UNISECURITIES UNIT TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

UNISECURITIES UNIT TRUST
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2023

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CORPORATE INFORMATION

MANAGER	First Finance Company Limited 63, Ring Road Central Accra- Ghana Email: info@firstfinancecompany.com
TRUSTEE	Universal Merchant Bank Limited SSNIT Emporium Airport City, Liberation Road Accra- Ghana
AUDITOR	PKF Accountants & Business Advisers P. O. Box GP 1219 Accra.
REGISTERED OFFICE	No 63 Ring Road Central Ring Road Accra
TELEPHONE NO.	0302245638
BANKER	Universal Merchant Bank

UNISECURITIES UNIT TRUST
REPORT OF THE TRUSTEE
YEAR ENDED 31 DECEMBER 2023

In our opinion, according to the information made available to us and the explanations provided, we confirm that in all material respects, the manager has managed the Scheme during the year covered by these financial statements in accordance with the Trust deed and all regulations for the time being in force under the Unit Trusts and Mutual Funds Regulations, 2001. (L.I 1695).

Signed on behalf of **Universal Merchant Bank Limited** by:

Name of Trustee: ....

Signature: ....

Date: 21/05/2024

UNISECURITIES UNIT TRUST
STATEMENT OF MANAGER'S RESPONSIBILITIES

The Manager is responsible for preparing financial statements for each financial year to give a true and fair view of the state of affairs of the Unit Trust and of its profit and loss for the period. In preparing these financial statements, the Manager is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- State whether the applicable accounting standards have been followed.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Unit Trust will continue in business.

The Manager is responsible for ensuring that the Unit Trust keeps accounting records which disclose with reasonable accuracy the financial position of the Unit Trust and which enable them to ensure that the financial statements comply with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992), Securities Industry Act, 2016 (Act 929) and the Unit Trust and Mutual Funds Regulations, 2001 (L.I 1695).

They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Unit Trust, and to prevent and detect fraud and other irregularities.

The above statements, which should be read in conjunction with statement of the Auditors responsibilities set out on pages 5 and 6, are made with a view of distinguishing for unit holders the respective responsibilities of the Manager and the Auditor in relation to the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF UNISECURITIES UNIT TRUST ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Unisecurities Unit Trust, which comprise the Statement of Financial Position as at 31 December, 2023, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Movement in Net Assets for the year ended, Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Unisecurities Unit Trust as at 31 December, 2023 and of its financial performance and its cash flows for the year then ended and are in accordance with International Financial Reporting Standards and comply with the Companies Act, 2019 (Act 992), Securities Industry Act, 2016 (Act 929) and the Unit Trusts and Mutual Funds Regulations, 2001 (L.I 1695).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Unit Trust in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our 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.

Existence and Valuation of Investment Assets

The assets of the Unit Trust are invested in Government Securities and Money Market Securities. In many respects, the custody of these investments is by third-party entities specifically authorized or nominated for such holding purposes. Based on the business model of the Unit Trust, these investments can either be valued at amortized cost or at fair value and the returns on these investments depend on the face value/cost, interest rates, and the tenor.

How the matter was addressed in our audit

• We obtained a list of investments in the name of the Unit Trust from the Central Securities Depository to confirm their existence and agreed the total to the Unit Trust manager's accounting records.
• We also reviewed whether the quarterly valuation of the investment portfolio by the Unit Trust's manager as the basis for determining management fees was reasonably made and accurate.
• We evaluated the adequacy of disclosures of investment assets recognized in the Unit Trust's statement of financial position and the statement of assets and liabilities.
• We performed independent valuations of assets to verify the accuracy of the market values reported.

Income Recognition

The investment asset of the trust yields interest income based on the rates of interest, face value/cost, and the tenor related to each investment type of asset. Interest income is recognized in the financial statements on an accrual basis on the basis that it is probable that economic benefits associated with the assets will flow to the trust.

How the matter was addressed in our audit

• We reviewed the design and implementation of controls over the Unit Trust's income recognition.
• We recomputed the interest income based on the agreed interest rates, face value/cost, and the duration for which the interest income relates to.
• We reviewed the cut-off period for investment assets of the Unit Trust to ensure that interest income accruing to the Unit Trust after 31 December 2023 are not recognized as interest income for the current year.
• We evaluated the adequacy of disclosures of interest income recognized in the Unit Trust's income and distribution account.

