

# ANNUAL REPORT

Financial Statements  
**31<sup>st</sup> December 2022**



**2022**

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# CORPORATE INFORMATION

## CORPORATE INFORMATION

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Derrick Darkwah  
Eugene Gilbert Amponsah  
Otu Hughes  
Patrick Nii Ayaa Mensah

## REGISTERED OFFICE

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The Rhombus No. 24  
Tumu Avenue, Kanda Estate  
Accra  
P. O. Box 59 Osu  
Accra

## INVESTMENT MANAGER

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Black Stars Advisors Limited  
The Rhombus No. 24  
Tumu Avenue, Kanda Estate  
Accra  
P. O. Box 59 Osu  
Accra

## CUSTODIAN

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Stanbic Bank (Ghana) Limited  
Stanbic Height  
Plot 215, South Liberation Road  
Airport City, Accra

## AUDITOR

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John kay and Co  
7th Floor, Fund Towers  
Farrar Avenue  
P. O. Box KIA 16088  
Accra

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 4th VIRTUAL Annual General Meeting of the Plus Balanced Fund PLC will be held on Tuesday, 18th July, 2023 at 2:00 p.m.

## AGENDA

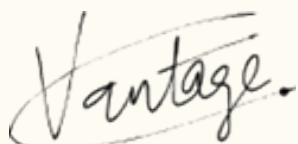
### ORDINARY BUSINESS

- To receive and consider the Reports of the Directors, Auditors and the Audited Financial Statements for the year ended December 31, 2022.
- To re-elect Mr. Derrick Darkwah as Director.
- To approve the Directors' fees.
- To authorize the Directors to fix the remuneration of the Auditors for the year ending December 31, 2023

### SPECIAL BUSINESS

- To approve the update of the Scheme particulars of the Fund

### BY ORDER OF THE BOARD



### VANTAGE CORPORATE SERVICES COMPANY SECRETARY

ACCRA: : Dated this 22nd June 2023

### DISTRIBUTION

All Members, All Directors and the External Auditors

### NOTE:

- A member entitled to attend and vote at the AGM may appoint a proxy to attend (via online participation) and vote on his/her behalf. Such a proxy need not be a member of the Company. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting (via online participation). Where a member attends the meeting in person (participates online), the proxy shall be deemed to be revoked.*
- Completed proxy forms may be sent via email to [info@blackstargroup.ai](mailto:info@blackstargroup.ai) or deposited at the registered office of the Fund, The Rhombus, Plot No.24, Tumu Avenue, Kanda Estates, Accra to arrive not later than 48hours before the appointed time of the meeting (10:00hrs GMT on Sunday, 16th July, 2023). A Form of Proxy is annexed to this notice and will also be provided in the Annual Report to be circulated to all members.*

# CHAIRMAN'S STATEMENT

## GLOBAL ECONOMIC PERFORMANCE

The year 2022 was a very eventful one. The global effort to restart the world economy after a year of lockdowns saw major setback when Russia invaded Ukraine. The position of Russia and Ukraine as exporters of cereals, oilseeds, fertilizers and natural gas meant that the global supply chain was thrown into upheaval. We saw energy costs and the cost of food increase significantly. This increase in prices coupled with the quantitative easing that central banks initiated during the pandemic era led to a global rise in inflation rates.

In response, central banks began to initiate interest rate hikes in order to curb consumer demand and reduce inflation. The US Dollar strengthened against its major trading pairs for over 6 months as U.S treasuries proved to be more attractive and less risky than equities.

## GHANA'S ECONOMIC PERFORMANCE

Just like other economies, Ghana's economy was greatly influenced by the Russian-Ukrainian war. The nation saw a steeper balance of payments deficit during this period, with imports becoming significantly more expensive and exports reducing in value as the cost of gold, oil, and cocoa fell from the peak prices seen during the onset of the Russia-Ukrainian war. The cost of living in the country rose to record-high levels as consumer spending reduced. In the first quarter of 2022, the overall GDP grew by 3.3 percent, year-on-year, down from 3.6 percent over the same period in 2021. Non-oil growth also slowed down significantly (from 5.3 percent to 3.7 percent), reflecting a slowdown in all the sectors of the economy.

Over the first half of 2022, the fiscal deficit reached 5.6 percent of GDP, well above the 3.9 percent target. Revenues underperformed with Government raising GHC 65,399 million against a target of GHC 67,307 million as at the end of the third quarter, as the flagship e-levy was introduced late and faced major implementation challenges. As of end-June 2022, public debt reached 78.3 percent of GDP and interest payments reached 54.4 percent of revenues over the first half of the year. Given growing macroeconomic imbalances, in July 2022, Ghana's government began discussions with the IMF on a three-year extended credit facility program.

Inflation finished off at 54.1 percent in December 2022, from 12.6 percent at the end of 2021. This was the highest level of inflation recorded in Ghana since May 1996. The impact of soaring global commodity prices (Ghana imports 40 percent of its fertilizers from Russia) had been compounded by the depreciation of the Ghana Cedi. The Government and the Bank of Ghana (BoG) sought to dampen inflationary expectations by cutting expenditures and raising the monetary policy rate (MPR) to 27 percent in 2022.

Overall, it was a difficult year for the Ghanaian economy; cost of living was very high, especially for food and energy, which put a considerable strain on household budgets. Some respite was seen during the last two months of 2022 as the Ghana Cedi appreciated and stabilized against its major trading currencies, leading to a marginal reduction in fuel prices.

# CHAIRMAN'S STATEMENT

## OUTLOOK

On the global scene, inflation is expected to gradually slow down (albeit not significantly enough) as the effects of the 2022 rate hikes on consumer demand begin to show. The strength of the US Dollar is expected to weaken considering the possibility of a widening trade deficit which could put pressure on the USD. Some analysts have however shared contrasting views suggesting that as the Federal Reserve continues to raise rates, the dollar becomes more attractive.

We expect to see a recession in the 3rd to 4th quarter for many economies, owing to a combination of monetary tightening policies and weaknesses in the banking sector.

On the local scene inflation is expected to slow down on the back of a projected stable currency. The government's suspension of external debt interest payments and the waning strength of the dollar should see the Ghana Cedi appreciate against the US Dollar and stay relatively stable. GDP growth is expected to slow in 2023 as macroeconomic instability and corrective policy measures depress aggregate demand.

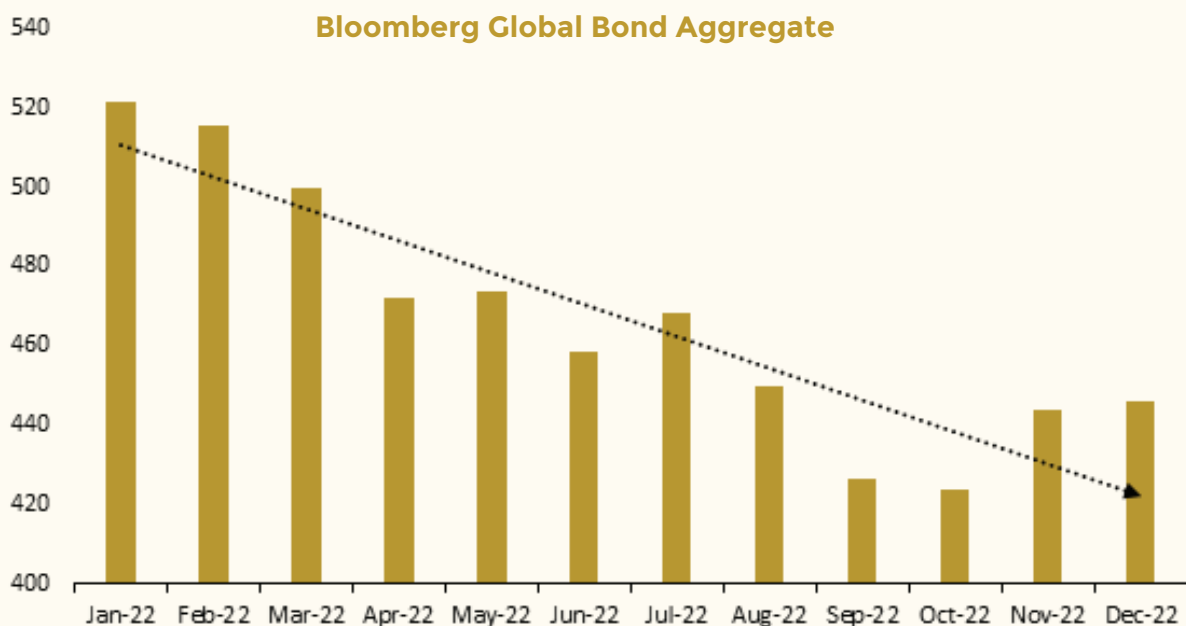
The weakening impact of high inflation and elevated interest rates on private consumption and investment will be reinforced by monetary and fiscal tightening. The Monetary Policy Committee is likely to slow down on rate hikes based on tapering year-on-year inflation rate figures. On the supply side, in 2023: agriculture is expected to grow as fertilizer prices have reduced after reaching all-time highs during the onset of the Russia-Ukrainian war. The export value of cocoa and crude oil should receive a boost as well following the OPEC+ supply cuts decision and the government of Ghana's decision to raise Cocoa Farmers' pay by 21% in the last quarter of 2022. We expect that Ghana's Balance of Trade books will receive a significant boost as world economies find their footing again, coupled with the positive news surrounding the engagements with the International Monetary Fund. Successfully closing a staff-level agreement bodes well for the country, however, an IMF Board approval will require a commitment from the country's bilateral lenders to provide debt relief. We believe the Domestic Debt Exchange Program is a step in the right direction for the government to secure IMF Board approval and will help consolidate the country's financial position as we go into 2023.

