



HORIZON  
FUND

NTHC HORIZON FUND LIMITED

# Annual Report & Financial Statements '16





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## Board of Directors, Officials and Registered Office

BOARD OF DIRECTORS	Ralph Roland Ms Lydia Kesseih Kenneth Vavator Acolatse	- Chairman - Member - Member
REGISTERED OFFICE	Martco House Okai Mensah - Link Off Kwame Nkrumah Avenue Adabraka, Accra	
SECRETARY	Ms. Diana Asante NTHC Limited P. O. Box 9563 K. I. A., Accra	
SOLICITORS	Legal Counsel NTHC Limited P O Box 9563 K. I. A., Accra	
AUDITORS	<b>Baker Tilly Andah + Andah</b> Chartered Accountants C645/3, Borsue Lane Asylum Down P. O. Box CT 5443 Cantonments, Accra	
BANKER	Standard Chartered Bank Limited	

## Board of Directors



**RALPH ROLAND**  
*Board Chairman*



**KENNETH V. ACOLATSE**  
*Member*



**MS LYDIA KESSEIH**  
*Member*

## Management Team



**KWABENA APPIAH**  
*Managing Director*



**FRANCIS APANKA**  
*Chief Operating Officer*



**PAUL KWASI AGYEMANG**  
*Chief Finance Officer*



**AUGUSTA ANDREWS**  
*Legal Counsel*



**KWABENA OTENG-ADJEI**  
*Investment Manager*

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 12<sup>th</sup> Annual General Meeting of the Members of HORIZON FUND will be held at the Osu Ebenezer Presbyterian Church Hall in Osu on Tuesday, 17<sup>th</sup> October, 2017 at 10:00am to transact the following business:

## **AGENDA**

1. To receive and consider the Reports of the Directors and Auditors, and the Accounts of the Fund for the year ended 31<sup>st</sup> December, 2016.
2. To re-appoint existing Directors of the Fund.
3. To appoint new Directors of the Fund.
4. To approve the Directors' fees.
5. To authorize the Directors to fix the remuneration of the Auditors for the year 2017.

Dated this day, 25<sup>th</sup> September, 2017

BY ORDER OF THE BOARD

The Secretary

NTHC Horizon Fund  
Martco House, Okai Mensah Link  
Off Kwame Nkrumah Avenue, Adabraka  
P. O. Box KIA 9563,  
Airport, Accra

A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him/her and such proxy need not be a member of the Fund. Executed forms of proxy should be deposited at the Registered Office of the Fund Manager, not later than 48 hours prior to the time of the meeting.

**Shareholders are kindly requested to attend this meeting and to update their personal records with the Fund. You can also contact us on 0302240242 or [info@nthc.com.gh](mailto:info@nthc.com.gh) for further information.**

# Chairman's Statement

## Presented at the Twelfth Annual General Meeting

### INTRODUCTION

On behalf of the Board, I welcome you to the Twelfth Annual General Meeting of NTHC Horizon Fund.

I am happy to announce that your Fund performed creditably well in 2016, ending the year with a growth of 13.20%. This marks a very remarkable improvement over the 2015 year-end growth of 6.25%. Even more remarkable is the fact that being a balanced fund we did this in a year in which the Ghana Stock Exchange recorded a negative return of 15.33%.

### ECONOMIC AND OPERATING ENVIRONMENT

The economic environment in 2016 was challenging. We saw a decline in GDP growth, depreciation of the local currency against all major currencies, inflationary pressures due to increases in prices of petroleum products, transport fares and utility tariffs, low business and consumer confidence and spending and above all the usual "wait and see" attitude which has come to characterize election years. To maintain some level of price stability, the Bank of Ghana adopted a tight monetary policy which saw inflation dropping from 17.7% at the beginning of the year to 15.4% at the end of the year. Nonetheless this level of inflation had its toll on the economy.

The capital market witnessed a slowdown in market activity during the review period as investors switched to higher yielding short term money market instruments

In the midst of these challenges your fund grew from GHS2,266,379.07 to GHS2,565,475.44. This represents a 13.20% growth for the overall portfolio. This performance can be attributed to the Fund Managers' efforts in taking advantage of changing market conditions without sacrificing the fundamental character of a balanced fund.

### CORPORATE GOVERNANCE

During the year under review, Mr. Francis Apanka and Mr. Paul Kwasi Agyemang joined NTHC as Chief Operating Officer and Chief Finance Officer respectively. For this reason we propose that they are approved as replacement for Dr. A.W.Q. Barnor and Mr. Francis Nyoagbe who have since left the company.

Mr. Kwabena Oteng-Adjei was also appointed as your Investment Manager following the resignation of Mr. Andrew Tetteh.

The current composition of the Board reflects highly qualified and experienced professionals with diverse backgrounds and I assure you that board and management will continue to provide the standard of service you expect of the manager of your fund.

## **AUDITORS**

The Auditors of the Company, Andah & Andah, will continue in office in accordance with Section 134 (5) of the Companies Code, 1963 (Act 179). Members are requested to authorize the Board of Directors to negotiate the remuneration of the Auditors for the ensuing year.

## **OUTLOOK FOR 2017 & BEYOND**

The outlook for the fund remains positive in the light of the ongoing recovery of the Ghana Stock Exchange since the beginning of this year. This development is expected to continue to have a positive impact on equity investments. While the downward movement in money market rates may potentially drive down returns on fixed income investments, we believe this will be more than compensated for by a sustained recovery in equities as the stock market has typically yielded much better than fixed income investments. We can continue to rely on our fund managers to take advantage of these developments while maintaining the right risk balance.

That said, I believe that the real key to growth of our fund is to increase subscriptions. This will contribute to the achievement of the growth objectives of the NTHC Horizon Fund. I am therefore calling on all of us to continue to show interest in the fund by increasing our subscriptions and the Fund Manager to continue to deliver high growth and returns on the Fund.

## **APPRECIATION**

I wish to thank you, our shareholders, for the trust reposed in us. I wish also to thank the members of the Board for their support, guidance and counsel in a year marked by challenges, opportunities and growth. To the Fund Manager and his team, I wish to on behalf of the board and shareholders commend you for your good faith, hard work and commitment to adding value to the Fund. God bless us all and long live the NTHC Horizon Fund.