Other Matter

The financial Statements of Unisecurities Unit Trust for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on the financial statements on 14 December 2023.

Other Information

The Manager is responsible for the Other Information. The Other Information comprises the Report of the Trustee and Statement of Manager's Responsibilities, which we obtained prior to the date of this Auditor's Report. The Other Information 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 on the Other Information that we obtained prior to the date of this auditor's report, 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 Manager for the Financial Statements

The Manager is responsible for the preparation of the financial statements that gives a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992), Securities Industry Act, 2016 (Act 929) and the Unit Trusts and Mutual Funds Regulations, 2001 (L.I 1695), and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Unit Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Unit Trust or to cease operations, or has no realistic alternative but to do so. The Manager is responsible for overseeing the Unit Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 Unit Trust’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Board of Director’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 Unit Trust’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 Unit Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager 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. We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 and in the manner required by the Securities Industry Act, 2016 (Act 929) and Unit Trusts 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 Manager and the financial statements 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) No report of the Manager accompanied the financial statement.

The Engagement Partner on the audit resulting in this Independent Auditor's Report is DOMINIC DORKENOO (ICAG/P/1448).

PKF

……………………………………

Signed by: Dominic Dorkenoo (ICAG/P/1448).
For and on behalf of: PKF (ICAG/F/2024/039)
Chartered Accountants
Farrar Avenue
P. O. Box GP 1219
Accra.

21st May 2024.

UNISECURITIES UNIT TRUST
STATEMENT OF ASSETS AND LIABILITIES
YEAR ENDED 31 DECEMBER 2023

	MARKET VALUE GH¢	PERCENTAGE OF NET ASSETS %
FIXED INTEREST SECURITIES		
Government of Ghana Securities		
91- Day Treasury Bill	**768,930**	14.6
182- Day Treasury Bill	**218,612**	4.1
4 Year GOG Bonds	**39,974**	0.8
5 Year GOG Bonds	**32,789**	0.6
6 Year GOG Bonds	**39,584**	0.7
7 Year GOG Bonds	**38,046**	0.7
8 Year GOG Bonds	**31,049**	0.6
9 Year GOG Bonds	**16,152**	0.3
10 Year GOG Bonds	**211,957**	4.0
11 Year GOG Bonds	**29,780**	0.6
12 Year GOG Bonds	**29,642**	0.6
13 Year GOG Bonds	**31,833**	0.6
14 Year GOG Bonds	**31,470**	0.6
15 Year GOG Bonds	**31,059**	0.6
	1,550,876	29
Fixed Deposit Securities		
365- Day Fixed Deposit	**3,862,961**	73
	3,862,961	73
FUNDS ON CALL		
Cash and Cash Equivalents	**157,455**	3
	157,455	3
Total Investment Securities	**5,571,292**	105
Total Liabilities	**(289,966)**	(5)
Total Net Investment	**5,281,325**	100

The notes on pages 14 to 39 are an integral part of the financial statements.

UNISECURITIES UNIT TRUST
STATEMENT OF FINANCIAL POSITION
YEAR ENDED 31 DECEMBER 2023

	Notes	2023 GH¢	2022 GH¢
ASSETS			
Financial assets at amortized cost	*6*	**0**	5,560,014
Financial assets at FVTOCI	*10*	**5,413,837**	0
Cash and cash equivalent	*7*	**157,455**	13,192
Total Assets		**5,571,292**	5,573,206
Represented by			
Unitholders' fund	*8*	**5,281,325**	5,346,452
LIABILITIES			
Payables	*9*	**289,966**	226,754
		5,571,292	5,573,206

The notes on pages 14 to 39 are an integral part of the financial statements.

Approved by the Board of Directors on……………………………….2024

Name of Director: Faustina Odoi-Agyarko ……………………………………… **Name of Director:** MICHAEL ABA-ECK ……………………………………

Signature:…………………………………………… **Signature:**……………………………………………

UNISECURITIES UNIT TRUST
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2023

	Notes	2023 GH¢	2022 GH¢
INTEREST INCOME	***11***	**333,762**	288,690
EXPENSES			
General Expenses	***12***	**173,108**	152,707
TOTAL EXPENSES		**173,108**	152,707
Operating Profit		**160,654**	135,983
NET OPERATING PROFIT		**160,654**	135,983
OTHER COMPREHENSIVE INCOME			
Loss on Investment at FVTOCI		**(206,961)**	0
TOTAL COMPREHENSIVE INCOME		**(46,307)**	135,983

The notes on pages 14 to 39 are an integral part of the financial statements.