# FUND MANAGER'S REPORT

## FIXED INCOME

The global rate hiking policies initiated last year saw the world economy experience its worst bond market performance in over two decades. Efforts to control inflation saw huge discounts in prices of bonds being traded (shown in Fig.1) with investors preferring to purchase newly issued bonds in order to gain higher yields. No market was more indicative of this than the US Bond Market where prices were hugely discounted as the Federal Reserve raised the benchmark interest rate from 0.25% to 5.00% in 2022. In the USA, we saw bonds and equities being uncharacteristically correlated. This was as a result of investors abandoning the conventional 40/60 portfolio split in favor of more US treasuries. The possibility of higher yields and less volatility meant that US treasuries were not only a hedge to investors but also an opportunity to gain good income. Money markets also saw a huge influx of investor funds as both retail and institutional investors sought to hold more cash in anticipation of buying higher-yielding US treasuries.

FIGURE 1

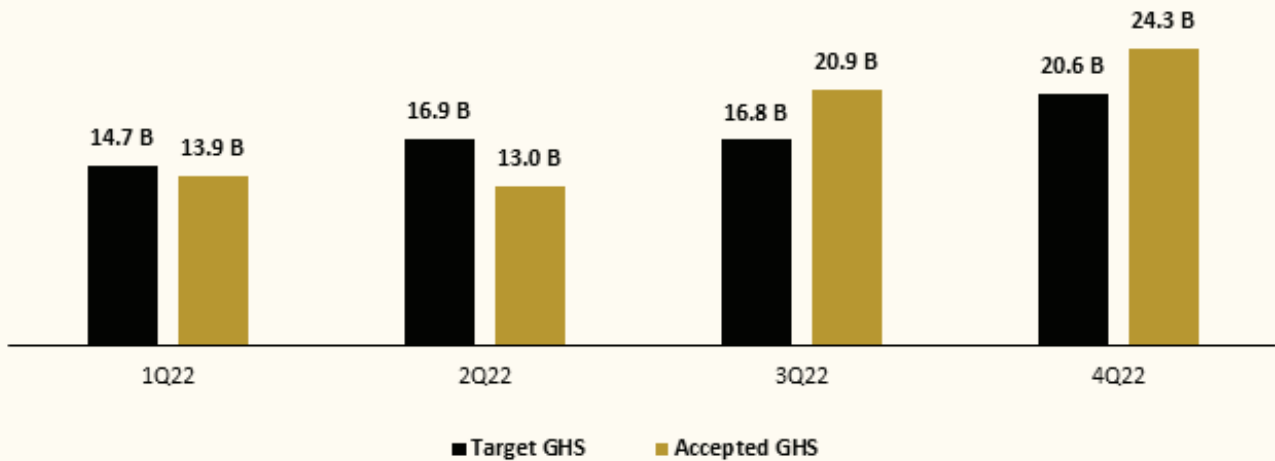


On the local scene, the year began with the Ghana Sovereign bond index steady on its upward trajectory. However, a few months into the year, the effects of the Russian-Ukraine war, which contributed to global macroeconomic challenges, began to show in the performance of the Fixed Income Market. This was not the only contributory factor to Ghana's woes as tell-tale signs of the nation's internal struggle and threat to debt sustainability became evident. Public Debt Stock rose significantly as a result of the weakening local currency. In addition, the Government was finding it difficult to fund its budget since access to the international debt market was closed, and internally generated revenue was inadequate.

Frequent downgrades of the country's credit rating and the anticipated debt restructuring made sovereign bonds less attractive, driving more investors to take refuge in short-term maturity securities in the last half of the year at higher yield levels.

# FUND MANAGER'S REPORT

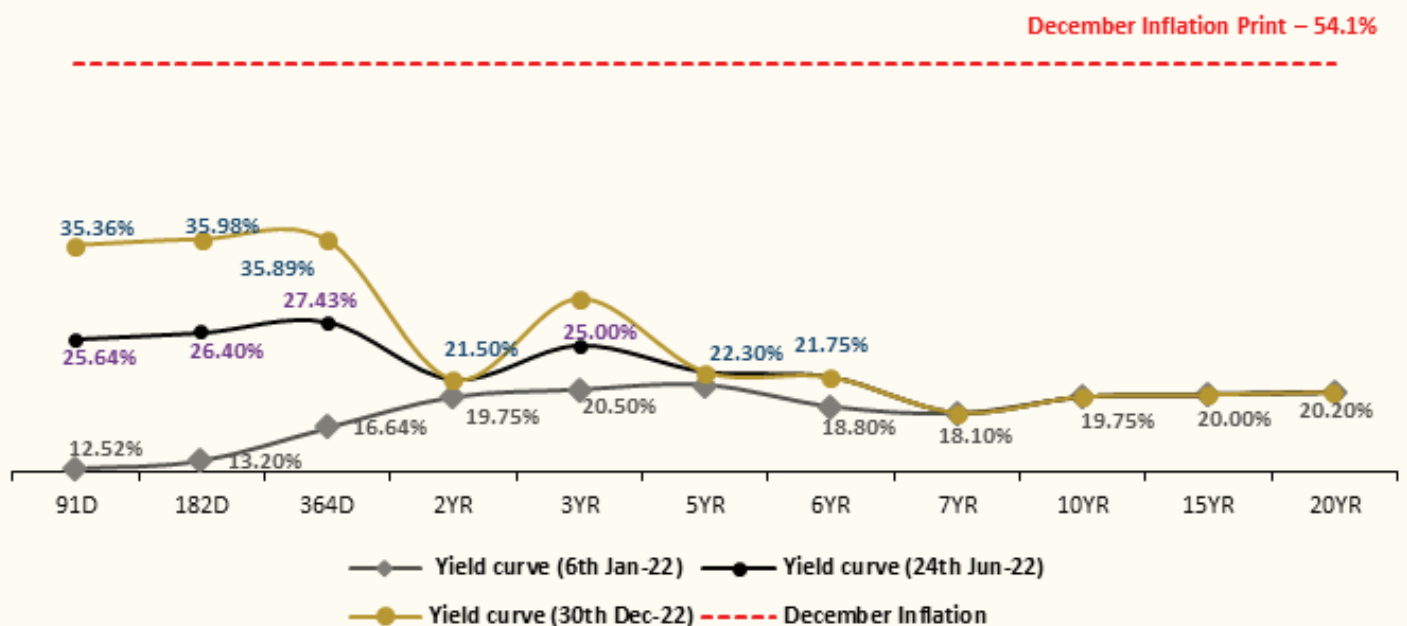
## T-bills became a safe haven in Q4 after liquidity crunches in Q1 & Q2



The Government exceeded its annual T-bill auction target for the first time since 2019. There was also an increased interest in T-Bill activity on the secondary market following the Government's announcement of the Domestic Debt Exchange Program (DDEP).

