

# FIRST FUND

## ANNUAL REPORT 2015



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April 5, 2016

Dear Valued Shareholder,

**FIRST FUND ANNUAL REPORT FOR 2015**

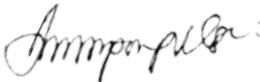
We present you with First Fund’s Annual Report for 2015. It contains information on the Fund and also analyzes its performance for the year ended December 31, 2015.

Please, find contained in the report, Board Chairman’s statement to Shareholders, the Fund Manager’s and Directors’ report, as well as the Audited Financial Statement for the year ended December 31, 2015. The report provides information on the management, operations and performance of the Fund for 2015.

We, hereby, express our profound gratitude to you for being a client of First Fund and hope that this report reflects your expectations as an investor of the Fund.

Investment information and updates on your investments in First Fund can be received any business day from our Client Services Unit on 233 (0)302 250380, (0)302 660709 or accessed online at [www.firstbancgroup.com](http://www.firstbancgroup.com)

Kind regards,



Alexander Owusu Acheampong

**Fund Manager**

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## **NOTE**

*This report does not constitute an invitation to purchase shares of the Fund. All subscriptions are to be made only on the basis of current scheme particulars, accompanied by a copy of the latest available annual report, and if published thereafter, the most recent half year report.*

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of First Fund Limited (the “Company”) will be held at the British Council Auditorium, Accra on Wednesday, April 27, 2016 at 9.00am to transact the following business:

1. To receive and adopt the Reports of the Directors, Auditors and the Financial Statements for the year ended December 31, 2015.
2. To re-elect retiring Directors.
3. To consider and approve the remuneration of Directors.
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To consider waiver of Front Load for some bulk investors.

Dated this 5th day of April 2016

BY ORDER OF THE BOARD



Alikem Adadevoh (Ms.)

**Company Secretary**

NOTE: A member of the company entitled to attend and vote is permitted to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member. In order to be valid for the purpose of the meeting, the PROXY FORM must be completed and deposited at the Company’s registered office, 12th Floor, World Trade Centre, Independence Avenue, Ridge, Ambassadorial Enclave, Accra, Ghana NOT LESS THAN 48 HOURS before the appointed time of the meeting.

# Chairman's Statement to Shareholders

On behalf of the Board of Directors, I welcome all of our valued shareholders to the 6th AGM of First Fund Limited.

It gives me immense pleasure once again to chair this 6th AGM of First Fund Limited. On behalf of the Board of Directors and Managers of the Fund, I would like to express my profound gratitude for your continued trust and patronage of "The Best Performing Money Market Mutual Fund", First Fund. I am very glad to inform you that the Fund again posted an even resilient performance last year, recording the highest annualized yield among money market mutual funds in Ghana. This outstanding performance has been attained on the back of the untiring commitment of our staff, managers, directors as well as the support and dedication of you our cherished shareholders.

In this report I will review the performance of the local economy and also render an account on the performance of the fund as well as the challenges the fund faced during the year.

## **Performance of Ghana's Economy in 2015**

In the first half of the year, the economy experienced a slowdown in economic growth, mainly due to energy constraints and a high cost of production inputs.

The Ghanaian economy saw a rise in Inflation closing the year at 17.7% from 16.4% at the beginning of the year, this high inflation was fueled by exchange rate depreciation and increases in fuel prices; the Monetary Policy Committee in its bid to counter heightened inflation increased the policy rate by 100 basis point to 22% in the first half of the year and subsequently to 26% by close of year 2015.

The local currency, the cedi also depreciated by about 35% against the US Dollar in the first half of the year, exchange rates however remained relatively stable in the second half of the year recording an overall depreciation of 18.6% year-to-date as at end of December 2015.

Real Gross Domestic Product was projected to grow by 4.1% by the end of the year, up from 3.5% recorded in July 2015.

The Government of Ghana Treasury Bills, however, saw a sharp decline despite increases in the policy rate. Treasury rates declined from 25.83% at the beginning of the year to 22.9% as at the end of the year (for 91day Treasury Bill). This downward trend was on the back of the central bank's reduction in borrowings from the local market, as a result of influx of funds from the issuance of the Cocobod Syndication Loan, the Eurobond as well as the second tranche of the IMF bailout of USD118 million. The growth of the Ghanaian economy generally fell below projection, as with many emerging markets. Exogenous headwinds such as the currency depreciation and prolong energy shortages impacted the growth trajectory of the economy.

## **Outlook**

Government is expected to increase expenditure in 2016, as its symptomatic of all election years. We also expect an improved performance of the treasury market and by extension the fixed income market as the government has indicated that it will issue a 5-year bond. First Fund is, therefore, positioned to make giant returns as market performance improves in 2016.

## **Annualized Yield and Asset Under Management**

First Fund closed the year with an impressive annualized yield of 37.86%, despite the reduction in treasury rates and general market rates. First Fund outperformed Government of Ghana Treasury Bills as well as other money market mutual funds in the country.