Thank you

**Ralph Roland (Mr.)**  
*Chairman*



# Managing Director's Address

## Presented at the Twelfth Annual General Meeting

Mr. Chairman, Directors of Horizon Fund, Esteemed Shareholders, Members of the Press, Ladies and Gentlemen. You are all warmly welcome to the twelfth Annual General Meeting of the NTHC Horizon Fund. I am highly honoured to address shareholders on the occasion of the Twelfth Annual General Meeting of the Fund.

NTHC Limited has over the past forty years, provided fund management and Investment Advisory services to the investment populace of our country. It is our desire to continue delivering these services towards satisfying the investment objectives of our clients.

The Horizon Fund was introduced on to the Ghanaian mutual fund market in 2004 and has since come a long way. With the understanding that clients' investment objectives and risk tolerance differ, the Fund was designed as a balanced fund for investors seeking to benefit from a well- diversified investment portfolio comprising a balance of high quality equities listed on the Ghana Stock Exchange and high yielding money market instruments to achieve

long-term capital growth. This remains the objective of Horizon Fund. While the Fund's performance has generally been creditable, there have been periods when expectations of investors have not been met. These highs and lows are to be expected in investment. Let me assure our esteemed shareholders of our commitment as fund managers to minimize adverse market conditions while taking advantage of the opportunities to grow our fund. I wish to thank our shareholders for their confidence in the fund.

I wish to express my profound appreciation to the Board, the Management Team past and present for contributing in diverse ways to the growth and success of the Fund.

Thank you

**Kwabena Appiah (Mr.)**  
***Managing Director***  
***NTHC Limited***

# Investment Manager's Report

## INTRODUCTION

Mr. Chairman, Esteemed Shareholders, Members of the Board, Members of the Press, Ladies and Gentlemen, I welcome you to the Twelfth Annual General Meeting of NTHC Horizon Fund. I deem it a great honour to present my report for the year ended 31<sup>st</sup> December, 2016.

## OPERATING ENVIRONMENT

The year 2016 was a challenging one. The challenge was mainly due to inflationary pressures from the continuing energy supply problems, petroleum products price increases and consequent increases in utilities and transport costs. These put a squeeze on disposable incomes and reduced investments across many sectors as businesses struggled to control operating costs. Even though inflation dropped marginally, from 17.70% at the beginning of the year to 15.40%, this did not translate into real impact on the cost of living and production. As a result, GDP growth was 3.5% - well below the government's revised growth target of 4.1% and the 2015 growth rate of 3.8%.

Two key market conditions which had an impact on the fund are as follows:

### 1. Money Market Performance

The Government of Ghana 91day and 182day treasury bill interest rates dropped from 22.79% and 24.63% respectively at

the beginning of the year to 16.42% and 17.64% respectively at end of the year. The decline was partly due to the debt restructuring efforts of the government where short-term maturing instruments were financed by long term bills. This had some adverse impact in fixed income yields and the attractiveness of fixed income to new subscriptions. In spite of this decline in money market rates, fixed income yields remained better than equities.

### 2. Stock Market Performance

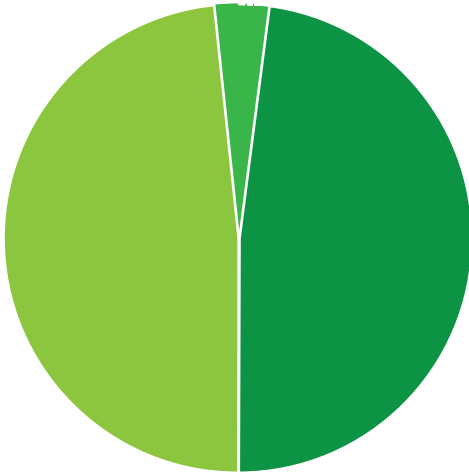
Overall equities performance was poor and the stock market recorded negative returns. The GSE Composite index returned negative 15.33% while the Financial Stock index did negative 19.93%.

## FUND PERFORMANCE

Owing to the depressed stock market conditions, the equities portfolio grew by 5.94% from GHS1,242,062.96 to GHS1,315,805.39. The fixed income component performed relatively better growing by 27.32% from GHS1,090,061.10 to GHS1,387,811.72. Overall, the investment portfolio grew by 13.20% from GHS2,266,379.07 to GHS2,565,475.44. This is a remarkable improvement over the 6.25% growth in 2015.

## PORTFOLIO REVIEW AND ASSET MIX

The investment objective of the fund is to deliver long term capital growth. The fund primarily invests in fixed income and equities. As at 31st December 2016, the fund had an asset allocation comprising of 50.91% in fixed income, 48.27% in equities and 0.81% in cash.



- Equity
- Money Market
- Cash

## OUTLOOK FOR THE YEAR 2017

The stock market has shown signs of recovery, recording positive year-to-date returns for both the GSE Composite Index and Financial Stock Index which recorded returns of 41.44% and 42.46% respectively as at the end of August 2017. We expect this recovery to be sustained. On the other hand, the money market environment has continued a downward trend in both the short and long term dated notes. We expect rates to level as the Government continues to re-profile its debt and manage inflation down. This dynamic nature of our operating environments demands sound analysis and active portfolio management, and this approach will continue to be our guiding principle in ensuring that we deliver on the investment objective of the Fund.

## CONCLUSION

In conclusion, the fund has recorded a good performance in 2016 and we are looking forward to even better results in 2107. On this basis, I will entreat all of you our valued shareholders to continue to have confidence in the fund and the ability of your fund manager to deliver on the growth and security of our fund.

Thank you.

**Kwabena Oteng-Adjei (Mr.)**  
*Investment Manager*

## Statement of Directors' and Fund Manager's Responsibilities

The Companies Act, 1963 (Act 179) requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the fund and of the statement of operations for that period. In preparing those financial statements the fund manager is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the fund will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the fund which enable them to ensure that the financial statements comply with the Companies Act, 1963 (Act 179), Securities Industry Act, 2016 (Act 929), and the Unit Trusts & Mutual Funds Regulations, 2001, L.I. 1695. The directors are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The above statements, which should be read in conjunction with the statement of the Auditor's responsibilities set out on pages 5 - 7, is made with a view to distinguishing for unit holders the respective responsibilities of the Directors and the auditor in relation to the Financial Statements.

# Report of the Directors to the Unit Holders

The Directors present herewith their report together with the audited financial statements of the Fund for the year ended 31 December 2016.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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), the Securities Industry Law, 1993 (PNDCL 333), and the Unit Trusts & Mutual Funds Regulations, 2001, L.I. 1695.