Ghana's government had to battle with the rising cost of borrowing throughout the year; however, although rates remained high towards the end of the year, the increased demand for T-Bills and the Government's attempt to manage debt caused treasury bill rates to drop marginally.

## Inflation wipes off returns

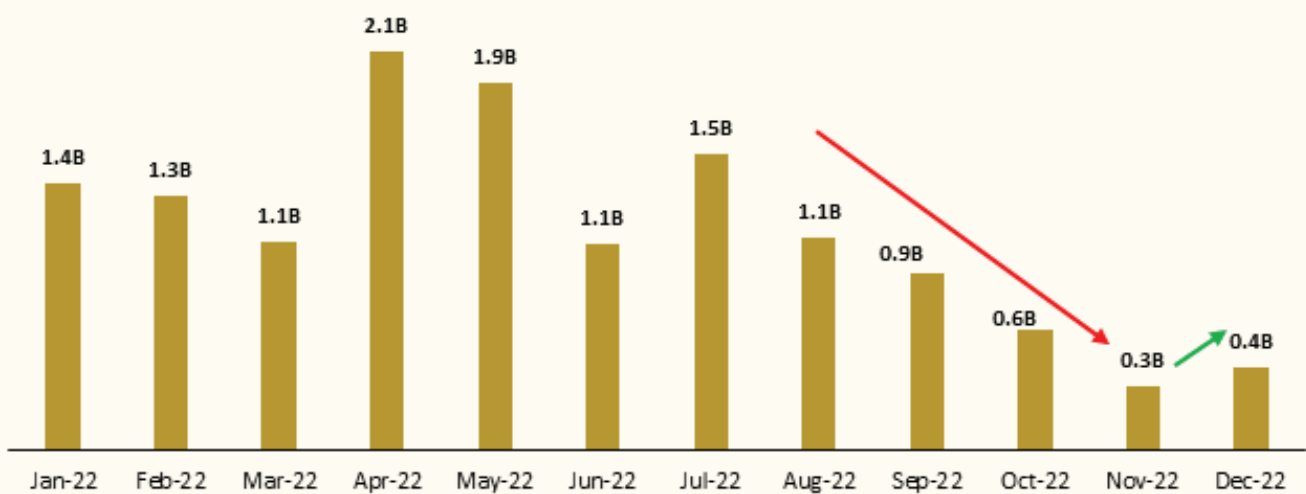




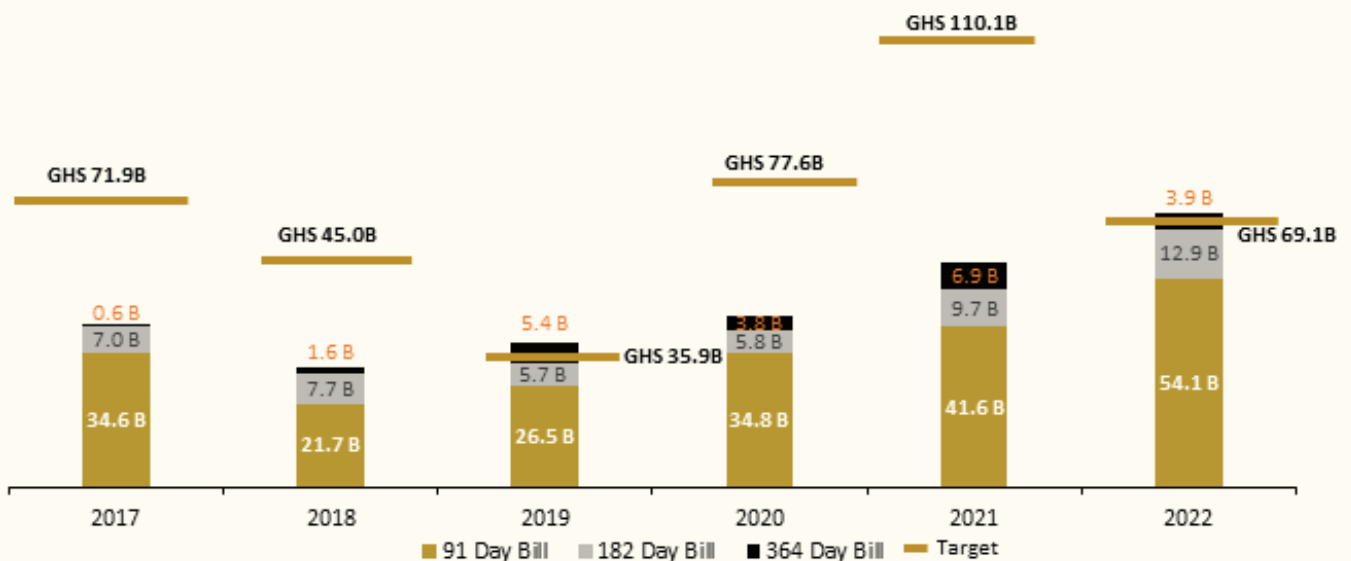
# FUND MANAGER'S REPORT

Cocoa Bill trades on the secondary market were highly influenced by the uncertainty around the DDEP as investors were uncertain about the impact of the DDEP and COCOBOD's repayment ability. For this reason, trading activity began declining in July, after the Government announced plans to seek help from the IMF and increased marginally in December as investors repositioned their investment in preparation for the Domestic Debt Exchange Program.

## Trading volumes reflected the growing uncertainty



## Gov't exceeds annual Tbill auction target for the first time in 2 years due to rising rates

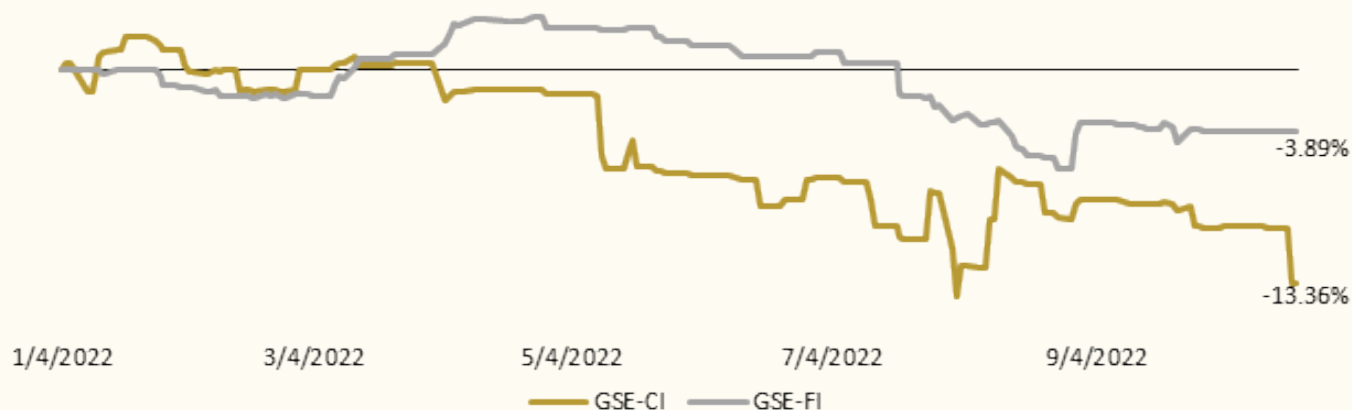


# FUND MANAGER'S REPORT

## EQUITY

In 2022, the Ghana Stock Exchange (GSE) experienced a positive trend in the GSE Composite Index (GSE-CI) and the GSE Financial Stock Index (GSE-FI) following the COVID-19 pandemic. Financial stocks continued their strong performance, contributing approximately 15% to total stock trading on the exchange. Notable gains were observed in ACCESS, CAL, TBL, ETI, and SIC, driving the GSE-FI to reach 2,174.96 and peaking at 2,223.67 in April.

However, the general market witnessed a downward trajectory, with significant declines in MTNGH, EGH, and GCB. On the other hand, the New Gold ETF (GLD) demonstrated a remarkable price appreciation of approximately 101%. The Information Communication Technology (ICT) sector dominated trade volumes, followed by the financial sector. ICT sector stocks accounted for about 95% of the total trade volumes, while finance, insurance, and other sectors comprised 2%, 1%, and 3%, respectively. The Insurance sector closed the year on a high note, with a total return of approximately 362%, primarily driven by the impressive price appreciation of about 288% in SIC stock. Conversely, Unilever (UNIL) experienced a decline of 34% in price throughout the year. Despite a bearish market, the GSE outperformed the Ghana Fixed Income market, represented by the Black Star Advisors All Bond Index.