The Asset Under Management (AUM) almost doubled in 2015, surging by 94% to GH¢ 44.75 million from GH¢ 22.8 million in 2014. This remarkable

performance was on account of an impressive return on investment by the fund's portfolio and the incessant contributions by both existing and new clients. The number of shareholders also increased significantly by 17.81% from 9,391 in January 2015 to 11,064 at the end of the year

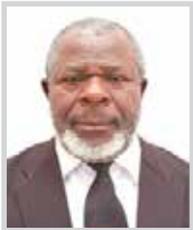
Drawing the Fund closer to you

I take the opportunity to encourage shareholders to continue investing in the fund at any of the branches of our receiving banks (i.e. Agricultural Development Bank, Stanbic Bank, Bank of Africa and Zenith Bank). I am glad to announce that we are concluding arrangements with UBA to receive First Fund contributions from investors. This move will add up to the number of our growing partner banks and most importantly afford our clients who do business with UBA the ease of topping up their accounts.

The Board and Management of First Fund are pleased with the achievement of the Fund in 2015 and the preceding years. We remain committed to growing your fund to maintain its position as the best performing money market mutual fund in Ghana. Thank you for your assiduous support, and we wish you resounding achievements and prosperity of your fund in 2016 and beyond.

  
8/4/16

Prof. Cletus Dordunoo  
Board Chairman



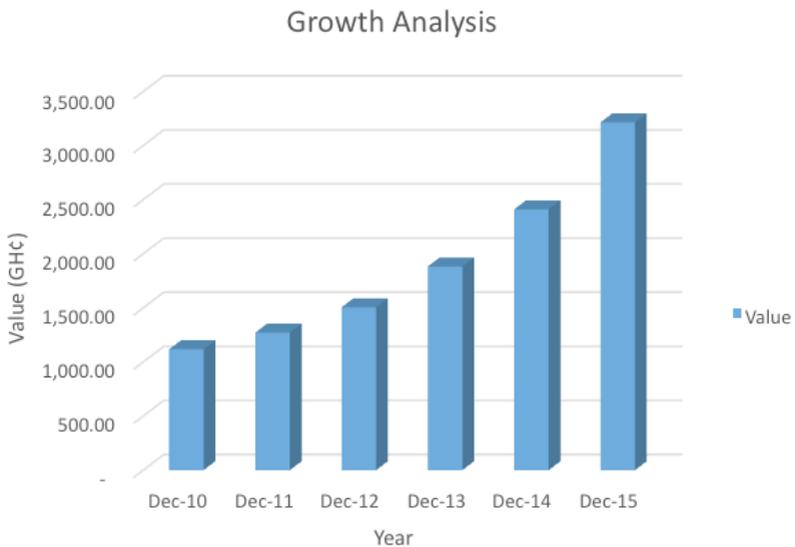
# Performance Summary

## Comparable Returns with T- Bill rates

	Annualized Yield	Average 91 day T-Bill Rate
First Fund Returns	37.86%	24.96%

**Table 1:** First Fund's comparable returns

Growth in GH¢1,000.00 investment since the Fund's inception (March 2010 – December 2015).



**Figure 1:** Yearly growth analysis of First Fund

# Fund Manager's Report

First Fund took giant steps in 2015, outperforming 182-day and 91-day Treasury Bill rates. It also topped the charts of money market mutual funds in Ghana. The fund closed the year with an annualized yield of 37.86%, ahead of 91-day and 182-day treasury bills which closed the year at 22.9% and 24.45% respectively. This performance undoubtedly is an indication of the Fund maintaining its position as the best performing money market mutual fund.

First Fund again surpassed its 2014 performance and recorded a gain of 33% at a price of GH¢ 0.34 from GH¢ 0.25 in 2014. Figure 2 below shows the price trend for First Fund from January to December 2015.



Figure 2. Share price trend during the year.

## **Economic Review**

Inflation was relatively stable during the first half until the fourth quarter. Inflation closed the year at 17.7%. This was an increase from 16.4% at the beginning of the year and also well above the central bank's target of 8% plus or minus 2%. The central bank throughout the year sought to check inflation by increasing the monetary policy rate.

The second half of the year had a fairly stable local currency, and a stable fiscal balance. The local currency in the second half, appreciated by about 12% against the dollar; recording an overall depreciation of about 18% for the year. Real domestic product also fell to 3.6% (September 2015) from 5.1% recorded in 2014.

## **Market Review**

Overall the Treasury market recorded a declining performance, on the fixed income market, the yield curve remained inverted throughout the year, as was the case in the preceding year. The 91-day Treasury bill closed the year at 22.9% from 25.83% in January. The 182-day Treasury bill also closed at 24.45% from 26.41% at start of 2015.

The Monetary Policy Committee of the Bank of Ghana, within the year increased the Monetary Policy Rate to 26% from 22% at start of the year. This however didn't have any significant effects on fixed income rates, as rates for Treasury bills fell slowly from 25.32% and 25.97% at the end of September to 22.90% and 24.45% as at the end of the year for 91 and 182 day treasury bill respectively.

The treasury market despite its declined performance provide a high rate environment (especially in short-dated bills). This reflected in the improved performance of the fund in the year under review.

The graph below shows the Government of Ghana Treasury Bill Rates during the year.

