMENT SECURITIES** | | | | |
| 6Year Bond | 45,000 | 1.000000 | 45,000 | 6 |
| 6Year Bond | 53,492 | 1.000000 | 53,492 | 8 |
| 6Year Bond | 10,000 | 0.857717 | 8,577 | 1 |
| 5Year Bond | 10,000 | 1.000000 | 10,000 | 1 |
| 3Year Bond | 25,000 | 0.998934 | 24,973 | 4 |
| 2Year Bond | 49,810 | 0.983290 | 48,978 | 7 |
| 2Year Bond | 180,000 | 1.029085 | 185,235 | 26 |
| 2Year Bond | 22,000 | 0.976520 | 21,484 | 3 |
| 91-Day T-bill | 29,579 | 0.994867 | 29,427 | 4 |
| 91-Day T-bill | 10,787 | 0.965943 | 10,420 | 2 |
| 182-Day T-bill | 21,684 | 0.973483 | 21,109 | 3 |
| 182-Day Cocoa bill | 15,000 | 0.982989 | 16,957 | 2 |
| 182-Day Cocoa bill | 25,000 | 0.900731 | 26,402 | 4 |
| 182-Day Cocoa bill | 20,537 | 0.957521 | 22,712 | 3 |
| 182-Day Cocoa bill | 5,000 | 0.937496 | 5,438 | 1 |
| 182-Day Cocoa bill | 30,000 | 0.974695 | 33,741 | 5 |
| | | | **563,945** | **80** |
| **Money Market** | | | | |
| 365-Day Fixed Deposit | 29,714 | 1.000000 | 29,714 | 4 |
| | | | 29,714 | 4 |
| Total Investment Securities | | | 723,081 | 102 |
| Total Liability | | | (17,271) | (2) |
| | | | **705,810** | **100** |

# FINANCIAL STATEMENTS
CONTD.

## Statement of Financial Position
## as at 31 Dec 2022

| Assets | Note(s) | 2022 GH¢ | 2021 GH¢ |
|---|---|---|---|
| Financial assets at amortised cost | 6 | - | 585,125 |
| Financial assets at FVOCI | 7 | 593,659 | - |
| Financial assets at FVTPL | 8 | 129,422 | 123,272 |
| Cash and cash equivalent | 9 | 81,623 | 17,977 |
| | | **804,704** | **726,374** |

**Represented By:**

| | | | |
|---|---|---|---|
| Members' fund | 10 | 787,433 | 717,953 |
| Payables | 11 | 17,271 | 8,421 |
| **Total Members' Fund and Liabilities** | | **804,704** | **726,374** |

Mr. Isaac Tettey
**Chairman**

Dr. Victor Baah-Danquah
**Chairman**

## Statement of Profit or Loss for the Year Ended 31 December 2022

| Revenue | Notes | 2022 GH¢ | 2021 GH¢ |
|---|---|---|---|
| Interest Income | 12 | 125,665 | 83,111 |
| **Total Revenue** | | **125,665** | **83,111** |
| **Expenses** | | | |
| General Expenses | 13 | (34,320) | (23,221) |
| Changes in fair value through P/L | 14 | 6,150 | 14,955 |
| **Total expenses** | | **(28,170)** | **(8,266)** |
| **Net Investments Income** | | **97,495** | **74,845** |
| **Other Comprehensive Income** | | | |
| Changes in fair value through OCI | 15 | (26,140) | - |
| Changes in fair value through OCI | | (26,140) | - |
| **Total Comprehensive Income** | | **71,355** | - |

## Statement of Changes In Equity For the Year Ended 31 December 2022

| 31 December 2022 | Capital Income GH¢ | Investments Reserve | Valuation GH¢ | Total GH¢ |
|---|---|---|---|---|
| At 1 January | 614,879 | 103,074 | | 717,953 |
| Net Income from operations | - | 97,495 | - | 97,495 |
| Other Comprehensive Income | - | - | (26,140) | (26,140) |
| Share Issue | 73,827 | - | - | 73,827 |
| Shares Redemption | (73,702) | - | - | (75,702) |
| **At 31 December** | **613,004** | **200,569** | **(26,140)** | **787,433** |

| 31 December 2021 | Capital Transactions GH¢ | Investments GH¢ | Total GH¢ |
|---|---|---|---|
| At 1 January | 259,383 | 28,229 | 287,612 |
| Net Income from operations | - | 74,845 | 74,845 |
| Share Issue | 388,325 | - | 388,325 |
| Shares Redemption | (32,829) | - | (32,829) |
| **At 31 December** | **614,879** | **103,074** | **717,953** |

