CDH BALANCED FUND LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
31ST DECEMBER, 2019

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CDH BALANCED FUND LIMITED

BOARD OF DIRECTORS, OFFICIALS AND REGISTERED OFFICE

BOARD OF DIRECTORS	Sonny Heward-Mills-Chairman (Appt 20/9/2018) Senya Seyena-Susu (Appt 20/9/2018) Michael Opoku (Appt 20/9/2018) Emmanuel Amissah Seth Aryitey (Retired 20/9/2018) Desmond Nartey (Retired 20/9/2018) Emmanuel Adu-Sarkodee-Chairman (Retired 20/9/2018) Benjamin Apeakorang (Retired 20/9/2018)
SECRETARY	Love Mensah CDH House No. 36 Independence Avenue Accra
INVESTMENT MANAGER/ ADVISOR	Linx Capital Limited Dzorwulu, Accra.
CUSTODIAN	HFC Bank Limited No. 35 Independence Avenue Ebankese North Ridge Accra.
AUDITOR'S	MGI O.A.K Chartered Accountants 18 Airways Avenue, Airport Residential Area P.O. Box AN.5712 Accra.
BANKERS	Agric Development Bank Republic Bank Ghana Ltd Consolidated Bank Ghana Ltd
REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS	CDH House No. 36 Independence Avenue North Ridge Accra.

CDH BALANCED FUND LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER, 2019

The Directors present their report together with the audited Financial Statements for the year ended 31st December, 2019 which disclose the state of the affairs of CDH Balanced Fund Limited ("The Company")

The Directors are responsible for the preparation of the Company's Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss and cash flows 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 the International Financial Reporting Standards and complied with the requirements of the Companies Act, 2019 (Act992), Securities Industry Act, 2016 (Act 929), Unit Trust and Mutual Funds Regulations 2001, (L.1.1695).

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

1 PRINCIPAL ACTIVITIES

The nature of business of the Fund is to invest the monies of its members for their mutual benefit. The Fund is licensed by the Securities and Exchange Commission of Ghana to operate as an authorized Mutual Fund in Ghana.

2 FINANCIAL AND OPERATIONAL ACTIVITIES

The financial and operational results for the year ended 31 December 2019 are as set out below:

	2019 GH¢	2018 GH¢
Increase in Net Assets from operation for the year is	469,615	709,051
From which is deducted Income Tax Expense of	-	-
Giving Increase in Net Assets after tax of	**469,615**	**709,051**
To which is added balance on Accumulated Net Investment Income brought forward of	1,988,482	1,279,431
Leaving a balance on Accumulated Net Investment Income of	**2,458,097**	**1,988,482**

3 CORPORATE SOCIAL RESPONSIBILITIES

The Fund did not undertake any Corporate Social Responsibility programme during the year.

4 AUDITORS AND AUDIT FEES

In accordance with Section 139(5) of the Companies Act 2019, (Act 992), MGI OAK Chartered Accountants will remain in office as auditors of the Fund. As at 31 December, 2019, the amount payable as in respect of audit fees was GH¢5,500 including Value Added Tax (VAT).

CDH BALANCED FUND LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER, 2019

5 **DIRECTORS**
Mr. Emmanuel Adu-Sarkodee (Chairman), Benjamin Apeakorang, Desmond Nartey, Seth Aryitey retired as directors whiles Mr. Sonny Heward-Mills (Chairman), Senya Seyena-Susu and Michael Opoku were appointed directors of the Fund during the year.

6 **GOING CONCERN**
The Directors have made an assessment of the Fund's ability to continue as a going concern and have no reason to believe that the company will not be a going concern in the year ahead.

7 **INVESTMENT ADVISOR/ FUND MANAGER**
CDH Asset Management have indicated their intention to retire as the Fund Managers following the revocation of their license by the Securities and Exchange Commission of Ghana. The Directors, have appointed Linx Capital as the Fund Managers with effect from 1st March, 2020.

8 **FINANCIAL REPORTING FRAMEWORK**
In line with the financial reporting framework recommended by the Institute of Chartered Accountants (Ghana) and in consultation with other regulatory institutions, the Directors used the International Financial Reporting Standards (IFRS) as the financial reporting framework. As a result, the attached Financial Statements have been prepared in accordance with the IFRS.

9 **SUBSEQUENT EVENTS**
The Directors confirm that no issues have arisen since 31 December, 2019, which materially affect the Financial Statements of the Fund for the year ended.

10 **PARTICULARS OF ENTRIES IN THE INTEREST REGISTER**
No Director had any interest in contracts and proposed contracts with the Fund during the year under review, hence there were no entries recorded in the Interest Register as required by 194(6), 195(1)(a) and 196 of the Companies Act 2019, (Act 992).

11 **CAPACITY BUILDING FOR DIRECTORS**
On appointment to the Board, Directors are provided with full, formal and tailored training programme of induction, to enable them gain in-depth knowledge about the Funds business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the Fund operates.