## FX MARKET

The Ghana Cedi was hit hard in 2022, tumbling by a staggering ~39% by the close of the year against the US dollar, ~55.02% to the Euro, and 47.11% against the Great British Pound.

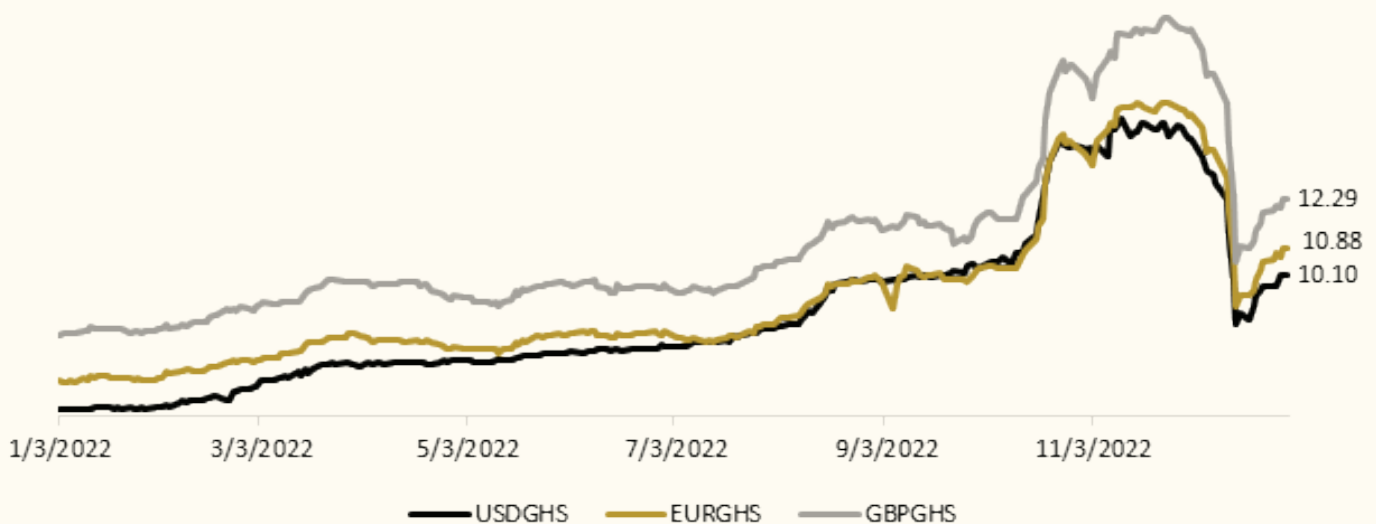
The delay in the implementation of the 2023 budget set the ball rolling as the compounded effect of the pushback of e-levy and the onset of the Russia-Ukraine war pushed the Cedi deeper into hostile territories. The Bank of Ghana made a determined effort to stabilize the Cedi in the second quarter, securing \$1 billion and implementing measures to control foreign currency pricing and receipts. Despite these efforts, concerns over the country's debt sustainability continued to grow, culminating in the announcement of seeking IMF support in the third quarter. As credit rating agencies downgraded the country, Government repositioned its outflow on the bi-weekly dollar supply, cutting it from \$50 million to \$25 million. In August, the government was blocked from

# FUND MANAGER'S REPORT

the domestic capital market, further straining its debt-refinancing effort.

Uncertainty surrounding the country's debt sustainability was the primary catalyst for the Cedi's decline in the third and fourth quarters of 2022. However, a positive market reaction to the announcement of an IMF program helped to stem the depreciation temporarily, reducing it from 57.78% to 38.86% by the end of the year. The mixed sentiment towards the Domestic Debt Restructuring also significantly impacted the Cedi's performance in the final months of 2022.

## Cedi performance against major trading currencies



## FUND PERFORMANCE

Despite challenging economic conditions, the Fund exhibited strong growth and delivered favorable returns to our valued shareholders.

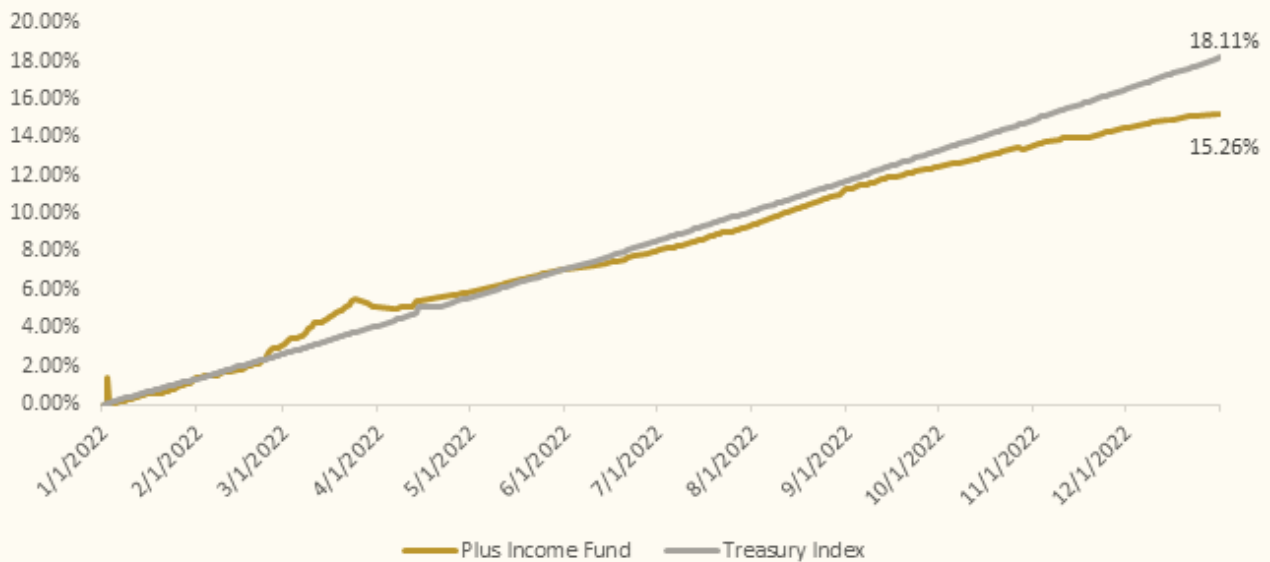
Starting with GHS 23,514,503.56 at the beginning of the year, the Fund closed with assets totaling GHS 40,963,525.24, representing impressive growth of 70% throughout the year.

Despite the harsh economic conditions, the Fund returned 15.26% to shareholders, demonstrating our ability to navigate the challenging market environment.

Our investment team's disciplined approach in selecting fixed-income securities, coupled with proactive risk management, contributed to the Fund's consistent growth. We closely monitored market trends and leveraged our research to capitalize on opportunities while managing risks.

While we are pleased with the Fund's performance, we remain vigilant and adaptable to market uncertainties. We appreciate your trust and confidence in Plus Income Fund, and we are committed to delivering continued value and fostering long-term growth for our shareholders.

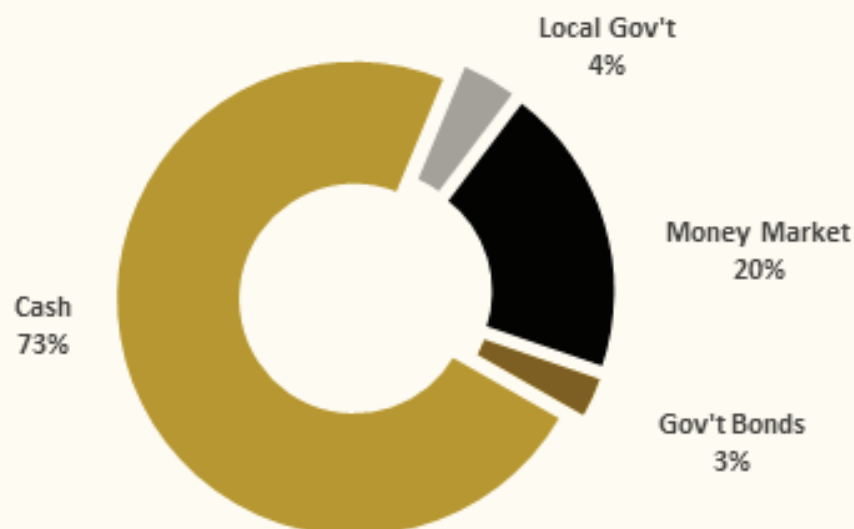
# FUND MANAGER'S REPORT



## ALLOCATION

Throughout the year, the Fund strategically adjusted its investment allocation by reducing exposure to Government of Ghana-issued instruments. This decision was driven by the prevailing market conditions, characterized by widening yields caused by deteriorating macro indicators. Notably, the Domestic Debt Exchange Program (DDEP) introduced in December heightened the risk associated with Government of Ghana-issued debt instruments.