# Statement of Movements In Net Assets for the Year Ended 31 December 2022

| Changes in net assets from operations | 2022 GH¢ | 2021 GH¢ |
|---|---|---|
| Change In Net Investment Income | 97,495 | 74,845 |
| Change In Fair value changes | (26,140) | - |
| **Net change in net assets from operations** | **71,355** | **74,845** |
| Change in net assets from capital transactions transactions | | |
| Proceeds from Issue of Shares | 73,827 | 388,325 |
| Share Redemption | (75,702) | (32,829) |
| Net change in net assets from capital transactions | (1,875) | 355,496 |
| **Net additions to net assets** | **69,480** | **430,341** |
| **Analysis of changes in net assets for the year** | | |
| At 1 January | 717,953 | 287,612 |
| Net additions to net assets | 69,480 | 430,341 |
| **At 31 December** | **787,433** | **717,953** |

# Statement of Cashflows for the Year Ended 31 December 2022

| **Cashflow from operating activities** | **2021 GH¢** | **2020 GH¢** |
|---|---|---|
| Net Investment Income | 71,355 | 74,845 |
| **Adjusted for:** | | |
| Interest receivable | **(44,975)** | **(33,829)** |
| Net realised loss on investment | **19,990** | **(14,955)** |
| | 46,370 | 26,061 |
| Changes in: | | |
| Liabilities | 8,850 | 602 |
| **Net cashflow from operating activities** | **55,220** | **26,663** |
| Cashflow from investing activities | | |
| Purchase of financial assets | (295,528) | (870,577) |
| Proceeds from matured financial assets | 305,829 | 481,388 |
| **Net cashflow from investing activities** | **10,301** | **(389,189)** |
| **Cashflow from financing activities** | | |
| Proceeds from issuance of units | 73,827 | 388,325 |
| Amount paid on redemption of units | (75,702) | (32,829) |
| **Net cashflow from financing activities** | **(1,875)** | **355,496** |
| **Net increase (decrease) in cash and cash equivalent** | **63,646** | **(7,030)** |
| **Analysis of changes in cash and cash Equivalents for the year** | | |
| **At 1 January** | 17,977 | 25,007 |
| Net additions to net assets | 63,464 | (7,030) |
| **At 31 December** | **81,623** | **17,977** |

# NOTES TO THE FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

Elite Mutual Fund Plc is a mutual fund investment company whose primary objective is to obtain contributions from members and invest same for their benefit. Elite Mutual 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 in 9 July 2018 and operates in accordance with the Unit Trust and Mutual Fund Regulation (L.I.1695). The Fund shall be marketed as “Elite Mutual Fund Plc”, which means it will invest in a combination of listed equities, fixed income securities, as well as alternatives investments to achieve its investment objective.

The investment activities shall be managed by First Finance Company 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.

# NOTES TO THE FINANCIAL STATEMENTS
CONTD.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Investments 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.

### (b) Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

*(i) Financial assets*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

### Classification of Financial Assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/ designation at initial recognition of a financial asset:

• the Company may irrevocably elect to present subsequent changes in fair value of an equity

# NOTES TO THE FINANCIAL STATEMENTS
CONTD.

investment in other comprehensive income if certain criteria are met; and

• the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

**a. Amortised cost and effective interest method**

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. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), 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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a creditadjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item.

**b. Debt instruments classified as at FVTOCI**

Corporate bonds held by the Company are classified as at FVTOCI. Fair value is determined in the manner described in note 3(d)iii. The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts

# Notes to the Financial Statements
CONTD.

that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

**c. Equity instruments designated as at FVTOCI**

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

• it has been acquired principally for the purpose of selling it in the near term; or

• on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or

• it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

**d. Financial assets at FVTPL**

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

• Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

• Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 3(d)iii

# Notes to the Financial Statements
CONTD.

**Foreign exchange gains and losses**

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period, specifically;

• for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;

• for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;

• for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item; and

• for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve. See hedge accounting policy regarding the recognition of exchange differences where the foreign currency risk.

## Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### i. Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other

# Notes to the Financial Statements
CONTD.

similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

• an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

• significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

• existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

• an actual or expected significant deterioration in the operating results of the debtor;

• significant increases in credit risk on other financial instruments of the same debtor;

• an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. The financial instrument has a low risk of default,

2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

3. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria is capable of identifying significant increase in credit risk before the amount becomes past due.

### ii. Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

• when there is a breach of financial covenants by the debtor; or

• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

### iii. Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

1. significant financial difficulty of the issuer or the borrower;
2. a breach of contract, such as a default or past due event;
3. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
4. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
5. the disappearance of an active market for that financial asset because of financial difficulties.

### iv. Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

### v. Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is

# NOTES TO THE FINANCIAL STATEMENTS
CONTD.

guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.
If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

## Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.
On derecognition of a financial

asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

**(ii) Financial liabilities and equity**

**- Classification as debt or equity.**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.
Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**Compound instruments**

The component parts of convertible loan notes issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of

# Notes to the Financial Statements
contd.

cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.
At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium/other equity.

Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to retained profits/other equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.
Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity.
Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

### i. Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

**Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

**A financial liability is classified as held for trading if:**

• it has been acquired principally for the purpose of repurchasing it in the near term; or

• on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

• it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:
• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

• the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

• it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in

# Notes to the Financial Statements
contd.

profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognised in profit or loss. Fair value is determined in the manner described in note 3(d)iii.

## Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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 financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

### Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.
Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

• the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets); and

• the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

### Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial

# NOTES TO THE FINANCIAL STATEMENTS
CONTD.

liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

## Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.
When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.
If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

## (iii) Financial Instrument Fair Valuation

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or

liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under IFRS 13 are described as follows:
Level 1:- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Scheme has the ability to access.

Level 2:- Inputs to the valuation methodology include:

• quoted prices for similar assets or liabilities in active markets;

• quoted prices for identical or similar assets or liabilities in inactive markets;

• inputs other than quoted prices that are observable for the asset or liability;

• inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3:-Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**(e) Derivative Financial Statements and Hedging Activities**

Derivatives are initially recognised at fair value on the date that a derivative contract is entered into, and are subsequently remeasured at their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Company uses foreign currency forward exchange contracts to limit its exposure to foreign exchange risk on highly probable forecast foreign currency sales transactions. The Company designates these derivatives as hedges – that is, a hedge of foreign exchange risk associated with highly probably forecast sales transactions.

The Company designates and documents, at the inception of a hedging transaction, the hedg-

# NOTES TO THE FINANCIAL STATEMENTS
CONTD.

ing relationship so that the risk being hedged, the hedged item and the hedging instrument are clearly identified and the risk in the hedged item is the risk being hedged with the hedging instrument.
Hedge accounting is only applied when the Company expects the derivative financial instrument to be highly effective in offsetting the designated hedged foreign currency risk associated with the hedged item.

The full fair value of a hedging derivative is classified as a non-current asset or liability where the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability where the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'other gains/(losses) – net'.

Amounts recognised in other comprehensive income are reclassified to profit or loss in the periods when the forecast sales take place and are included within 'other gains/(losses) – net'.

When a foreign currency forward exchange contract expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction ultimately affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in other comprehensive income is immediately transferred to profit or loss within 'other gains/(losses) – net'.

### (f) 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.

**(g) 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.

**(h) 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

**(i) Fees and commission**

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

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Fund'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

# NOTES TO THE FINANCIAL STATEMENTS
CONTD.

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.

## 5. KEY CONTRACTORS

### a. Fund Managers

The Directors of the Fund appointed First Finance Company 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, First Finance Company Limited receives a management fee at annual rate of 2.5% of the net asset value attributable to members of the Fund. The management fees incurred during the year amounted to GH¢12,281.

Included in the payables as at 31 December 2021 were fund management fees payable of GH¢4,438.

