FINANCIAL INDEPENDENCE MUTUAL FUND PLC

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL STATEMENTS

INDEX **PAGES**

CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Zac Bentum	
	Faustina Odoi-Agyarko (Mrs)	Newly Appointed
	Gloria Akoto (Mrs)	Resigned
	Mr. Yaw Banahene Adjei	
REGISTERED OFFICE	63, Ring Road Central Accra - Ghana Email: info@firstfinancecompany.com	
FUND MANAGER	First Finance Company Limited 63, Ring Road Central Accra - Ghana Email: info@firstfinancecompany.com	
CUSTODIAN	Guaranty Trust Bank (Ghana) Limited 25A, Castle Road, Ambassadorial Area Ridge, Accra, Ghana PMB CT416 Cantonments, Accra. Phone (+233) (0302)664533 Email: gh.custody@gtbank.com	
BANKERS	Guaranty Trust Bank Limited Absa Bank Ghana Limited	
AUDITORS	John Kay and Co 7th Floor, Trust Towers Farrer Avenue P. O. Box KIA 16088 Airport - Accra Email: info@johnkay.net	
SOLICITOR/SECRETARY	Mr. Philip Edem Kutsienyo Esq. P. O. Box CO3078, Tema - Ghana Email: edemphilip@gmail.com	

REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS OF FINANCIAL INDEPENDENCE MUTUAL FUND PLC

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 2023.

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 2023, the statement of profit or loss for the 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 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, 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 10-14. 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 2023 is made up as follows:

	2023	**Percentage**
	GH¢	**%**
Government Bonds	3,727,481	59
Collective Investments Schemes	2,462,634	39
Cash at bank	158,417	2
Total Investments	**6,348,532**	**100**

REPORT OF THE BOARD OF DIRECTORS
TO THE MEMBERS OF FINANCIAL INDEPENDENCE MUTUAL FUND PLC (CONT'D)

NATURE OF BUSINESS

Financial Independence 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.

Financial Independence Mutual Fund Plc ("The Fund") is an open-end mutual fund which shall invest primarily in a variety of fixed income securities that are both long term and short term in nature with the aim of preserving and growing the capital of investors. The Fund is targeted at middle- and high-income earners whose objective is to invest periodically in order to secure their financial independence.

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 12 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

During the year, the directors of the fund undertook a training program themed 'Regulatory Framework/Requirements for Capital Market Operators' on 27th and 29th June 2023. The training was organized by the Securities and Exchange Commission (SEC) in collaboration with the Ghana Institute of Securities and Investments (GISI) an approved training institution.

Approval of financial statements

The financial statements of the company as indicated above were approved by the board of directors on .... and are signed on its behalf by:

....	....
Mr. Zac Bentum	Mr Yaw Banahene Adjei
Chairman	**Director**

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FINANCIAL INDEPENDENCE MUTUAL FUND PLC

Opinion

We have audited the accompanying financial statements of Financial Independence Mutual Fund Plc, which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income for the year ended, statement of changes in equity for the year ended, statement of movement in net assets for the year ended, statements 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 Financial Independence Mutual Fund Plc as at 31 December 2023, the fund's financial performance and its movement in net assets for the year ended in accordance with International Financial Reporting Standards (IFRS), the IAS 29 directives issued by the Institute of Chartered Accountants Ghana (ICAG), the requirements of the Companies Act 2019, (Act 992) of Ghana, the requirements of the Securities Industry Act 2016 (Act 929) and the Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695).

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the year ended 31 December 2023. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following as a key audit matter.

Domestic Debt Exchange Program

The Government of Ghana rolled out a Debt Exchange Program for holders of Domestic Notes and bonds, E.S.L.A Plc. and Daakye Trust Plc. bonds of which the fund fully participated by exchanging all its existing Government of Ghana bonds for new bonds with new terms (tenor and interest rates) under the program. The total value of bonds exchanged under the program amounted to GH₵5,431,460.

The impact of the Debt exchange program is significant to the Fund as it affects the valuation, classification, and financial performance of the Fund's financial assets. We have therefore determined the **debt exchange program** as a key audit matter.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FINANCIAL INDEPENDENCE MUTUAL FUND PLC

Key Audit Matters (cont'd)

How the matter was addressed in our audit

Our audit procedures included the following;

1. We reviewed the financial terms of the exchanged bonds to determine whether the modifications to the cashflows of the old bonds were substantial enough to lead to the derecognition of the old bonds and to check that the derecognition was done as required by IFRS 9.