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

## **FINANCIAL RESULTS**

The results for the year are shown in the income and distribution account in the financial statements. The Fund recorded a net investment income of GH¢251,089 as against a net investment income of GH¢217,372 in 2015. The increase in net income can be attributed to higher volume of business during the year.

## **AUDITORS**

Messrs Baker Tilly Andah + Andah have indicated their willingness to continue in office as auditors of the Company and in accordance with section 134(5) of the Companies Act, 1963 (Act 179) they so continue.



*Directors*



*Directors*

28<sup>th</sup> April, 2017

# Independent Auditor's Report to the members of NTHC Horizon Fund Limited

## **OPINION**

We have audited the financial statements of NTHC Horizon Fund Limited for the year ended 31st December 2016, which comprise the statement of financial position, the statement of comprehensive income, statement of changes in equity, statement of cash flows, and related notes to the financial statements, including a summary of significant accounting policies as set out on pages 12 to 29.

In our opinion, the accompanying financial statements of NTHC Horizon Fund Limited present fairly, in all material respects, the financial position of the company as at December 31, 2016 and its financial performance and its cash flows for the period then ended and are in accordance with International Financial Reporting Standards (IFRSs), The Securities Industry Act, 2016 (Act 929) and in the manner required by the Companies Act, 1963 (Act 179).

## **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards

Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **OTHER INFORMATION**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work that we have performed, we conclude that there is a material misstatement of this other information, then we are required to report that fact. We have nothing to report in this regard.

## **RESPONSIBILITIES OF DIRECTORS 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 (IFRSs), and for such internal controls as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to error or fraud. The directors are responsible for overseeing the company's financial reporting process.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained

up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

We confirm that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit;
- in our opinion proper books of account have been kept by the company, so far as appears from the examination of those books;
- the company's financial statements are in agreement with the books of account



**SAMUEL ABIAW (ICAG/P/1454)**

*For and on behalf of Baker Tilly Andah + Andah  
(ICAG/F/2017/122)*

*Chartered Accountants  
C645/3, Borsue Lane  
Asylum Down, Accra*

28<sup>th</sup> April, 2017



# Statement of Comprehensive Income for the Year Ended 31<sup>st</sup> December, 2016

	Note	2016 GH¢	2015 GH¢
<b>INVESTMENT INCOME</b>			
Dividend Income	6	29,475	25,035
Interest Income	7	301,776	271,824
TOTAL INVESTMENT INCOME		<u>331,251</u>	<u>296,859</u>
Other Income	8	-	5,239
<b>EXPENSES</b>			
Management Fees	9	(50,555)	(42,374)
Custodian Fees		(3,533)	(2,661)
General and Administrative Expenses	10	(26,074)	(39,691)
TOTAL EXPENSES		<u>(80,162)</u>	<u>(84,726)</u>
NET INVESTMENT INCOME		217,372	251,089
<b>OTHER COMPREHENSIVE INCOME</b>			
Fair Value Gain/(Loss) of Available-for-Sale	11	73,150	(98,255)
TOTAL COMPREHENSIVE INCOME		<u>324,239</u>	<u>119,117</u>

# Statement of Financial Position for the Year Ended 31<sup>st</sup> December 2016

	Note	2016 GH¢	2015 GH¢	1 Jan 2015 GH¢
<b>ASSETS</b>				
Cash and Cash Equivalents	12	223,487	179,958	79,563
Available for Sale Investments	13	1,315,873	1,242,723	1,277,049
Held to Maturity Securities	14	1,259,132	990,909	843,893
Trade and Other Receivables	15	850	-	-
<b>TOTAL ASSETS</b>		<b>2,799,342</b>	<b>2,413,590</b>	<b>2,200,505</b>
<b>UNITHOLDERS' EQUITY</b>				
Unit Holders Principal		983,912	916,543	875,540
Retained Earnings		996,136	745,047	527,675
Other Reserves		652,540	579,390	677,645
<b>TOTAL UNIT HOLDERS' EQUITY</b>		<b>2,632,588</b>	<b>2,240,980</b>	<b>2,080,860</b>
<b>LIABILITIES</b>				
Trade and Other Payables	16	166,754	172,610	119,645
<b>TOTAL LIABILITIES</b>		<b>166,754</b>	<b>172,610</b>	<b>119,645</b>
<b>TOTAL UNITHOLDERS' EQUITY AND LIABILITIES</b>				
		<b>2,799,342</b>	<b>2,413,590</b>	<b>2,200,505</b>



Director



Director

28<sup>th</sup> April, 2017

## Statement of Changes in Equity for the Year Ended 31<sup>st</sup> December, 2016

### 2016

	Unitholders' Principal GH¢	Retained Earnings' GH¢	Other Reserves GH¢	Total GH¢
Opening Balance	916,543	745,047	579,390	2,240,980
Proceeds From Issue of Shares	82,011	-	-	82,011
Net Investment income for the year	-	251,089	-	251,089
Fair Value Gain of Available-for-Sale	-	-	73,150	73,150
Shares Redeemed	(14,642)	-	-	(14,642)
	<u>983,912</u>	<u>996,136</u>	<u>652,540</u>	<u>2,632,588</u>

### 2015

Opening Balance	875,540	527,675	677,645	2,080,860
Proceeds from Issue of Shares	99,178	-	-	99,178
Net investment income for the year	-	217,372	-	217,372
Fair Value Gain of Available-for-Sale	-	-	(98,255)	(98,255)
Shares Redeemed	(58,175)	-	-	(58,175)
	<u>916,543</u>	<u>745,047</u>	<u>579,390</u>	<u>2,240,980</u>

# Statement of Cash Flows for the Year Ended 31<sup>st</sup> December, 2016

	2016 GH¢	2015 GH¢
<b>Cash Flow from Operating Activities</b>		
Increase in Net Assets attributable to unit holders	324,239	119,117
Fair Value (Gain)/Loss on Available for Sale Investment	(73,150)	98,255
<b>Changes in Working Capital</b>		
Increase in Trade and Other Receivables	(850)	-
(Decrease)/Increase in Trade and Other Payables	(5,856)	52,965
<b>Net Cash Flows from Operating Activities</b>	<u>244,383</u>	<u>270,337</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of Held-To-Maturity Securities	(268,223)	(147,016)
Purchase of Available for Sale Securities	-	(63,929)
Proceeds from sale of Available for Sale Securities	-	-
<b>Net Cash Flows from Investing Activities</b>	<u>(268,223)</u>	<u>(210,945)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Capital Transactions	82,011	99,178
Units Redeemed	(14,642)	(58,175)
<b>Net Cash Flows from Financing Activities</b>	<u>67,369</u>	<u>41,003</u>
<b>Net Increase in Cash and Cash Equivalents</b>	43,529	100,395
Cash and Cash Equivalents at the beginning of the year	<u>179,958</u>	<u>79,563</u>
<b>Cash and Cash Equivalents at the end of the year</b>	<u><u>223,487</u></u>	<u><u>179,958</u></u>