### a. Fund Custodians

The Directors of the Fund appointed Republic Bank (Ghana) Limited, 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 0.24% of the net asset value attributable to members of the Fund. The Custodian fees charged during the year amounted to GH¢1,081.

There were no payables as at 31 December 2021 for custodian fees.

# NOTES TO THE FINANCIAL STATEMENTS
CONTD.

## 6. FINANCIAL ASSETS AT AMORTISED COST

| | 2022 Ghȼ | 2021 Ghȼ |
|---|---|---|
| Government Bonds | - | 473,527 |
| Money Market Securities | - | 111,598 |
| | **-** | **585,125** |

## 7. FINANCIAL ASSETS AT FVTOCI

| | 2022 Ghȼ | 2021 Ghȼ |
|---|---|---|
| Government Bonds | 563,945 | - |
| Money Market Securities | 29,714 | - |
| | **593,659** | **-** |

## 8. FINANCIAL ASSETS AT FVTP/L

| | 2022 Ghȼ | 2021 Ghȼ |
|---|---|---|
| Equity Investments | 49,232 | 54,970 |
| Collective Investments Scheme | 80,190 | 68,302 |
| | **129,422** | **123,272** |

## 9. CASH AND CASH EQUIVALENTS

| | 2021Ghȼ | 2020 Ghȼ |
|---|---|---|
| Cash and bank balances | 81,623 | 17,977 |
| | **81,623** | **17,977** |

# NOTES TO THE FINANCIAL STATEMENTS
CONTD.

## 10. MEMBERS' FUNDS

| | 2022Gh¢ | 2021 Gh¢ |
|---|---|---|
| Opening balance | 717,953 | 287,612 |
| New Issues | 73,827 | 388,325 |
| Redemptions | (75,702) | (32,829) |
| Operating Profit | 71,355 | 74,845 |
| | **787,433** | **717,953** |

## 11. PAYABLE UNDER SERVICE LEVEL AGREEMENTS

| | 2022 Gh¢ | 2021 Gh¢ |
|---|---|---|
| Management fees | 5,241 | 4,438 |
| Custody fees | 449 | - |
| Audit fees | 11,581 | - |
| Redemption payable | - | 3,983 |
| | **17,271** | **8,421** |

## 12. INTEREST INCOME

| | 2022 Gh¢ | 2021 Gh¢ |
|---|---|---|
| Government Bonds | 103,922 | 65,505 |
| Money Market Securities | 17,328 | 16,382 |
| Credit Interest | 232 | 415 |
| Dividend income | 4,183 | 809 |
| | **125,665** | **83,111** |



## 13. GENERAL EXPENSES

| | 2021 Gh¢ | 2020 Gh¢ |
|---|---|---|
| Management fees | 19,515 | 12,281 |
| Custody fees | 1,717 | 1,081 |
| Audit fees | 11,581 | - |
| Cost of Securities | - | 1,031 |
| Bank Charges | 1,507 | 1,349 |
| Commissions and Levies | - | 479 |
| Board expenses | - | 7,000 |
| | **34,320** | **23,221** |

## 14. Financial Instruments

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

| 2022 | Balance 01/1/22 Ghc | Purchases GH¢ | Sales GH¢ | Accrued Interest GH¢ | Change in fair value GH¢ | Value 31/12/22 |
|---|---|---|---|---|---|---|
| Equities | 54,970 | - | - | - | (5,738) | 49,232 |
| C.I.S | 68,302 | - | - | - | 11,888 | 80,190 |
| GOG Bonds | 473,527 | 268,028 | (194,217) | 42,747 | (26,140) | 563,945 |
| Money Market | 111,598 | 27,500 | (111,612) | 2,228 | - | 29,714 |
| | **708,397** | **295,528** | **(305,829)** | **44,975** | **19,990** | **723,081** |

| 2021 | Balance 01/1/22 Ghc | Purchases GH¢ | Sales GH¢ | Accrued Interest GH¢ | Change in fair value GH¢ | Value 31/12/22 |
|---|---|---|---|---|---|---|
| Equities | 10,125 | 35,192 | - | - | 9,653 | 54,970 |
| C.I.S | - | 63,000 | - | - | 5,302 | 68,302 |
| GOG Bonds | 260,181 | 560,088 | (375,181) | 28,439 | - | 473,527 |
| Money Market | 118 | 212,297 | (106,207) | 5,390 | - | 111,598 |
| | **270,424** | **870,577** | **481,388** | **33,829** | **14,955** | **708,397** |