2. We evaluated the methodology used by the scheme to determine the value of the old bonds being exchanged for the new ones

3. Review the balances on the new bonds in the scheme's records to ensure that at initial recognition, the new bonds were measured at fair value and confirmed the existence of the new bonds to their values on the Central Securities Depository (CSD) report

4. Reviewed the scheme's records to ensure that the financial terms of the new bonds were correctly stated.

Report on 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.

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), the IAS 29 directives issued by the Institute of Chartered Accountants Ghana (ICAG), the requirements of the Companies Act 2019, (Act 992) of Ghana, the requirements of the Securities Industry Act 2016 (Act 929), Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FINANCIAL INDEPENDENCE MUTUAL FUND PLC (CONT'D)

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 from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FINANCIAL INDEPENDENCE MUTUAL FUND PLC (CONT'D)

Report on Other Legal and Regulatory Requirements

In compliance with the requirements of part 9 of Schedule 8 of the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695), we confirmed that:

a) The accounts have been properly prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Securities Industry Act, 2016 (Act 929) and Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695).
b) The statement of financial position shows a true and fair view as at 31 December 2023.
c) In our opinion, proper accounting records have been kept by the fund manager and the accounts are in agreement with the manager's accounting records.
d) 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, and
e) The information given in the report of the fund manager is consistent with the accounts.

The engagement partner on the audit resulting in this independent auditor's report is **Gilbert Adjetey Lomofio (ICAG/P/1417):**

John Kay & Co
....
For and on behalf of John Kay & Co. (ICAG/F/2024/128)
Chartered Accountants
Accra

21/05/***2024***

John Kay & Co.
21 MAY 2024
P.O. Box 16088 KIA, Accra

STATEMENT OF FINANCIAL ASSETS DESIGNATED THROUGH PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT 31 DECEMBER 2023

	SHARES	*PRICE PER SHARES GH¢*	*MARKET VALUE GH¢*	*PERCENTAGE OF NET ASSETS %*
COLLECTIVE INVESTMENTS SCHEMES				
Crystal Wealth Fund	847,814	2.3950	2,030,587	34
OctaneDC Bond Fund	63,454	1.0954	69,508	1
Sem Income Fund	71,270	1.6945	120,770	2
Nimed Fixed Income Tier 2	391,338	0.6178	241,769	4
			2,462,634	41
GOVERNMENT SECURITIES				
1 Year Cocoa Bill			51,098	1
2 Year Cocoa Bill			204,404	4
3 Year Cocoa Bill			255,506	4
4 Year Cocoa Bill			255,506	4
5 Year Cocoa Bill			255,506	4
4 Year GOG Bonds			1,351,130	22
5 Year GOG Bonds			1,354,331	22
			3,727,481	61
Total Investment Securities			6,190,115	102
Total Liability			(121,667)	(2)
			6,068,448	**100**

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note (s)	2023 GH¢	2022 GH¢
Assets			
Financial assets at FVTOCI	6	3,727,481	5,582,757
Financial assets at FVTP/L	7	2,462,634	2,757,820
Cash and cash equivalents	8	158,417	81,003
Total Assets		**6,348,532**	**8,421,580**
Represented By:			
Members' fund	9	6,226,865	8,305,509
Liabilities			
Payables	10	121,667	116,071
Total Members' Fund and Liabilities		**6,348,532**	**8,421,580**

…………………………………………
Mr. Zac Bentum
Chairman

…………………………………………
Mr Yaw Banahene Adjei
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note (s)	2023 GH¢	2022 GH¢
Revenue			
Interest Income	11	531,618	1,331,685
Total Revenue		531,618	1,331,685
Expenses			
General Expenses	12	(239,909)	(274,772)
Changes in fair value through P/L	13	(95,187)	397,909
Total Expenses		(335,096)	123,137
Net Investments Income		196,522	1,454,822
Other Comprehensive Income			
Changes in fair value through OCI	14	(1,338,987)	(407,104)
Total Other Comprehensive Income		(1,338,987)	(407,104)
Total Comprehensive Income		**(1,142,465)**	**1,047,718**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

2023	Capital Transactions GH¢	Investments Income GH¢	Valuation Reserve GH¢	Total GH¢
At 1 January	5,991,978	2,720,635	(407,104)	8,305,509
Rev. of unrealised loss on bonds val.	-	-	407,104	407,104
Net Income from operations	-	196,522	-	196,522
Other Comprehensive Income	-	-	(1,338,987)	(1,338,987)
Share Issue	666,656	-	-	696,156
Shares Redemption	(2,009,939)	-	-	(2,039,439)
At 31 December	**4,648,695**	**2,917,157**	**(1,338,987)**	**6,226,865**