# Notes to Financial Statements for the Year Ended 31<sup>st</sup> December, 2016

## 1. GENERAL INFORMATION

NTHC Horizon Fund Limited is an open ended- mutual fund that is licensed under the Securities Industry Act 2016 (Act 929) and the Unit Trust and Mutual Funds Regulations (L.I. 1695). The address of its registered office and principal place of business is set out in page 2 of this report.

### Description of the Fund

NTHC Horizon Fund Limited is a mutual fund established under the license of the Securities Exchange Commission.

The Fund's objective is to invest in diverse money market and equity instruments and aims to provide opportunity for investors seeking relatively safe, liquid and good returns on their investment.

The Manager of the Fund is NTHC Limited, licensed as a dealing member of the Ghana Stock Exchange. As Managers, they provide administrative services and also provide unit holder service to the Fund.

The Fund's Custodian is Standard Chartered Bank Limited.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

### 2.1 Statement Of Compliance

This is the first set of financial statements prepared by NTHC Horizon Fund Limited in conformity with International Financial Reporting Standards (IFRSs) and its interpretations issued by International Accounting Standards Board. These financial statements have been prepared in accordance with requirements of first time adoption of IFRS as set out in IFRS 1 First-time Adoption of International Financial Reporting Standards.

### 2.2 Basis of Measurement

The financial statements are prepared on the historical cost basis. Under historical cost basis, assets and liabilities are recorded at the value when they were first acquired with modification in respect to financial assets and liabilities which are presented at fair value. The financial statements have been presented in Ghana Cedis (GH¢) which is the functional currency of the fund.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 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 participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date.

Valuation techniques are applied to determine the fair value if significant movement occurs in fair value close to the end of the reporting period. A significant event is any event that occurs after the last market price for the security or close of market but before the fund's valuation time that materially affects the integrity of the closing prices of the instrument.

The fair value of financial assets and liabilities that are not traded in an active market is also determined using valuation techniques. The Fund uses a variety of methods and make a lot of assumptions that are based on market conditions existing at each reporting date.

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 prices in active markets for identical 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.

## **3.2 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, 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.

### **3.2.1 Interest Income**

Interest income is recognised on time-proportionate basis using the effective interest method. It includes interest income from cash and cash equivalents and on debt securities at fair value through profit or loss. All interest income are recognised in the statement of comprehensive income for all interest-bearing financial instruments.

### **3.2.2 Dividend Income**

Dividend income is recognised when the Fund's right to receive the payment has been established, normally being the ex-dividend date. Dividend income is recognised gross of withholding tax, if any. Such withholding taxes are then reported as separate line items in the statement of comprehensive income.

### **3.2.3 Fees and commissions**

Fees and commissions are recognised on an accrual basis. Legal and audit fees are included within other general expenses.

### **3.2.4 Net gain or loss on financial assets and liabilities at fair value through profit or loss**

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon recognition

as at fair value through profit or loss and excludes interest and dividend income and expenses.

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

Realised gains and losses on disposals of financial instruments classified as 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, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments). All realized gains and losses are reported in the statement of comprehensive income in the year they arise.

### **3.3 Taxation**

Under current tax laws of Ghana, mutual funds are not subject to taxes on income or capital gains, nor to any taxes on income distributions.

### **3.4 Financial instruments**

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

### **3.4.2 Financial assets**

#### **3.4.2.1 Initial recognition and measurement**

Financial assets are classified, at initial recognition, 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, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales 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.

#### **3.4.2.2 Subsequent Measurement**

For purposes of subsequent measurement, financial assets of NTHC Horizon Fund Limited are classified into:

- Available-for-Sale Financial Instruments.
- Held-to Maturity Investments

#### **Available-for- Sale (AFS) Financial Assets**

Investments in listed and unlisted equity instrument that have not been classified as Held-for-Trading have been classified as Available-for-Sale financial assets.

Available-for-sale financial assets are carried at fair value subsequent to initial recognition. The fair value of these assets are determined by reference to prices

quoted for the securities in an active market. Fair value of Securities which are not quoted on an active market are determined using valuation techniques.

Unrealized holding gains and losses are deferred in reserves until they are realised or impairment occurs and thus all unrealized gains and losses are reported in other comprehensive income.

When an AFS financial asset is determined to be impaired, the cumulative loss is reclassified from AFS reserve to the statement of profit or loss.

In rare circumstances, the Fund may be unable to trade these financial assets due to inactive markets. The fund elects to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future.

#### **Held-to-Maturity Investments**

Non-derivative 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 fees or costs 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 profit or loss as finance costs.

#### **3.4.2.3 Derecognition of financial Assets**

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Fund has transferred its rights to receive cash flows 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 risks and rewards of the asset, or
  - ii. the Fund has neither 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 rights 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 and rewards of ownership. When it has neither transferred nor 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.

#### **3.4.2.4 Impairment of financial assets**

The Fund assesses, at each reporting date, whether there is objective evidence that a financial asset is impaired. An impairment exists if one or more events that has



occurred since the initial recognition of the asset (an incurred loss event), has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor or a third party borrower is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### **3.4.3 Financial liabilities**

#### **3.4.3.1 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 borrowings and payables, net of directly attributable transaction costs.

The Fund's financial liabilities include trade and other payables.

#### **Subsequent measurement**

Financial liabilities mainly the Fund's trade and other payables are subsequently measured at amortised cost using the effective interest method.

#### **3.4.3.2 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 existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

#### **3.4.4 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount 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 realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the fund or the counterparty.

### **3.5 Unit holders' capital**

The Fund issues redeemable units which are redeemable at the holder's option. Redeemable units are put back to the Fund at dealing date for cash equal to the

proportionate unit of the Fund's net unit class.

The redeemable units are carried at the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the unit back to the Fund.