UNISECURITIES UNIT TRUST
STATEMENT OF MOVEMENT IN NET ASSETS
YEAR ENDED 31 DECEMBER 2023

		2023	2022
		GH¢	GH¢
Changes in net assets from operations			
Change in:			
Net Investment Income		**(46,307)**	135,983
Net change in net assets from operations		**(46,307)**	135,983
Changes in net assets from capital transactions			
Redemption of units		**(18,820)**	0
Net Change in net assets from capital transactions		**(18,820)**	0
Net additions to net assets		**(65,127)**	135,983
Analysis of changes in net assets for the year			
At 1 January		**5,346,452**	5,210,469
Net additions to net assets		**(65,127)**	135,983
At 31 December	***Note 8***	**5,281,325**	5,346,452

The notes on pages 14 to 39 are an integral part of the financial statements.

UNISECURITIES UNIT TRUST
STAEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2023

	2023 GH¢	2022 GH¢
Reconciliation Of Operating Profit To Net Cash Flow From Operating Activities		
Net Investment Income	**160,654**	135,983
Adjust for:		
Interest receivable	**0**	(110,296)
Operating Profit before Working Capital Changes	**160,654**	25,687
Change in Liabilities	**63,212**	84,776
Cash flows from Operating Activities	**223,867**	110,463
Cash flow from Investing Activities		
Purchase of financial assets	**(60,785)**	(120,837)
Net cash flow from investing activities	**(60,785)**	(120,837)
Cash flow from Financing Activities		
Amounts paid on redemption of units	**(18,819)**	0
Net Cash flow from financing activities	**(18,819)**	0
Net change in Cash and Cash Equivalents	**144,263**	(10,374)
Cash and Cash Equivalents at 1 January	**13,192**	23,566
Cash and Cash Equivalents at 31 December	**157,455**	13,192

The notes on pages 14 to 39 are an integral part of the financial statements.

1. REPORTING ENTITY

Unisecurities Unit Trust is a Unit Trust investment whose primary objective is to obtain contributions from unit holders and invest the same for their benefit. Unisecurities Unit Trust is domiciled in the Republic of Ghana. The address and registered office of the Unit Trust can be found on page 2 of the financial statements.

The Unit Trust was established in 9 July 2018 and operates in accordance with the Unit Trust and Mutual Fund Regulation (L.I.1695). The Unit Trust shall be marketed as a "fixed-income trust", 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 Trusts and Mutual Funds Regulations, 2001 (L.I. 1695) and comply with the International Financial Reporting Standards.

b) Statement of Compliance

The Company's Financial Statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs).

c) Functional and presentation currency

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

d) 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.

e) Basis of Measurement

The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investments, financial assets and liabilities held for trading and non-current assets held for sale and discontinued operations.

f) Comparative Information

The financial statements provide comparative information in respect of the previous

period. In addition, the Unit Trust presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements or a retrospective correction of error.

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Unit Trust has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

The Unit Trust has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for Insurance Contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Unit Trust does not have any contracts that meet the definition of an Insurance Contract under IFRS 17.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies

The Unit Trust has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of

general purpose financial statements make on the basis of those financial statements.
The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.
The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Unit Trust has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.
Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules

The Unit Trust has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top- up taxes described in those rules.
The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.
Following the amendments, the Unit Trust is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The Unit Trust has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Unit Trust has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective [and [in some cases] had not yet been adopted by the Institute of Chartered

Accountants, Ghana.

Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
Amendments to IAS 1 - Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements
Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The Managers do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Unit Trust in future periods.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The following material accounting policies have been consistently applied during the year in the preparation of the Unit Trust's financial statements.

a) Investment income recognition

Interest income, including interest income from non-derivative financial assets at amortized costs, are recognized in profit or loss, using the 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 recognized in the profit or loss as interest income or interest expense, respectively.

b) Financial instruments

Financial assets and financial liabilities are recognised in the Unit Trust's statement of financial position when the Unit Trust 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 Unit Trust may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Unit Trust 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 Unit Trust 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 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 Unit Trust 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 Unit Trust 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.

c. Equity instruments designated as at FVTOCI

On initial recognition, the Unit Trust 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 Unit Trust 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 Unit Trust 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 Unit Trust 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 Unit Trust 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

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 Unit Trust 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 Unit Trust 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 Unit Trust'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 Unit Trust 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 Unit Trust 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 Unit Trust 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 Unit Trust 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 Unit Trust'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 Unit Trust'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 Unit Trust 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 Unit Trust has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Unit Trust 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 Unit Trust 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 Unit Trust 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 Unit trust considers the changes in the risk that the specified debtor will default on the contract.