12 The Financial Statements for the year set out on page 8 to 32 which have been prepared on the going concern basis, were approved by the Board of Directors on July 22 2020 and are signed on their behalf by:

....	....
DIRECTOR	**DIRECTOR**
July 22 2020	22ND JULY 2020

CDH BALANCED FUND LIMITED

CORPORATE GOVERNANCE

Introduction

CDH Balanced Fund Limited recognises the valuable contribution that corporate governance makes to long-term business prosperity and to ensuring accountability to its shareholders. The Fund is therefore fully committed to the principles and practices of good corporate governance. The Fund is managed in a way that maximises long-term shareholder value and takes into account the interest of all its stakeholders.

CDH Balanced Fund Limited believes that full disclosure and transparency in its operations are in the interest of good governance. As indicated in the Statement of Responsibilities of Directors and in the notes to the Financial Statements, CDH Balanced Fund Limited adopts standard accounting practices and ensures sound internal controls to facilitate reliability of the financial statements.

The Board of Directors

The Board of Directors (the "Board') is responsible for setting the Fund's strategic direction, for leading and controlling the Fund and for monitoring activities of the Fund Manager. The Board presents a balanced and understandable assessment of the Fund's progress and prospects. The Directors have experiecne and knowledge of the industry, markets and financial and/or other business information to make valuable contributions for the Fund's progress. The Fund Manager is separate a separate person from the Board. The Fund Manager implements the management strategies and policies adopted by the Board.

System of Internal Control

CDH Balanced Fund Limited has a well-established internal control system for identifying, managing and monitoring risks. These are designed to provide reasonable assurance that the risks facing the organisation are being controlled.

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019
TO THE UNITHOLDER'S OF CDH BALANCED FUND LTD

Opinion

We have audited the accompanying Financial Statements of CDH Balance Fund Limited ("The Fund") set out on pages 11 to 33. These Financial Statements comprise the Statement of Financial Position as at 31st December, 2019, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended, notes to the Financials Statements including a summary of significant accounting policies and other disclosures.

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

Basis of 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 Fund in accordance with the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (IFAC code) as adopted by the Institute of Chartered Accountants Ghana (ICAG) and have fulfilled our other ethical responsibilities in accordance with IFAC code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

The Fund's Financial Statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so. As part of our audit of the Financial Statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Fund's Financial Statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the Financial Statements. Based on our audit of the Financial Statements, we also have not identified such a material uncertainty. However, neither management nor the auditors can guarantee the Fund's ability to

Key Audit Matter

Revenue Recognition

CDH Balanced Fund Limited generate its revenue from interest on investment in Held-To-Maturity securities, dividends and fair value changes in Available-For-Sale securities by investing funds of the unit capital holder (i.e. shareholders). Management maintains a number of Effective Interest Rate ("EIR") modules to determine revenue recognition in accordance with the requirement of IFRS 15, Revenue from Contract with Customers. The EIR method spreads directly attributable revenue over the maturity of the security. Interest revenue recognized in the year amounted to GH¢724,050 (2018:GH¢959,564).

The EIR models are material and heavily reliant on the quality of the underlying data flowing into the models. We have identified revenue recognition as a key audit matter as there is a risk of inaccurately recognized revenue due to integrity errors in the underlying data. The amount of revenue recongised in any period is dependent on the occurrence of the underlying security transaction, accuracy of the investment portfolio and the appropriateness of the significant assumptions applied to the EIR modules in relation to the expected maturity of each security and the timing of expected future cash flows.

How our audit addressed the key audit matter.

Our testing of revenue recognition included both tests of controls, as well as substantive procedures.

Our tests of controls focused on the controls around contract and cash management and recording of revenue. We also tested the key controls relating to the flow of data from source systems into the EIR models. The procedure included an assessment by our IT specialists of automated controls to determine whether the input data with the EIR models were complete and accurate. We also tested the adequacy of the change management controls over the EIR models.

Our substantive testing of the revenue transactions included, among other things, the following;

- We tested the arithmetical accuracy of the EIR models to assess whether they were working as intended and in compliance with the requirement of IFRS 15.
- We tested a sample of interest computation and fair value measurement of securities to validate whether a transaction beneath had occurred by matching outgoing cash to recorded receivables and securities.
- We performed analytical audit procedures to assess whether the recognized revenue was in line with the expected level.
- We questioned the assumptions used in recognition of revenue, including the impact of early redemptions of securities by assessing whether the revenue recognition policies adopted were in compliance with IFRS 15. We considered the assumptions applied to determine the future expected cash flows by reference to the Fund’s historical experience.

Fair Value of Financial Instruments.

The Fund's financial instruments measured at fair value include Available-For-Sale securities and Held-to-Maturity securities designated at fair value through profit or loss (FVTPL). Valuation of the instruments often involves the exercise of judgement and the use of assumptions and estimates. The risk is that these valuations may be misstated.

Of the financial instrument that are held at fair value 12.91%% (2018: 19.60%) of fair value measurement were categorized as Level 1 in the fair value hierarchy as at 31 December, 2019. The remaining 87.09%% amounting to GH¢5,676,578 (2018: GH¢4,702,898) were classified as Level 2 valuations because significant pricing inputs are observable.

Valuation risk on Level 1 instruments is low. However, judgment is involved in determining whether certain markets are liquid enough to conclude that Level 1 categorization is appropriate. The valuation risk for Level 2 instrument is higher because, although it is based on observable inputs arriving at an appropriate amount require judgment. Valuation of Level 3 instruments are in inherently more subjective.