In response, the fund manager adopted a more conservative approach, prioritizing the preservation of shareholder value. A substantial allocation was made to cash holdings, mitigating the potential impact of declining bond values on the overall portfolio. This proactive measure aimed to safeguard the interests of our esteemed shareholders and navigate the challenging market environment effectively.



# FUND MANAGER'S REPORT

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## OUTLOOK & RECOMMENDATION FOR 2023

Looking at the worldwide perspective, there is an anticipation that inflation will gradually decrease, although it may not slow down significantly. This projection is due to the expected impact of the 2022 rate hikes on consumer demand. Furthermore, it is expected that the US Dollar's strength will weaken as some countries look for other options for trading commodities besides the US Dollar. Unfortunately, we predict that many economies will experience a recession during the third to fourth quarter due to a combination of monetary tightening policies and vulnerabilities in the banking sector.

Locally, GDP growth is expected to decline due to macroeconomic instability and corrective policy measures that will reduce aggregate demand. Monetary and fiscal tightening will reinforce the weakening impact of high inflation and elevated interest rates on private consumption and investment. Based on tapering year-on-year inflation rate figures, the Monetary Policy Committee is likely to slow down on rate hikes.

On the supply side, the agriculture sector is expected to grow in 2023 as fertilizer prices have decreased after reaching all-time highs during the Russia-Ukraine war. Additionally, the export value of cocoa and crude oil is predicted to increase following OPEC+ supply cuts and the Ghanaian government's decision to raise Cocoa Farmers' pay by 21% in Q4 2022. It is expected that Ghana's Balance of Trade will receive a significant boost as the global economy stabilizes.

Inflation is also expected to slow down, thanks to a stable currency. Ghana's Cedi is expected to appreciate against the US Dollar and remain relatively stable, aided by the government's suspension of external debt interest payments and a weaker US Dollar.

This to a large extent will be made possible if the managers of the economy close an Extended Credit Facility with the International Monetary Fund. Successfully closing staff level agreement bodes well for the country, however, an IMF Board approval will require a commitment from the country's bilateral lenders to provide debt relief.

Historically, inflation and currency depreciation have always been curtailed when the country engages the IMF. We believe this year will be no different. It is also worth noting that Ghana has engaged the IMF on 17 occasions since it became a member in September 1957 and has since spent in total of about 31 years under an IMF program.

The Fund Manager will actively track the developments in the international market as 2022 has proven that changes in the international market have direct impacts on the local markets. We believe strongly and will prioritize safeguarding investors' funds as we foresee some turbulence both globally and locally. The Fund Manager will position the fund to withstand shocks and also take advantage of opportunities in the market.

# REPORT OF THE DIRECTORS TO THE MEMBERS OF PLUS INCOME FUND PLC

The Board of Directors presents the report and audited financial statements of Plus Income Fund PLC for the year ended 31 December 2022.

## FINANCIAL STATEMENT & DIVIDEND

The results for the year are set out in the attached financial statements. The Board of Directors consider the state of the company's affairs to be satisfactory.

## NATURE OF BUSINESS

Plus Income 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.

Plus Income Fund PLC ("The Fund") is an open-end mutual fund designed to provide steady long-term capital appreciation through investments in a diversified portfolio of fixed income instruments as well as REITs. The fund will invest to achieve optimal diversification with minimal volatility.

## DIVIDEND DISTRIBUTION POLICY

The fund does not distribute dividend. All income earned is 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.

### *i. Investment distribution:*

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

	2022 GHc	2021 GHc
<b>Government Notes &amp; Bonds</b>	9,246,505	7,224,669
<b>Local Government Securities</b>	1,572,603	10,552,697
<b>Corporate Bond</b>	-	2,563,111
<b>Cash</b>	31,008,326	2,597,397
<b>Total Investments</b>	<b>41,827,434</b>	<b>22,937,874</b>

ii. Below are the asset allocation percentages for the year ended:

	2022 %	2021 %
<b>Government Notes &amp; Bonds</b>	22	32
<b>Local Government Securities</b>	4	46
<b>Corporate Bond</b>	-	11
<b>Cash</b>	74	11
<b>Total Investments</b>	<b>100</b>	<b>100</b>

# REPORT OF THE DIRECTORS TO THE MEMBERS OF PLUS INCOME FUND PLC

## APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the fund as indicated above were approved by the board of directors on **28/04/2023** and are signed on its behalf by:

*Name: Derrick Darkwah*

A handwritten signature in black ink, appearing to read 'Derrick Darkwah', written over a horizontal dotted line.

*Signature*

*Name: Nii Ayaa Mensah*

A handwritten signature in black ink, appearing to read 'Nii Ayaa Mensah', written over a horizontal dotted line.

*Signature*

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLUS INCOME FUND PLC

## OPINION

We have audited the accompanying financial statements of Plus Income Fund PLC, which comprise the statement of financial position at 31 December 2022, the statement of profit or loss for the year ended, statement of movement in net assets for the year ended, statement of cash flows for the year ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 14–28.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Plus Income Fund Limited as at 31 December 2022 and the Company's financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Securities Industry Act, 2016 (Act 929), the Unit Trust and Mutual Funds Regulations, 2001 (L. I. 1695) and the Companies Act, 2019 (Act 992)

## 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 Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IESBA) and have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Securities Industry Act, 2016 (Act 929), the Trust and Mutual Funds Regulations, 2001 (L. I. 1695) and the Companies Act, 2019 (Act 992) 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.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements for the year ended 31 December 2022. 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 key audit matters:



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLUS INCOME FUND PLC

## 1. Existence & Valuation of Investment Assets

The assets of the fund is invested in local government securities and government notes and bonds. 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 fund, 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

### *How the matter was addressed in our audit*

- *We obtained a list of investments in the name of the fund from the Central Securities Depository to confirm their existence and agreed the total to the fund manager's accounting records.*
- *We reviewed the Securities and Exchange Commission's directive on the use of the fair value method in the valuation of investment assets.*
- *We reviewed the fund manager's valuations of the investment assets to ensure that they were done using the fair value method as directed by the Securities and Exchange Commission (SEC).*
- *We also reviewed whether the quarterly valuation of the investment portfolio by the fund 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 fund's statement of financial position and the statement of assets and liabilities.*

## 2. Income Recognition

The investment asset of the fund 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 fund.

### *How the matter was addressed in our audit*

- *We reviewed the design and implementation of controls over the fund'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 fund to ensure that interest income accruing to the fund after 31 December 2022 are not recognized as interest income for the current year.*
- *We evaluated the adequacy of disclosures of interest income recognized in the fund's income and distribution account.*

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLUS INCOME FUND PLC

## *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 judgement and maintain professional scepticism throughout the audit. We also:

- *Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*

- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 achieve 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.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLUS INCOME FUND PLC**

## ***Report on Other Legal and Regulatory Requirements***

*Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992) of Ghana.*

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, proper books of accounts have been kept by the Company so far as it appears from our examination of those books.