The Unit trust 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 Unit trust 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 Unit Trust, in full (without taking into account any collateral held by the Unit Trust).

Irrespective of the above analysis, the Unit trust considers that default has occurred when a financial asset is more than 90 days past due unless the Unit trust 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 Unit trust 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. Financial assets written off may still be subject to enforcement activities under the Unit trust'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 Unit trust'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 Unit trust in accordance with the contract and all the cash flows that the Unit trust expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Unit trust 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 Unit trust expects to receive from the holder, the debtor or any other party.

If the Unit Trust 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 Unit trust 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 Unit Trust 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.

vi. Derecognition of financial assets

The Unit Trust 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 Unit trust neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Unit trust recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Unit trust retains substantially all the risks and rewards of ownership of a transferred financial asset, the Unit trust continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

vi Derecognition of financial assets (cont'd)

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 Unit trust has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's 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 Unit trust are recognised at the proceeds received, net of direct issue costs.
Repurchase of the Unit trust'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 Unit trust's own equity instruments.

Compound instruments
The component parts of convertible loan notes issued by the Unit trust 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 Unit trust'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 Unit trust, 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 Unit trust 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.

(ii) Financial liabilities and equity

with the Unit trust'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 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 Unit trust that are designated by the Unit trust as at FVTPL are recognised in profit or loss. Fair value is determined in the manner described in note 3(b)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 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 Unit Trust derecognises financial liabilities when, and only when, the Unit trust'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 Unit Trust 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 Unit trust 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 Trust 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.

(c) *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 Unit Trust uses foreign currency forward exchange contracts to limit its exposure to foreign exchange risk on highly probable forecast foreign currency sales transactions. The Unit Trust designates these derivatives as hedges – that is, a hedge of foreign exchange risk associated with highly probably forecast sales transactions.

The Unit Trust 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 Unit trust 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'.

(d) 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.

(e) 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.

(f) Cash and Cash equivalents

Cash and cash equivalents comprise 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 *(g) 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 Unit trust's accounting policies, which are described in note 3, the Trustee and the Manager 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. Managers

The Trustee of the Unit Trust appointed First Finance Company Limited, a Fund Management Company incorporated in Ghana and duly licensed by the Securities and Exchange Commission of Ghana to implement the investment strategy and objectives as stated in the Unit Trust’s investment management scheme particulars. Under that investment management agreement, First Finance Company Limited receives a management fee at an annual rate of 2.0% of the net asset value attributable to unitholders of the Unit Trust. The management fees incurred during the year **amounted to GH¢ 108,149. Included in the payables as at 31 December 2023 were management fees payable of GH¢ 210,560**.

b. Trustee

The Trust appointed Universal Merchant Bank Limited, a company incorporated in Ghana and duly licensed by the Bank of Ghana (BOG) as a Merchant Bank, and the Securities and Exchange Commission of Ghana (SEC), to provide Trustee services as prescribed in the particulars. Under the Trust deed, the Trustee receives a Trustee fee at an annual rate of 0.5% of the net asset value attributable to members of the Trust.

The Trustee fees charged during the year amounted to GH¢ 27,019. Included in the payables as at 31 December 2023 was GH¢ 55,026.