How our audit addressed the key audit matter

- Assessing and testing the design and operating effectiveness of the controls in respect of the Fund's valuation process for example;
- Controls over the identification, measurement and management of valuation including independent price verification measurement and management of valuation risk including independent price verification controls, governance over valuation models, model validation and management reporting; and
- For the principal underlying system generating valuation data, IT controls such as access, data management, and change management;
- For a selection of models assessing of the valuation methodology was appropriate;
- For a selection of pricing inputs verifying those inputs to source data including external data where appropriate;
- Valuing a selection of financial instrument independently using our valuation specialist;
- For a selection of instrument categorized with Level 3 assessing key input assumptions and models
- For a selection of financial instruments, assessing the appropriateness of the categorisation within the fair value hierarch.

Other information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, which we obtained prior to the date of this auditor's report. The other information does not include the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above, and in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed on other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors Responsibilities for the Financial Statement

The Fund's Directors are responsible for the preparation and fair presentation of these annual Financial Statements in accordance with the International Financial Reporting Standards, the Securities Industry Act, 2016 (Act 929), Unit Trust and Mutual Fund Regulation 2001 (L.I 1695) and in the manner required by the Companies Act, 2019 (Act 992) and the Securities and Exchange Commission's Regulations 2003 (L.I. 1728).

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019
TO THE UNITHOLDER'S OF CDH BALANCED FUND LTD

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 for the audit of the Financial Statements

Our audit objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements, 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 it is not a guarantee that an audit conducted in accordance with International Standards on Auditing (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 skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertain exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertain exists, we are required to draw attention in our auditors report to the related disclosures in the Financial Statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors report. However future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal controls that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019
TO THE UNITHOLDER'S OF CDH BALANCED FUND LTD

We also provide the Directors with a statement that we have complied with relevant ethical requirement regarding independence and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence and where applicable related safe guard.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the Fund's Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors report unless laws or regulations preclude public disclosures about the matter or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and Regulatory Requirements.

The Companies Act, 2019 (Act 992) as amended requires that in carrying out our audit we consider and report 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 account have been kept by the Fund, so far as appears from our examination of those books; and

iii the Fund's Balance Sheet (included in as the statement of financial position) and profit and loss account (included in as the Statement of Comprehensive Income) are in agreement with the books of account.

We also confirm that, the Fund's transactions were within its power and the Fund has complied with relevant provisions of the Securities Industry Act, 2016 (Act 929). Unit Trust and Mutual Fund Regulation, 2001 (L.I. 1695) and the Securities and Exchange Commission's Regulations 2003, (L.I. 1695) and the Securities and Exchange Commission's Regulations 2003, (L.I. 1728).

The Engagement Partner on the audit resulting in this independent auditor's report is Mr. Timothy A. Osei (ICAG/P/1015)

MGI OAK

MGI O.A.K CHARTERED ACCOUNTANTS (No. ICAG/F/2020/132)

T. A. Osei - ICAG/P/1015
18 Airways Avenue
Airport Residential Area
P.O. Box AN. 5712
Accra North

3rd August **2020**

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CDH BALANCED FUND LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2019

	Note	2019 GH¢	2018 GH¢
Investment Income			
Interest Income	**4**	751,829	982,207
Commission	**4a**	8,720	8,881
Total Revenue		**760,549**	**991,088**
Expenses			
Management Fees		52,686	97,376
Custodian Fees		16,480	11,896
General Administration Expenses	**5**	20,956	20,509
Total Expenses		**90,122**	**129,781**
Net Investment Income for the year		**670,427**	**861,307**
Other Comprehensive Income (Net)			
Fair Value Gains on Financial Insruments throough Other Comprehensive Income		(115,410)	(152,256)
Impairment of Listed Equities		(85,402)	-
Total Comprehensive Income for the year		**469,615**	**709,051**

ACCUMULATED NET INVESTMENT INCOME	**GH¢**	**GH¢**
Balance at 1 January	1,988,482	1,279,431
Net Investment Income	469,615	709,051
Balance at 31 December	**2,458,097**	**1,988,482**

CDH BALANCED FUND LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2019

	Note	2019 GH¢	2018 GH¢
ASSETS			
Cash and Cash Equivalent	6	70,195	80,650
Financial Assets Through Profit or Loss	7	5,676,578	4,702,898
Financial Assets Through Other Comprehensive Income	8	841,747	1,147,205
Trade and Other Receivables	9	248,950	158,695
Total Assets		6,837,470	6,089,448
EQUITY			
Unitholder's Capital	11	4,260,411	4,088,304
Retained Earnings		2,543,499	1,958,474
Reserves		-	30,008
Total Equity		6,803,910	6,076,786
LIABILITIES			
Trade and Other Payables	10	33,560	12,662
Total Liabilities		33,560	12,662
TOTAL LIABILITIES AND EQUITY		6,837,470	6,089,448

....