Redeemable units are issued and redeemed at the holder's option at prices based on the Fund's net asset value per unit at the time of issue or redemption. The Fund's net assets value per unit is calculated by dividing the net assets attributable to the holders of each class of redeemable units with the total number of outstanding redeemable units for each respective class.

The units of the Fund are not listed on the Stock Exchange

### **3.6 Cash and Cash Equivalents**

Cash and cash equivalents in the statement of financial position comprise cash and short-term deposits with 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.

### **3.7 Accrued Expenses**

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

### **3.8 Events after the Reporting Period**

Events subsequent to the reporting period are reflected only to the extent that they relate directly to the financial statements and the effect is material.

### **3.9 New Standards and interpretations not yet adopted**

There are new or revised accounting standards and interpretation in issue that are not yet adopted and have not been applied in the preparation of these financial statements. Except for those listed below, other new standards and amendments will not have any impact on the fund's financial statements

	Standard/ Interpretation	Effective Date
IFRS 9	Financial Instruments	1 January, 2018
IFRS 15	Revenue from contracts with customers	1 January, 2018

### **IFRS 9 Financial Instruments**

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9.

The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. It introduces a single model that had initially only two classification categories: amortised cost and fair value.

Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash characteristics of the financial asset. All other debt and equity instruments, including investments in complex debt instruments and equity instruments, must be recognised at fair value.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Fund's financial assets, but no impact on the classification and measurement of the financial liabilities.

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 was issued in May 2014 as the new standard for revenue recognition. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The standard establishes a five-step process that must be applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied

Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

#### **4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements in conformity with IFRS 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 associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values 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 on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are 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.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes to the financial statements. The estimates that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities in the financial year include:

#### **4.1 Determination of Fair Values**

A number of the Fund's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities. The fund regularly reviews significant unobservable inputs and valuation judgements.

When measuring the fair value of an asset or a liability, the fund uses market observable data as far as possible.

#### **4.2 Contingencies**

The assessment of contingencies inherently involve the exercise of significant judgement as the outcome of future events cannot be predicted with certainty. The fund, based on the availability of latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/non-occurrence of the uncertain future event(s).

#### **4.3 Capital Risk management**

The Capital of the Fund is represented by the net assets attributable to holders of redeemable units. The amount of net assets attributable to holders of redeemable units can change significantly on a daily basis, as the Fund is subject to daily subscriptions and redemptions at the discretion of unit

holders, as well as changes resulting from the Fund's performance.

The Fund's objective for managing capital is to protect the Fund's ability to continue as a going concern in order to provide returns for unit holders, provide benefits for other stakeholders and maintain a strong capital base to support the development of investment activities of the Fund.

In order to maintain the capital structure, the Fund's policy is to perform the following:

- Monitor the level of weekly subscriptions and redemptions relative to the assets it expects to be able to liquidate within seven days and adjust the amount of distributions the Fund pays to redeemable unit holder.
- Redeem and issue new units in accordance with constitutional documents of the Fund which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Director and Investment Manager monitor capital on the basis of the value of net assets attributable to redeemable unit holders. The investment manager reviews the capital structure on a monthly basis and as part of the review, the Investment Manager considers the cost of capital and the risks associated with each class of capital.

### **5. TRANSITION TO IFRS**

As stated in notes 2.1, these are the first financial statements prepared in accordance with IFRSs. The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2016, the comparative information presented

in the financial statements for the year ended 31 December 2015 and in the preparation of an opening IFRS statement of financial position as at 1 January 2015.

In preparing its opening IFRS statement of financial position, the fund has adjusted amounts reported in previous financial statements prepared in accordance with Ghana National Accounting Standards (GNAS). An explanation of how the transition from GNAS to IFRS has affected the Fund's financial position, financial performance and cash flows is set out below with its accompanying notes.

- a. Reconciliation of equity reported under GNAS to equity reported under IFRS as at 31 December 2015 (comparative).

	Note	GNAS GH¢	Reclassification GH¢	IFRS GH¢
<b>ASSETS</b>				
Cash and Cash Equivalents	i	-	179,958	179,958
Held to Maturity Securities		-	990,909	990,909
Available for Sale Securities		-	1,242,723	1,242,723
Total Investment		2,252,642	(2,252,642)	-
Interest Receivable		160,948	(160,948)	-
<b>TOTAL ASSETS</b>		<b>2,413,590</b>	<b>-</b>	<b>2,413,590</b>
<b>UNITHOLDERS' EQUITY</b>				
Unit Holders Principal	ii	-	916,543	916,543
Retained Earnings		-	745,047	745,047
Other Reserves		-	579,390	579,390
Net Assets		2,240,980	(2,240,980)	-
<b>TOTAL UNIT HOLDERS' EQUITY</b>		<b>2,240,980</b>	<b>-</b>	<b>2,240,980</b>
<b>LIABILITIES</b>				
Management Fees		80,164	(80,164)	-
Audit Fees		10,575	(10,575)	-
Other Liabilities		81,871	(81,871)	-
Trade and Other Payables	iii	-	172,610	172,610
<b>TOTAL LIABILITIES</b>		<b>172,610</b>	<b>-</b>	<b>172,610</b>
<b>TOTAL UNIT HOLDERS' EQUITY AND LIABILITIES</b>		<b>-</b>	<b>-</b>	<b>2,240,980</b>

b. Reconciliation of equity reported under GNAS to equity reported under IFRS as at January 1 2015 (date of transition to IFRS)

	Note	GNAS GH¢	Reclassification GH¢	IFRS GH¢
<b>ASSETS</b>				
Cash and Cash Equivalents	i	-	79,563	79,563
Held To Maturity Securities		-	843,893	843,893
Available for Sale Equities		-	1,277,049	1,277,049
Total Investment		2,076,521	(2,076,521)	-
Interest Receivable		123,984	(123,984)	-
<b>TOTAL ASSETS</b>		<b>2,200,505</b>	<b>-</b>	<b>2,200,505</b>
<b>UNITHOLDERS' EQUITY</b>				
Unit Holders Principal	ii	-	875,540	875,540
Retained Earnings		-	527,675	527,675
Other Reserves		-	677,645	677,645
Net Assets		2,080,860	(2,080,860)	-
<b>TOTAL UNIT HOLDERS' EQUITY</b>		<b>2,080,860</b>	<b>-</b>	<b>2,080,860</b>
<b>LIABILITIES</b>				
Management Fees		37,790	(37,790)	-
Accrued Audit Fees		9,306	(9,306)	-
Other Liabilities		72,549	(72,549)	-
Trade and Other Payables	iii	-	119,645	119,645
<b>TOTAL LIABILITIES</b>		<b>119,645</b>	<b>-</b>	<b>119,645</b>
<b>TOTAL UNIT HOLDERS' EQUITY AND LIABILITIES</b>		<b>-</b>	<b>-</b>	<b>2,200,505</b>