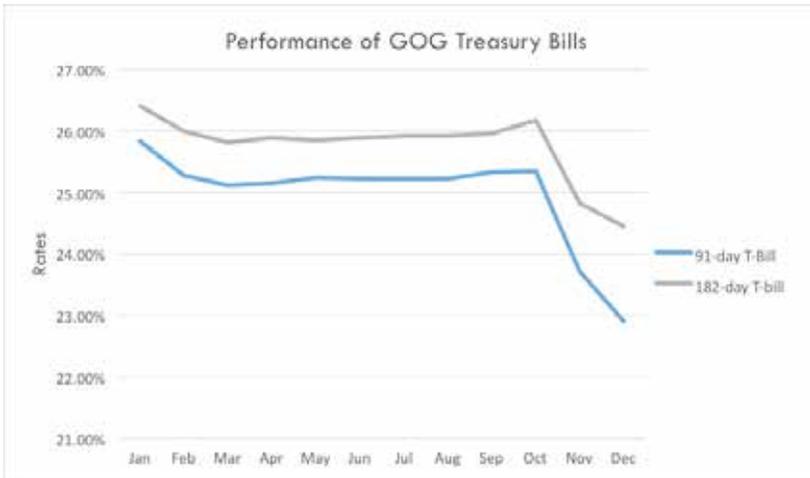


Figure 2. Performance of GOG T-Bills

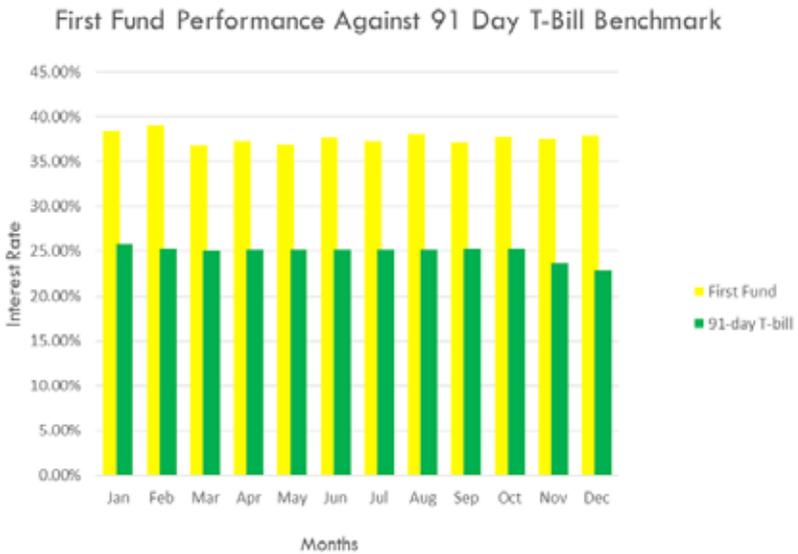


Figure 3: First Fund returns compared with 91 day T-Bill rate

## **Portfolio Exposure**

The fund manager employs a rigorous process of investment evaluation with apt due diligence as a prerequisite for all potential investments. In the bid to minimize risk and maximize returns on the fund, investees are required to submit quarterly financial reports to evaluate their standings. Caps are set and revised monthly for finance houses to reflect our assessment of risks associated with the Fund's investments. The Fund's investment portfolio was widely diversified. At the end of year, First Fund was exposed to 24 institutions from 20 institutions at the end of 2014.

## **Asset Mix**

The strategy of the fund manager was to invest funds mainly in the medium term dated certificates of deposits i.e 182 day. This was to take full advantage of the returns on 182day papers in the market. Nonetheless a lesser portion of funds was invested in short dated instruments to afford the fund some liquidity. The Fund mainly invested in 91, 182 and 365 day fixed deposits. As at the end of the year the fund had invested 56% of its portfolio in 182 day investments, 29% in 365 day placements and 15% in 91day placements. The figure below shows the fund's asset mix as at December 31, 2015.



Figure 4. Portfolio mix of First Fund as at year end 2015

### Growth

Asset under Management for the fund recorded a growth of about 94% from GH¢22.85million at the end of 2014 to GH¢44.45million as at the end of December 2015. The price of the fund also increased by about 33% from 0.2546 at the beginning of the year to 0.3394 as at the end of 2015. This considerable growth is attributed to the significant investment by our shareholders. This is evident in the increase of the number of shareholders by 24.75% from 8,869 to 11,064.

Ending	AUM	Growth (%)	Awards	Annualized Yield (%)
Dec. 31, 2010	GH¢0.8m	330.29 (IPO Mar 2010)	Best Performing Money Market Fund	19.87
Dec. 31, 2011	GH¢3.7m	378.84	Best Performing Money Market Fund	20.26
Dec. 31, 2012	GH¢6.3m	69.67	Best Performing Money Market Fund	32.73
Dec. 31, 2013	GH¢12m	104.00	Best Performing Money Market Fund	34.58
Dec. 31, 2014	GH¢22.8m	68.07	Best Performing Money Market Fund	37.38
Dec. 31, 2015	GH¢44.45m	94.75	-	37.86

AUM Trend and generated yields

## Outlook and Investment Strategy for 2016

It is anticipated that 2016 would receive a major boost following restoration of energy needs, thus accelerating growth in the economy. The economy is expected to receive a boost under the deal struck with IMF in April in return for a US\$918million extended credit facility. Under this deal the central bank looks to slow down public spending. The economy is also expected to benefit from a recovery in the non-oil sector and implementation of reforms that are aimed at improving electricity delivery, thereby reducing production cost.