DIRECTOR

CDH BALANCED FUND LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2019

2019	Unitholder's Capital GH¢	Retained Earnings GH¢	Reserves GH¢	Total GH¢
Balance at 1st January	4,088,304	1,958,474	30,008	6,076,786
Proceeds from Units Issued	852,061	-	-	852,061
Total Comprehensive Income	-	670,427	-	670,427
Fair Value Changes on Available-	-	-	-	-
For-Sale Equities	-	-	(115,410)	(115,410)
Units Redeemed	(679,954)	-	-	(679,954)
Impairment of Financial Assets through Other Comprehensive Income	-	(85,402)	85,402	-
Balance at 31st December	**4,260,411**	**2,543,499**	**-**	**6,803,910**

2018	Unitholder's Capital GH¢	Retained Earnings GH¢	Reserves GH¢	Total GH¢
Balance at 1st January	2,420,434	1,097,167	182,264	3,699,865
Proceeds from Units Issued	2,447,021	-	-	2,447,021
Total Comprehensive Income	-	861,307	-	861,307
Fair Value Changes on Available-	-	-	-	-
for-Sale-Equity	-	-	(152,256)	(152,256)
Units Redeemed	(779,150)	-	-	(779,150)
Balance at 31st December	**4,088,304**	**1,958,474**	**30,008**	**6,076,786**

CDH BALANCED FUND LIMITED

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2019

	2019 GH¢	2018 GH¢
Net Investment Income for the year	670,427	861,307
Fair Value Changes in Financial Instruments	(115,410)	(152,256)
Changes In Working Capital:		
Increase in Account Receivables	(90,255)	(95,888)
Fair Value Changes in Financial Instruments	115,410	-
Increase in Account Payable	20,898	(13,479)
Net Cash Flow from Operations	**601,071**	**599,685**
Investing Activities		
Acquisition of Financial Instruments through Income Statement	(973,680)	(2,325,563)
Disposal of Financial Instruments through Other Com. Income	190,047	-
Acquisition of Financial Instruments through Other Com. Income	-	(234,944)
Net Cash Flow from Investing Activities	**(783,633)**	**(2,560,507)**
Financing Activities		
Proceeds from Shares Issued	852,061	2,447,021
Shares Redeemed	(679,954)	(779,150)
Net Cash Flow from Financing Activities	**172,107**	**1,667,871**
Net Decrease in Cash and Cash Equivalent	(10,456)	**(292,951)**
Cash and Bank Balance at 1st January	80,652	373,604
Cash and Bank Balance at 31st Dec.	**70,195**	**80,652**
Reconciliation of Cash and Bank Balance		
Bank Balances	70,195	80,650
Cash on Hand	-	-
Note 6	70,195	80,650

1.0 Reporting entity

CDH Balanced Fund Limited is a limited liability company, incorporated and domiciled in Ghana. The address of its registered office is No. 36 Independence Avenue, North Ridge Accra.

1.1 Description of the Fund

CDH Balanced Fund Limited was incorporated on 14 February 2000 to operate as a Mutual Fund with an authorised capital of 1,000,000,000 common shares of no par value. The objectives of the Fund is to invest the funds of its members for the mutual benefit and to hold and arrange for the management of securities and other assets acquired with such funds and provide high current income with the maintenance of liquidity and preservation of capital. All securities purchased by the Fund present minimal credit risk in the opinion of the Fund Manger (CDH Asset Management Limited) acting under the supervision of the Directors. In the interest of prudence and efficient management of the Fund, the Fund Manger shall maintain prudent levels of liquidity. The Manger is responsible for the actual management of the Fund's portfolio and constantly reviews the holdings of the Fund in the light of its research analysis and research for other relevant service. The Funds investments are listed and traded on the Ghana Stock Exchange, although the Fund also invests in unquoted securities. The Fund's shares are redeemable at the holder's option. The shares are not listed on the Ghana Stock Exchange. The Fund's custodian is HFC Bank Limited.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.2 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.

2.3 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

· In the principal market for the asset or liability or

· In the absence of a principal market, in the most alternative or advantageous market for the asset or liability.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal or advantageous market must be accessible by the Fund.

The fair value of an asset or liability is measured using the assumption that market participants would use when pricing the asset or liability, assuming the market participant act in their economic best interest.

A fair value measurement of a non-financial assets takes into account market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable input and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1- Quoted (unadjusted) market price in active markets for identifiable assets or liabilities.
- Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Fund determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting report.

2.3.1 Recurring Fair Value Measurement of Assets and Liabilities

	Level 1	Level 2
Financial Assets	GH¢	GH¢
Financial Assets Through Other Comprehensive Income	841,747	-
Financial Assts through Profit or Loss	-	5,676,578

2.4. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, as and when the Fund satisfies a performance obligation. 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.

Under IFRS 15, the revenue recognition process involves:
1. Identification of the contract with the customer,
2. Identification of performance obligation in the contract,
3. Determination of the transaction price,
4. Allocation of the transaction price to the performance obligation in the contract,
5. Recognition of the revenue when (or as) the entity satisfies a performance obligation.

2.4.1 Interest Revenue and Expenses

Interest revenue and expenses are recognised in the Statement of Comprehensive Income for all interest bearing financial instruments using the effective interest method.

2.4.2 Dividend Revenue and Expenses

Dividend revenue is recognised on the date on which the investments are quoted ex-dividend or, where no ex-dividend is quoted, when the Funds' right to receive the payment is established.

Dividend revenue is presented gross of any non-recoverable witholding taxes, which are disclosed separately in the Statement of Comprehensive Income. Dividend expense relating to equity investments sold short is recognised when the shareholders' right to receive the payment is established.