## 15. Changes in Fair Value through P/L

| | 2022 GH¢ | 2021 GH¢ |
|---|---|---|
| Gain/(loss) on Collective Investments Scheme (C.I.S) | 11,888 | 9,653 |
| Gain/(loss) on Equities | (5,738) | 5,302 |
| | -------- | --------- |
| | **6,150** | **14,955** |
| | ==== | ===== |

## 16. Changes in Fair Value through OCI

| | 2022 GH¢ | 2021 GH¢ |
|---|---|---|
| Gain/(loss) on Government Securities | (26,140) | - |
| | ---------- | ---- |
| | **(26,140)** | **-** |
| | ====== | == |

# NOTES TO THE FINANCIAL STATEMENTS
CONTD.

## 17. TAXATION

Income of approved unit trust scheme or mutual fund is exempt 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. 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

# NOTES TO THE FINANCIAL STATEMENTS
CONTD.

liabilities (including benefits) when due.

The following are contractual maturities of financial asset.
31 December 2022.

| Financial Assets | 3 Months or less (GH¢) | 4-6 Months (GH¢) | 7-12 Months (GH¢) | More than 12 Months (GH¢) |
|---|---|---|---|---|
| Government Bonds | 139,803 | 26,402 | 259,187 | 138,553 |
| Money Market securities | 29,714 | - | - | - |
| | **169,517** | **26,402** | **259,187** | **138,553** |

The following are contractual maturities of financial Liabilities
31 December 2022

| Financial Liabilities | 3 Months or Less (GH¢) |
|---|---|
| Administrative Expenses payable | 17,271 |
| **Total** | **17,271** |

**(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.

**(g) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associ-

# NOTES TO THE FINANCIAL STATEMENTS
CONTD.

ated 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 Directors.

## 19. EVENTS AFTER REPORTING PERIOD

There were no events after the reporting period.

## 20. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statement were approved by the directors of the Fund and Authorised for issue on **10 June 2022.**

# CUSTODIANS REPORT

Republic Bank (Ghana) PLC

**REPORT OF THE CUSTODIAN**

The Board of Trustees
Elite Mutual Fund Limited
No. 63
Ring Road Central
Accra.

**REPORT OF THE CUSTODIANS TO THE SHAREHOLDERS OF ELITE MUTUAL FUND**

Republic Bank Custody Services, the custodian of Elite Mutual Fund Limited, confirms that all investment holdings for the Fund as at December 31, 2022, were in the custody of the Bank and summarised as per the attached report.

Yours faithfully,

AUDREY SMITH DADZIE
(HEAD, CUSTODY SERVICES)

GERALD QUANSAH
(OPERATIONS MANAGER)

Republic Bank (Ghana) Limited "Ebankese", 35 Sixth Avenue, North Ridge, Accra
P.O.Box CT 4603, Cantonments, Accra, Ghana. Tel: 0302 242090-4, 429555 Email: email@republicghana.com Website: www.republicghana.com

# CUSTODIANS REPORT

**Republic Bank Ghana Ltd.**
P.O. Box CT 4603, ACCRA

**Republic Bank (Ghana) Limited**

## Portfolio Valuation

1/6/2023 6:10:22 PM

**Account Code** : **SKP151-EMF** **Account Name** : **ELITE MUTUAL FUND PLC**
**Mailing Address** : HSE NO 63 RING ROAD CENTRAL ACCRA