**The engagement partner on the audit resulting in this Independent Auditor's Report is Gilbert Adjetey Lomofio (ICAG/P/1417)**

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



**28/04/ 2023**

## STATEMENT OF ASSETS & LIABILITIES AS AT 31 DECEMBER 2022

ASSETS	MARKET VALUE GHc	PERCENTAGE OF NET ASSETS %
<b>Bonds</b>		
Government Notes and Bonds	9,246,505	22
Local Government Securities	1,572,603	4
Corporate Bond	-	-
<b>Total Bonds</b>	<b>10,819,108</b>	<b>26</b>
<b>Cash &amp; Bank</b>		
Cash and cash equivalent	31,008,326	75
<b>Other</b>		
Accounts Receivable	3,587	0
<b>Total Assets</b>	<b>41,831,021</b>	<b>101</b>
Total liabilities	(417,101)	(1)
<b>Net Assets</b>	<b>41,413,920</b>	<b>100</b>

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

ASSETS	NOTES	2022 GHc	2022 GHc
Cash and cash equivalent	9	31,008,326	2,597,397
Financial assets at Amortized Cost	12a	-	20,340,477
Financial assets at FVTOCI	12b	10,819,108	-
Accounts Receivables		3,587	738,972
<b>Total Bonds</b>		<b><u>41,831,021</u></b>	<b><u>23,676,846</u></b>
<b>Liabilities</b>			
Redemption Payable		274,616	130,482
Account payables	14	142,485	291,184
<b>Total Liabilities</b>		<b><u>417,101</u></b>	<b><u>421,666</u></b>
<b>Net Assets</b>		<b><u>41,413,920</u></b>	<b><u>23,255,180</u></b>
<b>Represented By:</b>			
Members' fund	13	41,413,920	23,255,180
<b>Total Members' Fund</b>		<b><u>41,413,920</u></b>	<b><u>23,255,180</u></b>

The notes on pages 25 to 35 form an integral part of these financial statements.

The financial statements on pages 19 to 24 were approved by the Board of Directors on 28/04/2023 and signed on its behalf by:

**Name: Derrick Darkwah**



**Signature**

**Name: Nii Ayaa Mensah**



**Signature**

## STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME AS AT 31 DECEMBER 2022

	NOTES	2022 GHc	2022 GHc
<b>Revenue</b>			
Interest Income	8	3,695,185	1,834,322
<b>Total Revenue</b>		<b>3,695,185</b>	<b>1,834,322</b>
<b>Expenses</b>			
General Expenses	15	(1,017,533)	(593,738)
<b>Total operating expenses</b>		<b>(1,017,533)</b>	<b>(593,738)</b>
Operating profit before tax		2,677,652	1,240,584
Net Gain/(Loss) on Investment	16	-	469,710
<b>Net Investment Income</b>		<b>2,677,652</b>	<b>1,710,294</b>
Net Gain/(Loss) on Investment	16	-	469,710
<b>Other Comprehensive Income</b>			
Net Gain/(Loss) on Investment	16	2,518,304	-
Total operating expenses		2,518,304	-
<b>Operating profit before tax</b>		<b>5,195,956</b>	<b>1,710,294</b>

## ACCUMULATED NET INVESTMENT INCOME

	2022 GHc	2022 GHc
Income as at 1 January	2,014,341	304,047
Net Investment Income	2,677,652	1,710,294
	<b>4,691,993</b>	<b>2,014,341</b>

The notes on pages 25 to 35 form an integral part of these financial statements.

## STATEMENT OF MOVEMENTS IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 GHc	2022 GHc
<b>Changes in net assets from operations</b>		
Net Investment Income	2,677,652	1,710,294
Net Gain/(Loss) on Investment	2,518,304	-
<b>Net Investment Income</b>	<b>5,195,956</b>	<b>1,710,294</b>
<b>Change in net assets from capital transactions</b>		
Proceeds from Issue of Shares	76,311,941	28,340,790
Share Redemption	(63,349,157)	(10,876,866)
Net change in net assets from capital transactions	12,962,784	17,463,924
<b>Net additions to net assets</b>	<b>18,158,740</b>	<b>19,174,218</b>
<b>Analysis of changes in movements in net assets for the year</b>		
Income as at 1 January	23,255,180	4,080,962
Net additions to net assets	18,158,740	19,174,218
<b>At 31 December</b>	<b>41,413,920</b>	<b>23,255,180</b>

The notes on pages 25 to 35 form an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	CAPITAL TRANSACTIONS GHc	INCOME GHc	INVESTMENT REVALUATION RESERVE GHc	TOTAL GHc
<b>2022</b>				
At 1 January	21,240,839	2,014,341	-	23,255,180
Net Income from operations	-	2,677,652	-	2,677,652
Net Gain/(Loss) on Investment	-	-	2,518,304	2,518,304
Share Issue	76,311,941	-	-	76,311,941
Shares Redemption	(63,349,157)	-	-	(63,349,157)
<b>At 31 December</b>	<b>34,203,623</b>	<b>4,691,993</b>	<b>2,518,304</b>	<b>41,413,920</b>

	CAPITAL TRANSACTIONS GHc	INCOME GHc	INVESTMENT REVALUATION RESERVE GHc	TOTAL GHc
<b>2021</b>				
At 1 January	3,776,915	304,047	-	4,080,962
Net Income from operations	-	1,710,294	-	1,710,294
Net Gain/(Loss) on Investment	-	-	-	-
Share Issue	28,340,790	-	-	28,340,790
Shares Redemption	(10,876,866)	-	-	(10,876,866)
<b>At 31 December</b>	<b>21,240,839</b>	<b>2,014,341</b>	<b>-</b>	<b>23,255,180</b>

The notes on pages 25 to 35 form an integral part of these financial statements.



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 GHc	2022 GHc
<b>Cash flows from operating activities</b>		
Total Comprehensive Income	5,195,956	1,710,294
<b>Adjustment for:</b>		
Investment Income (Non-Cash)	(58,032)	(165,590)
Changes in Fair Value	503,056	(469,710)
	<b>5,640,980</b>	<b>1,074,994</b>
<b>Change in</b>		
Account Receivables	735,385	(738,971)
Account Payables	(4,565)	376,190
<b>Net cash flows from operating activities</b>	<b>6,371,800</b>	<b>712,213</b>
<b>Cash flows from Investing Activities</b>		
Purchase of financial Assets	(79,915,815)	(452,454,723)
Net additions to net assets	88,992,160	436,735,894
<b>Net cash flows from investing activities</b>	<b>41,413,920</b>	<b>(15,718,829)</b>
<b>Cash flows from Financing Activities</b>		
Proceeds from issuance of units	76,311,941	28,340,790
Amount paid on redemption of units	(63,349,157)	(10,876,866)
<b>Net cash flows from financing activities</b>	<b>12,962,784</b>	<b>17,463,924</b>
Net increase/Decrease in cash and cash equivalents	28,410,929	2,457,308
At 1 January	2,597,397	140,089
<b>At 31 December</b>	<b>31,008,326</b>	<b>2,597,397</b>

The notes on pages 25 to 35 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## 1. REPORTING ENTITY

Plus Income Fund PLC is a mutual fund investment company whose primary objective is to obtain contributions from members and invest same for their benefit. Plus Income 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 and operates in accordance with the Unit Trust and Mutual Funds Regulation, 2001 (L.I.1695). The Fund shall be marketed as a “Plus Income Fund”, which means it will invest in a combination of bonds and other suitable fixed income securities to achieve its investment objective. The investment activities are managed by Black Star Advisors 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 fund manager 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. BASIS OF ACCOUNTING

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

### (i) Investment income recognition

Interest income on financial assets at fair value through other comprehensive income (FVTOCI) and amortized cost is recognized in profit or loss, using the effective interest rate. 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 are recognized in the profit or loss as interest income.

Interest received or receivable and interest paid or payable are recognized in the profit or loss as interest income or interest expense, respectively.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## *(ii) Financial Instruments*

### **a. Financial Assets**

#### ***(i) Initial Recognition***

The fund recognizes financial assets in its statement of financial position when and only when the fund becomes a party to the contractual provisions of the assets. On initial recognition, the fund classifies its financial assets either at fair value through profit or loss or at fair value through other comprehensive income depending on the fund's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. At initial recognition, the fund measures financial assets at their fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets.

#### ***(ii) Financial Assets at Fair Value Through Other Comprehensive Income***

After initial recognition, the fund measures financial assets at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling 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.

#### ***(iii) Financial Assets at Fair Value Through Profit or Loss***

After initial recognition, financial assets held for trading are designated at fair value through profit or loss. A financial asset is classified into this category when it is acquired principally for the purpose of selling in the short term and if it forms part of a portfolio of financial assets in which there is evidence of short-term profit taking or if so, designated by the fund.