It is also expected that the third disbursement of USD115million as part of the three year extended facility program will be received in the first quarter of the year, aimed at achieving government's fiscal target for the year.

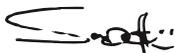
The central bank has indicated its desire to borrow from the local market by way of the issuance of a cedi denominated 5 year bond. In lieu of this, interest rates are expected to increase slightly towards the second quarter of the year.

First Fund is poised to benefit from favorable market conditions while guarding against rough conditions. We will continue to generate competitive returns for the funds.

Our strategy in 2016 is to invest funds in high yielding short to medium securities, with minimal risk. We will continue to commit to making sure your returns on funds are optimized. Nonetheless, we will monitor macroeconomic conditions and adjust our strategy accordingly as and when deemed fit.

The fund manager remains committed to ensuring superior returns and capital preservation and will continue to invest in secured high yielding instruments, in the bid to obtain this objective and retain the Fund's award as the best performing money market mutual fund in 2015 and beyond.

Thank You.



Samuel Annie Asiedu  
**Chief Investment Officer**

# REPORT OF THE DIRECTORS TO THE MEMBERS OF FIRST FUND LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors present herewith their report together with the audited financial statements of the Fund for the year ended December 31, 2015.

## **Statement of Directors' Responsibilities**

The Directors are responsible for the preparation of financial statements for each financial year, which gives a true and fair view of the state of affairs of the Fund and of the Financial Statements for that period. In preparing these financial statements, the Directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS) and complied with the requirements of the Companies Act, 1963 (Act 179).

The Directors are responsible for ensuring that the Fund keeps proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Fund. The Directors are also responsible for safeguarding the assets of the Fund and taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Principal Activities**

The principal activity of the Fund is to invest the monies of its members for their mutual benefit and to hold and arrange for the management of money market securities acquired with such monies.

# REPORT ON THE FINANCIAL STATEMENTS

## Financial Results

The results for the year are shown in the Statement of Comprehensive Income in the financial statements. The Fund recorded a net interest income of GHC9,788,655 in 2015 as against a net interest income of GHC 4,757,557 in 2014. The increase in net income is attributed to higher volume of business and higher market rates during the year on investments made.

## Change in Financial Reporting Framework

The Fund for the first time in 2015 moved from using the Ghana National Accounting Standards (GNAS) to International Financial Reporting Standards (IFRS) in the preparation of its financial statements.

## Auditors

PKF have indicated their willingness to continue in office as auditors of the Fund and in accordance with section 134(5) of the Companies Act, 1963 (Act179).

## Appreciation

The Board of Directors would like to express its sincere appreciation to members of the Fund for their loyalty, and to management and staff for their service during the year under review.



8/4/16

PROF. CLETUS DORDUNOO  
DIRECTOR



AUGUSTINE YIADOM- BOAKYE  
DIRECTOR

# REPORT OF THE AUDITORS TO THE INVESTORS OF FIRST FUND LIMITED

## ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### **Report on the Financial Statements**

We have audited the accompanying financial statements of First Fund, which comprise the statement of financial position as at 31 December 2015, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Directors' Responsibility for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and Unit Trust and Mutual Funds Regulations 2001, (L.I. 1695). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **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 judgment, 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 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 give a true and fair view of the financial position of First Fund as at December 31, 2015 and of its financial performance for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, 1963 (Act 179) and have been properly prepared in accordance with the Unit Trust and Mutual Funds Regulations 2001, (L.I. 1965).

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

The Ghana Companies Act, 1963, (Act 179) requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- I. 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.
- II. In our opinion proper books of accounts have been kept by the Fund, so far as appears from our examination of those books, and
- III. The Fund's Statements of Assets and Liabilities and Income and Distribution Account of the Fund are in agreement with the books of accounts.

**Signed by: F. Bruce-Tagoe (ICAG/P/1087)**

**For and on behalf of**

**PKF: (ICAG/F/2016/039)**

**Chartered Accountants**

**Farrar Avenue**

**Accra**

**April 4th 2016**

# FINANCIAL STATEMENTS

**FIRST FUND LIMITED  
STATEMENT OF ASSETS AND LIABILITIES  
YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 GH¢	2014 GH¢
<b>ASSETS</b>			
Bank and cash Balances	2	1,010,531	548,103
Certificate of Deposit	3	39,149,434	19,474,546
Accrued Interest Income	4	4,263,378	2,995,342
<b>TOTAL ASSETS</b>		<u>44,423,343</u>	<u>23,017,991</u>
<b>EQUITY</b>			
Shareholders' Capital	8	29,130,967	16,485,477
Retained Earnings		<u>15,186,961</u>	<u>6,346,603</u>
<b>TOTAL EQUITY</b>		<u>44,317,928</u>	<u>22,832,080</u>
<b>LIABILITIES</b>			
Payables	7	105,415	185,911
<b>TOTAL LIABILITIES</b>		<u>105,415</u>	<u>185,911</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>44,423,343</u>	<u>23,017,991</u>

