

**John Kay & Co.**

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDC GHANA BALANCED FUND LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of EDC Ghana Balanced Fund Limited which comprise of a statement of net assets, statement of assets and liabilities and a statement of movements in net assets at 31 December 2012, a statement of income and distribution and accumulated net investment income, as well as statement of changes in equity and portfolio summary for the year then ended and notes to the financial statements, which include a summary of significant accounting policies, as set out on pages 5 to 14.

Board of Directors' Responsibilities for the Financial Statement

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the Ghana Accounting Standards and in the manner required by the Companies Act, 1963 (Act 179) and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the statement of assets and liabilities and the statement of movements in net assets of EDC Ghana Balanced Fund Limited at 31 December 2012 and its statement of income and distribution and statement of changes in equity for the year then ended in accordance with the Ghana Accounting Standards and in the manner required by the Companies Act, 1963 (Act 179).z

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
EDC GHANA BALANCED FUND LIMITED (CONT'D)**

Responsibility for the Prior Year Summarized Comparative Information

The prior year summarized comparative information has been derived from the company's financial statements for the year ended 31 December 2011, which were audited by other auditors and whose report dated 03 May 2012 expressed an unqualified opinion on those statements.

Report on Other Legal and Regulatory Requirements

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

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, and the statement of assets and liabilities, statement of movements in net assets, statement of income and distribution and statement of changes in equity are in agreement with the books of account.

**CHARTERED ACCOUNTANTS
ACCRA**

29th April, 2013

EDC GHANA BALANCED FUND LIMITED
STATEMENT OF NET ASSETS AT 31 DECEMBER 2012

EQUITY INVESTMENTS	SHARES	PRICE PER SHARE GH¢	MARKET VALUE GH¢	PERCENT OF NET ASSETS %
<i>Banking</i>				
Ecobank Ghana Limited	186,728	3.000	560,184	4.99
Ecobank Transnational Incorporated	588,300	0.120	70,596	0.63
Ghana Commercial Bank	157,900	2.100	331,590	2.95
Standard Chartered Bank	55,704	11.50	640,596	5.71
CAL Bank	665,500	0.380	252,890	2.25
<i>Financial Services</i>				
State Insurance Company	349,900	0.340	118,966	1.06
Enterprise Insurance	134,000	0.480	64,320	0.57
<i>Food, Beverages & Household Products</i>				
Guinness Ghana Breweries Ltd	54,100	2.620	141,742	1.26
Fan Milk Ltd	156,056	3.550	553,999	4.93
Patterson Zochonis Comp. Ltd	377,400	0.180	67,932	0.61
Unilever Ghana Ltd	28,995	8.520	247,037	2.20
<i>Agro-Processing</i>				
Benso Oil Palm Plantation	75,500	1.400	105,700	0.94
<i>Oil & Gas</i>				
Ghana Oil Company	193,300	0.620	119,846	1.07
Total Petroleum	19,818	23.49	465,525	4.15
			3,740,923	33.32
FIXED INCOME INSTRUMENTS				
<i>Treasury Notes & Bonds</i>				
1-Year Fixed Rate Notes			262,799	2.34
2-Year Fixed Rate Notes			1,113,282	9.92
5-Year Fixed Rate Notes			1,155,255	10.29
			2,531,336	22.55
<i>Certificates of Deposit</i>				
91-Day Fixed Deposit			2,379,437	21.19
182-Day Fixed Deposit			1,184,436	10.55
364-Day Fixed Deposit			753,712	6.71
Funds on Call			716,214	6.38
			5,033,799	44.83
TOTAL INVESTMENTS			11,306,058	100.70
NET CURRENT ASSETS			(78,706)	(0.70)
TOTAL NET ASSETS			11,227,352	100

EDC GHANA BALANCED FUND LIMITED
STATEMENT OF NET ASSETS AND LIABILITY AT 31 DECEMBER 2012

	2012	2011
	GH¢	GH¢
ASSETS		
Total Investments	11,306,058	10,930,684
	-----	-----
CURRENT LIABILITIES		
Directors' Fees	-	13,000
Audit Fees	6,000	18,870
Management and Custody Fees	69,406	27,474
EDC Investments	3,300	7,000
	-----	-----
	(78,706)	(66,344)
	-----	-----
NET ASSETS (FUND BALANCE)	11,227,352	10,864,340
	=====	=====