2.4.3 Fees and Commission

Fees and Commission are recognised on an accrual basis. Fees and commission expenses are included in the general administration expenses without regards to receipt or payment of cash.
Fees and Commission income represent penalty charges to client for early redemption of investment.

2.4.4 Net Gains or Loss on Financial Assets and Liabilities at fair value through profit or loss

This items include changes in the fair value of financial assets and liabilities held for trading or designated upon recognitions at fair value through profit or loss and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting periods.

Realised gains and losses on disposal of financial instruments classified as at fair value through profit or loss are calculated using the first-in, first-out (FIFO) method. They represent the difference between an instrument's initial carrying amount and disposal amount.

2.5 Taxation

Under the current legislation, mutual funds are not subject to taxes on income or capital gains, nor to any taxes on income distribution.

Significant Accounting Policies Continued

2.6 Foreign Currencies

In preparing the Financial Statements of the Fund, transactions in currencies other than the Fund's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the exchange at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

· Exchange difference on foreign currency borrowing relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

· Exchange difference on monetary items receivable from or payable to a foreign operations for which settlement is nether planned nor likely to occur (therefore forming part of the net investment in the foreign operations), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

2.7 Financial Instruments -Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of other entity.

2.7.1 Financial Assets

2.7.1.1 Initial Recognition and Measurement

Financial assets are classified, at initial recognotion , as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transactions costs that are attributable to the acquisition of the financial asset.

Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

2.7.1.2 Subsequent Measurement

For purposes of subsequent measurement financial assets are classified in four categories:

· Financial Assets at fair value through profit or loss
· Loans and receivables
· Held-to-Maturity Investments
· Available -for-Sale Financial Instruments

Significant Accounting Policies Continued

2.7.1.2 Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IFRS 9. The Fund has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

2.7.1.3 Loans and Receivables

The Fund has not designated any financial assets as loans and receivables.

2.7.1.4 Financial Assets Through Profit or Loss

Non-derivate financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Fund has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the Effective Interest Rate (EIR), less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or cost that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of comprehensive income as finance cost.

2.7.1.5 Financial Assets Through Other Comprehensive Income

These financial investments include equity investments and debt securities. Equity investments classified as Financial Assets Through Other Comprehensive Income are those that are classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, these financial investments are subsequently measured at fair value with unrealised gains and losses recognised in Other Comprehensive Income (OCI) and credited in the AFS reserve until the investment is derecognised , at which time the cumulative gains or losses is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from AFS reserve to the statement of profit or loss in finance cost. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

Significant Accounting Policies Continued

The Fund evaluates whether the ability and intention to sell its equity financial assets in the near term is still appropriate. When, in rare circumstances, the Fund is unable to trade these financial assets due to inactive markets, the Fund may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from Financial Assets Through Other Comprehensive Income category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss and other comprehensive income.

2.7.1.6 Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the Fund's statement of financial position) when;

· The right to receive cash flow from the asset have expired, or

· The Fund has transferred its right to receive cash flow from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either

i. the fund has transferred substantially all the risk and rewards of the asset, or

ii. the Fund has either transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks rewards of ownership. When it has neither transferred or retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

2.7.1.7 Impairment of Financial Assets

IFRS 9 introduces a new impairment odel that requires the recognition of expectd credit losses on all financial assets at amortised cost or at fair value through other comprehensive income (other than equity investments), lease receivable and certain loan commitments and financial guarantee contracts.

The Expected Credit Losses (ECL) is the present value measure of the credit losses expected to result from default events that may occurduring a specified periodof time. ECL must reflect the present value cash flow shortfalls. ECL's must reflect the unbiased and probability weghted assessment of a range of outcomes. The ECL must also consider forward looking information to recognise impairment allowance earlier in the lifecycle of the product. IFRS 9 consequently is likely to increase the volatility of impairment allowances as the economic outlook changes, although cashflows are cash losses are expected to remain unchanges.

Significant Accounting Policies Continued

The Standard introduces a three-stage approach to impairment as follows:

Stage 1- The recognition of 12 months expected credit losses (ECL) , that is the lifetime expected credit losses from default events that are expected within 12 months of the reporting date if credit risk has not increased significantly since initial recognition.
Stage 2- lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition: and
Stage 3- lifetime expected credit losses for financial instruments which are credit impaired.

In contrast, the IAS 39 impairment allowance assessment was based on incurred loss model, and measured on assets where there was objective evidence that loss has been incurred, using information as at the balance sheet date. The Fund currently assess impairment for its financial assets based on the three-stage approach by IFRS 9 and undertakes impairment provision.

Financial Assets	IAS39: Financial Instruments Recognition and Measurement		IFRS 9: Financial Instruments	
	Measurement Category	Carrying Amount GH¢	Measurement Category	Carrying Amount GH¢
Cash and Cash Equipment	Amortised Cost	70,195	Amortised Cost	70,195
Instrument	Amortised Cost (Held to Maturity)	5,676,578	Amortised Cost (Financial Assets of Amortised Cost)	5,676,578
	FVOCI (Available for sale)	841,747	FVOCI (Available for sale)	841,747
Trade and other Receivable	Amortised Cost (Receivable)	248,950	Amortised Cost (Receivable)	248,950

There were no changes to the reclassification or remeasurement of financial assets.They remained classified as financial assets and measured at amortised cost.