2022	Capital Transactions GH¢	Investments Income GH¢	Valuation Reserve GH¢	Total GH¢
At 1 January	7,827,652	1,265,813	-	9,093,465
Net Income from operations	-	1,454,822	-	1,454,822
Other Comprehensive Income	-	-	(407,104)	(407,104)
Share Issue	2,860,364	-	-	2,860,364
Shares Redemption	(4,696,038)	-	-	(4,696,038)
At 31 December	**5,991,978**	**2,720,635**	**(407,104)**	**8,305,509**

STATEMENT OF MOVEMENTS IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 GH¢	2022 GH¢
Changes in net assets from operations		
Change in:		
Net Investment Income	196,522	1,454,822
Fair value changes	(1,338,987)	(407,104)
Net change in net assets from operations	(1,142,465)	1,047,718
Change in net assets from capital transactions		
Proceeds from Issue of Shares	666,656	2,860,364
Share Redemption	(2,009,939)	(4,696,038)
Net change in net assets from capital transactions	(1,343,283)	(1,835,674)
Net additions to net assets	**(2,485,748)**	**(787,956)**
Analysis of changes in cash and cash Equivalents for the year		
At 1 January	8,305,509	9,093,465
Reversal of unrealised loss on bonds valuation	407,104	-
Net additions to net assets	(2,485,748)	(787,956)
At 31 December	**6,226,865**	**8,305,509**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 GH¢	2022 GH¢
Cash Flow from Operating Activities		
Net Investment Income	(1,142,465)	1,047,718
Adjusted for:		
Interest Income	-	(354,036)
Unrealised gain/(loss)	1,423,859	9,195
	281,394	702,877
Change in:		
Liabilities	5,596	86,305
Net cash flow from operating activities	286,990	789,182
Cash Flow from Investing Activities		
Purchase of financial assets	(650,611)	(3,084,190)
Proceeds from matured financial assets	1,784,318	3,952,516
Cash flows from investing activities	1,133,707	868,326
Cash Flow from Financing Activities		
Issue of units	666,656	2,860,364
Amount paid on redemption of units	(2,009,939)	(4,696,038)
Cash flows from financing activities	(1,343,283)	1,835,674
Net increase (decrease) in cash and cash equivalents	**77,414**	**(178,166)**
Analysis of changes in cash and cash Equivalents for the year		
At 1 January	77,414	259,169
Net additions to net assets	81,003	(178,166)
At 31 December	**158,417**	**81,003**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. REPORTING ENTITY

Financial Independence Mutual Fund Plc is a mutual fund investment company whose primary objective is to obtain contributions from members and invest same for their benefit. Financial Independence 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 "fixed income fund", which means it will invest primarily in fixed income securities 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (cont'd)

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 credit-adjusted 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (cont'd)

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (cont'd)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (cont'd)

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (cont'd)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (cont'd)

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (cont'd)

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Financial liabilities and equity

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Financial liabilities and equity

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Financial liabilities and equity

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 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;

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D

(iii) Financial Instrument Fair Valuation

- 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 hedging 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'.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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¢ 182,345. Included in the payables as at 31 December 2023 were fund management fees payable of GH¢ 44,173.

b. Fund Custodians

The Directors of the Fund appointed Guaranty Trust Bank (Ghana) Limited, Custody Services a Limited Liability Company incorporated in Ghana and duly licensed by the 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¢ 16,303 Custodian fees payable as at 31 December 2023 was GH¢ 57,209

6. FINANCIAL ASSETS AT FVTOCI

	2023 GH¢	2022 GH¢
Government Bonds	3,727,481	5,376,562
Money Market Securities	-	106,195
Corporate Bonds	-	100,000
	3,727,481	**5,582,757**

7. FINANCIAL ASSETS AT FVTP/L

	2023 GH¢	2022 GH¢
Collective Investment Schemes	2,462,634	2,757,820
	2,462,634	**2,757,820**

8. CASH AND CASH EQUIVALENTS

	2023 GH¢	2022 GH¢
Cash and bank balances	158,417	81,003
	158,417	**81,003**

9. MEMBERS' FUNDS

	2023 GH¢	2022 GH¢
Opening Balance	8,305,509	9,093,465
Reversal of unrealised loss on bonds valuation	407,104	-
New issues	664,156	2,860,364
Redemptions	(2,007,439)	(4,696,038)
Operating profit	(1,142,465)	1,047,718
	6,226,865	**8,305,509**