\*Total Current Liabilities are Reimbursable Expenses to Fund Manager

Approved by the Board on ..... April 5, 2016 ..... 2016

  
8/4/16

.....  
DIRECTOR



.....  
DIRECTOR

**FIRST FUND LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	<i>Notes</i>	2015 GH¢	2014 GH¢
Interest Income	5	9,788,655	4,757,557
<b>Total Income</b>		<u>9,788,655</u>	<u>4,757,557</u>
Management Fees		(342,066)	(164,271)
Custodian Fees		(121,488)	(69,115)
General and Administrative Expenses		<u>(484,743)</u>	<u>(244,768)</u>
<b>Total Expense</b>	6	<u>(948,297)</u>	<u>(478,154)</u>
Net Income		8,840,358	4,279,403
Total Comprehensive Income		<u>8,840,358</u>	<u>4,279,403</u>

**FIRST FUND LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 DECEMBER 2015**

	<b>SHAREHOLDERS CAPITAL GH¢</b>	<b>RETAINED EARNINGS GH¢</b>	<b>TOTAL GH¢</b>
<b>2015</b>			
Opening Balance	16,485,477	6,346,603	22,832,080
Proceeds from Issue of Shares	25,671,576		25,671,576
Net Investment Income		8,840,358	8,840,358
Shares Redeemed	(13,026,086)		(13,026,086)
	<u><b>29,130,967</b></u>	<u><b>15,186,961</b></u>	<u><b>44,317,928</b></u>
<b>2014</b>			
Opening Balance	10,874,705	2,067,199	12,941,904
Proceeds from Issue of Shares	13,303,567		13,303,567
Net Investment Income		4,279,404	4,279,404
Shares Redeemed	(7,692,795)		(7,692,795)
	<u><b>16,485,477</b></u>	<u><b>6,346,603</b></u>	<u><b>22,832,080</b></u>

**FIRST FUND LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2015**

	<b>2015</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>
<b>Cash Flow from Operating Activities</b>		
Net Investment Income	<b>8,840,358</b>	4,279,403
Changes in Certificates of Deposit	<b>(19,674,888)</b>	(8,330,872)
Changes in Accrued Interest	<b>(1,268,036)</b>	(1,202,402)
Changes in Liabilities	<b>(80,496)</b>	100,471
Changes in Shareholders' Capital	<b>12,645,490</b>	5,610,772
	<hr/>	<hr/>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>462,428</b>	457,375
<b>Cash and Cash Equivalents at 1 January</b>	<b>548,103</b>	<u>90,728</u>
<b>Cash and Cash Equivalents at 31 December</b>	<b>1,010,531</b>	<u>548,103</u>

**ANALYSIS OF CASH AND CASH EQUIVALENTS**

Bank Balance	<b>957,926</b>	531,818
Cash at Hand	<b>52,605</b>	<u>16,285</u>
	<hr/>	<hr/>
	<b>1,010,531</b>	548,103

**FIRST FUND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2015**

**1. GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Description of the Fund**

First Fund started operations on March 10, 2010 as an authorized mutual fund to provide high current income with the maintenance of liquidity and preservation of capital. The Fund's investments include: treasury securities, commercial papers, and certificates of deposit.

**b. Statement of Compliance**

The financial statements have been prepared in accordance with all International Financial Reporting Standards, including International Accounting Standards and interpretations issued by the International Accounting Standards Board and its committees, as required by the Institute of Chartered Accountants (Ghana).

**c. Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the assets and liabilities that are stated at their fair values: financial instruments that are at fair value through profit or loss; financial instruments classified as available-for-sale.

**d. Use of Estimates and Judgement**

The preparation of financial statements in conformity with IFRSs requires Management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and the associated assumptions are based on historical experience and other factors that are reasonable under the circumstances, the results of which form the basis of making the judgement about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revision 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.

## **e. Summary of Significant Accounting Policies**

The significant accounting policies adopted by First Fund Limited under the International Financial Reporting Standards (IFRSs) are set out below:

### ***i. Basis of Preparation***

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are presented in Ghana Cedi (GH¢).

The Fund presents its statement of financial position in order of liquidity.

### ***ii. Revenue Recognition***

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

### ***iii. Financial Assets and Financial Liabilities***

#### ***• Categorisation of Financial Assets and Financial Liabilities***

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivable; and available-for-sale financial assets; and held-to-maturity investments. Financial liabilities are classified as either held at fair value through profit or loss, or amortised cost. Management determines the categorisation of its financial assets and financial liabilities at initial recognition.

#### ***• Financial Assets and Financial Liabilities at Fair Value through Profit or Loss***

Financial asset or liability at fair value through profit or loss is a financial asset or financial liability that meets either of the following conditions:

o Held for trading

A financial asset or financial liability is classified as held for trading if it is: acquired or incurred principally for the purpose of selling or repurchasing in the near future; or part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

o Designated at fair value through profit or loss

Upon initial recognition as financial asset or financial liability, it is designated by the Company as at fair value through profit or loss except for investments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

• *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated on initial recognition as available for sale and are held for an indefinite period of time and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

• *Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity.

• *Initial Recognition of Financial Assets and Financial Liabilities*

The Company shall recognise a financial asset or financial liability on its balance sheet when, and only when, the Company becomes a party to the contractual provisions of the instrument subject to the provisions in respect of regular way purchases or sales of a financial asset which state that, 'a regular way purchase or sale of financial assets is recognised and derecognized using either trade date or settlement date accounting'.