2.8 Financial Liabilities

2.8.1 Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowing and payables, net of directly attributable transaction costs.

The Fund's financial liabilities include trade and other payables, loans and borrowing including Fund's overdraft, financial guarantee contracts, derivatives financial instruments.

2.8.2 Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below;

2.8.2.1 Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Fund that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separately embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains and losses on liabilities held for trading are recognised in the statement of profit or loss.

2.8.2.2 Loans and Borrowing

The Fund has not designated any financial liability as loans and borrowing. After initial recognition, interest-bearing loans and borrowing are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance cost in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Fund has not designated any financial liability at fair value through profit or loss.

2.8.2.3 Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an exiting liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Significant Accounting Policies Continued

2.8.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.9 Unit Holders' Capital

Shares in the Fund are owned by members of the Fund.

· The value of the shares (owned by members of the Fund) is represented by the share or Unit Holders Capital. Shares entitle the holder to a pro rata share of the Fund's net assets in the event of the shareholder liquidating his or her investment.

· The shares of the Fund are not listed on the Ghana Stock Exchange. Applicants may set up a new account with the Fund to buy shares of the Fund. When applicants buy Fund shares, the shares are purchased at the last published price.

· A Shareholder wishing to redeem his or her shares (investment) with the Fund can do so by submitting a request for redemption to the Fund. Redemptions shall be priced at the last published price.

2.9.1 Dividend Distribution

The Fund passes substantially its net investment income along to its investors as distribution. This distribution policy adopted by the Directors of the Fund from is reviewed time to time such that the distribution will not jeopardies the Funds' ability to operate effectively.

2.9.2 Cash and Cash Equivalent

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding Fund overdrafts.

3.11 Critical Accounting JudgEment, Estimates and Assumptions

The preparation of The Fund's Financial Statements requires management to make judgments, estimates and assumptions that effect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

Judgements

In the process of applying the Fund's accounting policies, management has made the following judgments, which have the most significant effect on the amount recognised in the Financial Statement:

Assessment as Investment Entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their investments at fair value through profit or loss rather than consolidate them. The criteria which defines an investment entity are, as follows:

1. An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services.
2. An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both.
3. An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Fund's prospectus details its objectives of providing investment management services to investors which includes investing in equity, fixed income securities and private equity for the purpose of returns in the form of investment income and capital appreciation.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from an active market, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these model are taken from observable market where possible, but where this is not feasible, estimation is required in establishing fair value. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's) correlation and volatility.

Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. The model are tested for validity by calibrating to prices from any observable current market transactions in the same instrument (without modification or repackaging) when available. To assess the significance of any particular input to the entire measurement, the fund performs sensitivity analysis or stress testing techniques.

Fair Value Measurement of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active market, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable market where possible, but where this not feasible, a degree of judgment is required in establishing fair value.

Judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Contingent consideration, resulting from business combination, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

3.1 CAPITAL MANAGEMENT

As a result of the ability to issue, purchase and resell shares, the capital of the Fund can vary depending on the demand for redemptions and subscription to the Fund. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Fund's regulations.

The Fund's objectives for managing capital are:

· To invest the capital in investments meeting the description, risk exposure and expected return indicated in its prospectus.

· To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in derivatives and other capital markets and by using various investment strategies and hedging techniques.

·To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise.

·To maintain sufficient size to make the operation of the Fund cost-efficient.

The financial risk management framework provides the objectives and policies and procedures applied by the Fund in managing its capital and its obligation to repurchase the shares.

CDH BALANCED FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMEBR, 2019

		2019	2018
4	**Income**	**GH¢**	**GH¢**
	Interest on call accounts	19,861	978
	Interest on fixed deposit	704,189	948,228
	Dividend Income	27,779	22,643
	Interest on Bond	-	10,358
		751,829	**982,207**

4a	**Commission**	**8,720**	**8,881**

5	**General Administration Expenses**	**GH¢**	**GH¢**
	AGM Expenses	-	12,995
	Advertising	8,000	-
	Statutory Fee	500	500
	Bank charges	6,736	2,289
	Office and Other Expenses	220	-
	Audit Fees	5,500	4,725
		20,956	**20,509**

6	**Cash and Cash Equivalent**	**GH¢**	**GH¢**
	Cash at Bank	70,195	80,650
		70,195	**80,650**

7	**Financial Assets Through Profit and Loss**	**GH¢**	**GH¢**
	Fixed Deposit 91 days	855,474	345,087
	Fixed Deposit 182 days	4,821,104	4,357,811
		5,676,578	**4,702,898**

8a	**Financial Assets Through Other Comprehensive Income**	**GH¢**	**GH¢**
	Listed Equities	841,747	1,147,205

8b	**Fair Value of Financial Assets Through OCI**	**GH¢**	**GH¢**
	Market Value of Available-for-Sale Secutities	841,747	1,147,205
	Cost of Investment	(987,165)	(1,117,197)
		(145,417)	30,008
	Prior Period Gain	30,008	(182,264)
	Fair Value Gains	(115,409)	(152,256)