- c. Reconciliation of the statement of profit or loss and other comprehensive income under GNAS to statement of comprehensive income reported under IFRS for the year ended 31 December 2015

	Note	GNAS GH¢	Reclassification GH¢	IFRS GH¢
<b>INVESTMENT INCOME</b>				
Dividend Income		25,035	-	25,035
Interest Income		271,824	-	271,824
Other income	iv	5,239	(5,239)	-
<b>TOTAL INVESTMENT INCOME</b>		<b>302,098</b>	<b>(5,239)</b>	<b>296,859</b>
Other Income		-	5,239	5,239
<b>EXPENSES</b>				
Management Fees		(42,374)	-	(42,374)
Custodian Fees		-	(2,661)	(2,661)
General and Administrative Expenses		(42,352)	2,661	(39,691)
<b>TOTAL EXPENSES</b>		<b>(84,726)</b>	<b>-</b>	<b>(84,726)</b>
Net Investment Income		217,372	-	217,372
<b>OTHER COMPREHENSIVE INCOME</b>				
Fair Value Gain/(Loss) on Available for Sale		579,390	(677,645)	(98,255)
Increase in net assets attributable to unit holders		796,762	(677,645)	119,117

### **i. Reclassification of Financial Instruments**

Under the Ghana National Accounting Standards, all investments were reported as a single line item as investments in the statement of financial position. Under the International Financial Reporting Standards (IFRSs), investments held by the entity has been reclassified into their respective classes either as Held-to-Maturity , Cash and cash equivalents and Available-for-Sale financial instruments, depending on the type, purpose and maturity of the investment.

### **ii. Reclassification of Components of Equity**

Under GNAS, equity was presented as line item (net assets attributable to unit holders). This has been reclassified to show the components of equity: Unit Holders Capital, Retained Earnings and Other reserves. Unit Holders Capital comprises total issued units less redemptions for the period, retained earnings is made up of cumulative investment income over the period and other reserves represents accumulated gains and losses on available for sale financial instruments.

### **iii. Reclassification of Liabilities**

Under GNAS, details of liabilities were presented on the face of the statement of financial position. In presenting the IFRS financial statements, the details has been summarised as a line item and referenced to its corresponding note as part of the notes to the financial statement.

### **iv. Reclassification of Other income**

Other Income previously classified as part of total investment income has been reclassified and excluded from revenue and presently appropriately as a separate line item in accordance with IFRS.

### **v. Restatement of fair value gains recognised in other comprehensive income**

Fair value gains which have been previously reported using accumulated fair value gain on available for sale equities have been corrected to show only the gain or loss for the year as part of other comprehensive income. The accumulated balance on the fair value gain or loss is shown as part of net assets attributable to unit holders.



## 6. DIVIDEND INCOME

	2016 GH¢	2015 GH¢
Unilever Company Limited	195	-
Fan Milk Limited	6,676	5,341
Standard Chartered Bank	10,212	9,660
Ghana Commercial Bank	4,363	4,900
SOGE-GH	689	-
Mechanical Llyod Company	1,200	2,400
HFC Bank	-	124
Ecobank Ghana Limited	1,555	1,346
Social Insurance Company	3,210	-
Total Petroleum	1,375	1,264
	<u>29,475</u>	<u>25,035</u>

## 7. INTEREST INCOME

	2016 GH¢	2015 GH¢
Interest Fixed Deposits	297,402	271,260
Interest on Call Account	4,374	564
	<u>301,776</u>	<u>271,824</u>

## 8. OTHER INCOME

	2016 GH¢	2015 GH¢
Reversal of excess provision	-	5,239

This represents write back to income statement of excess provision for postage and telephone expense in 2014.

## 9. MANAGEMENT FEES

	2016 GH¢	2015 GH¢
Management Fees - First Quarter	11,226	10,222
Management Fees - Second Quarter	10,610	10,655
Management Fees - Third Quarter	12,864	10,505
Management Fees - Fourth Quarter	15,855	10,992
	<u>50,555</u>	<u>42,374</u>

This represents 2% of the average value of the property of the Fund. The amount stated in the statement of assets and liabilities represents the balance outstanding yet to be paid at the end of the year.

## 10. GENERAL AND ADMINISTRATIVE EXPENSES

	2016 GH¢	2015 GH¢
Postage and Telephone	-	5,200
Printing and stationary	-	7,800
Advertising	1,050	950
Audit fees	10,575	10,575
AGM Expenses	3,393	4,000
Directors Fees	8,356	8,355
Directors Allowance	2,200	2,311
Licensing fees	500	500
	<u>26,074</u>	<u>39,691</u>

## 11. FAIR VALUE (LOSS)/GAIN ON AVAILABLE FOR SALE SECURITIES

	2016 GH¢	2015 GH¢
Value of Available For Sale Investments -Jan 1	1,242,723	1,277,049
Additions	-	63,929
Value of Investment (at Cost)-Dec 31	<u>1,242,723</u>	<u>1,340,978</u>
Market Value of Available For Sale Investments-Dec 31	<u>1,315,873</u>	<u>1,242,723</u>
Fair Value Gain/(Loss) on Available for sale Equities	<u>73,150</u>	<u>(98,255)</u>

## 12. CASH AND CASH EQUIVALENTS

	2016 GH¢	2015 GH¢
Cash at Bank and Call	93,865	78,683
91 day Certificates of Deposit	<u>129,622</u>	<u>101,275</u>
	<u>223,487</u>	<u>179,958</u>

### 13. AVAILABLE FOR SALE INVESTMENTS

	2016 GH¢	2015 GH¢
Listed Equities	1,315,873	1,242,723

The components of investment in listed equities is shown in statement of Portfolio Summary attached as an appendix to the report.