• *De-recognition of Financial Assets and Financial Liabilities*

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

A financial liability (or part of a financial liability) is removed from the Company's balance sheet when, and only when, it is extinguished – i.e. when the obligation specified in the contract is: discharged; cancelled; or has expired.

• *Initial Measurement of Financial Assets and Financial Liabilities*

When a financial asset or financial liability is recognised initially, the Company measures it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

When the Company uses settlement date accounting for an asset that is subsequently measured at cost or amortised cost, the asset is recognised initially at its fair value on the trade date.

• *Subsequent Measurement of Financial Assets*

After initial recognition, the Company shall measure financial assets, including derivatives that are assets, at their fair value, without any deduction for transaction costs it may incur on sale or other disposal, except for the following financial assets: loans and receivables, which shall be measured at amortised cost using the effective interest method; held-to-maturity investments, which shall be measured at amortised cost using the effective interest method; and investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost.

• *Subsequent Measurement of Financial Liabilities*

After initial recognition, the Company shall measure all financial liabilities at amortised cost using the effective interest method, except for: financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be measured at fair value except for a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, which shall be measured at cost; and financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuing involvement approach.

- *Gains and Losses*

The Company shall recognise a gain or loss arising from a change in the fair value of a financial asset or financial liability that is not part of a hedging relationship as follows: a gain or loss on a financial asset or financial liability classified as at fair value through profit or loss shall be recognised in profit or loss; a gain or loss on an available for sale financial asset shall be recognised directly in equity, through the statement of changes in equity except for impairment losses and foreign exchange gains and losses until the financial asset is derecognized, at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss.

Interest calculated using effective interest method is recognised in profit or loss; dividends on an available-for-sale equity instrument are recognised in profit or loss when the Company's right to receive payment is established;

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortization process.

- *Amortised Cost Measurement*

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayment, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

- *Fair Value Measurement*

The determination of fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices or dealer price quotations. If the market for a financial asset or a financial liability is not actively traded or unlisted security, the Company establishes fair value by using valuation techniques. These techniques include the use of arms' length transactions, discounted cash flow analysis, and valuation models and techniques commonly used by market participants.

The value produced by a model or other valuation technique may be adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors that market participants

take into account when entering into a transaction. Management believe that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value in the balance sheet.

- *Offsetting*

Financial assets and financial liabilities are set off and the net amount presented in the balance sheet when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expense are presented on the net basis only when permitted by the accounting standards or interpretation, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

- *Measurement of Impairment and Provision for Credit Losses*

The Company shall assess at each balance sheet date, whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a loss event) and that loss event(s) has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather, the combined effect of several events may have caused the impairment. Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

- o significant financial difficulty of the issuer or the obligor;
- o a breach of contract, such as a default or delinquency in interest or principal payment;
- o the lender (the Company), for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Company would not otherwise consider;
- o it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;

o the disappearance of an active market for that financial asset because of financial difficulties; or

o observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including:

(i) adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments); or

(ii) national or local economic conditions that correlate with defaults in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, a decrease in oil prices for loan assets to oil companies, or adverse changes in the industry conditions that affect the borrowers in the group).

A provision for credit losses is established if there is objective evidence that the Company will be unable to collect all amounts due on a claim according to the original contractual term. A "claim" means a loan, a commitment such as a letter of credit, guarantee or commitment to extend credit or other credit product.

An allowance for credit loss is reported as a reduction in carrying value of a claim on the balance sheet, whereas for an off-balance sheet item such as a commitment, a provision for credit loss is reported in other liabilities. Additions to provisions for credit losses are made through credit loss expense.

Provision for credit losses is based on the following principles:

Counterparty-specific – A claim is considered as a loss when management determines that it is probable that the Company will not be able to collect all amounts due according to the original contractual terms.

Individual credit exposures are evaluated based on the borrower's character, overall financial condition, resources and payment record, prospects of support from financially responsible guarantor and cash collaterals.

An impaired asset refers to an asset where there is no longer reasonable assurance of timely collection of the full amount of principal and interest due to deterioration in the credit quality of the counterparty. An asset is impaired if the estimated recoverable amount of an asset is less than its carrying amount shown in the books of the Company. Impairment is measured and a provision for credit losses is established for the difference between the carrying amount and its estimated recoverable value.

Estimated recoverable amount is measured by discounting the expected future cash flows at the effective interest rate inherent in the asset. When the amount and timing of future cash flows cannot be estimated with reasonable reliability, estimated, recoverable amounts may be measured at either:

- o The fair value of any security underlying the assets, net of expected costs of recovery and any amount legally required to be paid to the borrowers; or
- o Observable market prices for the assets.

Upon impairment the accrual of interest income based on the original terms of the claim is discontinued until the asset has been written down to its estimated recoverable amount. Interest income thereafter is recognized.

A write-off is made when all or part of a claim is deemed uncollectible or forgiven. Write-offs are charged against previously established allowances for credit losses or directly to credit loss expense and reduce the principal amount of a claim.