8c	Portfolio Analysis Description	Shares in Units 31/12/2019	Market Value 31/12/2019 GH¢	Shares in Units 31/12/2018	Market Value 31/12/2018 GH¢
	Shares				
	Banking and Financials				
	Cal Bank	16,686	**14,851**	16,686	**16,352**
	GCB Bank	8,400	**42,840**	8,400	**38,640**
	Ecobank	33,620	**271,986**	34,320	**257,400**
	Standard Chartered Bank	6,533	**120,207**	6,533	**137,194**
	Societe Generale	24,824	**17,873**	24,824	**18,618**
	Republic Bank (HFC Bank)	292,769	**163,951**	292,769	**202,011**
	Enterprise Group Ltd	25,000	**41,250**	25,000	**56,000**
	Food and Household Products				
	Benso Oil Palm Plantation	2,100	**6,006**	2,100	**10,689**
	Fanmilk Ghana Limited	5,900	**24,308**	5,900	**47,200**
	Unilever Ghana Limited	1,000	**16,400**	1,800	**32,004**
	Guinness Ghana Limited	-	-	10,400	**22,672**
	Energy				
	Total Petroluem	29,025	**87,075**	32,625	**110,925**
	Telecommunication				
	Scancom Ltd (MTN)	50,000	**35,000**	250,000	**197,500**
			841,747		**1,147,205**

		2019	2018
9	**Trade and Other Receivables**	**GH¢**	**GH¢**
	Interest Receivable - Fixed deposit	248,950	158,695
		248,950	**158,695**

		2019	2018
10	**Trade and Other Payables**	**GH¢**	**GH¢**
	Audit Fees	5,500	4,725
	Sundry Creditors	430	350
	Management Fees	12,685	-
	Withholding tax payable	1,326	651
	Intercompany	80	-
	Custodian fees	13,539	6,936
		33,560	**12,662**

		2019	2018
11	**Statement of Movement in issued number of units**		
	Units in issue at 1 January	9,942,778	6,037,826
	Units in issue during the period	3,027,942	4,406,196
	Units redeemed during the period	(2,681,777)	(501,244)
		10,288,943	**9,942,778**

		2019	2018
11a	**Statement of Movement in issued value of units**		
	Units in issue at 1 January	4,088,305	2,420,434
	Units in issue during the period	852,061	2,447,021
	Units Redeemed during the period	(679,954)	(779,150)
		4,260,412	**4,088,305**

12 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICY

The Fund's objective in managing risk is the creation and protection of the shareholders value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. the Fund is exposed to market risk (which include currency risk, interest rate risk, and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

12.1 Risk Management Structure

The Fund's Investment Manager is responsible for identifying and controlling risk. The Board of Directors supervises the investment manager and is ultimately responsible for the overall risk management of the Fund.

12.2 Risk Management and Reporting System

The Fund's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models. The model make use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy including the risk that the Fund is willing to accept and the market environment of the Fund. In addition, the Fund monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

12.3 Market Risk

Market risk is the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market variable such as interest rates, foreign exchange rates and equity prices.

The investment committee of the Fund employes both qualitative and quantitative measures in the management of market risk faced by the Fund.

12.4 Foreign Currency Risk Management

The Fund does not undertake transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations may not arise. Exchange rate exposure are managed by keeping a limited amount of forex balances when necessary.

12.5 Price Risk

The Fund is exposed to equity securities price risk because of investment in quoted and unquoted shares classified as available-for-sale. To manage its price risk arising from investments in equity and debt securities, the Fund diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Fund. All quoted shares held by the Fund are traded on the Ghana Stock Exchange (GSE).

The following table demonstrates the sensitivity of the Fund's profit or loss for the year to a reasonably possible change in equity price, with all other variables held constant.

The sensitivity of other comprehensive income for the year is the effect of the assumed changes in equity price.

The sensitivity analysis impact on equity is the same as the impact on profit or loss. In practice, the actual trading results may differ from the below analysis and the difference could be insignificant.

Sensitivity Analysis

	Changes in Basis Points	Sensitivity of Changes in Fair Value of Investments Increase/(Decrease) GH¢
Other Comprehensive Income	10/ (10)	651,833

12.6 **Interest Rate Risk**

Interest rate risk arises from the possibility that changes in interest rate will affect future cash flow or that fair value of financial instruments. The Board of Directors has established limits on the interest gaps for stipulated periods. The following table demonstrates the sensitivity of the Fund's profit or loss for the year to a reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the profit or loss for the year is the effect of the assumed changes in interest rates on:

· The net interest income for one year, based on the floating rate financial assets held at the end of the reporting period.

· Changes in fair value of investments for the year, based on revaluing fixed rate financial assets and liabilities at the end of the reporting period.

Sensitivity Analysis

	Changes in basis points	Sensitivity of interest income Increase/ (Decrease) GH¢
Net Interest Income for the year	10/(10)	76,055

Maturity Analysis of Financial Assets and Liabilities

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facility.

The table below analysis the financial assets and liabilities into the relevant maturity grouping based on the remaining period at the reporting date to the contractual maturity date.