### 14. HELD TO MATURITY SECURITIES

	2016 GH¢	2015 GH¢
182 day Certificates of Deposit	1,259,132	382,733
365 day Certificates of Deposit	-	608,176
	<u>1,259,132</u>	<u>990,909</u>

### 15. TRADE AND OTHER RECEIVABLES

	2016 GH¢	2015 GH¢
Prepaid Expenses	500	-
Tax Credit Income	350	-
	<u>850</u>	<u>-</u>

### 16. TRADE AND OTHER PAYABLES

	2016 GH¢	2015 GH¢
AGM Expenses	6,002	3,941
Printing and stationary	4,622	6,022
Directors Fees	2,089	2,089
Audit fees	10,575	10,575
Postage and Telephone	5,200	5,200
Custodian Fees	485	715
Advertising	1,979	929
Other Creditors	3,302	-
Due to NTHC Limited (19)	132,500	143,139
	<u>166,754</u>	<u>172,610</u>

## 17. UNIT HOLDERS CAPITAL

A reconciliation of the number of units outstanding at the beginning and at the end of each of the reporting periods is provided below:

- a. Number of units issued and redeemed during the year is disclosed below:

	2016 Number of Units	2015 Number of Units
Units in Issue at Beginning of Period	6,878,665	7,000,017
Issued during the year	29,411	71,892
Redeemed during the year	(260,477)	(193,244)
Units in Issue at 31st December	<u>6,647,599</u>	<u>6,878,665</u>

## 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

### 18.1 Risk Management Structure

The Fund's Investment Manager is responsible for identifying and controlling risks. The Director supervises the Investment Manager and is ultimately responsible for the overall risk management of the Fund.

### 18.2 Risk Measurement and Reporting Structure

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 models 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 Director. 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.

### 18.3 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Fund is not however affected by foreign exchange rates and equity prices.

### 18.4.1 Price Risk

The Fund is exposed to equity securities price risk because of investments in quoted 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 sensitivity of the other comprehensive income for the year is the effect of the assumed changes in equity price. The sensitivity analyses impact on equity is the same as the impact on profit or loss.

### 18.6 Interest Rate Risk

Interest rate risk arises from the probability that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Director have established limits on the interest gaps for stipulated periods.

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

The sensitivity analysis impact on equity is the same as the impact on profit or loss.

### Maturity Analysis of Financial Liabilities

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

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

Less than one year	2016 GH¢	2015 GH¢
Trade and Other Payables	166,754	172,610

### 18.7 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 units earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based

on the Fund's NAV per unit at the time of redemption, calculated in accordance with the Fund's scheme particulars.

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 (i.e., short-term, low-risk debt investments)
- 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 requests.

### **18.8 Credit Risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within financing relationships, derivatives and other transactions. It is the Fund's policy to enter into financial instruments with reputable counterparties.

The Investment Manager's policy is to clearly monitor the creditworthiness of the Fund's counterparties (e.g. third party borrowers, brokers, custodian and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis.

The carrying value of interest bearing investments, NTHC Horizon Fund Limited and similar securities, loan to related party, trade and other receivables and cash and cash equivalents, as disclosed in the statement of financial position represents the maximum credit exposure, hence no separate disclosure is provided.

### **18.9 Fair Value of Financial Instruments**

#### **Fair value of financial instruments carried at amortised cost**

As detailed in the following table, the fund manager consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

<b>Financial Assets</b>	<b>Carrying Amounts 2016 GH¢</b>	<b>Fair Value 2016 GH¢</b>	<b>Carrying 2015 GH¢</b>	<b>Fair Value Amounts 2015 GH¢</b>
Cash and Cash Equivalents	223,487	223,487	179,958	179,958
Available For-Sale Equities	1,315,873	1,315,873	1,242,723	1,242,723
Held-To-Maturity Securities	1,259,132	1,259,132	990,909	990,909
Trade and Other Receivables	850	850	-	-
	<u>2,799,342</u>	<u>2,799,342</u>	<u>2,413,590</u>	<u>2,413,590</u>

### **Financial Liabilities**

Trade and Other Payables	<u>166,754</u>	<u>166,754</u>	<u>172,610</u>	<u>172,610</u>
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The analysis of financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## **19. RELATED PARTY TRANSACTIONS**

The following parties are considered related parties of the Fund:

### **Investment Manager- NTHC Limited**

NTHC Limited (the Investment Manager) is entitled to receive a management and advisory fee for its respective services. These fees amount to an aggregate of 2% 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¢ 50,555 (2015: GH¢ 42,374).

As at year end, the balances of amount due to NTHC Limited in respect of transactions with NTHC Horizon Fund Limited is shown below:

	2016 GH¢	2015 GH¢
<b>DUE TO NTHC LIMITED</b>		
Management fees	130,720	80,164
Other expenses	1,780	62,975
	132,500	143,139

#### **Custodian – Standard Chartered Bank Limited**

Standard Chartered Bank Limited is the Custodian of the Fund. The Custodian carries out the usual duties regarding custody, cash and securities deposits without any restriction. This means that the Fund manager is, in particular, responsible for the collection of 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, per annum calculated on the daily net assets of the Fund. The total custodian fees for the year amounted to GH¢ 3,533 (2015: GH¢ 2,661), the custody fee payable as at 31 December 2016 amounted to GH¢ 485 (2015: GH¢ 715).

#### **20. EVENT AFTER THE REPORTING PERIOD**

No significant event occurred after the end of the reporting date that is likely to affect these financial statements.

#### **21. CONTINGENT LIABILITIES**

There were no contingent liabilities at the balance sheet date. (2015: Nil).



## Portfolio Summary for the Year Ended 31<sup>st</sup> December 2016

Equity	Position as at 31/12/16 No. of Shares	Value as at 31/12/16 GH¢	Position as at 31/12/15 No. Of Shares	Value as at 31/12/15 GH¢	Purchases during the Year 2016 No. of Shares	Sales During Year 2016 No. of Shares
<b>Financial</b>						
SCB	30,000	365,400	30,000	489,000	-	-
GCB	14,370	51,157	14,370	54,462	-	-
SOGE-GH	9,064	5,620	9,064	7,251	-	-
HFC	48,462	36,347	48,462	43,616	-	-
EBG	1,852	11,853	1,852	12,983	-	-
<b>Insurance</b>						
SIC	150,000	18,000	150,000	21,000	-	-
<b>Manufacturing</b>						
UNIL	487	4,144	487	4,140	-	-
SPL	455,000	13,650	455,000	18,200	-	-
FML	64,500	718,530	64,500	474,075	-	-
ALW	17,700	2,478	17,700	2,478	-	-
<b>Agro Processing</b>						
CPC	100,847	2,017	100,847	2,017	-	-
GWEB	909,090	9,091	909,090	9,091	-	-
<b>ICT</b>						
CLYD	648,000	19,440	648,000	19,440	-	-
<b>Trading</b>						
MLC	120,000	18,000	120,000	22,800	-	-
<b>Oil &amp; Gas</b>						
Tullow	1,000	26,880	1,000	28,000	-	-
Total	6,700	13,266	6,700	34,170	-	-
Total Shares		<u>1,315,873</u>		<u>1,242,723</u>		

September 11, 2017

The Manager  
 18 Gamel Abdul Nasser Avenue  
 Ringway Estates (Opp. British High Commission)  
 Osu-Accra, Ghana.