#### ***(iv) Financial Assets at Amortized Cost***

After initial recognition financial assets held for the purpose of collecting contractual cash flows and meeting certain criteria are classified as held at amortized cost. This applies to assets held for the medium to long-term with the objective of generating returns through the collection of contractual cash flows. The criteria include a business model test and a cash flow characteristics test. If the criteria are met, the asset is initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

#### ***(v) Impairment of Financial Assets***

The Fund recognizes loss allowance for ECLs on financial assets measured at amortized cost. The Fund measures loss allowance at amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- *financial assets that are determined to have low credit risk at the reporting date; and*
- *other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition*

When determining whether the credit risk of a financial asset has increased significantly since initial

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

## Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortized cost or fair value through other comprehensive income are credit impaired (Referred to as 'Stage 3 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 the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- *significant financial difficulty of the borrower or issuer;*
- *a breach of contract such as a default or past due event;*
- *it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;*

## Write-off

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Fund determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

## (vi) Derecognition of Financial Assets

Financial assets are derecognized when the right to receive cash flows from the financial assets has expired or where the fund has transferred substantially all risks and rewards of ownership. Any interest in the transferred financial assets that is created or retained by the fund is recognized as a separate asset or liability.

## b. Financial Liabilities

Financial liabilities, other than trading liabilities and financial liabilities designated at fair value, are carried at amortized cost using the effective interest method. Financial liabilities are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost. Financial liabilities are derecognized when they are redeemed or otherwise extinguished.

## (iii) 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 Fund in the management of short-term commitment, other than cash collateral provided in respect of derivatives and security borrowing transactions.

## (iv) Fees and commission

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## 4. NEW AND AMENDED STANDARDS EFFECTIVE FOR THE CURRENT PERIOD

### **Amendments to IFRS 9, Financial Instruments.**

The amendment clarifies which fees to include in the '10%' test to determine whether a financial liability has been substantially modified (i.e. the derecognition analysis). A borrower includes only fees paid or received between itself and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

## 5. NEW AND REVISED STANDARDS IN ISSUE NOT YET EFFECTIVE

### **Disclosure of Accounting Policies (Amendments to IAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2, Making Materiality Judgements)**

The amendment continues the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include:

- *requiring companies to disclose their material accounting policies instead of their significant accounting policies;*
- *clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and*
- *clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material.*

The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

This is effective for periods beginning on or after 1 January 2023.

### **Definition of Accounting Estimates (Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)**

This amendment clarifies how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively.

The amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

This is effective for periods beginning on or after 1 January 2023.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## 6. 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 judgements, 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 recognized 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.

## 7. RELATED PARTIES AND KEY CONTRACTORS

### a. Fund Managers

The Directors of the fund appointed Black Stars Advisors 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, Black Stars Advisors Limited receives a management fee at annual rate of 0.2% of the net asset value attributable to members of the Fund. The management fees incurred during the year amounted to GH¢ 206,023. Included in the payables as at 31 December 2022 were fund management fees payable of GH¢ 20,428.

### b. Fund Custodians

The Directors of the fund appointed Stanbic Bank (Ghana) Custody Services a Limited Liability Company incorporated in Ghana and duly licensed by Security and Exchange Commission of Ghana, to provide custody services as prescribed in the Fund's policy manual. Under the custody agreement, the Custodian receives a custodian fee at an annual rate of 0.25% of the net asset value attributable to members of the Fund. The Custodian fees charged during the year amounted to GH¢ 100,451. Included in the payables as at 31 December 2022 were custodian fees of GH¢ 10,046.

### c. Fund Administrator

The administrator of the unit trust is Petra Fund Services Limited, a company incorporated under the laws of the republic of Ghana. According to the trust deed the administrator receives an administrative fee at an annual rate of 0.75% per annum of the net asset value attributable to members. The total administrator fees charged during the year amounted to GH¢424,813. Included in the payables are administrator fee of GH¢41,432.

### d. Sales Agent

The sales agent of the unit trust is Petra Securities Limited, a company incorporated under the laws of the republic of Ghana. According to the trust deed the sales agent receives an agent fee at an annual rate of 1.0% per annum of the net asset value attributable to members. The total sales agent fees charged during the year amounted to GH¢186,404. Included in the payables are sales agent fee of GH¢19,362.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## 8. INTEREST INCOME

	2022 GHc	2021 GHc
Government Notes & Bonds	2,675,865	1,200,685
Local Government Securities	929	-
Corporate Bond	435,663	217,282
Structured Trades	191,669	391,376
Credit Interest	391,059	24,979
	<b>3,695,185</b>	<b>1,834,322</b>

## 9. CASH AND CASH EQUIVALENTS

	2022 GHc	2021 GHc
Cash and bank balances	31,008,326	2,597,397
	<b>31,008,326</b>	<b>2,597,397</b>

## 10. FINANCIAL INSTRUMENTS

### Analysis of changes in fair value of financial instrument through OCI

2022	BALANCE 1/1/2022 GHc	PURCHASES/ SALES AT COST GHc	ACCRUED INTEREST GHc	INTEREST RECEIVED GHc	CHANGE IN FAIR VALUE GHc	VALUE 1/12/2022 GHc
GOG Bonds	7,224,669	2,278,014	2,675,865	(2,618,762)	(313,281)	9,246,505
Local Gov't Securities	10,552,697	(8,791,248)	929	-	(189,775)	1,572,603
Money Market Securities	-	-	-	-	-	-
Corporate Bonds	2,563,111	(2,563,111)	-	-	-	-
	<b>20,340,477</b>	<b>(9,076,345)</b>	<b>2,676,794</b>	<b>(2,618,762)</b>	<b>(503,056)</b>	<b>10,819,108</b>

### Analysis of changes in fair value of financial instrument through P&L

2021	BALANCE 1/1/2021 GHc	PURCHASES/ SALES AT COST GHc	ACCRUED INTEREST GHc	INTEREST RECEIVED GHc	CHANGE IN FAIR VALUE GHc	VALUE 1/12/2021 GHc
GOG Bonds	3,474,325	3,880,228	189,471	(86,993)	(232,362)	7,224,669
Local Gov't Securities	512,024	9,338,601	-	-	702,072	10,552,697
Money Market Securities	-	-	-	-	-	-
Corporate Bonds	-	2,500,000	63,111	-	-	2,563,111
	<b>3,986,349</b>	<b>15,718,829</b>	<b>252,582</b>	<b>(86,993)</b>	<b>469,710</b>	<b>20,340,477</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## 11. CAPITAL TRANSACTION

	2022 NO. OF SHARES	2021 NO. OF SHARES
Shares in issue at beginning	17,185,694	3,417,437
New issues	52,538,624	22,122,704
Redemptions	(42,791,797)	(8,354,447)
	<b>26,932,521</b>	<b>17,185,694</b>

## 12. FINANCIAL ASSETS DESIGNATED

### a. At Amortized Cost

	2022 GHc	2021 GHc
Government notes and bonds	-	7,224,669
Local government securities	-	10,552,697
Corporate Bond	-	2,563,111
	<b>=</b>	<b>20,340,477</b>

### b. At FVTOCI

	2022 GHc	2021 GHc
Government notes and bonds	9,246,505	-
Local government securities	1,572,603	-
Corporate Bond	-	-
	<b>10,819,108</b>	<b>=</b>

Per Directive Number SEC/DIR/002/10/2022 issued on 20 October 2022, the Securities and Exchange Commission (SEC) directed fund managers, custodians, and trustees to use fair value through other comprehensive income (FVTOCI) in valuing portfolios of collective investment schemes (Unit Trusts and Mutual Funds). As such, the fund's assets which were previously valued at fair value through profit or loss (FVTPL) have been valued at FVTOCI in compliance with this directive.