UNISECURITIES UNIT TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2023

		2023	2022
		GH¢	GH¢
6	**FINANCIAL ASSETS AT AMORTISED COST**		
	GOG Securities	**0**	1,697,053
	Fixed Deposits	**0**	3,862,961
		0	5,560,014
7	**CASH AND CASH EQUIVALENTS**		
	Bank Balance	**29,836**	13,192
	Cocoa Bills Receivables	**127,619**	0
		157,455	13,192
8	**UNIT HOLDERS' FUNDS**		
	Balance at 1 January	**5,346,452**	5,210,469
	Redemptions	**(18,820)**	0
	Accumulated income	**(46,307)**	135,983
		5,281,325	5,346,452
9	**PAYABLES**		
	Management fees	**210,560**	139,636
	Trustee fees	**55,026**	38,233
	Audit fees	**24,380**	48,885
		289,966	226,754
10	**FINANCIAL ASSETS AT FVTOCI**		
	Investment in Government Securities	**1,550,876**	0
	Investment in Fixed Deposits	**3,862,961**	0
		5,413,837	0

		2023 GH¢	2022 GH¢
11	**INTEREST INCOME**		
	GOG Securities	**333,762**	288,690

		2023 GH¢	2022 GH¢
12	**GENERAL EXPENSES**		
	Management Fees	**108,149**	106,607
	Trustee Fees	**27,019**	26,652
	Audit Fees	**24,380**	17,738
	Bank Charges	**1,127**	1,710
	AGM Expenses	**11,784**	0
	Security Trade Expenses	**73**	0
	License renewal	**575**	0
		173,108	152,707

13 FINANCIAL INSTRUMENTS

2023	**Balance 01/01/2023 GH¢**	**Purchases (Sales) GH¢**	**Accrued Interest GH¢**	**Balance 31/12/2023 GH¢**
GOG Securities	1,697,053	(476,717)	330,540	**1,550,876**
Fixed Deposits	3,862,961	0	0	**3,862,961**
Total	**5,560,014**	**(476,717)**	**330,540**	**5,413,837**

2022	**Balance 01/01/2022 GH¢**	**Purchases (Sales) GH¢**	**Accrued Interest GH¢**	**Balance 31/12/2022 GH¢**
GOG Securities	1,465,920	120,837	110,296	1,697,053
Fixed Deposits	3,862,961	0	0	3,862,961
Total	**5,328,881**	**120,837**	**110,296**	**5,560,014**

14 TAXATION

The income of an approved unit trust or mutual fund is exempt from tax under the Income Tax Act, 2015 (Act 896) as amended. The Trust is to withhold taxes on payments made to service providers.

15 FINANCIAL RISK MANAGEMENT

a Asset/Portfolio/Credit risk

Credit risk is the risk that counterparties (i.e. Financial Institutions and Companies) in which the Unit Trust's assets are invested will fail to discharge their obligation or commitments to the Unit Trust resulting in a financial loss to the Unit Trust.

The Trust's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of dealing only with counterparties that meet the standards set out in the SEC guidelines and the Unit Trust's investment policy statement.

b Liquidity risk

Liquidity risk is the risk that the Trust either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due. The Trust'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 (incluing benefits) when due.

15 FINANCIAL RISK MANAGEMENT (CONT'D)

b Liquidity risk (cont'd)

The following are contractual maturities of financial asset:
31-Dec-23

Financial Assets	3 months or less	4-6 months or less	7-12 months	More than 12 months
	GH¢	GH¢	GH¢	GH¢
GOG Securities	768,930	218,612	0	563,335
Fixed Deposits	0	0	3,862,961	0
Total	**768,930**	**218,612**	**3,862,961**	**563,335**

The following are contractual maturities of financial liabilities:
31-Dec-23

Financial Liabilities	3 months or less
	GH¢
Administrative Expenses payable	289,966
Total	**289,966**

c Fair value of financial asstes 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 Unit trust at the statement of financial position date. The fair values of the Unit trust's financial assets and liabilities approximate the respective carrying amounts.

The fair value hierarchy is as follows;
Level 1: Quoted (unadjusted) prices in active market 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 Unit Trust's investments at FVTPL and FVTOCI approximates its carrying

d Market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters whiles 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 the

15 FINANCIAL RISK MANAGEMENT (CONT'D)

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 Trustee on the appropriate balance of the portfolio between equity, fixed-rate interest, and variable rate interest investments. The Trust 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 Trust'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 Unit Trust behaviour.

The Trust's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Trust'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 manager. This responsibility is supported by the development of the following policies and standards; governing rules and scheme Particulars; 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 Unit Trust governing rules is supported by a program of annual reviews undertaken by the external auditor. The results of these reviews are discussed with the Manager and Trustee.

16 EVENTS AFTER THE REPORTING PERIOD

There were no events after reporting date that would require adjustments or disclosure in these financial statements.