Dear Sir,

**REPORT OF THE CUSTODIAN TO THE INVESTORS OF NTHC HORIZON FUND-DECEMBER 31, 2016**

Standard Chartered Bank Ghana Limited confirms the investment holding for Databank Balanced Fund as at December 31, 2016 as follows.

FIXED DEPOSITS			
Security Name	Nominal Value	Mkt Price	Value [GHS]
91 DAY NTHC HORIZON FUND FD AT 23.98 PCT	53,304.58	0	54,845.48
91 DAY NTHC HORIZON FUND FD AT 23.98 PCT	26,652.26	0	27,422.71
91 DAY NTHC HORIZON FUND FD AT 20.86 PCT	46,792.80	0	47,354.39
182 DAY NTHC HORIZON FUND FD AT 26.00 PCT	751,133.42	0	759,159.23
182 DAY NTHC HORIZON FUND FD AT 28.69 PCT	386,318.67	0	424,579.46
182 DAY NTHC HORIZON FUND FD AT 27.71 PCT	68,906.98	0	75,393.75
<b>Classification Total</b>	<b>1,333,108.71</b>	<b>0</b>	<b>1,388,755.02</b>
EQUITY SHARE			
SECURITY NAME	NOMINAL VALUE	MKT PRICE	VALUE [GHS]
ALUWORKS LIMITED	17,700.00	GHS 0.14000	2,478.00
CLYDESTONE GHANA LTD	648,000.00	GHS 0.03000	19,440.00
COCOA PROCESSING COMPANY LIMITED	100,847.00	GHS 0.02000	2,016.94
ECOBANK GHANA LIMITED	1,852.00	GHS 6.40000	11,852.80
FAN MILK LIMITED	64,500.00	GHS 11.14000	718,530.00
GCB BANK LIMITED	14,370.00	GHS 3.56000	51,157.20
GOLDEN WEB LIMITED	909,090.00	GHS 0.01000	9,090.90
HFC BANK (GHANA) LIMITED	48,462.00	GHS 0.75000	36,346.50
MECHANICAL LLOYD COMPANY LIMITED	120,000.00	GHS 0.15000	18,000.00
SIC INSURANCE COMPANY LIMITED	150,000.00	GHS 0.12000	18,000.00
SOCIETE GENERALE GHANA LIMITED	9,064.00	GHS 0.62000	5,619.68
STANDARD CHARTERED BANK GHANA LTD	30,000.00	GHS 12.18000	365,400.00
STARWIN PRODUCTS LIMITED	455,000.00	GHS 0.03000	13,650.00
TOTAL PETROLEUM GHANA LIMITED	6,700.00	GHS 1.98000	13,266.00
TULLOW OIL PLC	1,000.00	GHS 28.66000	28,660.00
UNILEVER GHANA	487	GHS 8.51000	4,144.37
<b>Classification Total</b>	<b>2,577,072.00</b>		<b>1,315,872.39</b>
SUMMARY OF INVESTMENT			
Description	Market Value	PCT of Total	
FIXED DEPOSIT	1,388,755.02	49.63	
EQUITY SHARE	1,315,872.39	47.02	
CASH BALANCE	93,864.19	3.35	
<b>TOTAL</b>	<b>2,798,491.60</b>	<b>100.00</b>	

Yours faithfully



Beverly Frimpong  
 Director and Head, Standard Chartered Securities Services  
 Transaction Banking, Sales

Standard Chartered Bank Ghana Ltd.  
 Head Office  
 P.O. Box 768, Accra, Ghana  
[www.standardchartered.com.gh](http://www.standardchartered.com.gh)

Tel (233-302) 664591-8, 769210-221  
 Fax (233-302) 667751, 663560

## Proxy Form

PROXY FORM FOR USE AT THE 12<sup>th</sup> ANNUAL GENERAL MEETING TO BE HELD AT THE OSU EBENEZER PRESBYTERIAN CHURCH HALL, OSU ON TUESDAY OCTOBER 17, 2017 AT 10 O'CLOCK IN THE FORENOON

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member(s) of the above named company hereby appoint \_\_\_\_\_ or failing him/her the Chairman as my/our Proxy to vote for me/us, and on my/our behalf at the Annual General Meeting of the company to be held on the 17<sup>th</sup> day of October, 2017 and at any and every adjournment thereof.

RESOLUTION	FOR	AGAINST
To receive the Financial Statement for 2016		
To re-elect Mr. Ralph Roland as Director		
To re-elect Ms Lydia Kisseih as Director		
To re-elect Mr. Kenneth Acolatse as Director		
To elect Mr. Francis Apanka as Director		
To elect Mr. Paul Kwasi Agyemang as Director		
To authorise the Directors to fix the remuneration of the Auditors		

Signature of Shareholder \_\_\_\_\_

Signed this \_\_\_\_ day of \_\_\_\_\_ 2017.

THIS PROXY FORM SHOULD NOT BE COMPLETED AND SENT TO THE REGISTERED OFFICE IF THE MEMBER WILL BE ATTENDING THE MEETING.

1. A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The Proxy Form has been prepared to enable you exercise your vote if you cannot personally attend.

2. Provision has been made on the Form for the Chairman of the meeting to act as your Proxy but if you so wish, you may insert in the blank space the name of any person whether a member of the company or not who will attend the meeting and vote on your behalf instead of the Chairman.
3. In case of joint holders, each joint holder must sign.
4. If executed by a Corporation/Institution, the Proxy Form must bear its Common Seal or be signed on its behalf by a Director.
5. Please sign the above Proxy Form and post or hand deliver it to the registered office of the Fund Manager not later than 48 hours prior to the time of the meeting.





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