## 13. MEMBERS' FUND

	2022 GHc	2021 GHc
At 1 January	23,255,180	4,080,962
Contribution	76,311,941	28,340,790
Redemption	(63,349,157)	(10,876,866)
Net Investment Income	2,677,652	1,710,294
Investment Rev. Reserve	2,518,304	-
<b>At 31 December</b>	<b>41,413,920</b>	<b>23,255,180</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 14. ACCOUNTS PAYABLE

	2022 GHc	2021 GHc
Management fees	20,428	108,720
Custody fees	10,046	22,275
Administrator fees	41,432	107,675
Sales agent fees	19,362	29,822
Audit fees	20,479	14,310
Transaction costs	-	-
Other payables	30,738	8,382
	<b>142,485</b>	<b>291,184</b>

### 15. GENERAL EXPENSE

	2022 GHc	2021 GHc
Management fees	206,023	199,903
Custody fees	100,451	52,990
Administrator fees	424,813	218,404
Sales agent fees	186,404	45,462
Audit fees	20,479	14,310
Transaction costs	29,715	58,891
Other expenses	49,648	3,778
	<b>1,017,533</b>	<b>593,738</b>

### 16. NET GAIN/(LOSS) ON INVESTMENT

	2022 GHc	2021 GHc
Unrealized gains	544,751	98,171
Realized gains	1,973,553	371,539
	<b>2,518,304</b>	<b>469,710</b>

### 17. INVESTMENT REVALUATION RESERVE

	2022 GHc	2021 GHc
Balance 1 January	-	-
Unrealized gains	544,751	-
Realized gains	1,973,553	-
<b>Balance at 31 December</b>	<b>2,518,304</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## 18. TAXATION

Income of approved unit trusts or mutual fund is exempt from tax under the Income Tax Act, 2015 (act 896) as amended. The fund currently withholds taxes on payment made to directors and other service providers.

## 19. TRANSACTIONS THROUGH STOCK BROKERS

The fund's transactions were through Black Star brokers Limited.

## 20. 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 minimize 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 fund'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 assets

Financial Assets	3 Months or less GHc	4-6Months GHc	7 months or more GHc
Government Notes and Bonds	8,297,457	-	949,048
Local Government Securities	1,572,603	-	-
Corporate Bonds	-	-	-
<b>Total</b>	<b>9,870,060</b>	<b>-</b>	<b>949,048</b>

The following are contractual maturities of financial Liabilities

Financial Liabilities	3 Months or less GHc
Administrative Expenses Payable	142,485
Redemptions Payable	274,616
<b>Total</b>	<b>417,101</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## (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 optimizing 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 minimize 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 Directors on the appropriate balance of the portfolio between equity, fixed-rate interest, and variable-rate interest investments. The fund uses duration targeting as a means of mitigating the effects of the risk. The target duration is regularly reviewed by the board of directors. 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## (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 fund's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the administrator. This responsibility is supported by the development of following policies and standards;

- *Governing rules of the fund;*
- *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.

## 21. EVENTS AFTER REPORTING PERIOD

The Government of Ghana launched Ghana's Domestic Debt Exchange Programme on 5 December 2022 with an invitation for the voluntary exchange of domestic notes and bonds of the Republic, including E.S.L.A and Daakye bonds for a package of new bonds to be issued by the Republic. The fund has bonds with a face value of GHS 994,895, which have been exchanged under the domestic debt exchange program.

## PROFILE OF THE BOARD OF DIRECTORS



**OTU KWESI HUGHES**  
**BOARD CHAIR**

Otu Kwesi Hughes is a Partner of Iroko Capital and Head of the Investment Banking and Financial Advisory Business. Prior to Iroko, he was Chief Operating Officer of Oceanic Capital Company Limited and Head of the Investment Banking Group where he was responsible for the Company's start-up, day-to-day management, and strategic growth efforts. Mr Hughes was also active in transaction origination, structuring and execution.

Mr. Hughes joined Oceanic Capital from KeyBanc Capital Markets Investment Banking Group in the US where he focused on providing financial advisory services to companies in the healthcare and consumer retail industries. Prior to KeyBanc, he founded Hughes, LLC to provide financial advisory services to small and mid-cap companies.

Mr. Hughes worked for Deutsche Banc Alex Brown (BT Wolfensohn) in New York in the Mergers & Acquisitions Group and started his banking career with Lehman Brothers' Natural Resources and Emerging Markets groups. Mr. Hughes holds a B.Sc. in Mathematics from Howard University (Honors Program) and an MBA from Harvard Business School.



**NII AYAA MENSAH**  
**DIRECTOR**

Nii Ayaa leads the Mindfull (formerly creativeHUB) team. He is a marketing communications professional whose forte is translating insights into functional new perspectives for successful marketing communication.

Prior to co-founding creativeHUB, he worked in account management traffic and creative roles at MMRS Ogilvy. He has worked on over a 100 projects for brands including MTN, tIGO, Delta Air Lines, Standard Chartered Bank, Barclays Bank, Access Bank, Hollard, Vanguard, Petra and Coca Cola.

He is uncompromising on creativity, driven by insights and believes that the easiest way to ensure business success is to consistently attract out-of-the-box thinkers into the right team and environment. He has an MBA with concentration on Business Innovation from the China Europe International Business School and a BA in Art (Graphic Design) from the Kwame Nkrumah University of Science and Technology.

## PROFILE OF THE BOARD OF DIRECTORS



**DERRICK DARKWAH**  
**DIRECTOR**

Mr. Derrick Darkwah is currently the General Manager of Tallmast Company Limited. Prior to joining Tallmast, he served as the Head of Operations at Petra Trust Company, one of the top three pension trustees in Ghana.

Derrick is a seasoned accountant with extensive experience in asset management. As lead for the Portfolio team at Petra, Derrick was responsible for the asset allocation decision for the Pension fund investments administered by Petra Trust.

He was instrumental in setting up and structuring the operations team and fund administration software of Petra Trust Company Limited. He was the project leader for the installation, configuration and maintenance of Microgen 5 Series (fund administration software) to suit the operations of Petra Trust.

Derrick graduated with a Bachelor of Science in Business Administration (Magna Cum Laude) from Ashesi University. He is also a member of the Association of Certified Chattered Accountants (UK)



**EUGENE GILBERT AMPONSAH**  
**DIRECTOR**

Mr. Eugene Gilbert Amponsah is a legal practitioner. He has advised on transactions in the areas of Banking & Finance, Capital Markets, Project Finance, Labour and Pensions, Government Business, Corporate law and governance. He has been part of teams that have advised on transactions including the negotiation of a Government of Ghana driven business incentivization programme known as the National Industrial Revitalization Programme (Stimulus Package), negotiating multimillion dollar funding Arrangements between a major local financial institution and various DFIs including the Agence Française de Développement (AFD).

He is a lawyer for CalBank Plc. and Company Secretary for CAL Brokers Limited. He has had various speaking engagements including with the Pharmaceutical Sector group and the Women In Business Network (WIB) of the Association of Ghana Industries (AGI) on the implications and impact of the African Continental Free Trade Area Agreement (AfCFTA) on business and industry.

Eugene holds a Bachelor of Laws (LL.B) from the Kwame Nkrumah University of Science and Technology, an MSc. (Development Finance) from the University of Ghana, Qualifying Certificate in Law (QLC) from the Ghana School of Law and a Securities Industry Certificate from the Ghana Stock Exchange. Eugene is a member of the Ghana Bar Association, the Ghana Chapter of the Africa Bar Association and the International Bar Association.

## PROFILE OF THE BOARD OF DIRECTORS



**ERIC APPIAH**  
**FUND MANAGER**

Extensive experience in Investment Banking, Asset Management and Private Equity.

Worked at Deutsche Bank in the Global Markets FX Margin trading business

Worked as a Hedge Fund Research Analyst at Fortune Asset Management in London.

Served as the Vice President on the credit derivatives trading desk and Fixed Income Research Team at Bear Stearns.

Former Senior Fixed Income Credit Research Analyst for Cairn Capital in London, UK.

Former Head of the Capital Markets department at IC Securities.

BSc. Mathematics and Statistics and MSc. in Corporate Risk and Security management of the university of southampton.





# FORM OF PROXY

I/We ..... being a member of the above-named Company hereby appoint ..... or failing him/her, the Chairman of the meeting as my/our proxy to vote for me on my/Our behalf at the Annual General Meeting of the Company to be held virtually on Tuesday, 18th July, 2023 and at any adjournment thereof.

Please indicate with an "X" in the spaces below how you wish your votes to be cast.

Resolution	For	Against	Abstain
That the Directors' Report, Profit and Loss Account and Balance Sheet ("the Annual Report and Financial Statements") for the twelve months ended 31st December 2022 be received and adopted.			
That Mr. Derrick Darkwah be re-elected as a Director of the Fund.			
That the Directors' fees be approved.			
That the Directors are authorized to determine the remuneration of the auditors.			
That the update of the Scheme particulars of the Fund be approved.			

Signed: .....

Shareholder's Name: .....

Date: .....

# Financial Statements 31<sup>st</sup> December 2022



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