**Report Date** : **31/Dec/2022**
**Reported in GHS**

| Security | Holdings | Book Cost GHS | Market Price | Price Ccy | Market Value GHS | % Total Mkt Value |
|---|---|---|---|---|---|---|
| **Distribution** | | | | | | |
| Total Petroleum Ghana Limited | 2,340.00 | 9,995.09 | 4.00 | GHS | 9,360.00 | 1.15 |
| | 2,340.00 | 9,995.09 | | | 9,360.00 | 1.15 |
| **Finance** | | | | | | |
| Ecobank Ghana Limited | 704.00 | 5,226.57 | 6.64 | GHS | 4,674.56 | 0.57 |
| Ghana Commercial Bank | 2,500.00 | 12,458.26 | 3.94 | GHS | 9,850.00 | 1.21 |
| | 3,204.00 | 17,684.83 | | | 14,524.56 | 1.78 |
| **Insurance** | | | | | | |
| Enterprise Group Ltd. | 5,776.00 | 10,469.59 | 3.20 | GHS | 18,483.20 | 2.27 |
| Mtn Ghana Limited | 7,800.00 | 9,995.07 | 0.88 | GHS | 6,864.00 | 0.84 |
| | 13,576.00 | 20,464.66 | | | 25,347.20 | 3.11 |
| **Total Equities** | 19,120.00 | 48,144.58 | | | 49,231.76 | 6.04 |

| Security | Holdings | Book Cost GHS | Market Price | Price Ccy | Market Value GHS | % Total Mkt Value |
|---|---|---|---|---|---|---|
| **Exchange Traded Funds** | | | | | | |
| CRYSTAL WEALTH FUND | 33,067.88 | 63,000.00 | 2.43 | GHS | 80,189.63 | 7.77 |
| | 33,067.88 | 63,000.00 | | | 80,189.63 | 7.77 |
| **Total Funds** | 33,067.88 | 63,000.00 | | | 80,189.63 | 7.77 |

| Security | Holdings | Book Cost GHS | Int Rate | Purchase Date | Accrual Days | Accrued Interest | Market Price | Price Ccy | Market Value GHS | % Total Mkt Value |
|---|---|---|---|---|---|---|---|---|---|---|
| **Govt Debt-Notes And Bonds** | | | | | | | | | | |
| 6 YR GOG BOND AT 19.50PER DUE 13.07.2026 | 53,492.00 | 54,999.30 | 19.50 | 09/Nov/2021 | 166 | 4,756.97 | 1.09 | GHS | 60,007.80 | 7.16 |
| 3 YR GOG BOND AT 19.00PER DUE 18.09.2023 | 25,000.00 | 25,000.00 | 19.00 | 23/Sep/2020 | 103 | 1,344.09 | 1.05 | GHS | 26,344.09 | 3.24 |
| 2 YEAR GOG NOTE AT 17.25 DUE 31.07.2023 | 180,000.00 | 180,000.00 | 17.25 | 02/Aug/2021 | 152 | 12,965.93 | 1.07 | GHS | 192,965.93 | 23.73 |
| 6 YR GOG BOND AT 18.80PER DUE 06.09.2027 | 45,000.00 | 45,000.00 | 18.80 | 13/Sep/2021 | 110 | 2,556.59 | 1.06 | GHS | 47,556.59 | 5.85 |
| 2 YEAR GOG NOTE AT 20.00PER DUE 06.11.2023 | 49,810.00 | 49,993.14 | 20.00 | 12/Nov/2021 | 54 | 1,477.88 | 1.03 | GHS | 51,178.41 | 6.31 |
| 6 YR GOG BOND AT 21.75PER DUE 17.01.2028 | 10,000.00 | 10,000.00 | 21.75 | 24/Jan/2022 | 159 | 950.07 | 1.10 | GHS | 10,950.07 | 1.35 |
| 2 YR GOG NOTE AT 19.75PER DUE 17.01.2028 | 22,000.00 | 22,000.00 | 19.75 | 14/Feb/2022 | 138 | 1,647.28 | 1.07 | GHS | 23,647.28 | 2.91 |
| 5 YR GOG BOND AT 20.75PER DUE 08.03.2027 | 10,000.00 | 10,000.00 | 20.75 | 14/Mar/2022 | 110 | 627.06 | 1.06 | GHS | 10,627.06 | 1.31 |
| | 395,302.00 | 396,992.44 | | | | | | | 423,277.23 | 51.86 |
| **Govt Debt-TBills** | | | | | | | | | | |
| 91 DAY GOG BILL AT 14.70PER DUE 16.03.2020 | 15,000.00 | 15,000.00 | 14.18 | 16/Dec/2019 | 1111 | | | GHS | | |
| 182 DAY GOV'T TBILLS AT 26.5PER DUE 30.01.2023 | 21,684.00 | 18,999.79 | 24.76 | 01/Aug/2022 | 152 | 2,241.76 | 0.98 | GHS | 21,241.55 | 2.61 |
| 91 DAY GOG TBILL AT 30.25PER DUE 02.01.2023 | 29,579.00 | 27,499.36 | 28.12 | 03/Oct/2022 | 89 | 2,033.93 | 1.00 | GHS | 29,533.29 | 3.63 |
| 91 DAY GOG TBILL AT 31.50PER DUE 16.01.2023 | 10,787.00 | 10,000.00 | 29.00 | 17/Oct/2022 | 75 | 648.63 | 0.99 | GHS | 10,648.63 | 1.31 |
| | 77,050.00 | 71,499.15 | | | | | | | 61,423.47 | 7.55 |
| **LOCAL GOV'T & STATUTORY AGENCY SECURITY** | | | | | | | | | | |
| 182 DAY COCOA BILL AT 30.00PER DUE 12.01.2023 | 17,250.00 | 15,000.00 | 26.09 | 15/Jul/2022 | 169 | 2,101.65 | 0.99 | GHS | 17,101.65 | 2.1 |
| 182 DAY COCOA BILL AT 30.50PER DUE 19.01.2023 | 34,617.00 | 29,999.99 | 26.09 | 25/Jul/2022 | 159 | 4,135.01 | 0.98 | GHS | 34,135.00 | 4.17 |
| 182 DAY COCOA BILL AT 30.80PER DUE 03.02.2023 | 23,720.00 | 20,536.80 | 26.84 | 08/Aug/2022 | 145 | 2,588.54 | 0.97 | GHS | 23,125.34 | 2.84 |
| 182 DAY COCOA BILL AT 32.01PER DUE 07.02.2023 | 5,800.00 | 5,000.00 | 27.59 | 10/Aug/2022 | 143 | 632.97 | 0.97 | GHS | 5,632.97 | 0.69 |
| 182 DAY COCOA BILL AT 35.50PER DUE 11.04.2023 | 29,312.00 | 25,000.00 | 30.14 | 12/Oct/2022 | 80 | 1,919.08 | 0.92 | GHS | 26,919.08 | 3.31 |
| | 110,699.00 | 95,536.79 | | | | | | | 106,914.04 | 13.11 |
| **Total Bonds** | 583,051.00 | 564,028.38 | | | | | | | 591,614.74 | 72.52 |