.....
DIRECTOR

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DIRECTOR

EDC GHANA BALANCED FUND LIMITED
INCOME AND DISTRIBUTION STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 GH¢	2011 GH¢
INVESTMENT INCOME			
Gross Dividend Income		176,661	117,726
Withholding Taxes		(14,133)	(9,418)
		-----	-----
Net Dividend Income		162,528	108,308
Interest Income	4	1,165,137	866,931
		-----	-----
TOTAL INCOME		1,327,665	975,239
		-----	-----
EXPENDITURE			
Investment Management Fees		272,911	251,845
Other Expenses	12	112,800	181,212
		-----	-----
TOTAL EXPENDITURE		(385,711)	(433,057)
		-----	-----
Net realized Gain on Investment	5	941,955	542,182
		69,752	-
Change in Unrealized Gain (Loss)	6	721,234	(143,855)
		-----	-----
NET INVESTMENT INCOME		1,732,941	398,327
		=====	=====

ACCUMULATED NET INVESTMENT INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 GH¢	2011 GH¢
Balance as at 1 January	2,209,557	1,811,230
Transfer from Income and Distribution Statement	1,732,941	398,327
	-----	-----
Balance at 31 December	3,942,498	2,209,557
	=====	=====

EDC GHANA BALANCED FUND LIMITED**STATEMENT OF MOVEMENT IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 GH¢	2011 GH¢
Change in net assets from operations		
Change in:		
Net Investment Income	941,955	542,182
Net Realized Gains	69,752	-
Unrealized Gains	721,234	(143,855)
	-----	-----
Net change in net assets from operations	1,732,941	398,327
	-----	-----
Change in net assets from capital transactions		
Proceeds from Issue of Shares	2,449,854	5,210,057
Share Redemption	(3,819,783)	(2,222,700)
	-----	-----
Net change in net assets from capital transactions	(1,369,929)	2,987,357
	-----	-----
Net additions to net assets	363,012	3,385,684
	=====	=====
Analysis of changes in cash and cash equivalents for the year		
At 1 January	10,864,340	7,478,656
Net additions to net assets	363,012	3,385,684
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At 31 December	11,227,352	10,864,340
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EDC GHANA BALANCED FUND LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012**

	CAPITAL TRANSACTIONS GH¢	INVESTMENTS GH¢	TOTAL GH¢
At 1 January 2012	8,654,783	2,209,557	10,864,340
Net Income from Operations	-	1,732,941	1,732,941
Share Issue	2,449,854	-	2,449,854
Shares Redemption	(3,819,783)	-	(3,819,783)
	-----	-----	-----
At 31 December 2012	<u>7,284,854</u>	<u>3,942,498</u>	<u>11,227,352</u>
At 1 January 2011	5,667,426	1,811,230	7,478,656
Net Income from Operations	-	398,327	398,327
Share Issue	5,210,057	-	5,210,057
Shares Redemption	(2,222,700)	-	(2,222,700)
	-----	-----	-----
At 31 December 2011	<u>8,654,783</u>	<u>2,209,557</u>	<u>10,864,340</u>

**MOVEMENTS IN ISSUED SHARES
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 No. of Shares	2011 No. of Shares
Balance as at 1 January	68,809,617	50,187,335
Net Shares Redeemed / Issued During the Year	(8,627,478)	18,622,282
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Balance at 31 December	<u>60,182,139</u>	<u>68,809,617</u>

EDC GHANA BALANCED FUND LIMITED
PORTOFOLIO SUMMARY AT 31 DECEMBER 2012

DESCRIPTION	POSITION	VALUE	POSITION	VALUE	PURCHASES	SALES
	AS AT 31.12.2011	AS AT 31.12.2011	AS AT 31.12.12	AS AT 31.12.2012	AS AT 31.12.2012	AS AT 31.12.2012
		GH¢		GH¢	GH¢	GH¢
Banking						
Ecobank Ghana Limited	186,728	595,662	186,728	560,184	-	-
Ecobank Transnational Incorporated	588,300	58,830	588,300	70,596	-	-
Ghana Commercial Bank	157,900	292,115	157,900	331,590	-	-
Standard Chartered Bank	15,473	703,712	55,704	640,596	-	278,496
CAL Bank	665,500	186,340	665,500	252,890	-	-
Financial Services						
State Insurance Company	349,900	139,960	349,900	118,966	-	-
Enterprise Insurance	134,000	50,920	134,000	64,320	-	-
Food, Beverages & Household Products						
Guinness Ghana Breweries Ltd	54,100	82,773	54,100	141,742	-	-
Fan Milk Ltd	351,500	833,055	156,056	553,999	-	535,935
Patterson Zochonis Comp. Ltd	377,400	90,576	377,400	67,932	-	-
Unilever Ghana Ltd	28,995	192,527	28,955	247,037	-	-
Agro-Processing						
Benso Oil Palm Plantation	75,500	83,050	75,500	105,700	-	-
Oil & Gas						
Ghana Oil Company	193,300	61,856	193,300	119,846	-	-
Total Petroleum	19,818	392,991	19,818	465,525	-	-
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		3,764,367		3,740,923	-	814,431
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