10. PAYABLE UNDER SERVICE LEVEL AGREEMENTS

	2023 GH¢	2022 GH¢
Management fees	44,173	59,318
Custody fees	57,209	40,906
Audit fees	20,285	15,847
	121,667	**116,071**

11. INTEREST INCOME

	2023 GH¢	2022 GH¢
Ghana Government Bonds	523,505	1,186,082
Money Market Securities	4,418	128,170
Corporate Bonds	-	14,543
Credit Interest	3,695	2,890
	531,618	**1,331,685**

12. GENERAL EXPENSES

	2023 GH¢	2022 GH¢
Management fees	182,345	183,890
Custody fees	16,303	21,434
Bank charges	4,476	16,170
Audit fees	20,285	15,847
Board Expenses	12,000	21,000
AGM Expenses	4,500	16,431
	239,909	**274,772**

13. CHANGES IN FAIR VALUE THROUGH P/L

	2023 GH¢	2022 GH¢
Unrealised gain/(loss) on CIS Valuation	(84,872)	397,909
Realised loss on CIS Valuation	(10,315)	-
	(95,187)	**397,909**

14. CHANGES IN FAIR VALUE THROUGH OCI

	2023 GH¢	2022 GH¢
Unrealised gain/(loss) on Gog Bonds Valuation	(1,338,987)	(403,570)
Unrealised gain/(loss) on Corporate Bonds	-	(3,534)
	(1,338,987)	**(407,104)**

15. FINANCIAL INSTRUMENTS

Analysis of changes in fair value of financial instruments

2023	Balance 01/1/22 GH¢	Purchases GH¢	Sales GH¢	Accrued Interest GH¢	Unrealised Gain/(loss) GH¢	Value 31/12/22 GH¢
GOG Bonds	5,376,562	650,611	(960,705)	-	(1,338,987)	3,727,481
Money Markets	106,195	-	(106,195)	-	-	-
Corporate Bonds	100,000	-	(100,000)	-	-	-
C. I. S	2,757,820	-	(210,314)	-	(84,872)	2,462,634
Total	**8,340,577**	**650,611**	**(1,377,214)**	**-**	**(1,423,859)**	**6,190,115**

15. FINANCIAL INSTRUMENTS (CONT'D)

Analysis of changes in fair value of financial instruments

2022	Balance 01/1/21 GH¢	Purchases GH¢	Sales GH¢	Accrued Interest GH¢	Unrealised Gain/(loss) GH¢	Value 31/12/21 GH¢
GOG Bonds	5,632,491	2,409,532	(2,610,856)	348,965	(403,570)	5,376,562
Money Markets	835,091	574,658	(1,305,091)	1,537	-	106,195
Corporate Bonds	36,569	100,000	(36,569)	3,534	(3,534)	100,000
C. I. S	2,359,911	-	-	-	397,909	2,757,820
Total	**8,864,062**	**3,084,190**	**(3,952,516)**	**354,036**	**(9,195)**	**8,340,577**

16. 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 withholding taxes on payment made to directors and other service providers.

17. FINANCIAL RISK MANAGEMENT

(a). Asset/Portfolio/Credit risk

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

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

(b). Liquidity risk

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

The following are contractual maturities of financial asset

31 December 2023

Financial Assets	3 Months or less (GH¢)	4-6 Months or less (GH¢)	7-12 Months (GH¢)	More than 12 Months (GH¢)
Government Bonds	-	-	-	3,727,481
Total	**-**	**-**	**-**	**3,727,481**

The following are contractual maturities of financial Liabilities

31 December 2023

Financial Liabilities	3 Months or less (GH¢)
Administrative Expenses Payable	121,667
Total	**121,667**

17. FINANCIAL RISK MANAGEMENT (CONT'D)

(c). Fair value of financial assets and liabilities

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

The fair value hierarchy is as follows:

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

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

(d) Market risk

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

(e) Equity Price risk

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

(f) Interest Rate risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The investment managers advise the Trustees on the appropriate balance of the portfolio between equity, fixed rate interest, and variable rate interest investments. The scheme uses duration targeting as a means of mitigating the effects of the risk. The target duration is regularly reviewed by the Trust Board. For some of the bonds with issuers other than the Government of Ghana, investments are placed with a floating rate to hedge against this risk.

(g) Operational risk

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

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

17. FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Operational risk (Cont'd)

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.

18. EVENTS AFTER REPORTING PERIOD

Events subsequent to the balance sheet date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

As at the end of the reporting period, there were no events after the reporting period that relate to the year under consideration.