| Security | Holdings | Book Cost GHS | Int Rate | Purchase Date | Accrual Days | Accrued Interest | Market Value GHS | % Total Mkt Value |
|---|---|---|---|---|---|---|---|---|
| **Fixed Deposits** | | | | | | | | |
| 182 DAY DALEX FINANCE & LEASING CO. FD AT 32.50PER DUE 31.03.2023 | 27,500.00 | 27,500.00 | 32.50 | 30/Sep/2022 | 92 | 2,252.74 | 29,752.74 | 3.66 |
| | 27,500.00 | 27,500.00 | | | | 2,252.74 | 29,752.74 | 3.66 |
| **Total Deposits** | 27,500.00 | 27,500.00 | | | | 2,252.74 | 29,752.74 | 3.66 |

| Security | | Book Cost | Market Price | Price Ccy | Market Value GHS | % Total Mkt Value |
|---|---|---|---|---|---|---|
| **Cash** | | | | | | |
| Others | | 0.00 | 0.00 | GHS | 270.60 | 0 |
| 002-0027448478012 ELITE MUTUAL FUND PLC-TXN | | 0.00 | 0.00 | GHS | 0.00 | 0 |
| 002-0027448478028 ELITE MUTUAL FUND PLC-CALL | | 81,351.72 | 81,351.72 | GHS | 81,351.72 | 10 |
| | 0.00 | 81,351.72 | | | 81,622.32 | 10.00 |
| **Total Cash at Bank** | 0.00 | 81,351.72 | | | 81,622.32 | 10.00 |
| **Total Portfolio** | 662,738.88 | 784,024.68 | | | 832,411.19 | 100.00 |