	Due less than a year 2019 GH¢	Due more than a year 2019 GH¢	Due less than a year 2018 GH¢	Due more than a year 2018 GH¢
Cash and Cash Equivalent	70,195	-	80,650	-
Held-to-Maturity Investment	5,676,578	-	4,702,898	-
Available-for-Sale Investment	-	841,747	-	1,147,205
Trade and Other Receivables	248,950	-	158,695	-
	5,995,723	841,747	4,942,243	1,147,205
Trade and Other Payables	33,560	-	12,662	-
	5,962,163	**841,747**	**4,929,581**	**1,147,205**

13 Liquidity Risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the fund could be required to pay its liabilities or redeem its shares earlier than expected. The Fund is exposed to cash redemptions of its shares on a regular basis. Shares are redeemable at the holder's option based on the Fund's NAV per share at the time of redemption, calculated in accordance with the Fund's scheme particulars.

The Fund manages its obligation to repurchase the shares when required to do so and its overall liquidity risk by:

- Requiring a 3- days notice period before redemptions.

The Fund's policy is to satisfy redemption requests by the following means (in decreasing order of priority)
Searching for new investors
Withdrawal of cash deposits
Disposal of highly liquid assets
Either disposal of other assets or increase of leverage.

The Fund invests primarily in marketable securities and other financial instruments which, under normal market conditions, are readily convertible to cash. In addition, the Fund's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption request.

The Investment manager's policy is to closely monitor the creditworthiness of the Fund's counterparties (e.g. third party borrowers, brokers, custodian and bank) by reviewing their credit ratings, Financial Statements and press releases on a regular basis.

The Carrying value of interest bearing investments, money market funds and similar securities, loans to related party, trade and other receivables and cash and cash equivalents, as disclosed in the statement of financial position represent the maximum credit exposure, hence no separate disclosure is provided.

13 Fair Value of Financial Instruments

Fair Value of Financial instruments carried at amortised cost.

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the Financial Statements approximate their fair values.

Financial Assets	**Carrying Amount 2019 GH¢**	**Fair Value 2019 GH¢**	**Carrying Amount 2018 GH¢**	**Fair Value 2018 GH¢**
Cash and Bank Balances	70,195	70,195	80,650	80,650
Held-To-Maturity Securities	5,676,578	5,676,578	4,702,898	4,702,898
Available -for -Sale Equities	841,747	841,747	1,147,205	1,147,205
Trade and Other Receivables	248,950	248,950	158,695	158,695
Total Financial Asset	**6,837,471**	**6,837,471**	**6,089,448**	**6,089,448**
Financial Liabilities				
Trade and Other Payables	33,560	33,560	12,662	12,662

14 CONTINGENCIES AND COMMITMENTS

Legal Proceedings and Regulations

The Fund operates in the financial service industry and is subject to legal and regulatory proceedings in the normal course of business. As at the reporting date, there were no potential or threatened legal proceedings, for or against the Fund.

There are no contingencies associated with the Fund's compliance or lack of compliance with regulations.

15 CAPITAL COMMITMENTS

The Fund has no capital commitments at the reporting date.

15.2 Capital Commitments

The Fund has no capital commitments at the reporting date.

16.0 RELATED PARTY TRANSACTIONS

The following parties are considered related parties of the Fund:

16.1 Investment Manager

CDH Asset Management Limited (the former investment manager) was entitled to receive a management and advisory fee for its services. These fees amount to an aggregate of 1% (2018:2.5%) per annum calculated on the daily net assets of the Fund. Management fees are payable monthly in arrears. Total management fees for the year amounted to GH¢52,685 (2018: GH¢97,376).

16.2 Custodian-HFC Bank Limited

HFC Bank Ghana limited is the custodian of the Fund. The custodian carries out the usual duties regarding custody, cash and securities deposit without any restrictions. This means that the custodian is, in particular, responsible for the collection of dividend, interest and proceeds of matured securities, the exercise of options and, in general, for any other operation concerning the day-to-day administration of the securities and other assets and liabilities of the Fund.

The Custodian is entitled to receive from the Fund fees, payable monthly, equal to 0.025% per annum calculated on the daily net assets of the Fund and transaction fee of GH¢1.50. The total Custodian and administration fee for the year amounted to GH¢16,480 (2018: GH¢11,896).

16.3 Stock Broker

The Fund's equity transactions were made through CDH Securities Limited.

16.4 Transactions with Related Parties

A number of related party transactions take place with related parties in the normal course of business. These include transactions and balances among related parties. The outstanding balances on such related party transactions are as follows:

Amount due to/From Related parties	2019 GH¢	2018 GH¢
CDH Asset Management	80	82,118
CDH Savings and Loans (Defunct)	3,667,902	2,859,373
	3,667,982	**2,941,491**

The operating licenses of the above related companies have been revoked

16.5 Transactions with Directors and Key Management

Directors and key management personnel refer to those personnel with authority and responsibility for planning, directing and controlling the business activities of the Fund. These personnel are the Executive and non-Executive Directors of the Fund.

During the year, there were no significant related party transactions with companies or customers of the Fund where a Director or any connected person is also a Director or key management members of the Fund. The Fund did not make provision in respect of loan to Directors or any key management member during the period under review.

16.6 Directors Remuneration

The Directors waived their right to receive remuneration during the year (2018: Nil).

Subsequent events

Events subsequent to the balance sheet date are reflected only to the extent that they are related directly to the financial statements and their effect is material.