#### *iv. Investments*

Investments are recognized on a trade date basis and are classified as held to maturity or available for sale. Investments with fixed maturity dates, where management has both the intent and ability to hold to maturity are classified as held to maturity. Investments intended to be held for indefinite period of time, which may be sold in response to needs for liquidity or changes in the market, are classified as available for sale.

Investments are initially measured at cost. Available for sale investments are subsequently re-measured at fair value based on quoted prices. Fair values for unlisted securities are estimated using market values of the underlying securities or appropriate valuation methods.

Held to maturity investments are carried at amortised cost less any provision for impairment. Amortised cost is calculated on the effective interest method.

#### *v. Translation of Foreign Currencies*

The Company's functional currency is the Ghana Cedi. In preparing the balance sheet of the Company, transactions in currencies other than Ghana Cedis are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

#### *vi. Cash and Cash Equivalents*

For the purposes of cash flow statement, cash and cash equivalents includes cash and bank balances.

#### *vii. Events after the Reporting Period*

The Company adjusts the amounts recognised in its financial statements to reflect events that provide evidence of conditions that existed at the balance sheet date.

Where there are material events that are indicative of conditions that arose after the balance sheet date, the Company discloses, by way of note, the nature of the event and the estimate of its financial effect, or a statement that such an estimate cannot be made.

**FIRST FUND LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015	2014
	GH¢	GH¢
<b>2 BANK AND CASH BALANCES</b>		
<b>Stanbic Bank Ghana Ltd.</b>		
Contributions Account	4,262	(40,085)
Call Account	765,815	493,231
Current Account	(67,504)	29,122
Zenith First Fund Account	37,095	9,817
ADB First Fund Account	170,859	14,895
Bank of Africa	47,399	11,217
Settlement Account	-	120
Uncleared Cheques	-	13,500
Cash at hand	52,605	16,285
	<u>1,010,531</u>	<u>548,103</u>

**3 HELD TO MATURITY SECURITIES**

91 Day	6,276,511	1,286,685
182 Day	22,328,601	5,751,238
364 Day	-	221,000
365 Day	10,544,322	12,215,623
	<u>39,149,434</u>	<u>19,474,546</u>

**4 OTHER RECEIVABLES**

Accrued Interest

91 Day	305,607	43,191
182 Day	2,020,439	368,387
365 Day	1,937,332	2,583,764
	<u>4,263,378</u>	<u>2,995,342</u>

**5 INTEREST INCOME**

91 Day	756,584	184,345
182 Day	5,695,697	694,940
270 Day	176,505	46,214
364 Day	45,338	-
365 Day	3,114,531	3,832,058
	<u>9,788,655</u>	<u>4,757,557</u>

**FIRST FUND LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>2015</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>
<b>6 Operating Expenses</b>		
Management Fees	342,066	164,271
Custody Fees	121,488	69,115
General and Administrative Expenses		
Front Load	267,579	120,731
Operating Fees	189,379	98,263
Transaction Fees	1,360	1,330
Audit Fee	5,000	5,000
Directors Emoluments	21,425	19,444
	<u>948,297</u>	<u>478,154</u>
<b>7 Payables</b>		
Front Load	29,673	46,942
Management Fees	40,406	71,431
Custody Fees	13,505	26,872
Transaction Fees	151	516
Operating Expenses	21,680	40,150
	<u>105,415</u>	<u>185,911</u>
<b>8a Value of Shares as at end of Year</b>		
Proceeds from shares issued	25,671,576	13,303,567
Shares redeemed	<u>(13,026,086)</u>	<u>(7,692,795)</u>
Net Proceeds	12,645,490	5,610,772
Beginning of period	<u>16,485,477</u>	<u>10,874,705</u>
End of period	<u>29,130,967</u>	<u>16,485,477</u>
<b>8b Net Issued/(Redeemed) during the Period</b>	<b>Number of</b>	<b>Number of</b>
	<b>Shares</b>	<b>Shares</b>
Beginning Balance	90,947,951	65,993,610
Purchases	83,883,941	58,600,206
Redemptions	<u>(42,568,391)</u>	<u>(33,645,865)</u>
	<u>132,263,501</u>	<u>90,947,951</u>

First BanC Financial Services  
12<sup>th</sup> Floor, World Trade Centre  
Independence Avenue  
Ridge Ambassadorial Enclave  
Ridge, Accra

**Attn: Mr. Alexander O. Acheampong**

4<sup>th</sup> April 2016

Dear Sir,

**REPORT OF THE CUSTODIAN TO THE INVESTORS OF FIRST FUND**

We as Custodians of First BanC First Fund (the Fund) write to confirm to investors, the statement of holdings of the Fund as at the close of business on 31<sup>st</sup> December 2015.

In our independent opinion on the statement of holdings based on our audit, the statement reflects a true and fair view of the state of affairs of the fund as at 31<sup>st</sup> December 2015.

Please find attached to this letter, the statement of holdings as at 31<sup>st</sup> December 2015.

Thank you.