**Summary Report**

| Assets | Book Cost | Market Value |
|---|---|---|
| Bonds | 564,028.38 | 591,614.74 |
| Cash at Bank | 81,351.72 | 81,622.32 |
| Deposits | 27,500.00 | 29,752.74 |
| Equities | 48,144.58 | 49,231.76 |
| Funds | 63,000.00 | 80,189.63 |
| **Total:** | | 832,411.19 |

-------------- End of Report --------------

# Coporate Information

| | |
|---|---|
| **Board of Directors** | Mr. Isaac Tettey (Resigned, December 2022)<br>Prof. Anthony Owusu-Ansah (Resigned, December 2022)<br>Dr. Victor Baah Danquahv |
| **Registered Office** | 63, Ring Road Central<br>Accra - Ghana<br>Email: info@firstfinancecompany.com |
| **Fund Manager** | First Finance Company Limited<br>63, Ring Road Central<br>Accra - Ghana<br>Email: info@firstfinancecompany.com |
| **Custodian** | Republic Bank Ghana Limited<br>(formerly HFC Bank)<br>No. 35 Sixth North Ridge<br>Accra - Ghana<br>Email: custodyservice@republicbankghana.com.gh |
| **Auditors** | John Kay and Co.<br>7th Floor, Trust Towers<br>Farrar Avenue<br>P. O. Box 16088<br>Airport - Accra<br>Email: jkayal@yahoo.com |
| **Solicitors** | Mr. Philip Edem  Kutsienyo Esq.<br>P. O. Box CO3078,<br>Tema - Ghana<br>Email: edemphilip@gmail.com |

# DIRECTORS INFORMATION

The Business affairs of the Elite Mutual Fund PLC are managed under the leadership of the Board of Directors of the Fund. The list below captures the names of the Directors, their occupations and other affiliations apart from the Fund.

| Name | Other Affiliation | Occupation |
|---|---|---|
| **Mr. Isaac Tettey** | *CAC Pension<br>*Tett Associates Limited | Development Economist, Consultant |
| **Prof. Anthony Owusu-Ansah** | *Frahill Consult<br>*The Real Estate Institute Limited<br>*First Finance Company Limited | Senior - Lecturer |
| **Dr. Victor Baah-Danquah** | *Urban Health Ghana Limited<br>*First Finance Company Limited<br>*Prestige Pension Trust Limited | Accountant |

Mr. Isaac Tettey

**Board Chairman**

Prof. Anthony Owusu-Ansah

**Director**

Dr. Victor Baah-Danquah

**Director**

# ELITE MUTUAL FUND PLC

## PROXY FORM

I/We ________________________________being a member of the above mentioned company hereby appoint _________________________________Being member(s) of First Finance Company Limited appoint_____________________or failing him/her the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the Second Annual General Meeting of the Fund to be held virtually via Zoom on Tuesday, 12th December, 2023 at 9:00 am GMT and at any adjournment thereof.
Please indicate an “X” in the boxes provided below how you want to cast your vote.

| Resolution | For | Against | Abstain |
|---|---|---|---|
| 1. To receive and adopt the Financial Statements of the Company for the year ended 31st December 2022, together with the reports of Directors and the external Auditors. | | | |
| 2. To confirm the appointment of new Directors. | | | |
| 3. To fix the remuneration of the external Auditors. | | | |
| 4. To change the name of the Fund from Elite Mutual Fund PLC to First Finance Elite Mutual Fund Plc. | | | |

Name: /________________________________

Date: /_______________________________

Shareholder(s) Signature /_______________________________

NOTES
1. A proxy need not be a Shareholder of the fund.
2. Unless otherwise instructed, the proxy will vote at his/her discretion.
3. To be valid, this form must be signed and sent via email to info@firstfinancecompany.com not less than forty-eight (48) hours before the commencement of the meeting.
4.In the case of joint holders, the signature of only one of the joint holders is required.
5.In the case of a body corporate, the form must be under seal or under the hand of a duly authorized officer. The completion of and return of a proxy form does not prevent a Shareholder from attending the meeting and vote thereat.

# Elite Mutual Fund PLC

Elite Mutual Fund PLC

www.firstfinancecompany.com
info@firstfinancecompany.com
#63 Ring Road Central Accra
+233 302 231 536
+233 302 231 546

ANNUAL REPORT 2022