Yours Sincerely,



**Eunice Amoo-Mensah**  
Manager, Investor Services



**William Sowah**  
Head, Investor Services

# Corporate Information

## **BOARD OF DIRECTORS**

Prof. Cletus Dordunoo (Chairman)  
Mr. Augustine Yiadom-Boakye

## **SECRETARY**

Alikem Adadevoh  
P. O. Box 1464  
Osu, Accra

## **AUDITORS**

Messrs PKF  
Chartered Accountants  
No. C45/2 Valley View  
Adabraka  
P. O. Box 1219  
Accra

## **SOLICITORS**

Lithur Brew & Company  
P. O. Box 3865  
Cantonments, Accra

## **BANKERS**

Stanbic Bank Ghana Ltd.  
Zenith Bank Ghana Ltd.  
Agricultural Dev. Bank Ltd  
Bank of Africa Ghana Ltd.

## **CUSTODIANS**

Stanbic Bank Ghana Limited  
Valco Trust House  
Castle Road  
Accra

## **REGISTERED OFFICE**

12th Floor, World Trade Center  
Independence Avenue  
P. O. Box 1464, Osu, Accra  
Tel: 233-0302-250380/250636  
[www.firstbancgroup.com](http://www.firstbancgroup.com)

# Management Information

## **SAMUEL ANNIE ASIEDU (CHIEF INVESTMENT OFFICER)**



Samuel Annie Asiedu is the Managing Director of FirstBanC Financial Services Ltd and the Chief Investment Officer of the Fund. He has several years' experience in investment banking and general financial advisory services both in Ghana and UK. His expertise includes financial due diligence reviews, business valuations, mergers and acquisitions, project/investment assessments, capital structuring, venture capital and fund management.

Samuel, prior to joining FirstBanC in 2010, worked with Deloitte & Touché, Ghana as Financial Analyst where he handled several high profile financial advisory engagements including lender, buyer and seller financial due diligence reviews and business valuations.

Samuel holds a BSc Admin. (Accounting Option) from University of Ghana, an MBA (Finance) from University of Hull, UK and a professional qualification with CIMA.

## **ALEX OWUSU-ACHEAMPONG – HEAD, ASSET MANAGEMENT**



Alex is the Head of Asset Management. He is responsible for managing and monitoring Asset Management's investment portfolio. He leads in developing the asset allocation levels aimed at creating a balanced portfolio of investments.

Prior to his new position, Alex was responsible for the entire portfolio accounting functions of the FirstBanC Asset Management. He also maintained the database for all client transactions, which is aimed at accurately accounting for deposits and withdrawals made by clients.

Again, he ensures that income distributions made to clients' are accurate. Alex has been with FirstBanC from 2009 to date, initially working as an SME Advisor before joining Asset Management Department in June 2010. Alex holds a Bachelor of Arts degree in Geography and Sociology from the University of Cape Coast and an MBA from Sikkim Manipal University, India.

Before joining FirstBanC, Alex worked as a Project Officer at Association of Ghana Industries (AGI) where he played a key role in the development of the SME Charter of Ghana.

### **COURAGE ZOIKU – PORTFOLIO ANALYST**



Courage Zoiku is part of the Asset Management team, responsible for performing the daily investment management activities of the unit as a Portfolio Analyst. Prior to joining FirstBanC, Courage Zoiku worked with QFS Securities Limited as a Credit Analyst where he gained expertise in credit and risk management.

Courage holds a Bachelor of Arts degree from the University of Ghana, Legon. He is a Level 2 candidate in the CFA program.

### **BERNICE FREMPOMAA BOAFO – PORTFOLIO ACCOUNTANT**



Bernice is the officer in charge of the management of the collective investment schemes managed by FirstBanC. She is responsible for the entire portfolio accounting functions of the funds.

Prior to joining FirstBanC, Bernice worked with QFS Securities as an Investment Officer, in charge of managing the company's liabilities and assets; where she acquired knowledge in portfolio and risk management.

Bernice holds a Bachelor of Arts degree from the University of Ghana, Legon.

# PROXY FORMS

## FIRST FUND

I/We.....  
 .....of.....  
 .....

Being a member/members of First Fund Limited hereby appoint .....  
 .....or failing him, the  
 duly appointed Chairman of the meeting as, my/our proxy to vote for me/  
 us on my/our behalf at the Annual General Meeting of the fund to be held  
 at British Council Hall on Wednesday, 27th April, 2016 at 09:00am and at  
 any adjournment thereof.

I/We direct that my/our vote(s) be cast on the specified resolution as  
 indicated by an X in the appropriate space.

Resolution	For	Against
1.To receive and adopt the Reports of the Directors, Auditors and the Financial Statements for the year ended December 31, 2015.		
2. To Re – elect Retiring Directors		
• Cletus Dordunoo		
• Augustine Boakye Yiadom		
3. To consider and approve the remuneration of Directors		
4. Authorize the Directors to appoint and fix remuneration of Auditors		
5. To consider waiver of Front Load for some bulk investors		

Dated this .....Day of .....2016

Signature.....

# HURRAY!!!

## FIRST FUND HITS GHS50M IN 6 YEARS



*...still counting*

**Join the Fund with a minimum of GHS20**

*\* Past returns do not guarantee future performance*



P. O. Box 1464 Osu, Accra, 12th Floor, World Trade Centre  
Independence Avenue, Ridge Ambassadorial Enclave  
Tel: (+233) 0302-660 709 / 020 2765 760  
Email: [info@firstbancgroup.com](mailto:info@firstbancgroup.com), Website: [firstbancgroup.com](http://firstbancgroup.com)

Partner Banks







